 American Financial Services, Inc.
P. O. Drawer 4991
14 Liberty Street
Martinsville, VA 24115
ATTN: Tom M. Mayo

STATE OF NORTH CAROLINA)

Deed of Trust, ~~Assignment of Rents and~~
~~Security Agreement~~

COUNTY OF FORSYTH)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT is made and entered into this February 7, 1989, by and between G & J Construction, A North Carolina General Partnership ("Grantor"), state of North Carolina; Tom M. Mayo and/or Thomas W. Prince ("Trustee"); and American Financial Services, Inc. ("Beneficiary"), a Virginia Corporation whose mailing address is P. O. Drawer 4991, Martinsville, Virginia 24115.

WITNESSETH:

WHEREAS, Grantor is justly indebted to Beneficiary for money advanced and to be advanced as evidenced by Grantor's promissory note ("Note") of even date herewith payable to the order of Beneficiary in the principal sum of Sixty-Eight Thousand Eight Hundred and no/100 * * * * * (\$ 68,800.00). principal and interest being due and payable under the Note on or before February 7, 1990 ; and

WHEREAS, the Note secured by this Deed of Trust is given to evidence the present and future obligations of Grantor to Beneficiary for sums advanced and to be advanced by Beneficiary to Grantor pursuant to the terms of the construction loan agreement ("Loan Agreement") of even date herewith between Grantor and Beneficiary; and

WHEREAS, the Grantor agrees to accept any and all installments advanced by the Beneficiary up to the full amount of the Note stated above; and

WHEREAS, the Grantor has agreed to secure payment of the indebtedness evidenced by the Note with interest and any renewals and extensions thereof, in whole or in part, and of the additional payments hereinafter agreed to be made by the conveyance of the real estate and other property hereinafter described.

NOW, THEREFORE, in consideration of the sum of \$10 by Trustee to Grantor paid, receipt of which is hereby acknowledged, and in order to secure the payment of the indebtedness evidenced by the Note and the performance of all of the covenants, conditions, and stipulations of this Deed of Trust, the Loan Agreement and all other documents executed by Grantor evidencing and/or securing the Note, Grantor has granted, bargained, sold, and conveyed, and by these presents does hereby grant, bargain, sell, and convey unto Trustee, his substitutes and successors in trust, that certain tract or parcel of real estate situate in the City of Kernersville Forsyth County, North Carolina, and being more particularly described as follows:

BEING KNOWN AND DESIGNATED as Lot Number 36 as shown on a Plat of KRISTEN'S GATE, as recorded in Plat Book 31 at page 152 in the office of the Register of Deeds of Forsyth County, North Carolina, to which reference is hereby made for a more particular description.

TAX BLOCK 5409A
TAX LOT 036

PROPERTY ADDRESS: Thomas Drake Court, Kernersville, NC 27284

DRAFTED BY: Thomas W. Prince

together with all buildings, structures, and other improvements now or hereafter located thereon and all heating/air conditioning equipment, ventilating apparatus, gas, electric light, and other fixtures now situated or hereafter installed in or on the above described real estate and together with all privileges, hereditaments, tenements, appurtenances, and easements and rights of way relating to the above described real estate and all of the estate and right of Grantor in and to the land and the right-of-way of any streets or highways bordering or serving the above described real estate. (The foregoing are hereinafter referred to as the "Real Property".)

AND TOGETHER WITH all fixtures, equipment, building materials, appliances, and other articles of personal property of every kind and character now or at any time hereafter placed upon the Real Property or used in connection with the operation thereof, whether or not such equipment, building materials, appliances or other articles of personal property have been incorporated in any building or other improvements now or hereafter constructed on the Real Property, and all replacements, substitutions or additions to such fixtures, equipment, building materials, and other articles of personal property. (The foregoing are hereinafter referred to as the "Personal Property.") (The Real Property and the Personal Property are hereinafter collectively referred to as the "Property".)

TO HAVE AND TO HOLD the Property and all rights, members, privileges, easements, hereditaments, tenements and appurtenances thereto belonging unto Trustee, his successors and assigns, forever upon the trusts and for the purposes hereinafter set forth.

AND, Grantor for itself, its heirs, successors and assigns, covenants with Trustee, his heirs, successors and assigns, that Grantor is seized of and has the right to convey the Property in fee simple; that such Property is free and clear of all liens and encumbrances; and that Grantor will warrant and defend the title to such Property against the lawful claims of all persons whomsoever.

BOOK 1660-2400

THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST that if Grantor shall pay the Note secured hereby in accordance with its terms, together with all interest due thereon, and all renewals and extensions thereof, and shall faithfully comply with all of the covenants, stipulations, and conditions of this Deed of Trust, the Loan Agreement and all of other documents evidencing or securing the Note, this Deed of Trust shall become null and void and may be canceled of record at the request and at the cost of Grantor. However, if Grantor defaults in the prompt payment of any installment of principal and/or interest under the Note when the same shall become due and payable or if Grantor defaults in any of the terms and conditions of the Note or in the payment, when due and demandable, of any other indebtedness secured hereby or the interest due thereon or if Grantor defaults in any of the covenants, conditions, and stipulations contained in this Deed of Trust, the Loan Agreement or any other document evidencing or securing the Note or if Grantor is declared or adjudged bankrupt, becomes insolvent, executes an assignment for the benefit of its creditors or if a receiver is appointed for Grantor, then and in any such events, the entire principal sum secured hereby, together with all interest and charges thereon, shall, at the option of Beneficiary, become immediately due and payable; and upon the application of Beneficiary, it shall be the duty of Trustee or his successor or substitute Trustee to sell the Real Property, or any part thereof, at public auction to the highest bidder for cash either on the Real Property or at the courthouse in the county in which the Real Property is located, after first giving notice of sale to Grantor and to the then record owner of the Real Property and to any other persons entitled by law to such notice, and after all hearings required by law are held and after first posting and publishing such notice of sale as is required at the time by the laws of North Carolina relating to foreclosure of security interest in real property. Upon any such sale, Trustee shall execute and deliver to the purchaser a deed to the Real Property, or such part thereof as is sold; and after deducting five (5%) percent of the proceeds of such sale but not less than \$500.00 as compensation to Trustee and after paying all expenses incurred by him including reasonable attorneys' fees for legal services actually performed, Trustee shall apply the remaining proceeds of the sale first to the payment of all indebtedness secured hereby, and the balance, if any, shall be paid to Grantor or to such other person or persons as may be lawfully entitled thereto. Grantor agrees that Beneficiary shall have the right to bid at any sale conducted by Trustee hereunder and shall have the right to purchase the Real Property, or such part thereof as is sold, at such sale.

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 (25%) percent of his 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. If Personal Property is sold hereunder, it 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. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by the Trustee, including reasonable attorneys' fees, and a partial commission computed on five (5%) percent of the outstanding indebtedness or \$500.00, whichever is greater, in accordance with the following schedule: one-fourth (1/4th) thereof before the Trustee issues a notice of hearing on the right to foreclose; one-half (1/2) thereof after issuance of said notice, three-fourths (3/4ths) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

This Deed of Trust is made subject to the following covenants, stipulations and conditions which shall be binding upon the parties hereto, their respective heirs, successors and assigns.

1. **Payment.** Grantor agrees to promptly pay, when due, all sums due under the Note, this Deed of Trust, the Loan Agreement and any other documents evidencing and/or securing the Note.

2. **Present and Future Advances.** Advances made pursuant to the Note secured hereby are to be disbursed in accordance with the Loan Agreement. This Deed of Trust secures both present and all future advances made under the Loan Agreement as follows:

- (a) The total amount of the present obligation secured hereby is \$ HK 16,302.38 ;
- (b) The maximum amount, including present and future advances, which may be secured by this Deed of Trust at any one time is \$ 68,800.00 ("Maximum Amount").

(c) Future advances evidenced by the Note are obligatory on Beneficiary subject to the terms of the Loan Agreement, which terms are incorporated herein by reference.

(d) All future advances made pursuant to this Deed of Trust, the Note and the Loan Agreement shall be considered to be made pursuant to the requirements of N.C.G.S. §45-67, et. seq., or any amendments thereto. All such advances are to be made within ten (10) years from date herewith.

3. **Taxes.** Grantor covenants and agrees to pay, when due, all real and personal property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, that are or may become due and payable on or with respect to the Property under any law, ordinance or regulation, whether made by federal, state or municipal authority, including without limitation non-governmental levies or assessments such as owner association dues or charges or fees and maintenance charges, which are assessed or imposed upon the Property. Upon request, Grantor will provide Beneficiary with evidence that such taxes and assessments have been paid.

4. **Insurance.** Grantor will at all times keep the buildings and other improvements on the Real Property insured against loss or damage by fire, tornado, windstorm, and other hazards as determined by Grantor under a policy or policies of fire and extended coverage and such additional insurance coverage including business interruption as Beneficiary may from time to time require to protect its security and as required by the Loan Agreement. Such insurance policy or policies shall (a) be in amounts satisfactory to Beneficiary which amounts shall at no time be less than the outstanding indebtedness secured by this Deed of Trust, plus an amount sufficient to avoid any co-insurance liability to the owner of the Property or the Beneficiary, (b) be in a form acceptable to Beneficiary, (c) be maintained with a company or companies approved by Beneficiary and licensed to do business in the state of North Carolina and (d) contain a standard mortgagee loss payable clause without contribution making all losses, if any, payable to Beneficiary, its successors and assigns. The original of such policy or policies, and all renewals thereof, shall be delivered to Beneficiary as additional security. Grantors will pay all premiums for such insurance when due and immediately deliver to the Beneficiary official receipts therefore, and if the Grantors fail or refuse to keep said premises so insured the Beneficiary may obtain such insurance without prejudice to its right to foreclose hereunder by reason of such default. In the event of loss and payment by an insurance company, the amount of insurance proceeds shall be paid to Beneficiary to the extent of the outstanding indebtedness secured hereby. Beneficiary may, at its option, apply such proceeds to (a) the reduction of the indebtedness secured hereby, whether then matured or not, or (b) to rebuilding or restoring the improvements, or Beneficiary may release such insurance proceeds to Grantor. Grantor shall give prompt written notice to Beneficiary of any loss and Beneficiary is hereby authorized to make proof of loss if the same is not promptly made by Grantor. Any insurance company insuring the improvements is hereby authorized, empowered and directed to make payment for any loss directly to Beneficiary instead of to Grantor and Beneficiary jointly.

5. **Waste.** Grantor shall maintain the Property in good repair and condition and shall not permit, suffer or commit any waste, impairment or deterioration of the Property or the removal of any improvements from the Real Property or any part thereof; and the Beneficiary shall have the right to inspect the Property at all reasonable times, and access thereto shall be permitted for that purpose to it or its authorized agents.

6. **Statutory Liens.** Grantor shall keep the Property free from statutory liens of every kind, shall pay all taxes, assessments, general or special, utility bills, and any other charges that may be levied or assessed on or against the Real Property, and deliver official receipts showing such payment to Beneficiary on demand. Upon default in the payment of any such tax, fine, assessment, bill, or charge as such shall become due and payable, Beneficiary may, at its option, pay or cause to be paid such tax, fine, assessment, bill, or charge and such payments with any expenses and fees incurred shall be added to the Note secured by this Deed of Trust and shall bear interest as provided in the Note and until paid shall be secured by this Deed of Trust. No such right of payment by Beneficiary shall prevent it from exercising its option to cause the whole indebtedness secured by this Deed of Trust to become immediately due and payable for such default.

7. **Liability Insurance.** Grantor and/or its contractors shall carry and maintain worker's compensation insurance, and such comprehensive public liability, contingent liability, and indemnity insurance in forms, amounts and with companies satisfactory to Beneficiary. Certificates of such insurance and receipts showing premiums prepaid, shall be deposited with Beneficiary and shall contain provision for fifteen (15) days notice to Beneficiary prior to any cancellation or modification. Such policy shall show Beneficiary as insured in form and manner satisfactory to Beneficiary.

8. **Payments by Beneficiary.** If Grantor fails to keep the Property and improvements in good repair, or if it fails to maintain the insurance coverage required hereunder, or if it fails to pay, when due, all taxes and assessments on the Property and improvements, the Beneficiary may, at its option, make such repairs, procure such insurance, pay such taxes and assessments or redeem the Property from tax sale if it has been sold or pay any other sum that is necessary to protect the security of this instrument, and any and all sums so paid by Beneficiary together with interest thereon as herein stipulated from the date the same shall have been paid shall be added to the indebtedness secured hereby and be due and payable on the date of the next principal and/or interest installments due under the Note. In the event Beneficiary elects to advance insurance premiums and/or taxes and assessments, the receipt of an agent of the insurance company or companies from which such insurance is procured shall, with respect to such insurance premiums, be conclusive evidence as between the parties to this Deed of Trust of the amount and fact of payment thereof, and the receipt of the proper official shall, with respect to taxes and assessments, be conclusive as between the parties to this Deed of Trust of the amount and validity of such taxes and assessments and the fact of the payment thereof.

9. **Mortgage Taxes.** In the event of the enactment after the date of this Deed of Trust of any applicable law deducting from the value of land for the purpose of taxation any lien on the Property, or imposing upon Trustee or Beneficiary the payment of the whole or any part of the taxes or assessments or charges or liens required under this Deed of Trust to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or debts secured by deeds of trust or the interest of Trustee or Beneficiary in the Property or the manner of collection of taxes, so as to affect this Deed of Trust or the debts secured hereby or the holder of the Note, then and in any such event Grantor shall, upon demand by Beneficiary, pay such taxes or assessments or reimburse Beneficiary therefor, provided, however, that, if in the opinion of counsel for Beneficiary (a) it might be unlawful to require Grantor to make such payment, or (b) the making of such payment might be construed as imposing a rate of interest beyond the maximum permitted by law, then and in such event Beneficiary may elect to declare all of the indebtedness secured by this Deed of Trust to be and become immediately due and payable.

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10. **Condemnation.** If all or any part of the Property shall be damaged or taken through condemnation (which term when used in this Deed of Trust shall include any damage or taking by governmental authority or any entity having conferred upon it the power of condemnation and any transfer by private sale in lieu thereof) either temporarily or permanently, Beneficiary shall be entitled, at the option of Beneficiary, (a) to declare the entire unpaid balance of the Note immediately due and payable; or (b) to all compensation and awards, Beneficiary shall be entitled to any other payments or relief resulting from such condemnation, up to the balance owed on the indebtedness secured hereby, and Beneficiary is authorized, at its option, to commence, appear in and prosecute, in its own name or in Grantor's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages claims, rights of action and proceeds and the right thereto are hereby assigned by Grantor to Beneficiary who, after deducting therefrom all its expenses including attorneys' fees, may release any sums received by it without affecting the lien of this Deed of Trust and may apply the same in such manner as Beneficiary shall determine to the reduction of the indebtedness secured hereby. Grantor agrees to execute such further assignment of any compensation, awards, damages, rights of action and proceeds as Beneficiary may require.

11. **Assignment of Rents.** As additional security for the payment of the Note, Grantor does hereby sell, transfer and assign unto Beneficiary all rents, issues and profits of all and every part of the Real Property; provided, however, that so long as Grantor complies with all of the terms and conditions of the Note, this Deed of Trust, the Loan Agreement and all other instruments securing the Note, Grantor may collect and retain all such rents, issues and profits, but if Grantor defaults under the Note or under any of the covenants, conditions and stipulations of this Deed of Trust, the Loan Agreement or any other instrument securing the Note, Beneficiary shall have the right, at its option, to take possession of the Property and to collect the rents, issues and profits therefrom and to apply such rents, issues and profits to the payment of the indebtedness secured hereby deducting therefrom all costs of collection and administration or Beneficiary shall, at its option, have the right to have a receiver appointed by any court of competent jurisdiction to collect such rents, issues and profits without regard to the value of the Property or the solvency of any party liable for the indebtedness secured hereby, and after paying the expenses of such receivership, the receiver shall apply the balance thereof to the payment of the indebtedness secured hereby.

Grantor covenants and agrees: (a) that Grantor will promptly and fully keep, perform, and comply with all the terms, provisions, covenants, conditions, and agreements imposed upon or assured by Grantor as landlord (or similar designation) under any lease in effect on the date hereof covering all or any part of the Property and (b) that Grantor will not do, permit anything to be done, or omit or refrain from doing anything, the doing or omission of which will give any tenant the right to terminate any of the tenants' leases.

12. **Compliance with Laws.** Grantor agrees to comply with all laws, ordinances, rules and regulations pertaining to the Property, now or hereafter enacted by any federal, state or local governmental agency.

It is specifically agreed that the parties hereto shall in no event be deemed to have contracted for a greater rate of interest than the maximum rate permissible under the laws of the State of North Carolina. Should a greater amount be collected, it shall be construed as a mutual mistake of the parties and the excess shall be returned to the party paying same.

13. **Restriction on Transfer, Further Encumbrance and Change of Ownership.** Grantor shall not, without the prior written consent of Beneficiary, sell, convey, further encumber or otherwise transfer in any manner, all or any part of the Property. It is agreed that a change in the ownership of Grantor shall be considered a sale of the Property. Any violation of this provision shall be considered as an event of default under the terms and conditions of this Deed of Trust, and Beneficiary shall, at its option, be entitled to declare the entire sums secured hereby, together with any penalties or forfeitures thereon, to be immediately due and payable. The acceptance of installments by Beneficiary subsequent to any sale, conveyance, further encumbrances or transfer shall not be considered as consent to, acquiescence in or ratification of such sale, conveyance, further conveyance or other transfer.

14. **Limitation on Alienation or Encumbrances.** Should the Property at any time be conveyed or transferred to a purchaser without the consent in writing of Beneficiary, Beneficiary may, at its election, declare the entire indebtedness under the Note secured by this Deed of Trust to be immediately due and payable. Should the Property at anytime be or become subject to the lien of any mortgage, deed of trust or security agreement without the consent in writing of Beneficiary, the Beneficiary may, at its election, declare the entire indebtedness secured by this Deed of Trust to be immediately due and payable.

15. **Indemnity.** In case the Beneficiary or the Trustee voluntarily or otherwise shall become a party to any suit or legal proceeding to protect the Property herein conveyed or to protect the lien of this Deed of Trust, the Trustee and the Beneficiary shall be saved harmless. Grantor agrees to reimburse Beneficiary and/or Trustee, on demand, for any attorneys' fees or other costs and expenses reasonably incurred by Beneficiary or by Trustee in connection with any litigation or threatened litigation arising out of or in any way related to the validity of the lien of this Deed of Trust or the right of Beneficiary to enforce the terms and conditions of this Deed of Trust including, but not limited to, the right of Beneficiary to enforce the terms and conditions of this Deed of Trust in any bankruptcy, insolvency or receivership proceedings, and the same shall be secured by this Deed of Trust and its payment enforced as if it were part of the original debt secured hereby.

16. **Grantor Not Released.** Grantor agrees that the extension of time for payment or the modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successor in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend the time for payment or otherwise modify the terms of payment of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor and Grantor's successor in interest.

17. **Creation of Tenancy.** If there is a sale of the Property, or any part thereof, by the Trustee on a default by Grantor, as hereinabove provided, Grantor and any other persons in possession of the Property shall become tenants at will of the purchaser and shall vacate the Property upon ten (10) days notice at any time after the date of delivery of the deed to purchaser, and, without regard to any lease or agreement then in force relating to the use or occupancy of the Property, shall pay to purchaser a reasonable rent until the Property is vacated.

18. **Notices.** Any notice given by either party hereto to the other party shall be in writing and shall be signed by the party giving notice. Any notice or other document to be delivered to either party hereto by the other party shall be deemed delivered if mailed postage prepaid to the party to whom directed at the latest address of such party known to the party sending the same. This paragraph shall not be deemed to prohibit any other manner of delivering a notice or other document.

19. **Substitution of Trustee.** Beneficiary shall have the continuing, irrevocable right and power, from time to time, without notice to Grantor and without specifying any reason therefor, to remove the Trustee named herein and any successor Trustee and to appoint a substitute Trustee by filing for record in the county in which the Real Property is located an instrument duly acknowledged appointing such substitute Trustee, and the substitute Trustee shall thereupon become the successor to the title to the Property and the same shall be vested in him in trust for the objects and purposes set forth in this Deed of Trust as if such substitute Trustee had originally been named Trustee herein with all the powers, duties and obligations conferred upon Trustee in this Deed of Trust.

20. **Waiver.** The exercise by Beneficiary of any right or option given hereunder shall not constitute a waiver of the right to exercise any other right or option given hereunder. No delay or forbearance by the Beneficiary in exercising any or all of its rights hereunder or rights otherwise afforded by law, shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default as set forth herein or in the event of any subsequent default hereunder, and all such rights shall be cumulative.

21. **Rights Cumulative.** The rights of Beneficiary granted and arising under the covenants, conditions and stipulations of this Deed of Trust, the Note, the Loan Agreement and any other document securing the Note shall be separate, distinct and cumulative of all other powers and rights herein granted and all other rights which Beneficiary may have in law or in equity, and none of such rights shall be in exclusion of the others; and all of them are cumulative to the remedies for collection of indebtedness, enforcement of rights under security instruments and preservation of security as provided by law. No act by Beneficiary shall be construed as an election to proceed under any one provision or an election of remedies to the exclusion of any other remedy allowed at law or in equity.

22. **Security Agreement.** It is the intent of the parties hereto that this Deed of Trust shall also constitute a security agreement within the meaning of the Uniform Commercial Code as adopted in Chapter 25 of the North Carolina General Statutes (the "Uniform Commercial Code") with respect to the Personal Property; and to that end, Grantor hereby grants a security interest in the Personal Property for the benefit of Beneficiary to secure the indebtedness evidenced by the Note and secured hereby and all other sums and charges which may become due under the Note or under this Deed of Trust. Grantor agrees that Beneficiary may file this Deed of Trust, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the Personal Property including, without limitation, these items which are, or are to become, fixtures with respect to the Real Property. In addition, the security interest herein granted shall be evidenced by financing statements and such continuations thereof as may, from time to time, be required by Beneficiary. For purposes of this paragraph, Grantor shall be considered a debtor and Beneficiary shall be considered a secured party within the meaning of the Uniform Commercial Code. In the event of a default, Beneficiary, pursuant to the Uniform Commercial Code, shall have the option of proceeding as to both the Real Property and Personal Property in accordance with the rights and remedies of Beneficiary in respect to the Real Property or Beneficiary may proceed to exercise its rights and remedies as to the Personal Property under the provisions of the Uniform Commercial Code in which event Beneficiary shall be entitled to all of the remedies provided for a secured party in the Uniform Commercial Code. The name of the debtor and the secured party, the mailing address of the secured party from which information concerning the security interest may be obtained and the mailing address of the debtor are set forth above, all in compliance with the requirements of Article 9, Section 402, of the Uniform Commercial Code. All replacements, renewals, and additions to the Personal Property shall become and be immediately subject to the security interest herein granted and be covered by the terms hereof. Upon request by Beneficiary, Grantor shall deliver to Beneficiary an inventory of the Personal Property in reasonable detail. THE COLLATERAL IS OR INCLUDES FIXTURES.

23. **Definitions and Miscellaneous Provisions.** Whenever in this Deed of Trust the context so requires, the singular shall include the plural and the plural the singular. All references herein to "Beneficiary" shall be deemed to refer to and include the then holder of the Note secured hereby. All references herein to "Grantor" shall refer to the Grantor named herein, its successors and assigns. All references herein to "Trustee" shall refer to the original Trustee named herein and all successor and substitute Trustees. Paragraph headings have been inserted for convenience of reference only and shall not be construed as parts of the particular paragraphs to which they pertain. This Deed of Trust and Security Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

24. **Severability.** If any provision of this Deed of Trust shall be invalid and unenforceable to any extent, the remainder of this Deed of Trust shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

25. **Binding Effect.** All of the covenants, stipulations, and conditions contained in this Deed of Trust shall be binding upon and inure to the benefit of Grantor and Beneficiary, their respective heirs, executors, administrators and assigns.

26. **Grantor not Borrower.** Any Grantor who executes this Deed of Trust but does not execute the Note has executed this Deed of Trust only to subject whatever interest, if any, such Grantor has or may hereafter have in the Property to the lien of this Deed of Trust, has no personal liability on the Note or under this Deed of Trust (nothing herein limits or affects such Grantor's liability to the Beneficiary under any separate guaranty or any other instrument), and agrees that the Beneficiary and any other Grantor hereunder may extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust, the Note, or the Loan Agreement without such Grantor's consent and without releasing such Grantor hereunder or modifying or affecting this Deed of Trust as to such Grantor's Interest in the Property.

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed the day and year first above written.

ATTEST:

G & J Construction, A North Carolina
General Partnership
(Name of Partnership)

Assistant Secretary

By: Dennis W. Gallimore (seal)
Dennis W. Gallimore, Partner

(Corporate Seal)

(SEAL)

Carl C. Johnson (seal)
Carl C. Johnson, Partner (SEAL)

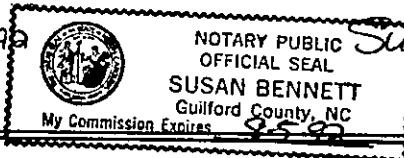
(SEAL)

(SEAL)

NORTH CAROLINA, FORSYTH COUNTY

I, a Notary Public of the county and State aforesaid, certify that Dennis W. Gallimore and Carl C. Johnson, Partners in G & J Construction, Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 7th day of February, 19 89.

My commission expires: Aug 5, 1992



Susan Bennett

Notary Public

SEAL-STAMP

NORTH CAROLINA, COUNTY

I, a Notary Public of the County and State aforesaid, certify that before me this day and acknowledged that he/she is

personally came

Secretary of

a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing

instrument was signed in its name by its with its corporate seal and attested by himself/herself as its

President, sealed

Secretary.

Witness my hand and official stamp or seal, this

day of

, 19

My commission expires:

Notary Public

SEAL-STAMP

NORTH CAROLINA, FORSYTH COUNTY

The foregoing certificate(s) of Susan Bennett, Notary Public is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Guilford Co NC

REGISTER OF DEEDS FOR
L. E. SPEAS, REGISTER OF DEEDS Jessie Habala
Deputy/Assistant-Register of Deeds.

County.

By:

PRESENTED FOR
REGISTRATION
AND RECORDED

FEB 8 11 16 AM '89

L.E. SPEAS
REGISTER OF DEEDS
FORSYTH COUNTY, NC

#12-09

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