

★
SATISFACTION: The debt secured by the within Deed of Trust together with the Note(s) secured has been satisfied in full.

This the _____ day of _____, 19____.

Signed: _____

Mail after recording to:

Southern National Bank of North Carolina

P. O. Box 15008

Winston-Salem, NC 27113

This instrument prepared by:

Billy R. Craig, Attorney at Law

102
RK1843 P3528
ACCOUNT NO. P3528
PRESENTED FOR
REGISTRATION
AND RECORDED

'94 DEC 20 P3:19

L.E. SPEAS
REGISTER OF DEEDS
FORSYTH CO. N.C.

Recording: Time, Book, and Page

NORTH CAROLINA DEED OF TRUST
(MAY ALSO SECURE EQUITY LINE OF CREDIT OR GUARANTY AGREEMENT)
(MAY ALSO SECURE PRESENT AND FUTURE ADVANCES)

THIS DEED of TRUST made this 20th day of December, 1994, by and between:

GRANTOR (Includes a Guarantor)	TRUSTEE	BENEFICIARY
H & H Properties, Ltd.	David Blanco	SOUTHERN NATIONAL BANK OF NORTH CAROLINA, a national banking association

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

This instrument secures an obligation or obligations to Beneficiary for the payment of money. The designation Grantor, Trustee, Borrower, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine, or neuter as required by context.

Borrower (if other than Grantor) is: _____

The Guarantor (if other than Borrower) waives notice of any modification, extension, or renewal of said indebtedness or future advances related to said indebtedness. Grantor's pledge of the Property herein described is made in consideration of Beneficiary's extension of credit (including future advances, if any) to Borrower.

☐ If checked here, or if this section is completed, this Deed of Trust secures an EQUITY LINE OF CREDIT (as used herein, "Equity Line of Credit" or "Note" includes the Preferred Equity Line of Credit Agreement, Tax Advantage Credit Line Agreement, or Tax Advantage Gold Card Agreement executed in conjunction herewith, both of which are product names for types of Equity Lines of Credit offered by Beneficiary) governed by the provisions of Article 9, Chapter 45 of the North Carolina General Statutes, N.C.G.S. 45-81 et seq. and the terms of this paragraph shall supersede any other provision in this Deed of Trust which is inconsistent with the terms of this paragraph. The maximum principal amount which is secured by this instrument at any one time is \$ _____ DOLLARS.

The period within which obligations secured by this Deed of Trust may be incurred shall be the period commencing on the date of Deed of Trust and ending ten (10) years from the date of this Deed of Trust. The total indebtedness secured by this Deed of Trust is evidenced by an Equity Line of Credit, under which Beneficiary is obligated to make advances in accordance with the terms of said agreement. Upon the default in payment of obligations secured by this Deed of Trust or upon the default of any other term of the Equity Line of Credit or upon the termination of Beneficiary's obligation upon 30 days' notice, Beneficiary may declare all obligations secured by this Deed of Trust immediately due and payable.

THIS DEED OF TRUST, WHEN SECURING AN EQUITY LINE OF CREDIT, MAY BE CANCELLED IN CONJUNCTION WITH THE TERMINATION OF THE EQUITY LINE OF CREDIT. BENEFICIARY REQUIRES SUBMISSION OF ITS EQUITY LINE OF CREDIT TERMINATION FORM EXECUTED BY GRANTOR TO EFFECT SUCH A CANCELLATION OF THIS DEED OF TRUST.

If this Deed of Trust secures an Equity Line of Credit, leave the following sections on this page blank as such sections do not apply to Equity Lines of Credit.

☒ If checked here, or if this section is completed, this Deed of Trust secures a debt to Beneficiary in the sum of Sixty Four Thousand and 00/100 DOLLARS (\$64,000.00) FOR MONEY LOANED, AS EVIDENCED BY A PROMISSORY NOTE(S) of even date herewith, the terms of which are incorporated herein by reference.

☐ IF CHECKED HERE, OR IF THIS SECTION IS COMPLETED, THIS DEED OF TRUST IS GIVEN WHOLLY OR PARTLY TO SECURE PRESENT OBLIGATIONS AND FUTURE ADVANCES AND FUTURE OBLIGATIONS WHICH MAY, FROM TIME-TO-TIME, BE INCURRED HEREUNDER. The amount of present obligation secured hereby and for which Grantor or Borrower is indebted to Beneficiary is the principal sum of _____ DOLLARS

(\$ _____)

The MAXIMUM PRINCIPAL AMOUNT, including present and future obligations, which may be secured by this Deed of Trust at any one time is _____ DOLLARS

(\$ _____)

The period within which future advances and future obligations secured by this Deed of Trust may be incurred shall be the period commencing on the date of this Deed of Trust and ending fifteen years from the date of this Deed of Trust. Beneficiary may, at its option, determine and declare any or all present and future advances or obligations secured by this Deed of Trust to be in default and immediately due and payable upon the default in payment of one or more of the obligations secured hereby, or the default of any other term or condition of this Deed of Trust. The total indebtedness secured by this Deed of Trust may be evidenced by various notes or other written instruments and evidences of indebtedness, and one or more or all such notes or the written instruments and evidences of indebtedness may, from time-to-time, be combined and merged into a single note or other evidence of indebtedness. Such combination and merger shall not constitute nor be construed as a payment, satisfaction, or discharge of any prior advance made or prior obligation incurred. Beneficiary is not obligated to make future advances unless otherwise agreed in writing.

☐ IF CHECKED HERE, OR IF THIS SECTION IS COMPLETED, THE GRANTOR HAS GUARANTEED the indebtedness of Borrower (* complete name above) to the Beneficiary as evidenced by Grantor's GUARANTY AGREEMENT which references this Deed of Trust or the real property described in this Deed of Trust, the terms of which Guaranty Agreement (as in effect from time-to-time) are incorporated herein by reference. This Deed of Trust secures all present and future Obligations of Borrower to Beneficiary which are guaranteed by Grantor pursuant to the terms of the Guaranty Agreement in effect from time-to-time which references this Deed of Trust or the real property described in this Deed of Trust. This Deed of Trust is given wholly or partly to secure future obligations which may be incurred hereunder. The present obligation secured hereby is \$ _____. The maximum principal amount, including present and future obligations, which may be secured hereby is \$ _____. Notwithstanding the foregoing, to the extent permitted by North Carolina General Statute Section 45-74, it is the intent of the Grantor that the full value of the property described herein shall secure the Guaranty Agreement subject only to any limitation set forth in the Guaranty Agreement which references this Deed of Trust or the real property described in this Deed of Trust and which this Deed of Trust secures. To the extent this Deed of Trust secures future obligations, such obligations shall be incurred within fifteen years from the date of this instrument. Any Guaranty Agreement secured by this Deed of Trust shall survive the cancellation of, or foreclosure under, this Deed of Trust, unless said guaranty is otherwise terminated by written agreement of Beneficiary. If the guaranty is unlimited, this Deed of Trust shall not act as a limitation of Grantor's liability thereunder.

NOW, THEREFORE, as security for the aforesaid indebtedness, Note(s) and/or Guaranty and future advances (herein "Obligation(s)" or "Note(s)") together with interest thereon, and as security for all renewals, extensions, forbearances, deferments, novations, amortizations, and reamortizations thereof in whole or in part, together with interest thereon, whether at the same or different rates, and for a valuable consideration, receipt of which is hereby acknowledged, the Grantor has bargained, sold, given, granted, and conveyed and does by these presents bargain, sell, give, grant, and convey to said Trustee, his heirs or successors, and assigns, the parcel(s) of land situated in the County of Forsyth State of North Carolina, particularly described below and/or on Schedule "A" if any, attached hereto and made a part hereof.

NOTE: Include City and/or Township in Description of Property. Encumbrances on first tract described below are set out in Section 6. Set out encumbrances on other tracts with the description.

BEING KNOWN AND DESIGNATED as Lot No. 2 as shown on the Map of Nading's Additions to Oakcrest as recorded in Plat Book 8, Page 201 in the Forsyth County Registry, to which map reference is hereby made for a more particular description.

Address: 1518 Polo Road
Winston-Salem, NC
Tax Lot 2, Block 1310

TO HAVE AND TO HOLD said real property (herein "Property" or "Land") with all privileges and appurtenances thereunto belonging to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms, and conditions and for the uses hereinafter set forth.

If the Grantor or Borrower shall pay the obligation secured hereby in accordance with the terms, together with interest thereon, and any renewals or extensions thereof in whole or in part, and shall comply with all of the covenants, terms, and conditions of this Deed of Trust, or, if this Deed of Trust secures a Guaranty, all amounts guaranteed under said Guaranty are paid in full and the Guaranty is properly terminated as provided for therein, then this conveyance shall be null and void and may be cancelled of record at the request of the Grantor. If however, there shall be any default in any of the covenants, terms, or conditions of the Note(s) secured hereby, or any failure or neglect to comply with the covenants, terms, or conditions contained in this Deed of Trust, then and in any of such events, if the default is not made good within fifteen (15) days, the Note(s) shall, at the option of the Beneficiary, at once become due and payable without notice, and it shall be lawful for and the duty of the Trustee, upon request of the beneficiary, to sell the land herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may be then required by law and giving such notice and advertising the time and place of such sale in such manner as may be then provided by law, and upon such and any resales and upon compliance with the then law relating to foreclosure proceedings to convey title to the purchaser in fee simple. Additional events of default under this Deed of Trust are set forth in Section 18 below.

The proceeds of the Sale shall, after the Trustee retains his commission, be applied to the costs of sale, the amount due on the Note(s) hereby secured and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission shall be five (5) per cent of the gross proceeds of the sale or the minimum sum of Five Hundred (\$500.00) whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee and a partial commission computed on five (5) per cent of the outstanding indebtedness or the above-stated minimum sum, whichever is greater, in accordance with the following schedule, to wit, one-fourth thereof before the Trustee issues a notice of hearing on the right of foreclosure; one-half thereof after issuance of said notice; three-fourths thereof after such hearing, and the greater of the full commission or minimum after the initial sale. In the event of a deficiency following sale, Beneficiary and Trustee may agree to a mutually agreed upon commission less than the commission set forth herein.

And the said Grantor does hereby covenant and agree with the Trustee and with the Beneficiary as follows:

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1. **INSURANCE.** Grantor shall keep all improvements on said Land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm, flood (if improvements are located in an area identified by Federal Emergency Management Agency as having special flood hazards), and such other casualties and contingencies, in such manner and by such companies and for such amounts as may be satisfactory to or required by the Beneficiary. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payment as long as the Note(s) secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay the premiums therefor, or deliver such policies with mortgagee clause satisfactory to Beneficiary attached thereto, along with evidence of payment of premiums thereon, then Beneficiary, at his option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the Note(s) secured by this Deed of Trust, and shall be due and payable upon demand by Grantor to Beneficiary.
2. **TAXES, ASSESSMENTS, CHARGES.** Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Property within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be added to the Note(s), secured by this Deed of Trust, and shall be due and payable upon demand by Grantor to Beneficiary.
3. **PARTIAL RELEASE.** Grantor shall not be entitled to the partial release of any of the Property unless a specific provision therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all the terms and provisions of the Note(s), this Deed of Trust, and any other instrument that may be securing said Note(s).
4. **WASTE.** The Grantor covenants that he will keep the Property herein conveyed in as good order, repair, and condition as they are now, reasonable wear and tear excepted, and that he will not commit or permit any waste nor shall he use the Property for any illegal purpose. Cutting of timber is prohibited unless consented to in writing by Beneficiary.
5. **ASSIGNMENT OF LEASES, RENTS, AND PROFITS.** As further security for all Obligation(s) secured by this instrument, Grantor assigns to Beneficiary a security interest in all leases, rents, and profits arising from the Property; provided, however, that so long as no default as herein defined has occurred, Grantor shall be entitled to collect and retain all such rents and profits as the sole property of Grantor without accounting to Beneficiary therefor. Grantor grants Beneficiary full and irrevocable power of attorney to file appropriate financing statements in the name of Grantor by Beneficiary as Attorney-in-Fact.
6. **WARRANTIES.** Grantor covenants with Trust and Beneficiary that he is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

1st MORTGAGE AT _____, TRUSTEE
RECORDED _____ BOOK _____ PAGE _____
2nd MORTGAGE AT _____, TRUSTEE
RECORDED _____ BOOK _____ PAGE _____

7. **CONVEYANCE; ACCELERATION.** If Grantor sells, conveys, transfers, assigns, or disposes of the hereinabove-described Property or any part thereof or interest therein, by any means or method, whether voluntary or involuntary, without the written consent of Beneficiary, then at the option of Beneficiary and without notice to Grantor, all Obligation(s) of money secured hereby, both principal and interest, shall immediately become due and payable and in default, notwithstanding anything herein or in the Note(s) secured hereby to the contrary. If the Grantor is a corporation with thirty-five (35) or fewer shareholders, the aggregate transfer(s) of voting shares in the Grantor whereby persons or entities not owning on the date hereof, singly or in the aggregate, 50% or more of the voting shares of such Grantor, become the owner(s), singly or in the aggregate, of 50% or more of such voting shares, shall be deemed a sale of the Property for the purposes of this Section; if the Grantor is a limited or general partnership, any change in general partnership interest(s) in the Grantor shall be deemed a sale of the Property for the purposes of this Section; provided, however, no change in general partnership interest(s) or transfer of voting shares occasioned by devise, descent, or operation of law upon the death of a shareholder or a general partner, as the case may be, shall constitute a sale of the Property for the purposes of this Section. The Grantor hereby covenants to give the Beneficiary notice by certified mail of any sale, further encumbrance, or transfer of the Property, as contemplated by this Section, within ten (10) days after the occurrence of such sale, further encumbrance, or transfer.
8. **SUBSTITUTION OF TRUSTEE.** Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any Successor Trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Note(s) desires to replace said Trustee, then the holder of the Note(s) may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all the rights, powers, and duties of the Trustee.
9. **CIVIL ACTION.** In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorney's fees of the Trustee in such action shall be paid by the Beneficiary and charged to the Note(s) and secured by this Deed of Trust.
10. **ADVANCEMENTS.** If Grantor shall fail to perform any of the covenants or obligations contained herein or in any such other instrument given as additional security for the Note secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Note secured hereby for sums due after default, and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.
11. **APPRAISALS.** Grantor agrees to pay (upon demand by Bank) the cost of new or updated appraisals of the property securing Grantor's or Borrower's indebtedness to Bank required by state and/or federal laws and regulations (as interpreted by Bank). Should Grantor fail to pay same upon demand, Bank may advance same under the Note secured by this Deed of Trust, same shall be due and payable upon demand by Bank and shall be secured by this Deed of Trust.
12. **HAZARDOUS MATERIALS.** (a) Grantor represents and warrants that, to the best of Grantor's knowledge, after due inquiry and investigation, (i) there are no Hazardous Materials (hereinafter defined) on the Property, except those in compliance with all applicable federal, state and local laws, ordinances, rules, and regulations, and (ii) no owner or occupant nor any prior owner or occupant of the Property has received any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from, or affecting the Property. Grantor covenants that the Property shall be kept free of Hazardous Materials, and either Grantor nor any occupant of the Property shall use, transport, store, dispose of, or in any manner deal with Hazardous Materials on the Property, except to the extent that such use, transport, storage, or disposal shall be necessary and proper for the Grantor to use the Property and carry out the activities set forth in the loan application, commitment letter, if any, or any separate loan agreement or other agreement executed concurrently with this Deed of Trust, provided that such use, transport, storage, disposal, or handling of Hazardous Materials on the Property shall be in compliance with all applicable federal, state and local laws, ordinances, rules, and regulations. Grantor shall not, without prior notice to Beneficiary, engage in any use or activity on the Property which results in initial use or increased use, as the case may be, of Hazardous Materials on the Property which were not disclosed to the Beneficiary or described in the loan application, commitment letter, if any, or separate loan agreement or other agreement executed concurrently with their Deed of Trust. Grantor shall comply with, and ensure compliance by all occupants of the Property, all applicable federal, state and local laws, ordinances, rules, and regulations, and shall keep the Property free and clear of any liens imposed pursuant to such laws, ordinances, rules, or regulations. In the event that Grantor receives any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from, or affecting the Property, Grantor shall immediately notify Beneficiary. Grantor shall promptly conduct and complete all investigations, studies, sampling, and testing, and all remedial actions necessary to clean up and remove all Hazardous Materials from the Property in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. Grantor further covenants that it will promptly notify Beneficiary of any discharge or release of Hazardous Materials on, from, or affecting the Property or of any change in the nature or extent of any Hazardous Materials, substances, or wastes maintained on, in, or under the Property or used in connection therewith, and will transmit to Beneficiary copies of any citation, orders, notices, or other communication received with respect to any other Hazardous Materials, substances, wastes or other environmentally regulated substances affecting the Property. The term "Hazardous Materials" as used in this Deed of Trust shall include, without limitation, gasoline, petroleum products, explosives, radioactive materials, polychlorinated biphenyls or related or similar materials, asbestos or asbestos-containing materials, or any other substance or material defined as a hazardous or toxic substance or material by any federal, state or local law, ordinance, rule, or regulation. Grantor's violation of any covenant, representation, or warranty within this Section shall be an Event of Default, and Beneficiary may pursue all rights and remedies to which it is entitled as set forth in this Deed of Trust.
- (b) Grantor shall protect, defend, indemnify, and save harmless Beneficiary and the Trustee from and against all liabilities, obligations, claims, damages, penalties, causes of action, response and cleanup costs, and other costs and expenses (including, without limitation, reasonable attorney's fees and expenses), imposed upon or incurred by or asserted against Trustee or Beneficiary by reason of (i) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Materials (as defined above in this Section) on, from, or affecting the Property or any other property; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, including, but not limited to, the following laws: the Comprehensive Environmental Response, Compensation, and Liability Act; the Resource Conservation and Recovery Act; the Clean Water Act; the Toxic Substances Control Act; Coastal Area Management Act, N.C.G.S. 113-A-113 et. seq.; Solid Waste Management Act, N.C.G.S. 130A-290 et. seq.; Inactive Hazardous Sites Act, N.C.G.S. 138-310 et. seq.; Water and Air Resources Act, N.C.G.S. Chapter 143, Article 21; Oil Pollution and Hazardous Substances Control Act, N.C.G.S. Chapter 143, Article 21A; Air Pollution Control Act, N.C.G.S. Chapter 143, Article 21B; and the Sedimentation Pollution Control Act of 1973, N.C.G.S. Chapter 113A, Article 4, including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. Any amounts payable to Trustee or Beneficiary by reason of the application of this paragraph shall be secured by this Deed of Trust and shall become immediately due and payable and shall bear interest at the rate of interest specified in the Note secured hereby from the date loss or damage is sustained by Beneficiary until paid. The obligations and liabilities of Grantor under this indemnification paragraph of this Deed of Trust shall survive any termination, satisfaction, assignment, entry of a judgment of foreclosure, or delivery of a deed in lieu of foreclosure of this Deed of Trust.
- (c) Notwithstanding the description of Collateral contained in this Deed of Trust, all Hazardous Materials (as defined in this Section) are specifically excluded from Collateral subject to this Deed of Trust unless part of the structure and mechanical systems of a building located in the Property. In addition, if the Property is used as commercial property, any and all underground storage tanks and piping located on the Property described above are specifically [check one]:

☒ included as part of the Collateral.
☐ excluded as part of the Collateral.

As to Property used as residential property, underground fuel oil tanks or liquid propane tanks servicing a residence are specifically included as part of the collateral.

13. **NOTICES.** All notices, certificates, and other communications required hereunder or by law shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Beneficiary, Trustee, and/or Grantor at the addresses shown on page one of this Deed of Trust, respectively. The Grantor, the Trustee, and the Beneficiary may, by written notice given hereunder, designate a different address where communications should be sent.
14. **RIGHT OF REENTRY AND FORECLOSURE.** Upon reasonable notice to Grantor or, upon a violation or claim of a violation by any party of any required permit or license or applicable state, federal, or local environmental laws or regulations, Beneficiary shall have the right to reenter the subject Property for the purpose of investigating the impact of the alleged violation upon the Property, conducting an environmental assessment, or inspecting or appraising the Property. Further, a violation of any required permit or license or any applicable state, federal, or local environmental law or regulation detrimentally affecting the value of the subject property will be grounds for the Beneficiary to foreclose upon the subject Property in accordance with this agreement.
15. **TITLE DEFECTS.** Grantor shall pay to the Beneficiary any and all sums, including costs, expenses, and reasonable attorney's fees, which Beneficiary may incur or expend in any proceeding, legal or otherwise, which Beneficiary shall deem necessary to sustain the lien of this Deed of Trust or its priority, or to defend survey disputes, condemnation proceedings, lien foreclosures, or any other action in which Beneficiary is named as a defendant which involves the Property.
16. **CASUALTY LOSS OR CONDEMNATION.** In the event of any loss covered by insurance assigned to Beneficiary hereunder, or in the event that the premises hereby conveyed, or any part thereof, shall be condemned and taken under power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect any proceeds of such insurance and all damages awarded by reason of such taking, and the right to such proceeds and damages is hereby assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, toward the principal indebtedness due hereunder or toward the alteration, repair, or restoration of the premises by Grantor.
17. **SECURITY AGREEMENT.** (a) This Deed of Trust shall constitute a security agreement with respect to all Collateral of the Grantor now owned or hereafter acquired and located upon the Property and used in the operation and maintenance of the improvements. The Grantor hereby grants to the Beneficiary a security interest in the Collateral including, without limitation, all boilers, all heating, air conditioning and ventilating components and systems, all lighting, electrical power, plumbing, sprinkler and water components and systems, all carpets, wall coverings, screens and drapes, all mechanical and hydraulic components and systems, and all appliances (including stoves, ranges, refrigerators, disposals, dishwashers, washers and dryers, trash compactors, and similar appliances) located on and used in connection with the operation or maintenance of the improvements.
(b) With respect to those items of the Collateral which are or are to become fixtures related to the Property, this Deed of Trust shall constitute a financing statement filed as a fixture filing. The lien upon fixtures granted herein and perfected hereby shall be in addition to and not in lieu of any lien upon fixtures acquired under real property law.
18. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:
(a) The Grantor's failure to pay when due the principal of and interest on the Note or any other sum due under the Note;
(b) The Grantor's breach of any of the terms, conditions, or covenants contained in this Deed of Trust;

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(c) The actual or threatened demolition, injury, or waste to the Property or Collateral which may impair its value;
 (d) The appointment of a receiver for, or the filing of a petition of bankruptcy by or against, the Grantor;
 (e) The Grantor's default in, or breach of, any of the terms, conditions, covenants, or agreements contained in any separate assignment of leases given as additional security for the Obligation;
 (f) The Grantor's default under the terms of any instrument to which this Deed of Trust is subordinate or which is subordinate to this Deed of Trust;
 (g) Default by the Grantor in keeping, performing, or observing any term, covenant, agreement, or condition of the Commitment, if any, upon which the Obligation hereby secured was predicated, or default by the Grantor under any separate loan agreement or other agreement executed concurrently with the execution and delivery of this Deed of Trust, including, without limitation, any agreement containing provisions relating to the rights of the Grantor to receive future advances from the Beneficiary, the repayment of which is intended to be secured by this Deed of Trust;

(h) False statement, misrepresentation, or withholding facts by Grantor in any loan application or other instrument provided by Grantor to Beneficiary or its agents as to any matter relied upon by Beneficiary in evaluating whether to extend financing to the Grantor;

(i) Use of the Property for any purpose prohibited by law including manufacture or storage of controlled substances as defined under state or federal law; and
 (j) The commencement of any forfeiture proceeding by either state or federal authorities which is not dismissed within 30 days from filing, in which event the entire balance outstanding including principal, interest, and reasonable attorneys' fees shall be immediately due and payable.

19. ANNUAL STATEMENTS. The Grantor covenants and agrees that it will furnish to the Beneficiary when required as a condition of the loan or otherwise requested by Beneficiary and without cost to the Beneficiary: (a) a financial statement, in form and certified in a manner satisfactory to the Beneficiary, setting forth all income and expenses derived from or incurred as a result of the operation of the Grantor's business conducted on the Property and the operation of any improvements or Collateral situated thereon within ninety (90) days of the end of each fiscal year the financial statements (in form and certified in a manner satisfactory to the Beneficiary) of the Grantor, and each of the guarantors or endorser, if any, of the indebtedness hereby secured.

20. MISCELLANEOUS. (a) In the event of the subsequent passage of any law of the State of North Carolina deducting from the value of the land for the purposes of taxation any lien thereon, or amending in any way the laws now in force for the taxation of Deeds of Trust or Obligations secured thereby, for state or local purposes or the manner of the collection of any such taxes so as to affect the interest of the Beneficiary, the whole sum secured by this instrument with interest thereon, at the option of the Beneficiary, shall immediately become due, payable, and collectible without notice to any party.

(b) 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. In the event that the Beneficiary or the Trustee voluntarily or otherwise shall become a party to any suit or legal proceedings to protect the Property or to protect the title of the Trustee created by this Deed of Trust, the Trustee and the Beneficiary shall be saved harmless and shall be reimbursed by the Grantor for any amounts paid, including all reasonable costs, charges, and attorney's fees incurred in any such suit or proceeding. These amounts, together with interest on the amounts at the rate set forth in the Note, shall be secured by this Deed of Trust and their payment enforced as if they were a part of the original Obligation.

(c) 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 contract rate permitted by law. 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 making such a payment.

(d) All the terms and conditions of the Commitment, if any, upon which the loan hereby secured is predicated, and the loan agreement, if any, pursuant to which the obligations secured hereby are incurred, are incorporated by this reference and made a part thereof.

(e) The covenants, terms, and conditions herein contained shall bind, and the benefits and powers shall inure to, the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Whenever used herein, the singular number shall include the plural, the plural the singular. If two or more parties have joined as Grantor, each of the parties shall be jointly and severally obligated to perform the conditions and covenants herein contained. Notwithstanding the foregoing, any Grantor who executes this Deed of Trust but who does not execute the Note hereby secured has executed the Deed of Trust only to subject whatever interest such Grantor has or may hereafter have in the Property and Improvements and Collateral to the lien and security interest created by the Deed of Trust. The term "Beneficiary" shall include any payee of the indebtedness hereby secured and any transferee or assignee thereof, whether by operation of law or otherwise.

(f) Grantor waives all rights to require marshalling of assets by the Trustee or Beneficiary.

IN WITNESS WHEREOF, this Deed of Trust is executed (i) if by individuals, by hereunto setting their hands under seal by adoption of the word "SEAL" appearing next to the individuals' names, (ii) if by a corporation, by the duly authorized officers of the corporation on its behalf under seal by adoption of the facsimile seal printed hereon for such purpose or, if an impression seal appears hereon, by affixing such impression seal, or (iii) if by a partnership, by the duly authorized partners of the partnership on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the partnership and/or the signatures of the partners, on the day and year first above written.

(Name of Corporation or Partnership)

H & H Properties, Ltd.

By: Murray M. Hewell President

ATTEST: Michael R. Hough Secretary (Corporate Seal)

GRANTORS

H & H PROPERTIES, LTD.

CORP. SEAL

MH

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

SEAL-STAMP

STATE OF NORTH CAROLINA, COUNTY OF _____

I, _____ a notary public of said county do

hereby certify that _____

personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp and seal, this _____ day of _____, 19____.

My commission expires: _____ Notary Public

SEAL-STAMP

STATE OF NORTH CAROLINA, COUNTY OF Forsyth

_____ a Notary Public of the County and State aforesaid,

certify that Michael R. Hough personally came before me this day and acknowledged

he is _____ Secretary of H & H Properties, Ltd. a North

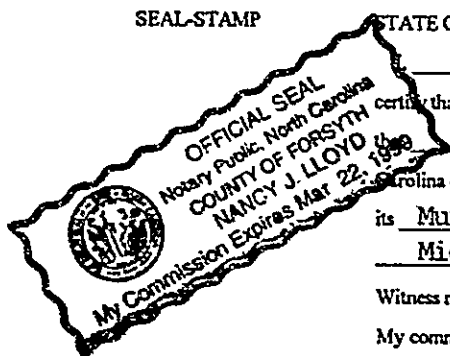
Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by

its Murray M. Hewell President, sealed with its corporate seal, and attested by

Michael R. Hough as its _____ Secretary.

Witness my hand and official stamp and seal, this 20th day of December, 1994.

My commission expires: March 22, 1999 Nancy J. Lloyd Notary Public



STATE OF NORTH CAROLINA, COUNTY OF _____

I, _____ a Notary Public, do certify that

_____ personally appeared before me

and acknowledged that he is the General Partner of _____

a Partnership, and that by authority duly given and as the act of the Partnership, the foregoing instrument was signed and sealed in its name

by him as its General Partner.

WITNESS my hand and official seal or stamp, this _____ day of _____, 19____.

My commission expires: _____ Notary Public

The foregoing Certificate(s) of Nancy J. Lloyd, NP Forsyth Co NC
 is/are certified to be correct. This instrument and this certificate are duly registered at the date and time in the Book and Page shown on the first page hereof.

By LE Spears REGISTER OF DEEDS FOR Forsyth COUNTY
Robert J. Granville Deputy/Assistant-Register of Deeds