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PRESENTED FOR

Drawn By: Lynda M. Hill, Closing Coordinator, Wachovia Bank of North Carolina, N.A.
Mail To: Lynda M. Hill, P.O. Box 3099, MC: NC-32232, Winston-Salem, NC 27150

ASSIGNED

'95 APR 12 P3:06

MODIFICATION AND EXTENSION AGREEMENT

STATE OF NORTH CAROLINA)

COUNTY OF FORSYTH)

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

22.00
Hedra
Green

THIS AGREEMENT, made as of the 4th day of April, 1995 by and among WACHOVIA BANK OF NORTH CAROLINA, N.A., a national banking association organized under the laws of the United States of America (the "Bank"), FREDERICK L. OSBORNE and wife, DONNA B. OSBORNE (if more than one, collectively, the "Grantor"), NEW SALEM, INC., a North Carolina corporation, (the "Trustee"), and C and C FOODS, INC., d/b/a FAZOLI'S, a North Carolina corporation, (the "Guarantor").

WITNESSETH:

WHEREAS, the Grantor has made and issued a Promissory Note, dated the 19th day of October, 1994 made a part hereof by this reference as fully as if set out herein verbatim (such document, as same may have been heretofore amended, being herein referred to as the "Note"), evidencing an original indebtedness of SEVEN HUNDRED SIXTEEN THOUSAND EIGHT HUNDRED AND NO/100 DOLLARS (\$716,800.00) and to secure the Note, the Grantor executed and delivered a Deed of Trust, Assignment of Rents and Security Agreement dated of even date with the Note and recorded in Book 1838, Page 3504, Forsyth County Registry made a part hereof by this reference as fully as if set out herein verbatim (such document, as same may have been heretofore amended, being herein referred to as the "Deed of Trust"); and

WHEREAS, the Guarantor has executed a Mortgage Loan Guaranty Agreement of Payment and Completion (the "Guaranty") with respect to the loan evidenced by the Note; and

WHEREAS, the Grantor has executed a Building Loan Agreement (the "BLA") with respect to the loan evidenced by the Note; and

WHEREAS, the Grantor has requested that the Bank make and the Guarantor agree to certain modifications to the Note, the BLA and the Deed of Trust; and

WHEREAS, the Bank, as holder and owner of the Note, the BLA and the Deed of Trust, the Guarantor and the Grantor mutually desire to modify and amend the provisions of the same in the manner hereinafter set out, it being specifically understood that except as herein modified and amended, the terms and provisions of the Note, the BLA and the Deed of Trust shall remain unchanged and continue in full force and effect as therein written.

NOW, THEREFORE, the Bank, the Trustee, the Guarantor, and the Grantor in consideration of the premises and the sum of One Dollar (\$1.00) to each in hand paid by the other, receipt of which is hereby acknowledged by each, do hereby acknowledge that the Grantor has given, granted, bargained, sold and conveyed, and by these presents does hereby give, grant, bargain, sell and convey unto the Trustee, and the Trustee's heirs, successors and assigns, the Mortgaged Premises (as defined in the Deed of Trust) and any additional property added thereto pursuant to the provisions hereof, and each does hereby agree that the Note, the BLA and the Deed of Trust should be, and the same hereby are modified and amended as follows:

1. The first paragraph of the Recitals of the Deed of Trust is hereby amended as follows:

"The Grantor is indebted to the Beneficiary in the sum of Seven Hundred Sixteen Thousand Eight Hundred and No/100 Dollars (\$716,800.00), as evidenced by Grantor's note or notes of even date herewith (hereinafter referred to as the Note), which Note is due and payable in full on or before the first day of June, 2005."

2. The Note is hereby amended as follows:

- (a) The Note shall bear interest from the date of recordation of the Modification and Extension Agreement at the rate per annum equal to the Bank's Prime Rate plus one percent (Prime Rate + 1.0%).
- (b) The undersigned shall reduce the principal amount outstanding of the Note to an amount equal to Three Hundred Seventy Thousand Eighty and No/100 Dollars (\$370,080.00) on or before July 1, 1995.
- (c) Interest only on the principal amount outstanding to be due and payable on the first day of each month through and including June 1, 1995. Thereafter beginning July 1, 1995 and continuing on the 1st day of each consecutive month, equal monthly installments of principal and interest in the amount of \$4,206.30 (the "Monthly Installment") shall be due and payable. All outstanding principal and accrued and unpaid interest shall be due and payable in full on June 1, 2005 (the "Maturity Date").

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- (d) The outstanding principal balance of the Note shall not be greater as of each date set forth below than the amount set forth next to such date:

<u>Date</u>	<u>Amount</u>
June 1, 1996	\$359,805.00
June 1, 1997	\$348,341.00
June 1, 1998	\$335,551.00
June 1, 1999	\$321,280.00
June 1, 2000	\$305,358.00
June 1, 2001	\$287,595.00
June 1, 2002	\$267,775.00
June 1, 2003	\$245,661.00
June 1, 2004	\$220,989.00
June 1, 2005	0

In the event the outstanding principal balance of the Note is greater than the amount set forth above as of the applicable date, the undersigned shall be required to make an additional payment of principal equal to the difference within ten (10) days of such date. Such additional principal payment shall be applied as set forth in the second paragraph on page two of the Note, except that any portion thereof applied to outstanding principal shall be applied to installments of principal in inverse order of maturities.

3. The BLA is hereby amended as follows:

- (a) The completion date for the construction as set forth in Section 6 of the BLA is hereby extended from March 1, 1995 to June 1, 1995.

TO HAVE AND TO HOLD the Mortgaged Premises and any additional property added thereto pursuant to the provisions hereof unto the Trustee and the Trustee's heirs, successors and assigns, in fee simple forever, upon the trusts and for the uses and purposes set forth in the Deed of Trust, as hereby modified and amended.

IT IS MUTUALLY AGREED by and between the parties hereto that this Agreement shall become a part of the Note, the BLA and the Deed of Trust by reference and that nothing herein contained shall impair the security now held for said indebtedness, nor shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Note, the BLA and the Deed of Trust except as herein amended, nor affect or impair any rights, powers or remedies under the Note, the BLA and the Deed of Trust as hereby amended. Furthermore, the Bank does hereby reserve all rights and remedies it may have as against all parties who may be or may hereafter become primarily or secondarily liable for the repayment of the indebtedness evidenced by the Note, as hereby amended.

The Grantor promises and agrees to pay the indebtedness evidenced by the Note, as hereby amended, in accordance with the terms thereof and agrees to perform all of the

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requirements, conditions and obligations under the terms of the Note, the BLA and the Deed of Trust as hereby modified and amended, said documents being hereby ratified and affirmed. The execution and delivery hereof shall not constitute a novation or modification of the lien, encumbrance or security title of the Deed of Trust, which Deed of Trust shall retain its priority as originally filed for record. Grantor expressly agrees that the Note is in full force and effect and that Grantor has no right to setoff, counterclaim or defense to the payment thereof.

Any reference contained in the Note, the BLA or the Deed of Trust as amended herein, to the Note, the BLA or the Deed of Trust shall hereinafter be deemed to be a reference to such document as amended hereby. In amplification thereof, the Deed of Trust, as amended hereby, shall secure the Note, as amended hereby, and any further modifications, renewals or extensions thereof.

The Trustee and Guarantor join in the execution of this Agreement as evidence of their knowledge of the provisions hereof and their consent to the modifications herein made. The Guarantor does hereby confirm, ratify and reaffirm the obligations contained in the Guaranty. The Guarantor does further confirm that the Guarantor has no right of set-off, counterclaim or defense to the obligations contained in the Guaranty. Any and all references in the Guaranty to the Note, the BLA and Deed of Trust shall hereinafter be deemed to refer to the Note, the BLA and Deed of Trust as amended by this Agreement.

This Agreement shall be binding upon and inure to the benefit of any assignee or the respective heirs, executors, administrators, successors and assigns of the parties hereto.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute any of such counterparts.

IN WITNESS WHEREOF, this instrument has been executed under seal by the parties hereto and delivered on the date and year first above written.

BANK:

WACHOVIA BANK OF NORTH CAROLINA, N.A.

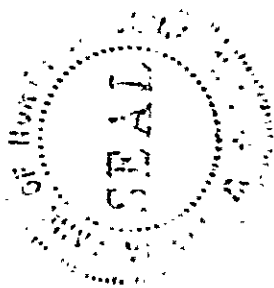
Attest:


Assistant Secretary

By:


Assistant Vice-President

[CORPORATE SEAL]



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TRUSTEE:

NEW SALEM, INC.

Attest:
Lyndam. Hill
not. Secretary

By: *Wilma M. Pollard*
Vice-President

[CORPORATE SEAL]



GRANTOR:

Frederick L. Osborne (SEAL)
Frederick L. Osborne

Donna B. Osborne (SEAL)
Donna B. Osborne

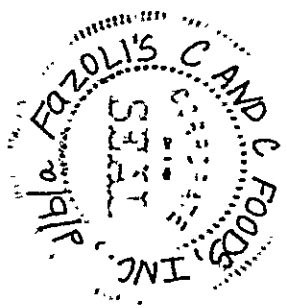
GUARANTORS:

C AND C FOODS, INC., d/b/a FAZOLI'S, a
North Carolina corporation

Attest:
Donna B. Osborne
Secretary

By: *Frederick L. Osborne*
President

[CORPORATE SEAL]



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STATE OF NORTH CAROLINA)

COUNTY OF Forsyth)

I, Lynda M. Hill, a Notary Public of Forsyth
County, North Carolina, certify that Patricia J. Parker
personally appeared before me this day and acknowledged that he is Assistant Secretary of
Wachovia Bank of North Carolina, N.A., a national banking association, and that by authority
duly given and as the act of the corporation, the foregoing instrument was signed in its name by
its Vice President, sealed with its corporate seal, and attested by himself as its Assistant
Secretary.

Witness my hand and notarial seal, this 30 day of March, 1995.

My commission expires:

LYNDA M. HILL
NOTARY PUBLIC

FORSYTH COUNTY, NC

Commission Expires 12 May 1997

Lynda M. Hill
Notary Public

STATE OF NORTH CAROLINA)

COUNTY OF Forsyth)

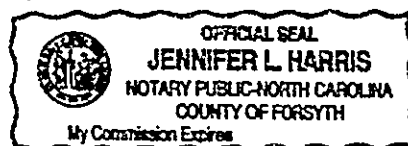
I, Jennifer L. Harris, Notary Public, certify that
Lynda M. Hill personally came before me this day and acknowledged
that he is Assistant Secretary of New Salem, Inc., a North Carolina corporation, and that, by
authority duly given and as the act of the corporation, the foregoing instrument was signed in the
name by its Vice President, sealed with its corporate seal, and attested by himself as its Assistant
Secretary.

Witness my hand and notarial seal, this 30th day of March, 1995.

My commission expires:

5-2-96

Jennifer L. Harris
Notary Public



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STATE OF NORTH CAROLINA)

COUNTY OF Davidson)

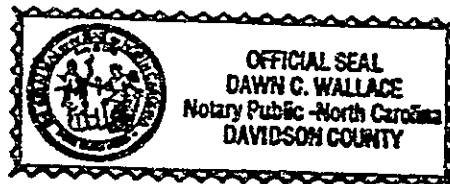
I, Dawn C. Wallace, a Notary Public of Davidson
County, North Carolina certify that FREDERICK L. OSBORNE personally appeared before me
this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 4th day of April, 1995.

My commission expires:

Dawn C. Wallace
Notary Public

5-13-95



STATE OF NORTH CAROLINA)

COUNTY OF Davidson)

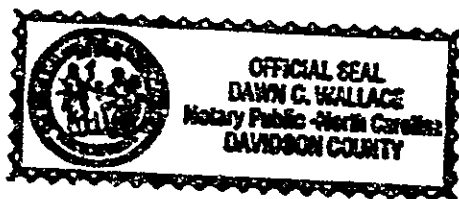
I, Dawn C. Wallace, a Notary Public of Davidson
County, North Carolina certify that DONNA B. OSBORNE personally appeared before me this
day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this 4th day of April, 1995.

My commission expires:

Dawn C. Wallace
Notary Public

5-13-95



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STATE OF NORTH CAROLINA)

COUNTY OF Davidson)

I, Dawn C. Wallace, a Notary Public of Davidson ^{DBO}
County, North Carolina, certify that Frederick L. Osborn ^{DBO} Donna B. Osborne
personally appeared before me this day and acknowledged that she is Donna B. Osborn
Secretary of C AND C FOODS, INC., d/b/a FAZOLI'S, a corporation, and that, by authority
duly given and as the act of the corporation, the foregoing instrument was signed in its name by
its current President, sealed with its corporate seal, and attested by himself as its
current Secretary.

Witness my hand and notarial seal, this 4th day of April, 1995.

My commission expires:

5-13-95

Dawn C. Wallace
Notary Public



STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate is of Lynda M. Hill and Jennifer L.
(Here give name and official title of the officer signing the certificate passed upon)
Harris, Notaries Public Forsyth Co. NC and Dawn C. Wallace
NP Davidson Co. NC
is (are) certified to be correct. This the 12th day of April, 1995.

L. E. Speas, Register of Deeds

By Jeri Stagner Deputy-Assistant

Probate and Filing Fee \$_____ paid.

Register of Deeds