

This instrument Drafted By: CENTURA BANK 132 S. Caldwell Street, Brevard, N. C. 28712

Mail To: CENTURA BANK, P.O. Box 500, Rocky Mount, N.C. 27802 Attention: Loan Operations Account Number 0323122512

This Deed of Trust secures an equity line of credit governed by the provisions of Article 9 of Chapter 45 of the North Carolina General Statutes. 278 000-132

THIS DEED OF TRUST is made and entered into as of April 1, 1998, by and between Francis Arnette

Party of the First Part, whether one or more persons (hereinafter "Grantor"), and CB Services Corp., Trustee, Party of the Second Part (hereinafter "Trustee"), and CENTURA BANK, a banking corporation, 134 N. Church Street, P.O. Box 1220, Rocky Mount, NC 27802.

Party of the Third Part (hereinafter "Beneficiary").

WITNESSETH, that whereas the Grantor has executed a Centura Bank Equity Line of Credit Account Agreement ("Agreement") of even date herewith, the terms of which are incorporated herein by reference, under which the Beneficiary (subject to the conditions herein and other limitations and conditions set forth in the Agreement) is obligated to provide to Grantor advances up to the aggregate sum of

Thirty Thousand and 00/100\*\*\*\*\* U.S.Dollars 30,000.00  
which sum is the maximum principal amount, including present and future advances, which may at any one time be secured by this Deed of Trust as incurred from time to time by periodic advances, all of such advances to be incurred on or before 15 years from the date hereof, subject to the earlier termination of or other limiting conditions set forth in the Agreement, and the Grantor is indebted to the Beneficiary for the repayment of all sums advanced under the Agreement together with all interest which may accrue on the indebtedness, and any renewals, modifications or extensions thereof, in whole or in part under the Agreement and the additional payments hereinafter agreed to be made.

NOW, THEREFORE, in consideration of the aforesaid indebtedness, to additionally secure payment of said debt incurred or to be incurred under said Agreement and all other obligations of Grantor to Beneficiary secured hereby, and any renewals, modifications or extensions thereof, and in consideration of the sum of One Dollar (\$1.00) cash in hand paid the receipt of which is hereby acknowledged, Grantor hereby grants and conveys to Trustee, his successors and assigns, the following described premises located in Transylvan County, State of North Carolina, the street address being: Glen Cannon Country Club Township, Brevard -NC 28712 and more particularly described as follows:

BEING Condominium Unit No. 1-B, Building 6, of GLEN CANNON CONDOMINIUMS THREE, A CONDOMINIUM as described in the Declaration of Condominium thereof filed in the Office of the Register of Deeds for Transylvania County, N. C. September 8, 1975, and recorded in Condominium Book 2, page 87, and all amendments thereto, reference to which is hereby made for a more complete description thereof.

TOGETHER with an undivided 12.5 percent interest in the common areas and facilities of said GLEN CANNON CONDOMINIUM THREE, A Condominium, and all exhibits attached thereto hereinabove referred to.

Subject to Restrictive Covenants appearing of record.

together with improvements and fixtures now or hereafter attached to or used in connection with said premises.

TO HAVE AND TO HOLD the same, with all rights, privileges and appurtenances thereunto belonging, to Trustee, his successors and assigns, forever. Grantor covenants with said Trustee that he is seized of the premises in fee and has the right to grant and convey the same in fee, that said premises are free and clear of all encumbrances unless contrary information is hereunder stated, and that he will warrant and forever defend the premises unto said Trustee from and against claims of all persons whomsoever.

IN TRUST, HOWEVER, for the uses and purposes following:

If Grantor shall well and truly perform all the terms and conditions of this Deed of Trust, the Agreement (by paying all amounts owed thereunder) and other evidences of debt or obligation secured hereby, and any renewals, modifications or extensions thereof, then this conveyance shall, upon request by Grantor, be properly cancelled of record; provided, however, that absent such request for cancellation, this Deed of Trust shall remain in full force and effect for fifteen (15) years from the date hereof and for such additional period of time thereafter that there shall be any balance due under the Agreement, this Deed of Trust and all other evidences of debt or obligation secured hereby. If, however, there shall be a default under the Agreement, this Deed of Trust or under any of the evidences of debt or obligation secured hereby, then all sums owing by Grantor to Beneficiary under this Deed of Trust or Agreement or other evidences of debt or obligation secured hereby shall, at the option of the Beneficiary, become immediately due and payable, without notice, and on the application of said Beneficiary, it shall be lawful for and the duty of Trustee to sell the real property 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 after 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 sale and any resales and upon full and complete compliance with the then law relating to foreclosure proceedings, to convey title to the purchaser in fee simple; and upon such foreclosure sale, said Trustee shall collect the purchase money and convey title to the purchaser in fee simple. The proceeds of any such sale shall be applied in the manner and in the order prescribed by applicable North Carolina laws, it being agreed that the expenses of any such sale shall include a commission of five percent (5%) of the gross sales price to Trustee for conducting such sale and for all services performed by him hereunder. Beneficiary may bid and become the purchaser at any foreclosure sale under this Deed of Trust. Further, at any such sale Trustee may, at his election, require the successful bidder immediately to deposit with him cash or certified check in an amount equal to all or any part of the successful bid, and notice of any such requirement need not be included in the advertisement of the notice of such foreclosure sale.

Grantor does hereby covenant and agree as follows:

The realty herein conveyed has the present reasonable market value of \$ 83,480.00, and said property presently has outstanding a real estate mortgage or deed of trust in favor of CENTURA BANK in the present unpaid balance of \$ 52,652.09. If the premises shall be transferred, assigned, conveyed or otherwise encumbered, or if liens are filed against the property and same not removed within fifteen (15) days after any such filing during the term of this Deed of Trust without first obtaining the written consent of the Beneficiary, the unpaid principal of and accrued interest on the Agreement secured by this Deed of Trust shall, at the option of the Beneficiary, become immediately due and payable.

Grantor shall make timely payments of principal, interest and any other charges due on the aforementioned Agreement and/or other evidences of debt or obligation secured hereby in the amounts, in the manner and at the place set forth therein. Grantor will pay all taxes, assessments, water charges, and other governmental or municipal charges, fines or impositions before any penalty or interest accrues thereon. Grantor will keep all improvements now existing or hereafter erected on the said premises insured in such amounts and for such periods as required by the Beneficiary against loss or damage by fire or other hazards, casualties and contingencies as the Beneficiary may require for the benefit of the Beneficiary, loss, if any, to be made payable in the policy or policies of insurance to the Beneficiary, as its interest may appear. Should the Grantor be in default in the timely payment or performance of any obligation hereunder, the Beneficiary may, but is not obligated to, expend for the account of said Grantor such sums, expenses and fees as may become necessary to cure any default or be incurred for the protection of the premises and the maintenance and execution of this trust. Any amounts so expended shall be deemed principal advances fully secured by this Deed of Trust, shall bear interest from the time expended at the rate specified in the Agreement and shall be due and payable on demand. The maximum principal amount secured by this Deed of Trust shall be increased by the amount so expended by Beneficiary. Beneficiary shall be under no obligation to do any of the foregoing, and its failure to do so shall not be construed as a waiver of any default hereunder. If the premises of any part thereof shall be taken by condemnation or settlement in lieu thereof, the Beneficiary shall have the option of declaring the unpaid balances of principal and interest under the Agreement to be immediately due and payable.

Grantor will keep the premises in as good order and repair as they are now (reasonable wear and tear excepted) and will neither commit nor permit any waste or any other thing whereby the value of the premises conveyed might be impaired. The Beneficiary shall have the right to inspect the premises at all reasonable times and the right of access thereto for such purpose is hereby granted to the Beneficiary or its agents.

If Grantor shall sell or convey all or any part of said real estate or any interest therein during the term of this Deed of Trust without the prior written consent of the Beneficiary, or if Grantor should default in the payment or performance of any of the obligations herein or in the Agreement; or if Grantor should default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate; then all of the obligations secured hereby shall at the option of the Beneficiary become immediately due and payable, without notice. If there be a foreclosure sale of the premises herein conveyed, as herein provided, Grantor does hereby release and relinquish all rights, title, and interest in and to said premises, or the possession thereof.

In case the **Beneficiary** or **Trustee** voluntarily or otherwise shall become parties to any suit or legal proceeding to protect the real property herein conveyed or to protect the lien of this Deed of Trust, said parties shall be saved harmless and shall be reimbursed by **Grantor** for any amounts paid, including all costs, charges and attorneys' fees incurred in any such suit or proceeding, and the same shall be secured by this Deed of Trust, shall bear interest at the highest lawful rate then permitted, and shall be payable upon demand. All remedies provided herein are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively. At any time the **Beneficiary** has the right, under the terms of this Deed of Trust, the **Agreement** or any other evidences of debt or obligation secured hereby, to accelerate the balance due and require that all sums due thereunder be immediately due and payable, the **Beneficiary** may, in its sole discretion, elect to accelerate the balance due in advance of the original term and accept payment under terms other than an immediate, lump-sum payment. All covenants contained herein shall bind, and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors or assigns of the parties hereto.

The irrevocable power to appoint a substitute **Trustee** or **Trustees** is hereby expressly granted to the **Beneficiary**, its successors or assigns, to be exercised at any time hereafter, **without notice**, without specifying any reason therefor and without court approval, by filing for record in the office where this instrument is recorded an instrument of appointment.

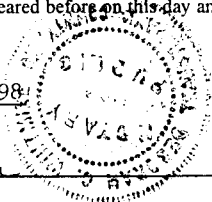
IN WITNESS WHEREOF, each individual **Grantor** has hereunto set his hand and adopted as his seal the word "SEAL" appearing beside or near his signature, this instrument being executed and delivered on the date first above written.

Francis Arnette (SEAL) 278 000433 (SEAL)  
(Grantor) (Grantor)  
Francis Arnette (SEAL) (Grantor)  
(Grantor) (Grantor)  
Gaie M. Cynard  
(Witness)

STATE OF NORTH CAROLINA )  
 )  
 )  
COUNTY OF TRANSYLVANIA )

I, DEBORAH C WHITMIRE , do hereby certify that  
FRANCIS ARNETTE , personally appeared before on this day and  
acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal the 1st day of April , 1998  
My commission expires:  
1-30-99 , Deborah C Whitmire  
Notary Public



STATE OF NORTH CAROLINA  
COUNTY OF TRANSYLVANIA

I, \_\_\_\_\_ , do hereby certify that  
\_\_\_\_\_, personally appeared before on this day and  
acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal the \_\_\_\_\_ day of \_\_\_\_\_ , \_\_\_\_\_  
My commission expires:  
\_\_\_\_\_  
Notary Public

NORTH CAROLINA, TRANSYLVANIA COUNTY  
The foregoing or annexed certificate(s) of DEBORAH C WHITMIRE , Notary(ies) Public of  
Transylvania County is certified to be correct. This instrument was  
presented for registration and recorded in this office in book 278 , page 432 .  
This 7th day of April , 1998 , 3:50 o'clock P M.  
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Uoke R. Edwards  
(Register of Deeds)  
Jean M. Stegman  
(Deputy Register of Deeds)