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Prepared By And Return To: Ragsdale, Liggett & Foley (Southern)

NORTH CAROLINA

WAKE COUNTY

000401

DEED OF TRUST

PRESENTED
FOR
REGISTRATION

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KENNETH C. WILKINS
REGISTER OF DEEDS
WAKE COUNTY

THIS FUTURE ADVANCE DEED OF TRUST, ASSIGNMENT AND SECURITY AGREEMENT (the "Deed of Trust") is entered into this 7th day of November, 1995, by and between BEECHRIDGE LIMITED PARTNERSHIP, a North Carolina limited partnership with a mailing address of Post Office Box 2185, Raleigh, North Carolina 27602 ("Borrower"), party of the first part; E. RICHARD JONES, JR., ESQUIRE, Trustee of Wake County, North Carolina ("Trustee"), party of the second part; and the COUNTY OF WAKE, NORTH CAROLINA, a body politic and political subdivision of the State of North Carolina with a mailing address of Post Office Box 550, Raleigh, North Carolina 27602 ("Beneficiary"), party of the third part.

WITNESSETH:

WHEREAS, Borrower is indebted to Beneficiary for money advanced or to be advanced to Borrower in the maximum amount of Two Hundred Sixteen Thousand and No/100 Dollars (\$216,000.00) (the "Loan"), which Loan is evidenced by a Promissory Note of even date herewith (the "Note"); and

WHEREAS, said Loan is subject to the terms and conditions set forth in the Note, this Deed of Trust and Security Agreement, and the Loan and Development Agreements (the Note, the Deed of Trust, the Loan and Development Agreements and any other instrument now or hereafter evidencing or securing or otherwise relating to the Loan collectively referred to herein as the "Loan Documents"); and

WHEREAS, it has been agreed that the loan shall be secured by the conveyance of the Property, both real and personal, described herein.

NOW THEREFORE, Borrower, in consideration of the indebtedness herein recited and the trust herein created, and to make more certain the payment of such indebtedness to Beneficiary and any extensions, renewals, modifications and amendments thereof, and the performance of the terms, conditions and covenants herein contained, and in further consideration of the sum of One Dollar (\$1.00) paid by Trustee to Borrower, receipt of which is hereby acknowledged, Borrower has granted, bargained, sold, assigned, and conveyed and does by these presents grant, bargain, sell, assign, and convey unto Trustee, his successors and assigns, in trust, with power of sale, all that certain tract or parcel of land herein described together with all Improvements, Fixtures and Personality and Other Rights and Property in connection therewith (collectively referred to herein as the "Premises") and more particularly described as follows:

A. The Premises.

All of Borrower's fee simple interest in and to that certain tract, or parcel of land situated in Apex, Wake County, North Carolina and more particularly described in Exhibit A attached hereto and hereby incorporated by reference (the "Property").

B. Improvements.

All buildings, improvements and equipment of every kind and description now or hereinafter erected or placed on the Property and all fixtures attached to or contained in and used in connection with the Property, including, but not limited to, all shades, wall-to-wall carpeting, screens and screening, awnings, plants, shrubs, landscaping, fences, elevators, plumbing materials, gas, electric and electronic equipment and appliances, and all solar, thermal, wind,

heating, cooling, air conditioning and lighting fixtures, equipment and apparatus now or hereafter attached to or used in connection with the Premises.

TO HAVE AND TO HOLD the Premises and all estate therein, together with all the rights, privileges, and appurtenances thereunto belonging, unto the Trustee, its successors and assigns forever upon the trust and for the purposes hereinafter set forth.

In furtherance of the trust and purposes for which this Deed of Trust is made, and to protect the security afforded hereby, Borrower, Trustee and Beneficiary covenant, represent and agree as follows:

ARTICLE I

COVENANTS AND CONDITIONS

1.1 Payment of Note and Other Sums. Borrower is indebted to Beneficiary as evidenced by a promissory note of even date herewith, the terms of which are incorporated herein by reference, executed by Borrower, payable to the order of Beneficiary in the principal face amount of Two Hundred Sixteen Thousand and No/100 Dollars (\$216,000.00) and bearing interest as provided therein (the "Note"). Borrower expressly agrees to pay said indebtedness and the interest thereon promptly as each payment becomes due subject to any applicable periods of grace, and all other sums required to be paid by Borrower pursuant to the provisions of this Deed of Trust, at the times and in accordance with the provisions of the Note and Deed of Trust or any other of the Loan Documents. If Borrower shall pay the indebtedness secured hereby, together with interest thereon, and any renewals or extensions thereof in whole or in part, and shall comply with all the covenants, terms and conditions of this Deed of Trust then this conveyance shall be null and void and may be canceled of record at the request of Borrower.

1.2 Warranty of Title. Borrower warrants and represents that it is lawfully seized and possessed of a fee simple estate in the Premises, and has good right, full power and lawful authority in law and equity to convey, mortgage and encumber the same by way of this Deed of Trust; that the same is free and clear of all liens, charges and encumbrances whatsoever (except as set forth in Exhibit B, incorporated herein by reference) and Borrower will warrant and forever defend the title thereto against all persons whomsoever.

1.3 Taxes, Assessment, Charges. Borrower shall pay all taxes, assessments and charges as may be lawfully levied against the Premises within thirty (30) days after the same shall become due. In the event Borrower fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at its option, may pay the same and the amounts so paid shall be added to the principal of the Note secured hereby and shall be due and payable upon demand of Beneficiary.

1.4 Insurance. Borrower shall keep all improvements, now or hereafter erected upon the Property constantly insured for the benefit of Beneficiary against loss by fire, windstorm and such other casualties and contingencies, in such manner and in such companies and for such amounts, not less than the amount necessary to pay the sum secured hereby as may be satisfactory to Beneficiary. Borrower shall purchase such insurance, pay all premiums therefor, and shall deliver said policies along with evidence of premium payment as long as the Note secured hereby remains unpaid. If Borrower fails to purchase such insurance, pay premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at its option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the Note secured hereby and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at Beneficiary's option be

applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments, or to the repair or reconstruction of any improvements located on the Property.

1.5 Condemnation. In the event that any or all of the Premises shall be condemned and taken under the power eminent domain, Borrower shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received or any part thereof to the indebtedness due hereunder and if payable in installments applied in the inverse order of maturity of such installments or to any alteration, repair, or reconstruction of any improvements located upon the Property.

1.6 Waste. Borrower covenants that it will keep the Premises in good order, condition and repair, reasonable wear and tear excepted, will not commit or suffer any waste and will not do or suffer to be done anything which would increase the risk of fire or other hazard to the Premises or any part thereof or which would or could result in the cancellation of any insurance policy carried with respect to the Premises. Borrower will comply with all governmental requirements respecting the Premises or their use.

1.7 Assignment of Rents, Issues and Profits. Borrower hereby assigns and transfers to Beneficiary all the rents, issues and profits of the Premises, whether now or hereafter accruing, and hereby gives to and confers upon Beneficiary subsequent to default the right, power, and authority to collect such rents, issues and profits and to enter upon and take possession of the Premises; provided, however, that Borrower shall have the right to collect such

rents, issues and profits and to solely possess the Premises prior to or at any time there is not a default or an event of default under the Loan Documents.

1.8 Sale or Refinance of Premises and Change in Borrower's Identity.

1.81 If (a) all or any portion of the Premises or an interest therein is sold or transferred by Borrower without Beneficiary's prior written consent (excluding (i) the creation of the First and Second Mortgage liens as defined in the Note and Loan and Development Agreements of even date herewith; (ii) the creation of a lien or encumbrance subordinate to this deed of trust or (iii) the grant of any leasehold interest to a residential tenant), (b) the First Mortgage lien (as defined in the Note and Loan and Development Agreements of even date herewith) is refinanced, or (c) any change in the expertise and/or identity of Borrower that could materially impair or jeopardize the security granted to Beneficiary by this Deed of Trust, Beneficiary may, at Beneficiary's option, declare all sums secured by this Deed of Trust immediately due and payable.

1.82 Notwithstanding the terms of subparagraph 1.81 above in the event the Borrower sells the Project prior to the Maturity Date hereof to Borrower's sole general partnership, Peak Housing Corporation, the Downtown Housing Improvement Corporation or to a Beneficiary-approved affiliate thereof, and provided that the Project continues to be occupied by low income residential tenants, then the purchasing General Partner or Beneficiary-approved affiliate may assume the indebtedness secured hereby for the remainder of the Term. For the purposes of this paragraph the term "low income" shall be defined as provided in Section 42 of the Internal Revenue Code of 1986, as amended.

1.9 Security Agreement. The fixtures and personalty hereinabove described shall be deemed to be part of the real estate and conveyed herewith to the extent permitted by law, and

as to the balance of such property, Borrower grants Beneficiary a security interest therein in accordance with the Uniform Commercial Code of the State of North Carolina. With respect to such property, the Beneficiary is a "secured party" and the Borrower is a "debtor" under the Uniform Commercial Code with their addresses being set forth above.

1.10 Future Advances. This Deed of Trust secures all present and future loan disbursements made by Beneficiary to Borrower. The amount of the present disbursement secured hereby is -Zero- Dollars (\$-0-) and the maximum amount, including present and future disbursements, which may be secured hereby, at any one time is equal to the principal amount of Two Hundred Sixteen Thousand and No/100 Dollars (\$216,000.00) provided, however, that said amounts as may be advanced by Beneficiary pursuant to the provisions herein, and all such additional sums and amounts as may be advanced by Beneficiary pursuant to the provisions of this Deed of Trust, and all such additional sums and amounts shall be deemed necessary expenditures for the protection of the security conveyed herein in accordance with the provisions of Section 45-70(c) of the General Statutes of North Carolina. Future disbursements are obligatory, subject to and as provided in the Loan Agreement of even date herewith, and the time period for such disbursements shall in no event extend beyond ten (10) years from the date hereof. Each future advance, however, need not necessarily be evidenced by a written instrument or notation signed by Borrower and stipulating that such obligation is secured by this Deed of Trust.

ARTICLE II DEFAULT AND REMEDIES

2.1 Events of Default. Subject to any notice requirements or grace period(s) set forth

in the Loan Documents an "Event of Default" under the terms of this Deed of Trust shall be the occurrence of any of the following events:

- (a) Failure by Borrower to pay, as and when due and payable, any installments of principal or interest or any other portion of the indebtedness secured hereby in accordance with the terms of the Note or of any other of the Loan Documents; or
- (b) Failure by Borrower to duly keep, observe and perform any other covenant, condition or agreement of the Loan Documents; or
- (c) Any warranty of Borrower contained in any of the Loan Documents proves to be untrue or misleading in any material respect; or
- (d) The occurrence of any Event of Default as set forth and defined in the Loan Documents including without limitation the filing by Borrower or of Borrower's General Partner of a petition in bankruptcy or entering into an assignment or arrangement for the benefit of creditors, whether voluntarily or involuntarily, under the Federal Bankruptcy laws or similar state laws; or
- (e) The occurrence of any event set forth in Section 1.8 above (exclusive of a permissible assumption or event specified in Subsections 1.81 (a)(i) - (iii)); or
- (f) Default under the terms of any instrument secured by a lien upon the Premises to which this Deed of Trust is subordinate or equal shall constitute default hereunder.

2.2 Extension of Time to Cure. Notwithstanding any time period stated hereunder, Beneficiary shall allow Borrower all additional time necessary to cure any non-monetary default provided that Borrower (a) diligently proceeds to take all necessary steps to effectuate cure and (b) Beneficiary security is not materially impaired by the delay.

2.3 Beneficiary's Rights, Acceleration, Foreclosure and Sale. Subject to any notice requirements and grace periods set forth in the Loan Documents, if an event of default as defined in Section 2.1 above shall occur, then the whole of the indebtedness secured hereby shall, at the option of Beneficiary, without notice or demand, become immediately due and payable, and it shall be lawful for and the duty of the Trustee, upon request of Beneficiary, to sell the Premises conveyed herein at public auction for cash, after having first given such notice of hearing as to the 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 proceeding to convey the Premises as herein conveyed to the purchaser thereof. The proceeds of the Sale shall, after the Trustee retains its commission, be applied to the costs of sale, the amount due on the Note secured hereby and otherwise as required by the then existing law relating to foreclosure. The Trustee is authorized and empowered to charge a commission of up to five percent of the gross proceeds of the sale or the minimum sum of \$1,000.00, whichever is greater, for a completed foreclosure.

2.4 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Trustee or Beneficiary by this Deed of Trust or the Note or by any other agreement now or hereafter evidencing, securing or otherwise relating to the Note, this Deed of Trust or the indebtedness secured hereby, is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

ARTICLE III

OTHER PROVISIONS

3.1 Subordination. Beneficiary consents that this Deed of Trust shall be subordinated in the future to those certain deeds of trust and security agreements of even date herewith securing Borrower's First and Second Mortgage Loan as such indebtedness is defined in the Note and Loan and Development Agreements of even date herewith and to the Promissory Notes, Loan Agreements, Security Agreements and Financing Statements executed by Borrower in connection therewith.

3.2 Non-Recourse Loan. Neither Borrower, any partner, owner, member or affiliate of Borrower or any third party shall have any personal liability for any amounts owing under this Deed of Trust or the Note secured hereby, and in the event of any default under this Deed of Trust, the Note or any other Loan Document Beneficiary shall look solely to the Property covered by this Deed of Trust and shall not be entitled to seek any deficiency from Borrower, or any partner, owner, member or affiliate of Borrower, or any third person.

3.3 Substitution of Trustee. Borrower and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor Trustee, shall die or if a corporate entity be dissolved, become incapable of acting, renounce its Trust, or for any reason the holder of the Note secured hereby desires to replace said Trustee, then the holder 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 rights, powers and duties of the Trustee specified herein.

3.4 Waivers. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Loan Documents shall be deemed a waiver of any

default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

3.5 Assignment. This Deed of Trust is assignable by Beneficiary, and any assignment hereof by beneficiary shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Beneficiary.

3.6 Headings. The headings of the sections, paragraphs and subdivisions of this Deed of Trust are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

3.7 Invalid Provisions to Affect No Others. Invalidity of any one or more of the provisions of this Deed of Trust, of the Note secured hereby or of the Loan Agreement shall in no way affect any of the other provisions thereof or hereof, which shall remain in full force and effect.

3.8 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other, as appropriate.

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Signature Page
 Future Advance Deed of Trust
 E. Richard Jones, Jr., Esquire, Trustee
 Beechridge Limited Partnership, Mortgagee
NOVEMBER 7th, 1995

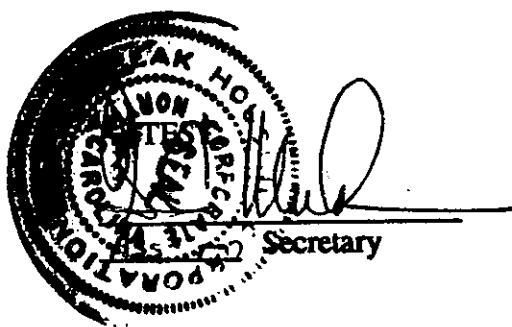
IN WITNESS WHEREOF, Borrower has caused this instrument to be duly executed in
 its name under seal all by authority duly given as of the day and year first above written.

BEECHRIDGE LIMITED PARTNERSHIP,
 a North Carolina limited partnership (SEAL)

By: PEAK HOUSING CORPORATION,
 a North Carolina corporation, its
 General Partner (SEAL)

BY:

[Signature]
 President



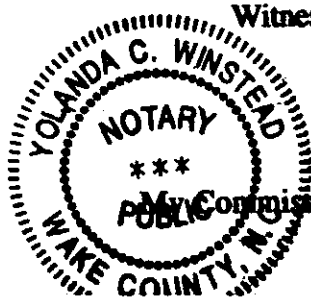
Secretary

NORTH CAROLINA

WAKE COUNTY

I, YOLANDA C. WINSTEAD, a Notary Public of the County and State aforesaid,
 certify that G. C. MERICKSON personally came before me this day and acknowledged
 that he/she is Ass't Secretary of PEAK HOUSING CORPORATION, a North Carolina
 corporation and general partner of BEECHRIDGE LIMITED PARTNERSHIP, a North Carolina
 limited partnership and that by authority duly given and as the act of the corporation, the
 foregoing instrument was signed in its name by its President, sealed with its corporate seal and
 attested by him/her as its Ass't Secretary.

Witness my hand and official seal, this 7th day of NOVEMBER, 1995.



My Commission Expires: 1-6-98

[Signature]
 Notary Public

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate ___ of ___

Yolanda C. Winstead

Notary(y)(ies) 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.

KENNETH C. WILKINS, Register of Deeds

By

[Signature]
 Asst./Deputy Register of Deeds

BK 6741 PG 0231

EXHIBIT A
Property Description

Deed of Trust from Beechridge Limited Partnership
to E. Richard Jones, Trustee for
Wake County, North Carolina
November 7, 1995

BEING all that 12.161 acres of the Carl R. Helton Property d.b.a. Helton Homes as
described in Book of Maps 1995, Page 405 of the Wake county Registry to which reference is
hereby made for more particular description of same.