

Notice of Confidentiality Rights:

If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: Your social security number or your driver's license number.

DEED OF TRUST

Date: February 15, 2007

Grantor: John Thomas and wife, Alice Thomas

Grantor's Mailing Address: 406 W. 12th Street, Star, NC 27601

Trustee: Sam and Julie Smith

Trustee's Mailing Address: Rt. 1 Box 34 Star, NC 27601

Beneficiary: CitiMortgage

Beneficiary's Mailing Address: Box 111 , Star, NC 27601

Note:

Date: February 15, 2007

Amount: \$80,000.00

Maker: John Thomas and Alice Thomas

Payee: CitiMortgage

Final Maturity Date: August 10, 2026

Terms of Payment: As provided therein

Property:

Being Lot No. 1, Block No. 1, Smith Addition to the City of Star, NC, according to the map or plat of said Addition now in general use and of record in Volume 1, Page 3, Deed Records, Wake County State of NC,.

Priority of Lien: First lien

Other Exceptions to Conveyance and Warranty: None

For value received and to secure payment of the note, Grantor conveys the property to Trustee in trust. Grantor warrants and agrees to defend the title to the property. If Grantor performs all the covenants and pays the note according to its terms, this deed of trust shall have no further effect, and Beneficiary shall release it at Grantor's expense.

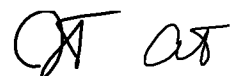
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Grantor's Obligations

Grantor agrees to:

1. keep the property in good repair and condition;
2. pay all taxes and assessments on the property when due and furnish Beneficiary proof of the payment of all taxes by the 31st of January following the year in which taxes are owed;
3. preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Beneficiary, an insurance policy that:
 - a. covers all improvements for their full insurable value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
 - b. contains an 80% coinsurance clause;
 - c. provides fire and extended coverage, including windstorm coverage;
 - d. protects Beneficiary with a standard mortgage clause;
 - e. provides flood insurance at any time the property is in a flood hazard area; and
 - f. contains such other coverage as Beneficiary may reasonably require;
5. comply at all times with the requirements of the 80% coinsurance clause;
6. deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary at least ten days before expiration;
7. keep any building occupied as required by the insurance policy;
8. if this is not a first lien, pay all prior lien notes that Grantor is personally liable to pay and abide by all prior lien instruments;
9. to promptly notify the Beneficiary in the event of material damage or destruction to the mortgaged property or improvements;
10. use and occupy the property and improvements in a lawful manner and for lawful purposes only without violation of any applicable Federal, State, County or City law or ordinance;
11. Grantor and any heir, successor or assign of Grantor shall not place or cause to be placed any hazardous substance on the property. Grantor and Grantor's heirs, successors, and/or assigns hereby indemnify and holds Beneficiary and Trustee harmless of, from and against, and shall reimburse Beneficiary for any and all loss, claim, liability, damages, obligations, penalties, claims, disbursements, injunctive relief, injuries to person, property or natural resources, cost, expense, action or cause of action of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) arising at any time in connection with the release or presence of any hazardous substance on the property or surrounding area by Grantor, Grantor's heirs, successors and/or assigns, or by Grantor's licensees, whether foreseeable or unforeseeable. Hazardous substances means any toxic or hazardous waste, pollutants, or substances, including, without limitation, asbestos, PCB's, petroleum products and by-products, substances defined or listed as hazardous substances or toxic substances or similarly identified in or pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, hazardous materials identified in or pursuant to the Hazardous Materials Transportation Act and any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, any toxic pollutant under the Clean Water Act or Clean Air Act and any other hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local environmental laws. Grantor's covenants pursuant to this paragraph shall survive any foreclosure of the lien on the property pursuant to the terms and provisions of this Deed of Trust, and said covenants shall run with the land and bind Grantor, Grantor's heirs, assigns and/or successors, forever; and
12. provide to the Beneficiary, at Grantor's expense, financial information concerning the Grantor and the income and expenditures and any other financial or operating information concerning the Property as the Beneficiary may from time to time request.

Beneficiary's Rights



1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.
2. If the proceeds of the note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid.
3. Beneficiary may apply any proceeds received under the insurance policy either to reduce the note or to repair or replace damaged or destroyed improvements covered by the policy.
4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the note is payable for any sums so paid, including attorney's fees, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.
5. If Grantor defaults on the note or fails to perform any of Grantor's obligations, or if default occurs on a prior lien note or other instrument, Beneficiary may:
 - a. collect rents if the property is rented or rent it and collect rents if it is vacant and apply the proceeds, less reasonable expenses, to the payment of the note.
 - b. declare the note, including any other sums secured by this deed of trust, immediately due (Grantor waives the requirements for presentment, demand for payment and notice of intention to accelerate maturity);
 - c. request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale as provided by the NC Property Code as then amended; and
 - d. purchase the property at any sale by offering the highest bid and have the bid credited on the note.

Trustee's Duties

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. either personally or by agent give notice of the foreclosure sale as required by the NC Property Code as then amended;
2. sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyance and warranty; and
3. from the proceeds of the sale, pay, in this order:
 - a. expenses of foreclosure, including a commission to Trustee of 5% of the bid;
 - b. to Beneficiary, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
 - c. any amounts required by law to be paid before payment to Grantor; and
 - d. to Grantor, any balance.

General Provisions

1. If any of the property is sold under this deed of trust, Grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.
5. If any portion of the note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.



6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce the note. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.

7. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

8. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment. Grantor may as Beneficiary's licensee collect rent and other income and receipts as long as Grantor is not in default under the note or this deed of trust. Grantor will apply all rent and other income and receipts to payment of the note and performance of this deed of trust, but if the rent and other income and receipts exceed the amount due under the note and deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the note or performance of this deed of trust, Beneficiary may terminate Grantor's license to collect and then as Grantor's agent may rent the property if it is vacant and collect all rent and other income and receipts. Beneficiary neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the property. Beneficiary may exercise Beneficiary's rights and remedies under this paragraph without taking possession of the property. Beneficiary shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Beneficiary's rights and remedies and then to Grantor's obligations under the note and this deed of trust in the order determined by Beneficiary. Beneficiary is not required to act under this paragraph, and acting under this paragraph does not waive any of Beneficiary's other rights or remedies. If Grantor becomes a voluntary or involuntary bankrupt, Beneficiary's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under NC law.

9. The terms Grantor, Trustee, Beneficiary, note, Maker, Payee, insurance policy and substitute or successor trustee shall include the singular and plural.

10. The term note includes all sums secured by this deed of trust.

11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.

12. Notwithstanding any provision of this Deed of Trust to the contrary, Grantor may not convey, transfer, assign, hypothecate or contract to convey the herein described property in whole or in part at any time without the prior written consent of the Beneficiary so long as any portion of the indebtedness hereby secured remains unpaid.

13. It is agreed that an extension or extensions may be made from time to time of the time of or amount of payment of all, or any part, of the indebtedness secured hereby, and that any part of the above described real property may be released from this lien without altering or affecting the priority of the lien created by this Deed of Trust in favor of any junior lien holder, mortgagee or purchaser, or any other person acquiring an interest in the property hereby conveyed, or any part thereof; it being the intention of the parties to this Deed of Trust to preserve this lien on the property herein described and all improvements thereon, and that may be hereafter constructed thereon, first and superior to the liens that may be placed thereon, or that may be fixed, given or imposed by law thereon after the execution of this instrument notwithstanding any such extension of the time of or amount of payment, or the release of a portion of said property from this lien.

14. The Note hereby secured is given as part of the purchase price of the herein

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described real property, and this Deed of Trust is in addition to the Vendor's Lien retained in a Deed this day given by Sam Smith and wife, Susan Smith, to John Thomas and wife, Alice Thomas, securing the payment of the indebtedness described herein; and it is expressly agreed that the same shall not operate as a waiver of the lien created by this Deed of Trust, it being agreed that said lien and rights created by this instrument shall be cumulative and in addition to said Vendor's Lien above mentioned, and that the owner or holder of the above described indebtedness may foreclose under either or both of said liens, as he or it may elect, without waiving the other, said deed above mentioned, together with its record, being here referred to and made a part of this instrument.

15. The Grantors hereof shall not do, or suffer, permit or cause to be done, voluntarily or involuntarily, anything upon any portion of the property made the subject of and conveyed by this Deed of Trust, from time to time, which:

- a. will or could lessen the value of any such portion;
- b. will or could result in any lien or encumbrance against any such portion, including without limitation any mechanic's or materialman's lien, any subordinate lien, any subordinate lien, any judgment lien, any tax or assessment lien and/or the foreclosure or seizure of or against any such portion by virtue of any such lien, encumbrance or assessment;
- c. will or could alter, modify or destroy any improvements or installations in, on, to or about any such portion; and/or
- d. will or could affect, impair, modify or alter, in any way, the lien of this Deed of Trust and/or its priority as a first and prior lien.

16. Grantors shall provide or cause to be provided to Noteholder the following financial information as to Grantors (and each of them if more than one) and as to any guarantor of the indebtedness secured hereby or part thereof:

- a. if requested, profit and loss statements on a quarter-annual basis;
- b. if requested, balance sheets on a semi-annual basis;
- c. whether or not requested, personal financial statements and detailed cash flow statements on an annual basis;
- d. whether or not requested, rent rolls on an annual basis, in form required by Noteholder, including designation of tenant, leased premises, monthly rental, security deposit and status of rental payments;
- e. whether or not requested, accounts receivable reports on an annual basis, in form required by Noteholder, reflecting account party, amounts due and aging of accounts receivable;
- f. such other financial information as Noteholder may reasonably request.

All such statements and financial information shall be true and correct, shall be prepared in accordance with generally accepted accounting principles consistently applied for the period covered, and shall be certified and sworn to by the party submitting same (by an executive officer in the case of a corporation and at least one general partner in the case of a partnership) as being true and correct in all respects; and if requested by Noteholder, such statements and information also shall be certified by an accountant or certified public accountant, selected by the party submitting same and approved by Noteholder.

Quarter-annual statements shall be provided within thirty (30) days after the first day of April, July, October and January of each year; semi-annual statements within thirty (30) days after the first day of July and January of each year; annual statements within ninety (90) days after January 1 of each year; and any other information within thirty (30) days after request. Failure to provide any of such statements within thirty (30) days of the required date shall constitute an event of default whereupon Noteholder, at its option, may accelerate the maturity of all unpaid principal and accrued unpaid interest of the indebtedness secured hereby and/or pursue all rights and remedies arising by virtue of such default.

17. Grantors hereby acknowledge and agree that the Trustee, and any substitute trustee, under this Deed of Trust has no fiduciary relationship with Grantors and in fact, has no responsibilities with regard to Grantors other than to act in compliance with the applicable law in conducting any foreclosure sale under this Deed of Trust. Grantors further acknowledge and

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agree that they have not hired or employed the Trustee; moreover, Grantors have no objection to the hiring or employment of the Trustee, or any substitute trustee, by Noteholder.

Acknowledgment 6345

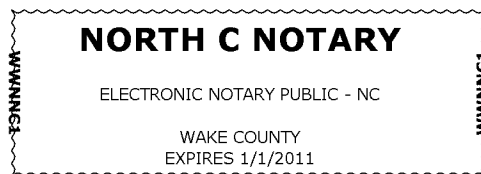
John Thomas

2/16/2007

John Thomas

STATE OF NORTH CAROLINA
COUNTY OF WAKE

On this 2/16/2007 before me personally appeared John Thomas, whose identity was proved to me on the basis of Personally Known to be the person whose name is subscribed to this document, and who acknowledged that he electronically signed the above /attached document.
WITNESS by my hand and official seal.



North C. Notary

North C Notary Notary Public of NC
My Commission Expires 1/1/2011
02/16/2007 23:45:16 GMT electronically signed with DigaSign

Acknowledgment 8563

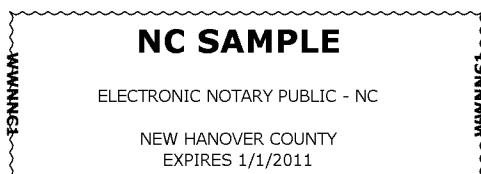
Alice Thomas

2/16/2007

Alice Thomas

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

On this 2/16/2007 before me personally appeared Alice Thomas, whose identity was proved to me on the basis of Personally Known to be the person whose name is subscribed to this document, and who acknowledged that she electronically signed the above /attached document.
WITNESS by my hand and official seal.



N.C. Sample

NC Sample Notary Public of NC
My Commission Expires 1/1/2011
02/16/2007 23:50:33 GMT electronically signed with DigaSign