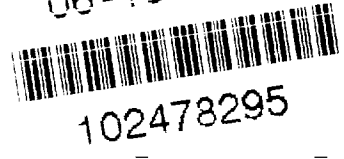


06-19-2003

6-19-03

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005)



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab settings ↓ ↓ ↓

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): NationsBank of Virginia, N.A.
Individual(s) Association
General Partnership Limited Partnership
Corporation-
Other:
Additional name(s) of conveying party(ies) attached? Yes No

6-19-03

2. Name and address of receiving party(ies):
Name: Star Tobacco, Inc. (formerly Star Tobacco Corporation)
Internal Address:
Street Address: 801 Liberty Way
City: Chester State: VA Zip: 23836
Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State of Virginia
Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
Assignment Merger
Security Agreement Change of Name
Other Release of Security Interest
Execution Date: 5-12-03

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
74/457712, 74/513968, 74/541562, 74/541568, 74/541559,
74/545430, 74/592608, 74/127140
Additional number(s) attached Yes No

B. Trademark Registration No.(s)

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Christopher J. Mugel, Esq.
Internal Address: LeClair, Ryan, Joynes, Epps & Framme, P.C.
Street Address: 707 East Main Street, 11th Fl.
City: Richmond State: VA Zip: 23219

6. Total number of applications and registrations involved: 8
7. Total fee (37 CFR 3.41) \$215.00
Enclosed
Authorized to be charged to deposit account
8. Deposit account number
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
Carol T. McNeill
Name of Person Signing Signature Date 6-18-03

Total number of pages including cover sheet, attachments, and document: 13

06/20/2003 6TON11 00000036 74457712
01 FC:8521 40.00 OP
02 FC:8522 175.00 OP

OC\608157.1

TRADEMARK REEL: 002758 FRAME: 0179

NationsBank, N.A.  
All references herein to "Bank",  
"NationsBank", or "NationsBank of Virginia, N.A."  
mean NationsBank, N.A.

# NationsBank®

NationsBank of Virginia, N.A.

## This is a Credit Line Deed of Trust

This Credit Line Deed Of Trust, Made this 5<sup>TH</sup> day of June, 19 95

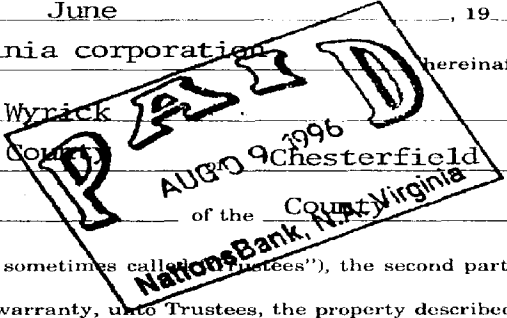
by and between Star Tobacco Corporation, a Virginia corporation hereinafter

sometimes called "Grantors"), the first part(y) (ies); and Kevin J. Wyrick

of the Chesterfield

Virginia, and Ann B. Estes of the County

Hanover, Virginia, as Trustees (hereinafter sometimes called "Trustees"), the second parties;



WITNESSETH, that Grantors do hereby grant and convey, with general warranty, unto Trustees, the property described in **SCHEDULE A** attached hereto and by this reference made a part hereof; subject however to the lien or liens of the prior deed or deeds of trust, if any, described in **SCHEDULE A**, the terms, provisions and covenants of which deed or deeds of trust Grantors hereby expressly covenant and agree to timely observe and perform, including, without limitation, the timely payment of all sums payable thereunder or secured thereby;

TOGETHER with (i) all buildings and improvements now or hereafter constructed thereon; (ii) all the estate and rights, if any, of Grantors in and to all land lying in public and private streets, roads and alleyways abutting the above-described property; (iii) all easements, rights of way, privileges and appurtenances now or hereafter belonging to or in any way related to the above-described property; (iv) all fixtures, machinery, equipment, building materials and other personal property of every nature whatsoever now or hereafter located in, or on, or used, or intended to be used, in connection with the operation of the above-described property, including, but without limitation, heating, air conditioning, cooking, refrigerating, plumbing, and electrical apparatus and equipment, boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ventilating and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, elevators, escalators, partitions, mantels, built-in mirrors, disposals, washers, dryers, window shades, blinds, screens, storm sashes, storm doors, awnings, carpeting, underpadding, drapes, plants and shrubbery, and furnishings of public spaces, halls and lobbies, all of which personal property, including replacements thereof and additions thereto, shall be deemed part of the realty hereby conveyed (and Grantors hereby declare such personal property to be part of said realty, whether attached thereto or not, and subject to the lien hereby created); and (v) all proceeds of the conversion, whether voluntary or involuntary, of any of the above-described property into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive same, which may be made as a result of any casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value of the above-described property, together with all costs and expenses incurred by the Noteholder, in connection with the collection of such awards, payments and proceeds, including, without limitation, reasonable attorney's fees.

All the above-described real and personal property is hereinafter sometimes referred to as the "Property."

IN TRUST to secure to the "Noteholder" (hereinafter defined) the following:

(a) the repayment of any and all loans, liabilities, obligations, advances, re-advances, and extensions or renewals of credit, whether absolute, obligatory, or contingent, now or hereafter made or incurred from time to time, to or for the account of Grantors

by NATIONSBANK OF VIRGINIA, N.A. (whose address to which any notice permitted to be given pursuant to the provisions of §55-58.2 of the Code of Virginia of 1950, as amended, may be mailed or delivered is Tri-Cities Business Financial Center, NationsBank of Virginia, N.A., Post Office Box 111 Petersburg, Virginia 23804-0111 Attention: Manager), not to exceed,

at any one time, the aggregate principal amount of ONE MILLION AND NO/100 Dollars (\$ 1,000,000.00), whether evidenced by one or more notes payable to the order of NATIONSBANK OF VIRGINIA, N.A., or arising under any application(s) and/or agreement(s) for issuance of a letter or letters of credit or any amendments thereto or extensions or renewals thereof, or under any other loan, credit, reimbursement, or guaranty agreement or agreements, together with interest at the rate therein specified, which note(s), application(s), guaranty(ies), and agreement(s) may refer to this deed of trust by use of the following language or by language substantially equivalent thereto:

This note (or other obligation) is secured by a certain Deed of Trust, dated June, 19 95, of Star Tobacco Corporation, conveying certain real property in Petersburg, Virginia to Kevin J. Wyrick and Ann B. Estes Trustees.

(b) the payment of any note, guaranty or agreement given in curtail, renewal, extension or substitution, in whole or in part, of the above-described indebtedness (unlimited renewal or extension of all or any part of said indebtedness being expressly permitted);

(c) the repayment of any future advances, or readvances, together with interest thereon, made by the Noteholder pursuant to the provisions herein;

(d) the payment of all other sums, with interest thereon, advanced in accordance with the provisions hereof by the Noteholder or the Trustees for the protection of the lien and security interest of the Noteholder in and to the Property;

(e) the performance of the covenants and agreements of Grantors herein contained; and

(f) the performance of, or compliance with, any of the covenants, conditions, and agreements set forth in any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured. The above-described indebtednesses are hereinafter called the "Note", and the holder thereof is hereinabove and hereinafter called the "Noteholder".

(Check if applicable) This Deed of Trust is given to secure a loan for real estate construction.

Grantors also hereby irrevocably assign and convey unto the Noteholder, and grant the Noteholder a security interest in, all leases now or hereafter existing on any part of the Property and any guaranties thereof and all rents from the Property to secure the payment of all obligations secured hereunder. Grantors hereby irrevocably appoint the Noteholder as their attorney-in-fact to do all things which Grantors might otherwise do with respect to the Property and the leases thereon, including, without limitation, (i) collecting said rents with or without suit and applying the same, less expenses of collection, to any of the obligations secured hereunder in such manner as may be determined by the Noteholder, or at the option of the Noteholder, holding the same as security for the payment of all obligations secured hereunder, (ii) leasing, in the name of Grantors, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services; provided, however, that until there be a default under the terms of the Note or this deed of trust, Grantors may continue to collect and enjoy said rents without accountability to the Noteholder. The curing of any default, however, shall not entitle Grantors to again collect said rents unless consented to in writing by the Noteholder. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for in event of default and may be exercised independently of or concurrently with any of said remedies. Nothing in the foregoing shall be construed to impose any obligation upon the Noteholder to exercise any power or right granted in this paragraph or to assume any liability under any lease of any part of the Property and no liability shall attach to the Noteholder for failure or inability to collect any rents under any such lease. Grantors covenant and warrant that (i) they will comply with all terms and conditions of all leases now existing or that may hereafter come into existence in respect of the Property or any part thereof; (ii) all leases with respect to the Property now or hereafter in effect are and shall be valid and subsisting leases; (iii) they have not sold, assigned, transferred, mortgaged or pledged, and will not sell, assign, transfer, mortgage or pledge, without Noteholder's prior written consent, the rents, issues or profits from the Property and leases thereof to any firm, person or corporation other than Noteholder; (iv) no rents, issues or profits derived from the Property and leases, and becoming due subsequent to the date hereof, have been collected or anticipated in advance of their due date by more than 30 days; (v) they will not reduce the rental due under any lease of all or any part of the Property without Noteholder's prior written consent; and (vi) upon request of Noteholder, they will serve such written notice upon the tenant(s) under such leases or occupant(s) of the Property or any part thereof, they will execute and deliver to Noteholder such other instruments or documents reasonably requested by Noteholder for the purpose of securing or exercising its rights herein and they will provide Noteholder with true copies or originals of such leases and all amendments, supplements, renewal or correspondence related thereto.

So long as no "event of default" (hereinafter defined) exists under this deed of trust, Grantors shall remain in quiet use, possession and management of the Property, and in the enjoyment of the income, revenue and profits therefrom.

So long as any part of the indebtedness hereby secured remains unpaid, Grantors covenant and agree as follows:

1. **Taxes and Assessments.** Grantors will pay, promptly when due, all taxes, assessments and public charges upon the Property, and immediately thereafter will forward to the Noteholder official receipts evidencing such payments; or in the alternative and at the option of the Noteholder, exercisable at any time during the continuance of this trust, will deposit with the Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole discretion of the Noteholder, to enable the Noteholder to make timely payment of such taxes, assessments and charges. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Noteholder.

2. **Insurance.** Grantors will maintain fire insurance, with extended coverage, and such other insurance as the Noteholder may from time to time require, on the Property, with such insurance companies and in such amounts as shall, at all times, be satisfactory to the Noteholder, with loss payable to the Noteholder or Trustees, as the Noteholder shall direct, without contribution; and will deliver to the Noteholder the original policy or policies, and, at least ten days before the expiration of any policy, the renewal thereof. The Noteholder shall have the right, exercisable at any time during the continuance of this trust, to require Grantors to deposit with the Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole discretion of the Noteholder, to enable the Noteholder to make timely payment of the premiums on said policy or policies. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Noteholder. As to such insurance the Noteholder may, after ten days' written notice mailed to Grantors at their last known address, change any or all of the coverages, terms, amounts or insurers, cause any policy to name the Noteholder as an insured as its interests may appear, surrender existing policies for cancellation, obtain any cancellation, obtain any additional insurance it so desires,

pay any required premiums and receive premium refunds, and in any such event any premium adjustment shall be charged against or credited to the debt secured hereby. In the event any claim for loss covered by such insurance is not settled within sixty (60) days after the occurrence of such loss, the Noteholder may negotiate with any insurance companies involved and make a reasonable settlement of said claim, and the Noteholder and such insurance companies, upon such settlement being made, shall not be liable in any manner to Grantors with respect to such claim and settlement. Any insurance proceeds shall be applied to the payment of the indebtedness hereby secured (but without any prepayment penalty) except that if, pursuant to the provisions of the next paragraph, the Noteholder directs Grantors to restore the damaged portion of the Property, then, to the extent necessary, such proceeds shall (but only to the extent necessary) be applied to the cost of such restoration, and the Noteholder may, without paying interest thereon, retain all or any part thereof until the Property has been restored to the satisfaction of the Noteholder.

3. **Preservation and Maintenance of Property.** Grantors will keep the Property (including any private roads on or over which Grantors have an easement or right appurtenant to the Property) in good order and repair, including the making of such replacements as may be necessary for that purpose and, if the Noteholder so directs, the prompt restoration of any part of the Property which may be damaged by fire or other casualty, irrespective of the availability of adequate insurance proceeds for that purpose.

4. **Waste.** Grantors will not permit, suffer or commit any waste, impairment or deterioration of, nor allow any nuisance to exist upon, the Property or any part thereof.

5. **Assurances of Title.** Grantors will execute, or cause to be executed, such further assurances of title to the Property, and will take, and cause to be taken, such steps, including legal proceedings, as may at any time appear to Trustees, or to the Noteholder, to be desirable to perfect the title to the Property in Trustees.

6. **Books and Records.** Grantors will keep and maintain at their principal place of business complete and accurate books and records of their earnings and expenses of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by the Noteholder. In addition, they will furnish to the Noteholder, (a) within ninety (90) days after the end of each fiscal year of Grantors itemized statements of income and expense of the Property in form satisfactory to the Noteholder, certified by Grantors or if the Noteholder shall require, certified by an independent certified public accountant, and (b) such other financial information pertaining to Grantors' financial condition or to the Property as the Noteholder may, from time to time, request.

7. **Liens and Encumbrances.** Grantors will not, without the prior written consent of the Noteholder, permit or suffer to exist any lien or encumbrance on the Property, or interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this deed of trust; provided, however, that if the real property hereby conveyed is comprised of one-to-four-family residential dwelling units, any provision hereof which prohibits the further encumbrance of said real property shall be of no force or effect.

8. **Waiver of Exemptions.** Grantors will not set up or claim the benefit of any homestead or other exemption of law, or any other law or rule of law intended for their advantage or protection as an obligor under the Note or this deed of trust or providing for their release or discharge from any liability under the Note or this deed of trust on account of any facts or circumstances other than full and complete payment of all amounts due hereunder and under the Note, all of said exemptions and benefits being hereby expressly waived.

9. **Notice of Suits and Proceedings.** Grantors will immediately notify the Noteholder by registered or certified mail, return receipt requested, of any taking or condemnation, or any threatened or pending proceedings for the taking or condemnation, of any part of the Property under any power of eminent domain; and in the event that title to, or possession of, the Property or any portion thereof, is taken or condemned under any power of eminent domain, then Grantors will (and hereby do) assign, and will forthwith upon receipt pay over, to the Noteholder, the proceeds and consideration resulting from taking or condemnation, not to exceed the unpaid balance of the indebtedness secured by this deed of trust, said proceeds so paid to be applied, without repayment premium, to the indebtedness secured hereby.

10. **Transfer of Property or Beneficial Interest in Grantors.** Grantors will not, without the prior written consent of the Noteholder, lease, bargain, sell, transfer, assign or convey the Property, or any portion thereof, or any legal or equitable interest therein. If Grantors (or any of them) are not natural persons but is a corporation, partnership, trust or other legal entity, then the bargain, sale, transfer or assignment of any beneficial interest in Grantors (except for transfers of any beneficial interest by devise or by operation of law) without the prior written consent of the Noteholder shall be deemed to be in contravention of the provisions of the next preceding sentence. If Grantors (or any of them) are not natural persons but are a corporation, then the bargain, sale, transfer or assignment of all or a substantial portion of the voting stock of Grantors (including, without limitation, transfers resulting from mergers, consolidations or liquidations) without the prior written consent of Noteholder shall be deemed to be in contravention of the provisions of the first sentence of this paragraph 10.

**Notice — The debt secured hereby is subject to call in full or the terms thereof being modified in the event of sale or conveyance of the property conveyed.**

11. **Use of Property.** Grantors will not, without the prior written consent of the Noteholder, (a) change, or permit any changes in, the use for which all or any part of the Property was intended at the time of the execution of this deed of trust, or (b) initiate or acquiesce in a change in the zoning classification of the Property.

12. **Protection of the Noteholder's Security.** In the event (a) Grantors fail to perform any of their covenants or agreements herein contained, or (b) any action or proceeding is commenced or threatened which affects the Property or title thereto or the interest of the Trustees or Noteholder therein, including, without limitation, eminent domain, insolvency, arrangements or proceedings involving a bankrupt or decedent, then, in any of such events, the Noteholder may, at its option, make such appearances, disburse such sums and take such action as the Noteholder deems necessary, in its sole discretion, to protect its interest, including, without limitation, (i) the employment of attorneys and disbursement of attorneys' fees, (ii) the entry upon the Property to make repairs or to complete the construction of improvements in accordance with the provisions of any building and loan agreement between the Noteholder and Grantors, (iii) the procurement of insurance as provided in paragraph 2 hereof, (iv) if this deed of trust is a lien on a leasehold estate, the exercise of any option to renew or extend the ground lease on behalf of Grantors and the curing of any default of Grantors in the performance of the terms and conditions of the ground lease, and (v) if the Property is subject to another deed of trust or lien whether inferior or superior hereto, the curing of any default in the performance of any of the terms and provisions thereof, or if the indebtedness thereby secured is accelerated, the purchase or payment in full of such indebtedness, all on such terms as Noteholder shall, in its sole discretion, deem necessary or advisable. Any amounts disbursed by the Noteholder pursuant to the provisions of this paragraph 12 shall be added to, and deemed a part of, the indebtedness secured hereby, shall be secured in the same manner as the Note is secured, shall bear interest from the date of the disbursement thereof at the same rate of interest as set forth in the Note or at the highest interest rate permitted to be charged by contract on loans to individuals, whichever is higher, and shall, together with the interest thereon, be repayable by Grantors on demand.

13. **Estoppel Certificate.** Grantors will, within ten (10) days of being requested in writing by the Noteholder so to do, furnish a written statement to the Noteholder, duly acknowledged, setting forth the indebtedness secured hereby and any right of set-off, counterclaim or other defense which exists against the payment thereof or the performance of their obligations herein contained.

14. **Environmental Protection.** The Grantors covenant and agree as follows:

(a) Grantors warrant and represent that they have investigated or caused to be investigated the previous ownership and uses of the Property, in a manner consistent with good commercial practices, to determine whether activities have been conducted which might involve the use, manufacturing, storage or disposal of Hazardous Wastes (as defined herein) or Toxic Substances (as defined herein), and this investigation has revealed no fact which would indicate that the Property has been involved in the use, manufacturing, storage or disposal of Hazardous Wastes or Toxic Substances. This investigation has taken into account, among other factors, (i) the relationship of the purchase price to the value of the Property if uncontaminated when originally purchased by Grantors, (ii) commonly known or reasonably ascertainable information about the Property, and (iii) the obviousness of the presence or likely presence of contamination at the Property.

As used in this Deed of Trust: (i) "Hazardous Wastes" means all waste materials subject to regulation under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., or applicable state law and any other applicable federal, state or local laws and their regulations now in force or hereafter enacted relating to hazardous waste disposal; and (ii) "Toxic Substances" means and includes any materials present on the Property which have been shown to have significant adverse effects on human health or which are subject to regulation under the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., applicable state law, or any other applicable federal, state or local laws now in force or hereafter enacted relating to toxic substances. "Toxic Substances" includes, but is not limited to, asbestos, polychlorinated biphenyls (PCBs), petroleum products, and lead-based paints. All such laws relating to hazardous waste disposal and toxic substances are collectively referred to herein as "Environmental Laws."

(b) Grantors warrant and represent that they have disclosed to the Noteholder all pending or threatened litigation and orders, rulings, notices, permits or investigations regarding Hazardous Wastes and Toxic Substances on the Property

(c) Grantors and any other parties, including, but not limited to, tenants, licensees and occupants, will not be involved in any activity at or near the Property, which activity could involve or lead to (i) the use, manufacture, storage or disposal of Hazardous Wastes or Toxic Substances, or (ii) the imposition of liability on the Grantors or any other subsequent or former owner of the Property or the creation of a lien on the Property under any Environmental Laws.

(d) Grantors will comply strictly and in all respects with the requirements of all Environmental Laws and shall promptly notify the Noteholder in the event of the discovery of Hazardous Wastes or Toxic Substances at the Property. Further, Grantors will promptly forward to the Noteholder copies of all orders, notices, permits, applications or other communications and reports in connection with any discharge, spillage, use or the discovery of Hazardous Wastes and Toxic Substances or any other matters relating to the Environmental Laws as they may affect the Property.

(e) Grantors agree that if at any time the Noteholder has reasonable cause to believe there is Hazardous Wastes or Toxic Substances upon the Property, Noteholder may obtain, at Grantors' cost, an environmental site assessment or environmental audit report from a firm acceptable to the Noteholder, to assess with a reasonable degree of certainty (i) the presence of any Hazardous Wastes or Toxic Substances and (ii) the cost in connection with the abatement, cleanup or removal of such.

(f) Grantors agree that in the event of the presence of any Hazardous Waste or Toxic Substance upon the Property, whether or not the same originates or emanates from the Property, or if Grantors shall fail to comply with any of the requirements of the Environmental Laws, the Noteholder may at its election, but without the obligation to do so, (i) give such notices (ii) cause such work to be performed at the Property or (iii) take any and all other actions as the Noteholder shall deem necessary or advisable in order to abate, remove and clean up the Hazardous Waste or Toxic Substance or otherwise cure the Grantors' noncompliance.

(g) Grantors acknowledge that the Noteholder has made certain loans and other advances secured by this Deed of Trust in reliance upon Grantor's representations, warranties and covenants in this paragraph **14**. Accordingly, the Grantors and the Noteholder agree that the provisions of this subparagraph **14** (G) shall supersede any provisions in the Note or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, which in any way limit the personal liability of the Grantors for the payment of the indebtedness secured hereby. Further, the Grantors shall be personally liable for all costs and expenses incurred by or asserted against Noteholder arising under this paragraph even if said costs and expenses exceed the amount of the loan secured by this Deed of Trust. All of the representations, warranties and covenants of this paragraph shall survive the termination, satisfaction or release of this Deed of Trust.

(h) Any amounts disbursed by the Noteholder pursuant to the provisions of this paragraph **14** shall be added to, and deemed a part of, the indebtedness secured hereby, shall be secured in the same manner as the Note is secured, shall bear interest from the date of the disbursement thereof at the same rate of interest as set forth in the Note or at the highest interest rate permitted to be charged by contract on loans to individuals, whichever is higher, and shall, together with the interest thereon, be repayable by Grantors on demand.

**15. Events of Default and Foreclosure.** If any one or more of the following events (herein sometimes referred to as "events of default") shall occur:

(a) Default in the payment of the Note, or any installment thereof, or any interest thereon;

(b) Default in the performance of, or compliance with, any of the covenants, conditions and agreements set forth in this deed of trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured.

(c) Default under any other lien or encumbrance placed on the Property, or any interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this deed of trust;

(d) Grantors (or any of them) or any person liable on the Note become insolvent or are unable generally to pay their debts as they mature or make an assignment for the benefit of creditors;

(e) A petition is filed or other proceeding is commenced under any bankruptcy, insolvency, reorganization or similar proceeding (including, without limitation, the Federal Bankruptcy Code, as now or hereafter in effect, or any state insolvency statute or the laws of any jurisdiction) by or against Grantors (or any of them) or any person liable on the Note;

(f) A receiver, custodian, trustee or liquidator is applied for or appointed for Grantors (or any of them) or any person liable on the Note, or a writ or order of attachment, levy or garnishment is issued against, Grantors (or any of them) or any person liable on the Note or the property assets, or income of any of them;

(g) The termination of, or occurrence of any event affecting, the validity of this Deed of Trust or the priority of this Deed of Trust as to all outstanding or future advances intended to be secured hereby.

(h) Grantors (or any of them) or any person liable on the Note takes any action for the purpose of effecting any of the actions set forth in subparagraphs (e), (f) and (g) hereof;

(i) The passage after the date of this deed of trust of any law of the state in which the Property conveyed herein is located deducting from the value of the land, for the purposes of taxation, any lien thereon, or providing for, or changing in any way the laws relating to, the taxation of deeds of trust or the notes or debts secured by deeds of trust for state or local purposes, or the manner of the collection of any such taxes, so as to impair the lien of this deed of trust or the security afforded hereunder, unless Grantors are permitted by law to pay the whole of such tax imposed upon this deed of trust and/or the indebtedness secured hereby (in addition to all other payments required hereunder) and Grantors pay such tax and agree to pay and thereafter pay such tax whenever levied; or

(j) The passage of any law or the decision of any court rendering or declaring any of the covenants and agreements set out in the Note or in this deed of trust to be legally unenforceable, inoperative, void or voidable; then, in any of such events, Trustees and the Noteholder shall, in addition to any other rights and remedies provided by law, have the following rights and remedies, any one or more of which shall be exercisable at the option of the Noteholder and without notice to Grantors:

- (i) The Noteholder may declare the Note, and all sums due hereunder, immediately due and payable, without demand;
- (ii) The Noteholder may apply for and obtain the appointment of a receiver for the Property, with the power to collect the rents, issues and profits therefrom, without regard to the value of the Property or of the solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Grantors hereby waive any and all defenses to the application for appointment of such receiver and consent to the appointment of such receiver without notice, but reserve the right to apply for vacation of any order of appointment of such receiver, or for any other appropriate relief, upon showing that none of the foregoing events of default occurred prior to application for the appointment of such receiver or during the pendency of such application in court; and
- (iii) Trustees may foreclose by a sale of the Property as follows:

(A) Trustees may take possession of the Property and proceed to sell the same at auction at the premises or at such other place in the city or county in which the Property or the greater part thereof lies, or in the corporate limits of any city surrounded by or contiguous to such county, or in the case of annexed land, in the county of which the land was formerly a part, as Trustees may select upon such terms and conditions as Trustees may deem best, after first advertising the time, place and terms of sale in at least three (3) consecutive issues, in advance of the date of such sale, of a newspaper published or having general circulation in the county or city in which the Property or some portion thereof is located.

(B) The power of sale above granted may be exercised at different times as to different portions of the Property, and if for any reason any executory contract of sale shall not be performed, then new contracts may be made with respect to the same portion of the Property (with or without other portions). If Trustees deem it best for any reason to postpone or continue the sale at any time or from time to time, they may do so, in which event Trustees shall advertise the postponed sale in the same manner as the original advertisement of sale provided for in clause (A) above.

(C) Full power and authority is hereby expressly granted and conferred upon Trustees to make, execute, and deliver all necessary deeds of conveyance for the purpose of vesting in the purchaser or purchasers complete and entire legal and equitable title to the Property, or the portion thereof so sold, and the recitals therein shall be received in all courts of law and equity as prima facie evidence of the matters therein stated; and at such sale the Noteholder may become a purchaser, and no purchaser shall be required to see to the proper application of the purchase money.

(D) The proceeds of such sale shall be applied, first, to discharge the expenses of executing the trust, including a commission to Trustees of five percent of the gross proceeds of sale; next, to discharge all taxes, levies, and assessments on the Property, with costs and interest, including a proper proration thereof for the current year; next, to reimburse Trustees and the Noteholder for all sums expended by them pursuant to the provisions of this deed of trust, with interest thereon; next, to pay the accrued interest on the unpaid principal balance due under the Note; next, to pay said unpaid principal balance; next, to pay any indebtedness secured by any lien of record inferior to the lien of this deed of trust; and any residue of said proceeds shall be paid to Grantors provided, however, that Trustees as to such residue shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon Grantors' equity, without actual notice thereof prior to distribution.

16. **Security Agreement.** This deed of trust, to the extent that it relates to personal property, is a security agreement and shall support any financing statement filed showing the Noteholder's interest as a secured party, lienholder or creditor with respect to any personal property mentioned in such financing statements. Grantors shall pay all cost of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses (including legal fees) of any record searches for financing statements the Noteholder may reasonably require. Without the prior written consent of the Noteholder, Grantors shall not create, or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said personal property, including replacements and additions thereto. In the event of a default of any covenant or agreement of Grantors contained in this deed of trust, the Noteholder shall, in addition to all other rights and remedies herein provided, have all the remedies accorded a secured party under the Uniform Commercial Code.

17. **NonWaiver.** No delay, act or failure to act, by Trustees and the Noteholder, or any of them, however long continued, shall be construed as a waiver of any of their rights hereunder or of any default by Grantors.

18. **No Liability or Obligation on Trustees or the Noteholder.** Nothing in this deed of trust shall be construed to impose any obligation upon either the Noteholder or Trustees to expend any money or to take any other discretionary act herein permitted, and neither the Noteholder nor Trustees shall have any liability or obligation for any delay or failure to take any discretionary act. Trustees shall not be required to see that this deed of trust is recorded and shall not be liable for the default or misconduct of any agent or attorney appointed by them in pursuance hereof, or for anything whatever in connection with this trust, except willful misconduct or gross negligence. Trustees may act upon any instrument or paper believed by them in good faith to be genuine and to be signed by the proper party or parties, and shall be fully protected for any action taken or suffered by them in reliance thereon.

19. **Release upon Full Payment.** Upon full payment of all sums due under the Note and this deed of trust, Trustees shall, upon the request of, and at the cost of, Grantors, execute a proper release of this deed of trust.

20. **Either of Trustees may act and Substitution of Trustees.** Notwithstanding anything herein contained to the contrary, (a) any one or more of Trustees may act hereunder without the joinder of any other Trustee or Trustees and without the joinder of the Noteholder, and any act taken hereunder by any one or more of Trustees shall be as effective as if taken by all Trustees, (b) the fact that one or more but less than all of Trustees take any action hereunder shall not preclude all Trustees or any one or more of the other Trustees from taking any other action hereunder, (c) the fact that all Trustees join in any act hereunder shall not preclude less than all Trustees taking any other action hereunder, and (d) if either or both Trustees fail, refuse, or become unable to act, or if for any reason the Noteholder, in its absolute discretion, deems it advisable, the Noteholder is hereby authorized and empowered to appoint, by an instrument recorded wherever this deed of trust is recorded, one or more other Trustees, in the place and stead of either or both of those herein named, which substitute trustee or trustees shall have all rights, powers, and authority and be charged with all the duties that are conferred or charged upon Trustees herein named.

21. **Advances and Future Advances.** It is understood and agreed that the proceeds of the indebtedness evidenced by the Note may be advanced by the Noteholder at one time, or from time to time, and the Noteholder reserves the right to make additional advances of proceeds, from time to time, including the readvance of any sums previously repaid on the Note, provided, and so long as, the unpaid principal balance of the Note, including the additional advances or readvance of proceeds, does not exceed the original principal amount of the Note. In the event of the readvance by the Noteholder of any sums previously repaid on the Note, then, in such event, the Note shall be deemed to evidence, and this deed of trust shall be deemed to secure the repayment of, the proceeds last advanced under the Note by the Noteholder.

22. **Indemnification by the Grantors.** The Grantors shall protect and indemnify the Trustees and the Noteholder from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against the Trustees, the Noteholder or the directors, officers, agents or employees of the Noteholder by reason of (a) ownership of the Property or any interest therein, or receipt of any rent or other sum therefrom, (b) any accident to, injury to or death of persons or loss of or damage to property occurring on or about the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (c) any use, nonuse or condition of the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (d) any failure on the part of the Grantors to perform or comply with any of the terms, covenants, conditions and agreements set forth in this Deed of Trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof for construction or maintenance or otherwise, (f) any action brought against the Trustees or the Noteholder attacking the validity, priority or enforceability of this Deed of Trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, and/or (g) the presence of Hazardous Wastes (as defined herein) or Toxic Substances (as defined herein) on the Property. Any amounts payable to the Trustees or the Noteholder under this paragraph 22 which are not paid within ten (10) days after written demand therefore by the Trustees or the Noteholder shall bear interest at the maximum rate per annum then permitted by law from the date of such demand and shall be secured by this Deed of Trust. In the event any action, suit or proceeding is brought against the Trustees, the Noteholder or the directors, officers, agents or employees of the Noteholder by reason of any such occurrence, the Grantors, upon the request of the Trustees or the Noteholder and at the Grantors' expense, shall resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Grantors and approved by the Trustees and/or the Noteholder. Such obligations under this paragraph 22 shall survive the termination, satisfaction or release of this Deed of Trust.

23. **Waiver of Notice of Future Advances and Consent to Extensions, Modifications and Release.** If Grantors (or any of them) are not the makers of the Note, then Grantors expressly (i) waive notice of any and all loans and/or advances made, from time to time during the continuance of this deed of trust, by the Noteholder to the maker of the Note; (ii) agree that the terms of the Note, including, without limitation, modifications extending the term for payment and adjusting the interest rate, may be made from time to time between the Noteholder and the maker of the Note without notice to or further consent of Grantors; (iii) agree that the Noteholder, without notice to or further consent of Grantors, may grant extensions of time and other indulgences to and renew any of the obligations of (without regard to the number and length of such extensions, renewals or other indulgences) the maker of the Note or any other person liable thereon. Grantors further agree that the Noteholder, without notice to or further consent of Grantors, may release or discharge any persons who are or may become liable for the payment of the Note or release or discharge any other collateral for the payment of the Note and that any such release or discharge shall not alter, modify, release or limit the liability of Grantors (or any of them) hereunder or the validity and enforceability of this deed of trust.

24. **Headings.** The headings of the paragraphs of this deed of trust are for the convenience of reference only and are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

25. **Number and Gender.** The pronouns and verbs set forth herein shall be construed as being of such number and gender as the context may require.

26. **Successors and Assigns.** This deed of trust shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns, and any descriptive term used herein shall include such heirs, personal representatives, successors and assigns.

27. **Persons.** The use of the word "persons" in this deed of trust, includes individuals, corporations, partnerships, and all other entities.



**In Witness Whereof** Grantors have hereunto set their signatures and seals, or, if a corporation or partnership, have caused this deed of trust to be executed by its proper officer(s) or constituent partner(s), thereunto duly authorized.

STAR TOBACCO CORPORATION  
By: Samuel P. Sears, Jr. (Seal)  
Samuel P. Sears, Jr.  
Chairman and Chief Executive Officer (Seal)  
\_\_\_\_\_  
(Seal)

State of Virginia

City/County of Richmond, to-wit:

The foregoing instrument was duly acknowledged before me this 5<sup>th</sup> day of June  
19 95, by Samuel P. Sears, Jr., Chairman and Chief Executive Officer of Star  
Tobacco Corporation, a Virginia corporation on behalf of the corporation.

[AFFIX NOTARIAL SEAL]

Julien Vane  
\_\_\_\_\_  
Notary Public

My Commission expires:  
March 31, 1999

SCHEDULE A

Parcel 1

ALL that certain piece or parcel of land, with the improvements thereon and appurtenances thereto belonging, lying, being and situate on the west side of South Market Street in the City of Petersburg, Virginia, containing 2.8216 acres and designated as Parcel Number 1 on that certain plat entitled "Plat Showing Property to be Acquired by 2486, Incorporated, between South Market Street, West Wythe Street, South Davis Street, and Seaboard Coastline R.R., Petersburg, Virginia," dated September 25, 1986, made by J. K. Timmons & Associates, P.C., and recorded in the Clerk's Office of the Circuit Court of Petersburg in Plat Book 4, at page 179, and more, particularly described on said plat as follows: Beginning at a point on the western boundary of South Market Street which point marks the northeast corner of the subject parcel; thence southwardly along South Market Street S. 13 degrees, 27' 34" E. 203.63' to a point; thence leaving said street in a westerly direction S. 77 degrees 22' 15" W. 303.91' to a fence post; thence S. 13 degrees 26' 25" E. 159.35' to a point on the north side of West Wythe Street; thence westwardly along said Wythe Street S. 79 degrees 23' 14" W. 58.69' to a point; thence along a curve to the right having a radius of 5898' for a length of 136.28' to a point where the northern boundary of West Wythe Street intersects with the eastern boundary of South Davis Street; thence northwardly along the east boundary of South Davis Street N. 16 degrees 00' 42" W. 192.19' to a point; thence leaving said South Davis Street in a northeasterly direction N. 23 degrees 55' 57" E. 66.54' to a point; thence along a curve to the right having a radius of 986.77' for a length of 132.67' to a point; thence N. 76 degrees 44' 57" E. 379.00' to the point

## SCHEDULE A

## Parcel 1

ALL that certain piece or parcel of land, with the improvements thereon and appurtenances thereto belonging, lying, being and situate on the west side of South Market Street in the City of Petersburg, Virginia, containing 2.8216 acres and designated as Parcel Number 1 on that certain plat entitled "Plat Showing Property to be Acquired by 2486, Incorporated, between South Market Street, West Wythe Street, South Davis Street, and Seaboard Coastline R.R., Petersburg, Virginia," dated September 25, 1986, made by J. K. Timmons & Associates, P.C., and recorded in the Clerk's Office of the Circuit Court of Petersburg in Plat Book 4, at page 179, and more, particularly described on said plat as follows: Beginning at a point on the western boundary of South Market Street which point marks the northeast corner of the subject parcel; thence southwardly along South Market Street S. 13 degrees, 27' 34" E. 203.63' to a point; thence leaving said street in a westerly direction S. 77 degrees 22' 15" W. 303.91' to a fence post; thence S. 13 degrees 26' 25" E. 159.35' to a point on the north side of West Wythe Street; thence westwardly along said Wythe Street S. 79 degrees 23' 14" W. 58.69' to a point; thence along a curve to the right having a radius of 5898' for a length of 136.28' to a point where the northern boundary of West Wythe Street intersects with the eastern boundary of South Davis Street; thence northwardly along the east boundary of South Davis Street N. 16 degrees 00' 42" W. 192.19' to a point; thence leaving said South Davis Street in a northeasterly direction N. 23 degrees 55' 57" E. 66.54' to a point; thence along a curve to the right having a radius of 986.77' for a length of 132.67' to a point; thence N. 76 degrees 44' 57" E. 379.00' to the point of beginning on the western boundary of South Market Street; LESS AND EXCEPT the alley extending eastwardly from South Davis Street and designated on the aforesaid plat as Lot H.

BEING the property conveyed to Grantors by deed from Market Street Associates, a Virginia general partnership, dated June 5, 1995, and recorded in the aforesaid Clerk's Office immediately prior to this Deed of Trust.

## Parcel 2

ALL that certain land situate in the City of Petersburg, Virginia, more fully described as follows:

BEGINNING at a brick nail set at the point of intersection of the west line of South Market Street with the south line of West Washington Street; thence with the west line of South Market Street, South 09° 33' 29" E. 16.78 ft. to a rod set, a corner of lands now or formerly of Star Tobacco Corporation; thence in part with the Star lands and in part with lands now or formerly of Market Street Associates, 521.92 ft. along the arc of a curve to the left having a radius of 603.29 ft. and delta angle of 49° 34' 05" to a rod set; thence continuing with lands now or formerly of Market Street Associates South 27° 37' 57" West 99.85 ft. to a rod found in the east line of South Davis Street; thence with the east line of South Davis Street, North 11° 33' 43" West 80.61 ft. to a rod found at a corner of lands now or formerly of Delta Properties; thence with the Delta lands the following three (3) courses:

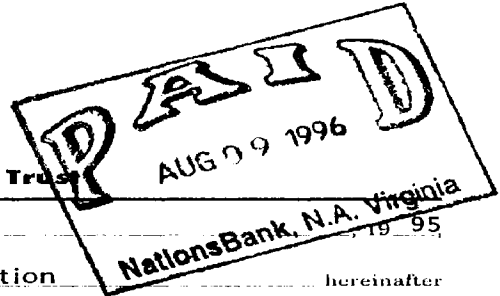
- 1- 156.63 ft. along the arc of a curve to the right having a radius of 738.16 ft. and chord bearing and distance of North 32° 26' 46" East 156.34 ft. to a pipe found,

- 2- 278.34 ft. along the arc of a curve to the right having a radius of 529.74 ft. and chord bearing and distance of North 53° 34' 39" East 275.15 ft. to a rod set, and
- 3- North 09° 10' 00" West 14.00 ft. to a rod set in the south line of West Washington Street; thence with the south line of West Washington Street, North 80° 50' 00" East 159.50 ft. to the POINT OF BEGINNING;

Containing 0.579 of an acre, more or less, according to a survey and plat thereof by Stephen L. Barcena, Registered Land Surveyor, J. K. Timmons & Associates, Inc., dated March 28, 1995, revised April 11, 1995, and attached to that certain deed to the Grantors from CSX Transportation, Inc., a Virginia corporation, dated April 25, 1995, and recorded in the Clerk's Office of the Circuit Court of Petersburg on June 1, 1995, as document number 1605.

BEING the property conveyed to Grantors by the aforesaid deed from CSX Transportation, Inc.

VIRGINIA: In the Clerk's Office of the Circuit Court of the City of Petersburg June 6 1995  
 The foregoing Instrument was this day lodged in said office and, with the certificate ..... annexed  
 admitted to record at 9:20 A. M.  
 Teste: Benjamin O. Scott  
 Clerk



**NationsBank**<sup>®</sup>  
NationsBank of Virginia, N.A.

This is a  
**Credit Line Deed of Trust**

This Credit Line Deed Of Trust, Made this 3rd day of March

by and between Star Tobacco Corporation, a Virginia corporation hereinafter

sometimes called "Grantors"), the first party(ies); and Kevin J. Wyrick

of the County of Chesterfield

Virginia, and Ann B. Estes of the County of

Hanover, Virginia, as Trustees (hereinafter sometimes called "Trustees"), the second parties;

WITNESSETH, that Grantors do hereby grant and convey, with general warranty, unto Trustees, the property described in **SCHEDULE A** attached hereto and by this reference made a part hereof; subject however to the lien or liens of the prior deed or deeds of trust, if any, described in **SCHEDULE A**, the terms, provisions and covenants of which deed or deeds of trust Grantors hereby expressly covenant and agree to timely observe and perform, including, without limitation, the timely payment of all sums payable thereunder or secured thereby;

TOGETHER with (i) all buildings and improvements now or hereafter constructed thereon; (ii) all the estate and rights, if any, of Grantors in and to all land lying in public and private streets, roads and alleyways abutting the above-described property; (iii) all easements, rights of way, privileges and appurtenances now or hereafter belonging to or in any way related to the above-described property; (iv) all fixtures, machinery, equipment, building materials and other personal property of every nature whatsoever now or hereafter located in, or on, or used, or intended to be used, in connection with the operation of the above-described property, including, but without limitation, heating, air conditioning, cooking, refrigerating, plumbing, and electrical apparatus and equipment, boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ventilating and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, elevators, escalators, partitions, mantels, built-in mirrors, disposals, washers, dryers, window shades, blinds, screens, storm sashes, storm doors, awnings, carpeting, underpadding, drapes, plants and shrubbery, and furnishings of public spaces, halls and lobbies, all of which personal property, including replacements thereof and additions thereto, shall be deemed part of the realty hereby conveyed (and Grantors hereby declare such personal property to be part of said realty, whether attached thereto or not, and subject to the lien hereby created); and (v) all proceeds of the conversion, whether voluntary or involuntary, of any of the above-described property into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive same, which may be made as a result of any casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value of the above-described property, together with all costs and expenses incurred by the Noteholder, in connection with the collection of such awards, payments and proceeds, including, without limitation, reasonable attorney's fees.

All the above-described real and personal property is hereinafter sometimes referred to as the "Property."

IN TRUST to secure to the "Noteholder" (hereinafter defined) the following:

(a) the repayment of any and all loans, liabilities, obligations, advances, re-advances, and extensions or renewals of credit, whether absolute, obligatory, or contingent, now or hereafter made or incurred from time to time, to or for the account of **Grantors**

by NATIONSBANK OF VIRGINIA, N.A. (whose address to which any notice permitted to be given pursuant to the provisions of §55-58.2 of the Code of Virginia of 1950, as amended, may be mailed or delivered is **Tri-Cities Business Financial Center**, NationsBank of Virginia, N.A., Post Office Box **111**

**Petersburg**, Virginia **23804-0111** Attention: Manager), not to exceed, at any one time, the aggregate principal amount of **Two Hundred Thousand and XX/100** Dollars (\$ **200,000.00**), whether evidenced by one or more notes payable to the order of NATIONSBANK OF VIRGINIA, N.A., or arising under any application(s) and/or agreement(s) for issuance of a letter or letters of credit or any amendments thereto or extensions or renewals thereof, or under any other loan, credit, reimbursement, or guaranty agreement or agreements, together with interest at the rate therein specified, which note(s), application(s), guaranty(ies), and agreement(s) may refer to this deed of trust by use of the following language or by language substantially equivalent thereto:

This note (or other obligation) is secured by a certain Deed of Trust, dated March 3 19 95, of Star Tobacco Corporation, conveying certain real property in Petersburg, Virginia to Kevin J. Wyrick and Ann B. Estes Trustees.

- (b) the payment of any note, guaranty or agreement given in curtail, renewal, extension or substitution, in whole or in part, of the above-described indebtedness (unlimited renewal or extension of all or any part of said indebtedness being expressly permitted);
- (c) the repayment of any future advances, or readvances, together with interest thereon, made by the Noteholder pursuant to the provisions herein;
- (d) the payment of all other sums, with interest thereon, advanced in accordance with the provisions hereof by the Noteholder or the Trustees for the protection of the lien and security interest of the Noteholder in and to the Property;
- (e) the performance of the covenants and agreements of Grantors herein contained; and
- (f) the performance of, or compliance with, any of the covenants, conditions, and agreements set forth in any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured. The above-described indebtednesses are hereinafter called the "Note", and the holder thereof is hereinabove and hereinafter called the "Noteholder".
- 11 (Check if applicable) This Deed of Trust is given to secure a loan for real estate construction.

Grantors also hereby irrevocably assign and convey unto the Noteholder, and grant the Noteholder a security interest in, all leases now or hereafter existing on any part of the Property and any guaranties thereof and all rents from the Property to secure the payment of all obligations secured hereunder. Grantors hereby irrevocably appoint the Noteholder as their attorney-in-fact to do all things which Grantors might otherwise do with respect to the Property and the leases thereon, including, without limitation, (i) collecting said rents with or without suit and applying the same, less expenses of collection, to any of the obligations secured hereunder in such manner as may be determined by the Noteholder, or at the option of the Noteholder, holding the same as security for the payment of all obligations secured hereunder, (ii) leasing, in the name of Grantors, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services; provided, however, that until there be a default under the terms of the Note or this deed of trust, Grantors may continue to collect and enjoy said rents without accountability to the Noteholder. The curing of any default, however, shall not entitle Grantors to again collect said rents unless consented to in writing by the Noteholder. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for in event of default and may be exercised independently of or concurrently with any of said remedies. Nothing in the foregoing shall be construed to impose any obligation upon the Noteholder to exercise any power or right granted in this paragraph or to assume any liability under any lease of any part of the Property and no liability shall attach to the Noteholder for failure or inability to collect any rents under any such lease. Grantors covenant and warrant that (i) they will comply with all terms and conditions of all leases now existing or that may hereafter come into existence in respect of the Property or any part thereof; (ii) all leases with respect to the Property now or hereafter in effect are and shall be valid and subsisting leases; (iii) they have not sold, assigned, transferred, mortgaged or pledged, and will not sell, assign, transfer, mortgage or pledge, without Noteholder's prior written consent, the rents, issues or profits from the Property and leases thereof to any firm, person or corporation other than Noteholder; (iv) no rents, issues or profits derived from the Property and leases, and becoming due subsequent to the date hereof, have been collected or anticipated in advance of their due date by more than 30 days; (v) they will not reduce the rental due under any lease of all or any part of the Property without Noteholder's prior written consent; and (vi) upon request of Noteholder, they will serve such written notice upon the tenant(s) under such leases or occupant(s) of the Property or any part thereof, they will execute and deliver to Noteholder such other instruments or documents reasonably requested by Noteholder for the purpose of securing or exercising its rights herein and they will provide Noteholder with true copies or originals of such leases and all amendments, supplements, renewal or correspondence related thereto.

So long as no "event of default" (hereinafter defined) exists under this deed of trust, Grantors shall remain in quiet use, possession and management of the Property, and in the enjoyment of the income, revenue and profits therefrom.

So long as any part of the indebtedness hereby secured remains unpaid, Grantors covenant and agree as follows:

1. **Taxes and Assessments.** Grantors will pay, promptly when due, all taxes, assessments and public charges upon the Property, and immediately thereafter will forward to the Noteholder official receipts evidencing such payments; or in the alternative and at the option of the Noteholder, exercisable at any time during the continuance of this trust, will deposit with the Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole discretion of the Noteholder, to enable the Noteholder to make timely payment of such taxes, assessments and charges. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Noteholder.

2. **Insurance.** Grantors will maintain fire insurance, with extended coverage, and such other insurance as the Noteholder may from time to time require, on the Property, with such insurance companies and in such amounts as shall, at all times, be satisfactory to the Noteholder, with loss payable to the Noteholder or Trustees, as the Noteholder shall direct, without contribution; and will deliver to the Noteholder the original policy or policies, and, at least ten days before the expiration of any policy, the renewal thereof. The Noteholder shall have the right, exercisable at any time during the continuance of this trust, to require Grantors to deposit with the Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole discretion of the Noteholder, to enable the Noteholder to make timely payment of the premiums on said policy or policies. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Noteholder. As to such insurance the Noteholder may, after ten days' written notice mailed to Grantors at their last known address, change any or all of the coverages, terms, amounts or insurers, cause any policy to name the Noteholder as an insured as its interests may appear, surrender existing policies for cancellation, obtain any cancellation, obtain any additional insurance it so desires,

pay any required premiums and receive premium refunds, and in any such event any premium adjustment shall be charged against or credited to the debt secured hereby. In the event any claim for loss covered by such insurance is not settled within sixty (60) days after the occurrence of such loss, the Noteholder may negotiate with any insurance companies involved and make a reasonable settlement of said claim, and the Noteholder and such insurance companies, upon such settlement being made, shall not be liable in any manner to Grantors with respect to such claim and settlement. Any insurance proceeds shall be applied to the payment of the indebtedness hereby secured (but without any prepayment penalty) except that if, pursuant to the provisions of the next paragraph, the Noteholder directs Grantors to restore the damaged portion of the Property, then, to the extent necessary, such proceeds shall (but only to the extent necessary) be applied to the cost of such restoration, and the Noteholder may, without paying interest thereon, retain all or any part thereof until the Property has been restored to the satisfaction of the Noteholder.

3. **Preservation and Maintenance of Property.** Grantors will keep the Property (including any private roads on or over which Grantors have an easement or right appurtenant to the Property) in good order and repair, including the making of such replacements as may be necessary for that purpose and, if the Noteholder so directs, the prompt restoration of any part of the Property which may be damaged by fire or other casualty, irrespective of the availability of adequate insurance proceeds for that purpose.

4. **Waste.** Grantors will not permit, suffer or commit any waste, impairment or deterioration of, nor allow any nuisance to exist upon, the Property or any part thereof.

5. **Assurances of Title.** Grantors will execute, or cause to be executed, such further assurances of title to the Property, and will take, and cause to be taken, such steps, including legal proceedings, as may at any time appear to Trustees, or to the Noteholder, to be desirable to perfect the title to the Property in Trustees.

6. **Books and Records.** Grantors will keep and maintain at their principal place of business complete and accurate books and records of their earnings and expenses of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by the Noteholder. In addition, they will furnish to the Noteholder, (a) within ninety (90) days after the end of each fiscal year of Grantors itemized statements of income and expense of the Property in form satisfactory to the Noteholder, certified by Grantors or if the Noteholder shall require, certified by an independent certified public accountant, and (b) such other financial information pertaining to Grantors' financial condition or to the Property as the Noteholder may, from time to time, request.

7. **Liens and Encumbrances.** Grantors will not, without the prior written consent of the Noteholder, permit or suffer to exist any lien or encumbrance on the Property, or interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this deed of trust; provided, however, that if the real property hereby conveyed is comprised of one-to-four-family residential dwelling units, any provision hereof which prohibits the further encumbrance of said real property shall be of no force or effect.

8. **Waiver of Exemptions.** Grantors will not set up or claim the benefit of any homestead or other exemption of law, or any other law or rule of law intended for their advantage or protection as an obligor under the Note or this deed of trust or providing for their release or discharge from any liability under the Note or this deed of trust on account of any facts or circumstances other than full and complete payment of all amounts due hereunder and under the Note, all of said exemptions and benefits being hereby expressly waived.

9. **Notice of Suits and Proceedings.** Grantors will immediately notify the Noteholder by registered or certified mail, return receipt requested, of any taking or condemnation, or any threatened or pending proceedings for the taking or condemnation, of any part of the Property under any power of eminent domain; and in the event that title to, or possession of, the Property or any portion thereof, is taken or condemned under any power of eminent domain, then Grantors will (and hereby do) assign, and will forthwith upon receipt pay over, to the Noteholder, the proceeds and consideration resulting from taking or condemnation, not to exceed the unpaid balance of the indebtedness secured by this deed of trust, said proceeds so paid to be applied, without repayment premium, to the indebtedness secured hereby.

10. **Transfer of Property or Beneficial Interest in Grantors.** Grantors will not, without the prior written consent of the Noteholder, lease, bargain, sell, transfer, assign or convey the Property, or any portion thereof, or any legal or equitable interest therein. If Grantors (or any of them) are not natural persons but is a corporation, partnership, trust or other legal entity, then the bargain, sale, transfer or assignment of any beneficial interest in Grantors (except for transfers of any beneficial interest by devise or by operation of law) without the prior written consent of the Noteholder shall be deemed to be in contravention of the provisions of the next preceding sentence. If Grantors (or any of them) are not natural persons but are a corporation, then the bargain, sale, transfer or assignment of all or a substantial portion of the voting stock of Grantors (including, without limitation, transfers resulting from mergers, consolidations or liquidations) without the prior written consent of Noteholder shall be deemed to be in contravention of the provisions of the first sentence of this paragraph 10.

**Notice — The debt secured hereby is subject to call in full or the terms thereof being modified in the event of sale or conveyance of the property conveyed.**

11. **Use of Property.** Grantors will not, without the prior written consent of the Noteholder, (a) change, or permit any changes in, the use for which all or any part of the Property was intended at the time of the execution of this deed of trust, or (b) initiate or acquiesce in a change in the zoning classification of the Property.

**12. Protection of the Noteholder's Security.** In the event (a) Grantors fail to perform any of their covenants or agreements herein contained, or (b) any action or proceeding is commenced or threatened which affects the Property or title thereto or the interest of the Trustees or Noteholder therein, including, without limitation, eminent domain, insolvency, arrangements or proceedings involving a bankrupt or decedent, then, in any of such events, the Noteholder may, at its option, make such appearances, disburse such sums and take such action as the Noteholder deems necessary, in its sole discretion, to protect its interest, including, without limitation, (i) the employment of attorneys and disbursement of attorneys' fees, (ii) the entry upon the Property to make repairs or to complete the construction of improvements in accordance with the provisions of any building and loan agreement between the Noteholder and Grantors, (iii) the procurement of insurance as provided in paragraph 2 hereof, (iv) if this deed of trust is a lien on a leasehold estate, the exercise of any option to renew or extend the ground lease on behalf of Grantors and the curing of any default of Grantors in the performance of the terms and conditions of the ground lease, and (v) if the Property is subject to another deed of trust or lien whether inferior or superior hereto, the curing of any default in the performance of any of the terms and provisions thereof, or if the indebtedness thereby secured is accelerated, the purchase or payment in full of such indebtedness, all on such terms as Noteholder shall, in its sole discretion, deem necessary or advisable. Any amounts disbursed by the Noteholder pursuant to the provisions of this paragraph 12 shall be added to, and deemed a part of, the indebtedness secured hereby, shall be secured in the same manner as the Note is secured, shall bear interest from the date of the disbursement thereof at the same rate of interest as set forth in the Note or at the highest interest rate permitted to be charged by contract on loans to individuals, whichever is higher, and shall, together with the interest thereon, be repayable by Grantors on demand.

**13. Estoppel Certificate.** Grantors will, within ten (10) days of being requested in writing by the Noteholder so to do, furnish a written statement to the Noteholder, duly acknowledged, setting forth the indebtedness secured hereby and any right of set-off, counterclaim or other defense which exists against the payment thereof or the performance of their obligations herein contained.

**14. Environmental Protection.** The Grantors covenant and agree as follows:

(a) Grantors warrant and represent that they have investigated or caused to be investigated the previous ownership and uses of the Property, in a manner consistent with good commercial practices, to determine whether activities have been conducted which might involve the use, manufacturing, storage or disposal of Hazardous Wastes (as defined herein) or Toxic Substances (as defined herein), and this investigation has revealed no fact which would indicate that the Property has been involved in the use, manufacturing, storage or disposal of Hazardous Wastes or Toxic Substances. This investigation has taken into account, among other factors, (i) the relationship of the purchase price to the value of the Property if uncontaminated when originally purchased by Grantors, (ii) commonly known or reasonably ascertainable information about the Property, and (iii) the obviousness of the presence or likely presence of contamination at the Property.

As used in this Deed of Trust: (i) "Hazardous Wastes" means all waste materials subject to regulation under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., or applicable state law and any other applicable federal, state or local laws and their regulations now in force or hereafter enacted relating to hazardous waste disposal; and (ii) "Toxic Substances" means and includes any materials present on the Property which have been shown to have significant adverse effects on human health or which are subject to regulation under the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., applicable state law, or any other applicable federal, state or local laws now in force or hereafter enacted relating to toxic substances. "Toxic Substances" includes, but is not limited to, asbestos, polychlorinated biphenyls (PCBs), petroleum products, and lead-based paints. All such laws relating to hazardous waste disposal and toxic substances are collectively referred to herein as "Environmental Laws."

(b) Grantors warrant and represent that they have disclosed to the Noteholder all pending or threatened litigation and orders, rulings, notices, permits or investigations regarding Hazardous Wastes and Toxic Substances on the Property

(c) Grantors and any other parties, including, but not limited to, tenants, licensees and occupants, will not be involved in any activity at or near the Property, which activity could involve or lead to (i) the use, manufacture, storage or disposal of Hazardous Wastes or Toxic Substances, or (ii) the imposition of liability on the Grantors or any other subsequent or former owner of the Property or the creation of a lien on the Property under any Environmental Laws.

(d) Grantors will comply strictly and in all respects with the requirements of all Environmental Laws and shall promptly notify the Noteholder in the event of the discovery of Hazardous Wastes or Toxic Substances at the Property. Further, Grantors will promptly forward to the Noteholder copies of all orders, notices, permits, applications or other communications and reports in connection with any discharge, spillage, use or the discovery of Hazardous Wastes and Toxic Substances or any other matters relating to the Environmental Laws as they may affect the Property.

(e) Grantors agree that if at any time the Noteholder has reasonable cause to believe there is Hazardous Wastes or Toxic Substances upon the Property, Noteholder may obtain, at Grantors' cost, an environmental site assessment or environmental audit report from a firm acceptable to the Noteholder, to assess with a reasonable degree of certainty (i) the presence of any Hazardous Wastes or Toxic Substances and (ii) the cost in connection with the abatement, cleanup or removal of such.



(f) Grantors agree that in the event of the presence of any Hazardous Waste or Toxic Substance upon the Property, whether or not the same originates or emanates from the Property, or if Grantors shall fail to comply with any of the requirements of the Environmental Laws, the Noteholder may at its election, but without the obligation to do so, (i) give such notices (ii) cause such work to be performed at the Property or (iii) take any and all other actions as the Noteholder shall deem necessary or advisable in order to abate, remove and clean up the Hazardous Waste or Toxic Substance or otherwise cure the Grantors' noncompliance.

(g) Grantors acknowledge that the Noteholder has made certain loans and other advances secured by this Deed of Trust in reliance upon Grantor's representations, warranties and covenants in this paragraph 14. Accordingly, the Grantors and the Noteholder agree that the provisions of this subparagraph 14 (G) shall supersede any provisions in the Note or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, which in any way limit the personal liability of the Grantors for the payment of the indebtedness secured hereby. Further, the Grantors shall be personally liable for all costs and expenses incurred by or asserted against Noteholder arising under this paragraph even if said costs and expenses exceed the amount of the loan secured by this Deed of Trust. All of the representations, warranties and covenants of this paragraph shall survive the termination, satisfaction or release of this Deed of Trust.

(h) Any amounts disbursed by the Noteholder pursuant to the provisions of this paragraph 14 shall be added to, and deemed a part of, the indebtedness secured hereby, shall be secured in the same manner as the Note is secured, shall bear interest from the date of the disbursement thereof at the same rate of interest as set forth in the Note or at the highest interest rate permitted to be charged by contract on loans to individuals, whichever is higher, and shall, together with the interest thereon, be repayable by Grantors on demand.

**15. Events of Default and Foreclosure.** If any one or more of the following events (herein sometimes referred to as "events of default") shall occur:

- (a) Default in the payment of the Note, or any installment thereof, or any interest thereon;
- (b) Default in the performance of, or compliance with, any of the covenants, conditions and agreements set forth in this deed of trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured.
- (c) Default under any other lien or encumbrance placed on the Property, or any interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this deed of trust;
- (d) Grantors (or any of them) or any person liable on the Note become insolvent or are unable generally to pay their debts as they mature or make an assignment for the benefit of creditors;
- (e) A petition is filed or other proceeding is commenced under any bankruptcy, insolvency, reorganization or similar proceeding (including, without limitation, the Federal Bankruptcy Code, as now or hereafter in effect, or any state insolvency statute or the laws of any jurisdiction) by or against Grantors (or any of them) or any person liable on the Note;
- (f) A receiver, custodian, trustee or liquidator is applied for or appointed for Grantors (or any of them) or any person liable on the Note, or a writ or order of attachment, levy or garnishment is issued against, Grantors (or any of them) or any person liable on the Note or the property assets, or income of any of them;
- (g) The termination of, or occurrence of any event affecting, the validity of this Deed of Trust or the priority of this Deed of Trust as to all outstanding or future advances intended to be secured hereby.
- (h) Grantors (or any of them) or any person liable on the Note takes any action for the purpose of effecting any of the actions set forth in subparagraphs (c), (f) and (g) hereof;
- (i) The passage after the date of this deed of trust of any law of the state in which the Property conveyed herein is located deducting from the value of the land, for the purposes of taxation, any lien thereon, or providing for, or changing in any way the laws relating to, the taxation of deeds of trust or the notes or debts secured by deeds of trust for state or local purposes, or the manner of the collection of any such taxes, so as to impair the lien of this deed of trust or the security afforded hereunder, unless Grantors are permitted by law to pay the whole of such tax imposed upon this deed of trust and/or the indebtedness secured hereby (in addition to all other payments required hereunder) and Grantors pay such tax and agree to pay and thereafter pay such tax whenever levied; or
- (j) The passage of any law or the decision of any court rendering or declaring any of the covenants and agreements set out in the Note or in this deed of trust to be legally unenforceable, inoperative, void or voidable; then, in any of such events, Trustees and the Noteholder shall, in addition to any other rights and remedies provided by law, have the following rights and remedies, any one or more of which shall be exercisable at the option of the Noteholder and without notice to Grantors:

(i) The Noteholder may declare the Note, and all sums due hereunder, immediately due and payable, without demand;

(ii) The Noteholder may apply for and obtain the appointment of a receiver for the Property, with the power to collect the rents, issues and profits therefrom, without regard to the value of the Property or of the solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Grantors hereby waive any and all defenses to the application for appointment of such receiver and consent to the appointment of such receiver without notice, but reserve the right to apply for vacation of any order of appointment of such receiver, or for any other appropriate relief, upon showing that none of the foregoing events of default occurred prior to application for the appointment of such receiver or during the pendency of such application in court; and

(iii) Trustees may foreclose by a sale of the Property as follows:

(A) Trustees may take possession of the Property and proceed to sell the same at auction at the premises or at such other place in the city or county in which the Property or the greater part thereof lies, or in the corporate limits of any city surrounded by or contiguous to such county, or in the case of annexed land, in the county of which the land was formerly a part, as Trustees may select upon such terms and conditions as Trustees may deem best, after first advertising the time, place and terms of sale in at least three (3) consecutive issues, in advance of the date of such sale, of a newspaper published or having general circulation in the county or city in which the Property or some portion thereof is located.

(B) The power of sale above granted may be exercised at different times as to different portions of the Property, and if for any reason any executory contract of sale shall not be performed, then new contracts may be made with respect to the same portion of the Property (with or without other portions). If Trustees deem it best for any reason to postpone or continue the sale at any time or from time to time, they may do so, in which event Trustees shall advertise the postponed sale in the same manner as the original advertisement of sale provided for in clause (A) above.

(C) Full power and authority is hereby expressly granted and conferred upon Trustees to make, execute, and deliver all necessary deeds of conveyance for the purpose of vesting in the purchaser or purchasers complete and entire legal and equitable title to the Property, or the portion thereof so sold, and the recitals therein shall be received in all courts of law and equity as prima facie evidence of the matters therein stated; and at such sale the Noteholder may become a purchaser, and no purchaser shall be required to see to the proper application of the purchase money.

(D) The proceeds of such sale shall be applied, first, to discharge the expenses of executing the trust, including a commission to Trustees of five percent of the gross proceeds of sale; next, to discharge all taxes, levies, and assessments on the Property, with costs and interest, including a proper proration thereof for the current year; next, to reimburse Trustees and the Noteholder for all sums expended by them pursuant to the provisions of this deed of trust, with interest thereon; next, to pay the accrued interest on the unpaid principal balance due under the Note; next, to pay said unpaid principal balance; next, to pay any indebtedness secured by any lien of record inferior to the lien of this deed of trust; and any residue of said proceeds shall be paid to Grantors provided, however, that Trustees as to such residue shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon Grantors' equity, without actual notice thereof prior to distribution.

16. **Security Agreement.** This deed of trust, to the extent that it relates to personal property, is a security agreement and shall support any financing statement filed showing the Noteholder's interest as a secured party, lienholder or creditor with respect to any personal property mentioned in such financing statements. Grantors shall pay all cost of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses (including legal fees) of any record searches for financing statements the Noteholder may reasonably require. Without the prior written consent of the Noteholder, Grantors shall not create, or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said personal property, including replacements and additions thereto. In the event of a default of any covenant or agreement of Grantors contained in this deed of trust, the Noteholder shall, in addition to all other rights and remedies herein provided, have all the remedies accorded a secured party under the Uniform Commercial Code.

17. **NonWaiver.** No delay, act or failure to act, by Trustees and the Noteholder, or any of them, however long continued, shall be construed as a waiver of any of their rights hereunder or of any default by Grantors.

18. **No Liability or Obligation on Trustees or the Noteholder.** Nothing in this deed of trust shall be construed to impose any obligation upon either the Noteholder or Trustees to expend any money or to take any other discretionary act herein permitted, and neither the Noteholder nor Trustees shall have any liability or obligation for any delay or failure to take any discretionary act. Trustees shall not be required to see that this deed of trust is recorded and shall not be liable for the default or misconduct of any agent or attorney appointed by them in pursuance hereof, or for anything whatever in connection with this trust, except willful misconduct or gross negligence. Trustees may act upon any instrument or paper believed by them in good faith to be genuine and to be signed by the proper party or parties, and shall be fully protected for any action taken or suffered by them in reliance thereon.

19. **Release upon Full Payment.** Upon full payment of all sums due under the Note and this deed of trust, Trustees shall, upon the request of, and at the cost of, Grantors, execute a proper release of this deed of trust.

20. **Either of Trustees may act and Substitution of Trustees.** Notwithstanding anything herein contained to the contrary, (a) any one or more of Trustees may act hereunder without the joinder of any other Trustee or Trustees and without the joinder of the Noteholder, and any act taken hereunder by any one or more of Trustees shall be as effective as if taken by all Trustees, (b) the fact that one or more but less than all of Trustees take any action hereunder shall not preclude all Trustees or any one or more of the other Trustees from taking any other action hereunder, (c) the fact that all Trustees join in any act hereunder shall not preclude less than all Trustees taking any other action hereunder, and (d) if either or both Trustees fail, refuse, or become unable to act, or if for any reason the Noteholder, in its absolute discretion, deems it advisable, the Noteholder is hereby authorized and empowered to appoint, by an instrument recorded wherever this deed of trust is recorded, one or more other Trustees, in the place and stead of either or both of those herein named, which substitute trustee or trustees shall have all rights, powers, and authority and be charged with all the duties that are conferred or charged upon Trustees herein named.

21. **Advances and Future Advances.** It is understood and agreed that the proceeds of the indebtedness evidenced by the Note may be advanced by the Noteholder at one time, or from time to time, and the Noteholder reserves the right to make additional advances of proceeds, from time to time, including the readvance of any sums previously repaid on the Note, provided, and so long as, the unpaid principal balance of the Note, including the additional advances or readvance of proceeds, does not exceed the original principal amount of the Note. In the event of the readvance by the Noteholder of any sums previously repaid on the Note, then, in such event, the Note shall be deemed to evidence, and this deed of trust shall be deemed to secure the repayment of, the proceeds last advanced under the Note by the Noteholder.

22. **Indemnification by the Grantors.** The Grantors shall protect and indemnify the Trustees and the Noteholder from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against the Trustees, the Noteholder or the directors, officers, agents or employees of the Noteholder by reason of (a) ownership of the Property or any interest therein, or receipt of any rent or other sum therefrom, (b) any accident to, injury to or death of persons or loss of or damage to property occurring on or about the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (c) any use, nonuse or condition of the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (d) any failure on the part of the Grantors to perform or comply with any of the terms, covenants, conditions and agreements set forth in this Deed of Trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof for construction or maintenance or otherwise, (f) any action brought against the Trustees or the Noteholder attacking the validity, priority or enforceability of this Deed of Trust, the Note, or any commitment letter, building and loan agreement, application and agreement for standby letter of credit, reimbursement agreement, guaranty, or any other agreements executed by Grantors (or any of them) or any other persons liable for the payment of the indebtedness hereby secured, and/or (g) the presence of Hazardous Wastes (as defined herein) or Toxic Substances (as defined herein) on the Property. Any amounts payable to the Trustees or the Noteholder under this paragraph 22 which are not paid within ten (10) days after written demand therefore by the Trustees or the Noteholder shall bear interest at the maximum rate per annum then permitted by law from the date of such demand and shall be secured by this Deed of Trust. In the event any action, suit or proceeding is brought against the Trustees, the Noteholder or the directors, officers, agents or employees of the Noteholder by reason of any such occurrence, the Grantors, upon the request of the Trustees or the Noteholder and at the Grantors' expense, shall resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Grantors and approved by the Trustees and/or the Noteholder. Such obligations under this paragraph 22 shall survive the termination, satisfaction or release of this Deed of Trust.

23. **Waiver of Notice of Future Advances and Consent to Extensions, Modifications and Release.** If Grantors (or any of them) are not the makers of the Note, then Grantors expressly (i) waive notice of any and all loans and/or advances made, from time to time during the continuance of this deed of trust, by the Noteholder to the maker of the Note; (ii) agree that the terms of the Note, including, without limitation, modifications extending the term for payment and adjusting the interest rate, may be made from time to time between the Noteholder and the maker of the Note without notice to or further consent of Grantors; (iii) agree that the Noteholder, without notice to or further consent of Grantors, may grant extensions of time and other indulgences to and renew any of the obligations of (without regard to the number and length of such extensions, renewals or other indulgences) the maker of the Note or any other person liable thereon. Grantors further agree that the Noteholder, without notice to or further consent of Grantors, may release or discharge any persons who are or may become liable for the payment of the Note or release or discharge any other collateral for the payment of the Note and that any such release or discharge shall not alter, modify, release or limit the liability of Grantors (or any of them) hereunder or the validity and enforceability of this deed of trust.

24. **Headings.** The headings of the paragraphs of this deed of trust are for the convenience of reference only and are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

25. **Number and Gender.** The pronouns and verbs set forth herein shall be construed as being of such number and gender as the context may require.

26. **Successors and Assigns.** This deed of trust shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns, and any descriptive term used herein shall include such heirs, personal representatives, successors and assigns.

27. **Persons.** The use of the word "persons" in this deed of trust, includes individuals, corporations, partnerships, and all other entities.

**In Witness Whereof** Grantors have heretunto set their signatures and seals, or, if a corporation or partnership, have caused this deed of trust to be executed by its proper officer(s) or constituent partner(s), thereunto duly authorized.

Star Tobacco Corporation  
By Samuel P. Sears, Jr. (Seal)  
Samuel P. Sears, Jr.  
Chairman and Chief Executive Officer (Seal)  
\_\_\_\_\_  
(Seal)

**State of** Virginia  
**City/County of** Petersburg, to-wit:

The foregoing instrument was duly acknowledged before me this 3rd day of March, 1995, by Samuel P. Sears, Chairman and Chief Executive Officer of Star Tobacco Corporation, a Virginia corporation, on behalf of the corporation.

[AFFIX NOTARIAL SEAL]

Mary Jane Lockett  
Notary Public Mary Jane Lockett

My Commission expires: August 31, 1998.

## SCHEDULE A

1. All that certain lot or parcel of land, with the improvements thereon and appurtenances thereto belonging, lying, being and situate in the City of Petersburg, Virginia, fronting 83 feet, more or less, on the West side of South Market Street and having a depth of 235 feet, more or less, on its Southern line, and being bounded on the South by property now or formerly belonging to Luther M. Swann and Frederick Pilcher, bounded on the North and Northwest by the right-of-way of the Atlantic Coast Line Railway Company, designated as Number 2-6 South Market Street; and for a further description reference is hereby made to that certain plat of survey recorded in the Clerk's Office of the Circuit (formerly Hustings) Court of the City of Petersburg in Deed Book 136, at page 343, the property hereby conveyed being the Northern parcel as shown on said plat; BEING the same property conveyed to William G. Traylor and Jessie L. Traylor, his wife, as joint tenants with the right of survivorship as at common law, by deed from Light W. Tessier, widow, et al, dated August 23, 1948 and recorded in the aforesaid Clerk's Office in Deed Book 167, at page 19.
  
2. All that certain lot or parcel of land, with the improvements thereon and appurtenances thereto belonging, known as number 12 South Market Street, lying on the West side of South Market Street in the City of Petersburg, Virginia, and described as follows: BEGINNING at an iron pin on the west line of South Market Street distant 83 feet South of its intersection with the Southern line of the right-of-way of the Atlantic Coast Line Railroad, thence running Southwardly along and fronting on the said Western side of South Market Street 90 feet to an iron pin opposite the center line of an easement or right-of-way 17 feet wide, and thence extending back Westwardly from said front between parallel lines (the Northern of which is 235 feet in length and the Southern of which is the center line of said easement or right-of-way which is 376.5 feet in length) to the Southeast line (being the Southern line after making a curve in a Southwesterly direction) of said right-of-way of the Atlantic Coast Line Railroad along which it curves; said property has a rear width of 154 feet, the Southern 8 and 1/2 feet of said property being the Northern 8 and 1/2 feet embraced within said easement or right-of-way known as a party drive; all as more fully shown on a plat of survey made by J. W. Pugh, C.P.E., dated January 14, 1938, which is attached to and recorded along with a certain Deed of Trust from William L. McGill, et al, to Henry P. McGill and A. Hamilton Bryan, Trustees, dated January 15, 1938 and recorded in the Clerk's Office of the Circuit (formerly Hustings) Court of the City of Petersburg in Deed Book 136, at page 339; BEING the same property conveyed to William G.

Traylor and Jessie L. Traylor, husband and wife, as tenants by the entirety with the right of survivorship as at common law, by deed from Susan H. Pilcher, widow, et al, dated August 24, 1957, and recorded in the aforesaid Clerk's Office in Deed Book 216, at page 108.

BEING the same property conveyed to Grantors by deed from William G. Traylor, Jr., et al, dated November 4, 1994, and recorded in the Clerk's Office of the Circuit Court of the City of Petersburg immediately prior to this deed of trust.

This conveyance is made expressly subject to all recorded easements, conditions, covenants, restrictions, reservations and/or agreements lawfully affecting the property conveyed.

VIRGINIA: In the Clerk's Office of the Circuit Court of the City of Petersburg March 3, 1995  
The foregoing Instrument was this day lodged in said office and, with the certificate ..... annexed.  
admitted to record at 2:20 P.M.  
Weste: Benjamin O. Scott, Clerk