REQUEST FOR BOARD ACTION

ITEM NO. _17_

DATE OF MEETING: October 26, 2015

REQUESTED BY: Megan O'Hare, Senior Planner, Planning & Community Development

SHORT TITLE: Resolution to Approve a Zoning Map Amendment for a General Use Rezoning of one (1) tract located at 13471 US HWY 17 in Hampstead from RP, Residential Performance zoning district, to GB, General Business zoning district.

BACKGROUND: Nicholas K. and Carol S. Shepard, applicants, on behalf of Whitehouse Investments, LLC, owner, are requesting approval of a Zoning Map Amendment for a general use rezoning of one (1) tract totaling approximately one (1) acre from RP, Residential Performance zoning district to GB, General Business zoning district. The subject property is located at 13471 US HWY 17 in Hampstead and may be identified by Pender County PIN 3282-42-3687-0000.

SPECIFIC ACTION REQUESTED: To hold a public hearing and consider the approval of a Zoning Map Amendment for a general use rezoning of one (1) tract from RP, Residential Performance zoning district, to GB, General Business zoning district.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

The Pender County Board of Commissioners (approved, modified, denied) a Zoning Map Amendment for a general use rezoning as described herein, and the Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED_____ SECONDED_____

APPROVED_____ DENIED_____ UNANIMOUS

YEA VOTES: Williams___ Brown___ McCoy___ Piepmeyer___ Keith___

_____ 10/26/2015
J. David Williams, Jr., Chairman Date

_____ 10/26/2015
ATTEST Date

PLANNING STAFF REPORT
ZONING MAP AMENDMENT

SUMMARY:

Hearing Date:	September 1, 2015 Planning Board October 26, 2015 Board of Commissioners
Applicant:	Nicholas K. and Carol S. Shepard
Property Owner:	Whitehouse Investments, LLC
Case Number:	11433

Rezoning Proposal: Nicholas K. and Carol S. Shepard, applicants, on behalf of Whitehouse Investments LLC, owner, are requesting approval of a Zoning Map Amendment for a general use rezoning of one (1) tract totaling one (1) acre from RP, Residential Performance zoning district to GB, General Business zoning district.

Property Record Number, Acreage, and Location: The subject property, recorded on Register of Deeds Map Book 3917 Page 0235 (Exhibit 1), is located at 13471 US HWY 17 in Hampstead, approximately one (1) mile south of the intersection of US HWY 17 and NC HWY 210 and may be further identified by Pender County PIN 3282-42-3687-0000.

RECOMMENDATION

The application consists of a general use rezoning of one (1) tract, totaling one (1) acre from RP, Residential Performance zoning district to GB, General Business zoning district. As submitted, the request complies with all criteria set forth in Section 3.3.8 Review Criteria for Rezoning of the Pender County Unified Development Ordinance and is not in conflict with the 2010 Comprehensive Land Use Plan. The application is consistent with three (3) policies of the 2010 Pender County Comprehensive Land Use Plan and conflicts with none.

At their September 1, 2015 meeting the Pender County Planning Board unanimously recommended denial of the rezoning request. This decision was based on whether the range of uses permittable in the GB, General Business zoning district per Section 5.2.3 of the Pender County Unified Development Ordinance would be appropriate with the existing adjacent land uses and adjacent RP, Residential Performance zoning district designation. The concern was to not adversely affect the character of the general neighborhood. Additionally, a concern was the availability of residential zoning within the US HWY 17 corridor. The request is consistent with the mixed use designation of the 2010 Comprehensive Land Use Plan.

HISTORY

The subject property was zoned RT, Rural Transitional zoning district prior to the adoption of the 2010 Pender County Unified Development Ordinance. The zoning designation was changed to RP, Residential Performance zoning district with the adoption of the 2010 Pender County Unified Development Ordinance.

DESCRIPTION

Nicholas K. and Carol S. Shepard, applicants, on behalf of Whitehouse Investments, LLC, owner, are requesting approval of a Zoning Map Amendment for a general use rezoning of one (1) tract totaling one (1) acre from RP, Residential Performance zoning district to GB, General Business zoning district. The subject property, recorded on Register of Deeds Map Book 3917 Page 0235 (Exhibit 1), is located at 13471 US HWY 17 in Hampstead, approximately one (1) mile south of the intersection of US HWY 17 and NC HWY 210, and may be identified by Pender County PIN 3282-42-3687-0000. The subject tract contains one (1) building that currently is currently occupied by the offices of Stillwater Engineering Inc.

The subject property meets the minimum lot size of 15,000 square feet and the minimum rezoning acreage requirement of one (1) acre per Section 4.14 Zoning District Dimensional Requirements of the Pender County Unified Development Ordinance, for the GB, General Business zoning district. Additionally, the subject property meets the requirement of Pender County Unified Development Ordinance Section 4.14.3 as it is adjacent to a property across US HWY 17 to the southeast that is currently zoned GB, General Business zoning district.

As shown on the aerial, the tract has direct access to US HWY 17 to the east. Additionally, a former rail corridor runs within the tract, parallel to US HWY 17. This rail corridor is identified in the 2010 Pender County Comprehensive Parks and Recreation Master Plan as the Coastal Pender Rail-Trail and is a recommended facility within the Plan.

The subject property has access to Pender County Utilities water. The subject property currently operates on a septic system. The applicant has been in communication with Pluris Hampstead LLC and has been told that the property will be eligible to connect to the new wastewater line when complete.

EVALUATION

This Zoning Map Amendment request has been evaluated for compliance with the Pender County Unified Development Ordinance and the 2010 Pender County Comprehensive Land Use Plan, as well as the existing land uses and zoning classifications in the surrounding area. The Zoning Map Amendment does not conflict with any existing policies, land uses, or zoning classifications.

3.3.8 Review Criteria for Rezoning

The Planning Board and Board of Commissioners shall consider the following matters in considering a rezoning request:

A. *Whether the range of uses permitted by the proposed change would be appropriate to the area concerned (including not being detrimental to the natural environment, not adversely affecting the health or safety of residents or workers in the area, not being detrimental to the use or development of adjacent property, and not materially or adversely affecting the character of the general neighborhood);*

B. *Whether adequate public facilities/services (i.e., water, wastewater, roads) exist, are planned, or can be reasonably provided to serve the needs of any permitted uses likely to be constructed as a result of such change;*
C. *Whether the proposed change is consistent with the County's Comprehensive Land Use Plan and CAMA Land Use Plan or any other adopted land use document.*
D. *Whether the proposed amendment is reasonable as it relates to the public interest.*

2010 Comprehensive Land Use Compliance: The 2010 Comprehensive Land Use Plan designates the subject property "Mixed Use." The Mixed Use land use classification designates locations where a mixture of higher density/intensity uses is to be encouraged. Mixed Use areas should be characterized by physically and aesthetically unified developments containing a mixture of commercial, office, institutional, and high and medium density residential uses, arranged in a walkable, compact, pedestrian- and transit-friendly manner. Mixed Use areas are intended to help reduce sprawl by concentrating a mix of uses in convenient locations, by promoting an efficient sustainable pattern of land uses, and by providing most of the goods and services needed by residents in a coordinated, concentrated manner. Mixed Use areas are intended to reduce the number and length of auto trips by placing higher density housing close to shopping and employment centers. They also should function to improve the quality of life for residents living in higher density housing by placing daily conveniences, shops, and employment within walking distance.

This Zoning Map Amendment request is consistent with three (3) policies of the 2010 Comprehensive Land Use Plan and conflicts with none. The following goals and policies within this plan may be relevant to the proposed Zoning Map Amendment:

> **Growth Management Policy 1A.1.2** Encourage development in areas where the necessary infrastructure – roads, water, sewer, and schools - are available, planned or can be most cost effectively provided and extended to serve existing and future development.
> **Growth Management Policy 1A.1.4** The County should develop and utilize innovative and flexible land planning techniques that encourage developments to efficiently use land resources that result in more compact urban areas, infill development, redevelopment, and the adaptive re-use of existing buildings.
> **Growth Management Policy 1A.1.5** The County supports a pro-business/pro-growth attitude, balanced by a concern for preserving the natural assets and quality of life factors that make the area attractive to visitors and permanent residents alike.

Unified Development Ordinance Compliance: This is a general use rezoning, which will allow all uses permitted by-right in the GB, General Business zoning district as shown in Section 5.2.3 Permitted Use Table of the Pender County Unified Development Ordinance. According to Section 4.9.1 of the Pender County Unified Development Ordinance, the GB, General Business zoning district is primarily intended to accommodate uses which require close access to major highways. The district is established to provide convenient locations for businesses which serve the needs of surrounding residents, including office, retail, and personal service uses.

Existing Zoning: Adjacent properties to the northwest, southwest, and northeast are zoned RP, Residential Performance zoning district. To the southeast across US HWY 17, the adjacent parcel is zoned GB, General Business zoning district.

Existing Land Use: The subject tract contains one (1) building that is currently occupied by the offices of Stillwater Engineering Inc. The property is bordered to the northwest and southwest by a wooded, vacant parcel that is 25.04 acres in size. The adjacent tract to the northeast is 1.35 acres in size and contains a single-family house. Across US HWY 17 to the southeast, the adjacent parcel contains a recreational vehicle sales business.

Environmental Concerns: According to FEMA Flood Insurance Rate Map Number 3720328200J Panel 3282 (adopted February 16, 2007) the tract is not located within any Special Flood Hazard Area (SFHA). Additionally there are no navigable waters on this property requiring compliance with CAMA regulations managed by the Division of Coastal Management. The rear portion of the tract may contain wetlands and would need to be verified before any land disturbing activities take place.

Public Notifications: Public notice of the proposal for map change has been advertised in the Pender-Topsail Post and Voice. Adjacent property owners have been given written notice of the request, and a sign has been placed on the subject property. Prior to any development on the subject property, all necessary local, state, and federal permits would be required.

RECOMMENDATION

The application consists of a general use rezoning of one (1) tract, totaling one (1) acre from RP, Residential Performance zoning district to GB, General Business zoning district. As submitted, the request complies with all criteria set forth in Section 3.3.8 Review Criteria for Rezoning of the Pender County Unified Development Ordinance and is not in conflict with the 2010 Comprehensive Land Use Plan. The application is consistent with three (3) policies of the 2010 Pender County Comprehensive Land Use Plan and conflicts with none.

At their September 1, 2015 meeting the Pender County Planning Board unanimously recommended denial of the rezoning request. This decision was based on whether the range of uses permittable in the GB, General Business zoning district per Section 5.2.3 of the Pender County Unified Development Ordinance would be appropriate with the existing adjacent land uses and adjacent RP, Residential Performance zoning district designation. The concern was to not adversely affect the character of the general neighborhood. Additionally, a concern was the availability of residential zoning within the US HWY 17 corridor. The request is consistent with the mixed use designation of the 2010 Comprehensive Land Use Plan.

BOARD ACTION FOR REZONING REQUEST

Motion: Fullerton **Seconded:** McClammy

Approved: _____ **Denied:** X **Unanimous:** X

Williams: X McClammy: X Fullerton: X Baker: X Edens: ___ Marshburn: ___
Nalee: ___

APPLICATION FOR REZONING (Zoning Map Amendment)

THIS SECTION FOR OFFICE USE			
Application No.	ZMA 11433	**Date**	7-14-15
Application Fee	$ 500 -	**Receipt No.**	151732
Pre-Application Conference	7-14-15	**Hearing Date**	PB: 9-1-15 BOCC: 10-26-15

SECTION 1: APPLICANT INFORMATION			
Applicant's Name:	NICHOLAS K. SHEPARD CAROL S. SHEPARD	**Owner's Name:**	WHITE HOUSE INVESTMENTS, LLC
Applicant's Address:	602 RAVENSWOOD RD.	**Owner's Address:**	602 RAVENSWOOD RD.
City, State, & Zip	HAMPSTEAD, NC 28443	**City, State, & Zip**	HAMPSTEAD, NC 28443
Phone Number:	(910) 200-7978	**Phone Number:**	(910) 270-9889
Legal relationship of applicant to land owner:	NICHOLAS K. SHEPARD & CAROL S. SHEPARD ARE MEMBER/MANAGERS OF WHITE HOUSE INVESTMENTS, LLC		

SECTION 2: PROJECT INFORMATION			
Property Identification Number (PIN):	3282-42-3687	**Total property acreage:**	1.1
Current Zoning District:	RP	**Proposed Zoning District:**	GB
Project Address :	13471 US HWY 17 N., HAMPSTEAD, NC 28443		
Description of Project Location:	ON WEST SIDE OF US HWY 17 APPROX. 1 MILE SOUTH OF THE INTERSECTION OF US HWY 17 & NC HWY 210		

SECTION 3: SIGNATURES			
Applicant's Signature	Nicholas K Shepard Carol S Shepard	**Date:**	7/10/15
Owner's Signature	Nicholas K Shepard, WHITE HOUSE INVESTMENTS LLC	**Date:**	7/10/15

NOTICE TO APPLICANT

1. Applicant must also submit the information described on the Rezoning Checklist.
2. Applicant or agent authorized in writing must attend the public hearing.
3. Once the public hearing has been advertised, the case will be heard unless the applicant withdraws the application or unless the Planning Board or other authorized person agrees to table or delay the hearing.
4. All fees are non-refundable
5. A complete application packet must be submitted prior to the deadline in order to be placed on the next Planning Board Agenda

Rezoning/Zoning Map Amendment Checklist

☑	Signed application form
☑	Application fee
☑	A list of names and addresses, as obtained from the county tax listings and tax abstract, all adjacent property owners, including property owners directly across any road or road easement, and owners of the property under consideration for rezoning.
☑	Two (2) business size envelopes legibly addressed with **first class** postage for each of the adjacent and abutting property owners on the above list.
☑	Accurate legal description or a map drawn to scale showing the property boundaries to be rezoned, in sufficient detail to for the rezoning to be located on the Official Zoning Map.
☑	18 (11"x17") map copies to be distributed to the Planning Board
☑	20 (11"x17") map copies to be distributed to the Board of Commissioners
☑	Digital (.pdf) submission of all application materials
☑	A description and/or statement of the present and proposed zoning regulation or district boundary and stating why the request is being made and any information that is pertinent to the case. If the owner and applicant are different, the letter must be signed by both parties.

Office Use Only

☑	**ZMA Fees:** (*$500.00 for first 5 acres; $10/acre thereafter up to 1,000 acres; $5/acre thereafter*)	**Total Fee Calculation: $** 500 –

Attachments Included with Application: (Please include # of copies)

CD /other digital version	☐ Y ☐ N	Plan Sets	# of large	# of 11X17	Other documents/Reports	☐ Y ☐ N

Payment Method:	**Cash :** ☐ $_____	**Credit Card:** ☐ Master Card ☐ Visa	**Check:** ☑ Check # 5855

Application received by:	Anita H. Cif	**Date:** 7-14-15
Application completeness approved by:	Anita H. Cif	**Date:** 7-14-15

Dates scheduled for public hearing:
- ☑ **Planning Board:** 9-1-15
- ☑ **Board of Commissioners:** 10-26-15

RETURN COMPLETED APPLICATION TO:
Pender County Planning & Community Development
805 South Walker Street
P.O. Box 1519
Burgaw, NC 28425

Print Form

Nicholas K. and Carol S. Shepard
White House Investments, LLC
602 Ravenswood Road
Hampstead, NC 28443
July 10, 2015

Andy Christy
Long Range Planner
Pender County Planning & Zoning
805 S. Walker Street
Burgaw, NC 28425

Dear Mr. Christy:

We are hereby requesting that the property located at 13471 US Highway 17 North be rezoned from RP to GB. The property is currently owned by White House Investments, LLC of which my wife and I are both Member/Managers. There are no other owners. The property consists of about 1.1 acres. It includes the original parcel (1.0 acres) plus a tract that was formerly Seaboard Coastline Railroad right-of-way minus a tract that was conveyed to NCDOT during the widening of US Highway 17.

This request for rezoning is being made because the current zoning (RP) does not conform to the current and future best use of the land. The subject property is located along the Highway 17 Business Corridor. It has been used as a commercial office since 2005 for which a permit was obtained. The GB zone allows for a broader range of business uses. As you are aware, the Highway 17 corridor is already experiencing rapid growth. We expect this growth to intensify during the next several years. One of the factors that has been limiting growth in this area is the lack of a water and sewer services. Recently, both a public water distribution system and a private wastewater disposal system have been constructed to service the property. We are currently connected to the public water system and we understand that we can connect to the wastewater as early as November 2015. The wastewater system runs from Topsail High School to a plant just north of the Pender/New Hanover County line and the owner has indicated that we are eligible to connect to it.

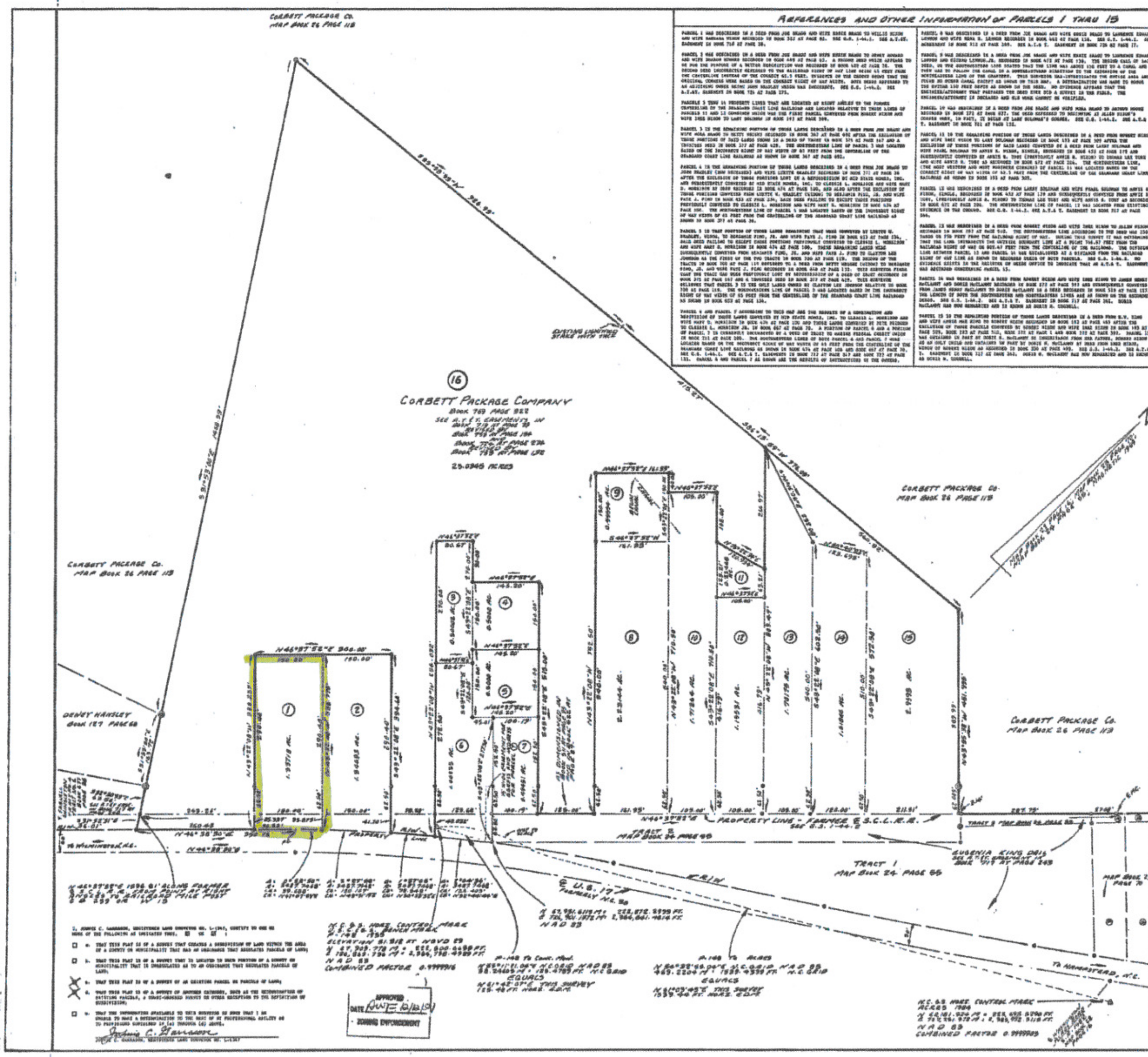
Most of the property that fronts the Highway 17 corridor in the area of the subject property is already zoned GB. The subject property is actually located in a RP zone pocket. Properties on the west side of US 17 and within 300 feet or so to the north and south from the subject property are already zoned GB. Additionally, all of the property across Highway 17 is zoned GB. The property directly across Highway 17 is a mini storage facility and car lot. Another reason the property needs to be rezoned is because banks and other lenders will no longer finance the property as residential. We had to enter a commercial loan agreement at a higher interest rate and limited term with two different banks.

Thank you for your consideration.

Sincerely,

Nicholas K. Shepard
Member/Manager

Attachments: List of Property Owners Adjacent to 13471 US Highway 17 N.



MAP OF SURVEY
FOR
CORBETT PACKAGE COMPANY

TOPSAIL TOWNSHIP PENDER COUNTY NORTH CAROLINA

SURVEYED AND MAPPED 1991 SCALE 1" = 100'

100' 50' 0' 100' 200' 300' 400'

JOHNIE C GARRASON, REGISTERED LAND SURVEYOR NO. L-1347
810 BLUEBIRD LANE
WILMINGTON, NORTH CAROLINA, 28409

LEGEND AND NOTES

- EXISTING CONCRETE MONUMENT
- NEW CONCRETE MONUMENT (SUBSURFACE)
- EXISTING IRON PIPE
- NEW IRON PIPE
- EXISTING IRON STAKE (TOP ABOVE OR FLUSH WITH GROUND)
- NEW IRON STAKE (TOP ABOVE OR FLUSH WITH GROUND)
- EXISTING P.K. NAIL IN PAVEMENT
- NEW P.K. NAIL IN PAVEMENT
- EXISTING RAILROAD SPIKE IN PAVEMENT
- NEW RAILROAD SPIKE IN PAVEMENT
- EXISTING NAIL IN PAVEMENT
- NEW NAIL IN PAVEMENT
- EXISTING TACK IN PAVEMENT
- NEW TACK IN PAVEMENT
- INLINE MARKED TREE
- + NO PERMANENT POINT SET OR RECOVERED DURING THIS SURVEY
- UTILITY POLE AND LINE
- "A","B" TYPICAL POINT DESIGNATIONS
- CENTERLINE OF STREET OR ROAD ETC.
- RIGHT OF WAY LINE
- CENTER OF RUN OF WATER COURSE
- ADJOINER'S PROPERTY LINE OR AS NOTED
- PROPERTY LINE OF THIS SURVEY

ALL OTHER POINTS, ITEMS, OR VARIATIONS AS NOTED

(1) (7) (14) (16) TYPICAL PARCEL DESIGNATION OF THIS MAP

ALIGNMENT LEGEND

P.O.T.	POINT ON TANGENT (INLINE)
P.O.S.T.	POINT ON SUBTANGENT
P.I.	POINT OF INTERSECTION
P.C.	POINT OF CURVATURE
P.T.	POINT OF TANGENCY
P.O.C.	POINT ON CURVE
P.R.C.	POINT OF REVERSE CURVE
P.C.C.	POINT OF COMPOUND CURVE
T.S.	TANGENT TO SPIRAL
S.C.	SPIRAL TO CURVE
C.S.	CURVE TO SPIRAL
S.S.	SPIRAL TO SPIRAL
S.T.	SPIRAL TO TANGENT
P.O.S.	POINT ON SPIRAL
Δ	CENTRAL ANGLE
D OR Dc	DEGREE OF CURVE
T OR Ts	TANGENT DISTANCE
L OR Lc	LENGTH OF CURVE
Ls	LENGTH OF SPIRAL
EXT. OR Es	EXTERNAL OF CURVE
Δs	SPIRAL ANGLE
CH.	CHORD
U	SPIRAL LONG TANGENT
V	SPIRAL SHORT TANGENT
R OR Rc	RADIUS OF CURVE
R OF 1° CURVE	5729.57795130' ARC DEFINITION

LOCATION MAP-SCALE 1" = 0.9 MILE

NORTH CAROLINA, PENDER COUNTY
I, JOHNIE C. GARRASON, REGISTERED LAND SURVEYOR NO. L-1347, CERTIFY THAT THIS MAP WAS DRAWN BY ME FROM AN ACTUAL SURVEY MADE BY ME, THAT THE BOUNDARIES AS SHOWN BY THIS MAP ARE THOSE SURVEYED FROM THE FOLLOWING REFERENCES: AS SHOWN ON THE FACE OF THIS MAP.

THAT THE BOUNDARIES NOT SURVEYED ARE SHOWN AS BROKEN LINES PLOTTED FROM THE FOLLOWING REFERENCES: SAME AS ABOVE

THAT THE RATIO OF PRECISION AS CALCULATED BY LATITUDES AND DEPARTURES IS 1: 10,000; THAT THIS MAP WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND SEAL THIS 10TH DAY OF DEC. A.D. 19 91.

Johnie C. Garrason
JOHNIE C. GARRASON, REGISTERED LAND SURVEYOR NO. L-1347

SEAL OR STAMP

NORTH CAROLINA, NEW HANOVER COUNTY
I, A NOTARY PUBLIC OF THE COUNTY AND STATE AFORESAID, CERTIFY THAT JOHNIE C. GARRASON, A REGISTERED LAND SURVEYOR, PERSONALLY APPEARED BEFORE ME THIS DAY AND ACKNOWLEDGED THE EXECUTION OF THE FOREGOING INSTRUMENT. WITNESS MY HAND AND OFFICIAL STAMP OR SEAL, THIS 10TH DAY OF DEC. 19 91.

Glenda G. Garrason
GLENDA G. GARRASON, NOTARY PUBLIC

MY COMMISSION EXPIRES THE 24TH DAY OF OCTOBER, 19 94

SEAL OR STAMP

NORTH CAROLINA, PENDER COUNTY
THE FOREGOING CERTIFICATE OF GLENDA G GARRASON, NOTARY PUBLIC OF NEW HANOVER COUNTY, NORTH CAROLINA, IS CERTIFIED TO BE CORRECT; FILED FOR REGISTRATION ON THE 12 DAY OF December, 19 91 AT 11:46 (A.M. [redacted]) AND DULY RECORDED IN MAP BOOK 27 AT PAGE 76 [redacted]

JOYCE M. SWICEGOOD PENDER COUNTY REGISTER OF DEEDS

BY Brenda Corbett Asst.

SURVEYOR'S DRAWING NO. 36-2-36

27-76

MB 27-76

DEED OF TRUST SECURING FUTURE ADVANCES

COLLATERAL IS OR INCLUDES FIXTURES

RECORDATION REQUESTED BY:

WHEN RECORDED MAIL TO:

This Deed of Trust prepared by:
X _____
RBC Bank (USA) - Lending Service Center

THIS DEED OF TRUST is dated April 15, 2011, among WHITE HOUSE INVESTMENTS, LLC, also known as WHITEHOUSE INVESTMENTS, LLC whose address is 602 Ravenswood Rd, Hampstead, NC 28443 ("Grantor"); RBC Bank (USA), whose address is Lending Service Center, P.O. Box 1220, Rocky Mount, NC 27802 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and CB Services Corp., whose address is 134 North Church Street, PO Box 1220 , Rocky Mount, NC 27802 (referred to below as "Trustee").

CONVEYANCE AND GRANT. NOW, THEREFORE, as security for the Indebtedness, advancements and other sums expended by the Beneficiary pursuant to this Deed of Trust and costs of collection (including attorneys' fees as provided in the Note) and other valuable consideration, the receipt of which is hereby acknowledged, Grantor has bargained, sold, given, granted and conveyed and does by these presents bargain, sell, give, grant and convey to Trustee, and Trustee's heirs or successors and assigns, for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Pender County, State of North

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Carolina:

See Attached Exhibit, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 13471 US HWY 17N, Hampstead, NC 28443.

To have and to hold said Real Property with all privileges and appurtenances thereunto belonging, to the Trustee, his heirs, successors and assigns forever, upon the trusts, terms and conditions and for the uses hereinafter set forth.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

FUTURE ADVANCES. The Indebtedness secured by this Deed of Trust is for present and future advances and/or present and future obligations that may from time to time be made or incurred under this Deed of Trust and this Deed of Trust is given to secure all present and future advances and/or obligations made to or incurred by Grantor. The period in which future advances may be made and/or future obligations may be incurred and secured by this Deed of Trust is the period between the date hereof and that date which is thirty (30) years from the date hereof. The amount of present obligations secured by this Deed of Trust is One Hundred Eighty-three Thousand Two Hundred & 00/100 Dollars ($183,200.00) and the maximum principal amount, including present and future advances and/or obligations, that may be secured by this Deed of Trust at any one time is One Hundred Eighty-three Thousand Two Hundred & 00/100 Dollars ($183,200.00.) Any additional amounts advanced by Beneficiary pursuant to the provisions of this Deed of Trust shall be deemed necessary expenditures for the protection of the security. All future advances and/or obligations shall be considered to be made or incurred pursuant to the requirements of North Carolina General Statutes Sections 45-67, et. seq., or any amendments thereto.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall

use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a

corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by North Carolina law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits

set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording

this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. The lien of this Deed of Trust and the security interest granted hereby will automatically attach, without further act, to all after-acquired property attached to and or used in the operation of the Property or any part thereof. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in

this Deed of Trust, the Note or in any of the Related Documents.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Indebtedness or Grantor's ability to perform Grantor's obligations under this Deed of Trust or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under

this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Express Power of Sale Provision. Upon the application or request of Lender, it shall be lawful for and the duty of the Trustee, and the Trustee is hereby authorized and empowered, to expose to sale and to sell the Property at public auction for cash, after having first complied with all applicable requirements of North Carolina law with respect to the exercise of powers of sale contained in deeds of trust or such other sales appropriate under the circumstances; and upon any such sale, the Trustee shall convey title to the purchaser in fee simple. In the event of any sale under this Deed of Trust by virtue of the exercise of the powers granted in this Deed of Trust, or pursuant to any order and any judicial proceeding or otherwise, the Property may be sold as an entirety or in separate parcels and in such manner or order as Lender in its sole discretion may elect. Trustee shall be authorized to hold a sale pursuant to North Carolina General Statute Chapter 45. If Trustee so elects, Trustee may sell the Property covered by this Deed of Trust at one or more separate sales in any manner permitted by applicable North Carolina law, and any exercise of the powers granted in this Deed of Trust shall not extinguish or exhaust such powers, until the entire Property is sold or the Indebtedness is paid in full. If such Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, Lender may at its option exercise the remedies granted under any of the security agreements either concurrently or independently and in such order as Lender may determine.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Trustee's Fees. The Trustee's commission shall be five percent (5%) of the gross proceeds of the sale for a completed foreclosure. In the event foreclosure is commenced, but not completed, Grantor shall pay all expenses incurred by Trustee and partial commission computed on five percent (5%) of the outstanding Indebtedness, according to the following schedule: one-fourth of the commission before Trustee issues a notice of hearing on the right to foreclosure; one-half of the commission after issuance of notice of hearing; three-fourths of the commission after a hearing; and the full commission after the initial sale.

Express Power to Substitute a Trustee. Lender shall have the irrevocable right to remove at any time and from time to time without limit the Trustee named in this Deed of Trust without notice or cause and to appoint a successor by an instrument in writing, duly acknowledged, in such a form as to entitle such written instrument to be recorded in the State of North Carolina; and, in the event of the death or resignation of the Trustee named in this Deed of Trust, Lender shall have the right to appoint a successor by such written instrument, and any Trustee so appointed shall be vested with the title to the Property, and shall possess all the powers, duties and obligations herein conferred on the Trustee in the same manner and to the same extent as though the successor trustee were named in this Deed of Trust as Trustee.

NOTICES. Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

ANTI-MONEY LAUNDERING AND ANTI-TERRORISM. Grantor represents, warrants and covenants to Bank as follows: (1) Grantor (a) is not and shall not become a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) does not engage in and shall not engage in any dealings or transactions prohibited by Section 2 of such executive order, and is not and shall not otherwise become associated with any such person in any manner violative of Section 2, (c) is not and shall not become a person on the list of Specially Designated Nationals and Blocked Persons, and (d) is not and shall not become subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order; (2) Grantor is and shall remain in compliance, in all material respects, with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001); and (3) Grantor has not and shall not use all or any part of the proceeds, advances or other amounts or sums constituting or evidenced by the Obligations, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Carolina without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of North Carolina.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of New Hanover County, State of North Carolina.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means RBC Bank (USA), and its successors and assigns.

Borrower. The word "Borrower" means WHITE HOUSE INVESTMENTS, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the default section of this Deed of Trust.

Grantor. The word "Grantor" means WHITE HOUSE INVESTMENTS, LLC.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means RBC Bank (USA), its successors and assigns.

Note. The word "Note" means the Note dated April 15, 2011 in the principal amount of $183,200.00 from Borrower to Lender and any other Note from Borrower to Lender pursuant to which future advances intended to be secured by this Agreement are made, together with all present and future obligations evidenced thereby and secured by this Agreement and together with all renewals, extensions, modifications, refinancings, and substitutions for the Note.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means CB Services Corp., whose address is 134 North Church Street, PO Box 1220 , Rocky Mount, NC 27802 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

WHITE HOUSE INVESTMENTS, LLC

By: Carol S. Shepard
Carol S. Shepard, Manager of WHITE HOUSE INVESTMENTS, LLC

By: Nicholas K. Shepard Manager
Nicholas K. Shepard, Manager of WHITE HOUSE INVESTMENTS, LLC

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF NC)
) SS
COUNTY OF New Hanover)

I, William C Lilley Jr, a Notary Public for said County and State, certify that **Carol S. Shepard, Manager of WHITE HOUSE INVESTMENTS, LLC and Nicholas K. Shepard, Manager of WHITE HOUSE INVESTMENTS, LLC** personally came before me this day and acknowledged the due execution of the foregoing instrument in writing by themselves for **WHITE HOUSE INVESTMENTS, LLC**, a limited liability company, for the uses and purposes therein set forth.

Witness my hand and Notarial Seal this the 18 **day of** April, **20** 11.

Notary Public

My Commission Expires:

11/29/14

(Affix Notarial Seal Here)

WILLIAM C. LILLEY JR. NOTARY My Comm. Exp. PUBLIC MARTIN COUNTY, N.C.

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EXHIBIT A

BEING in the County of Pender and State of North Carolina, and being described as follows:

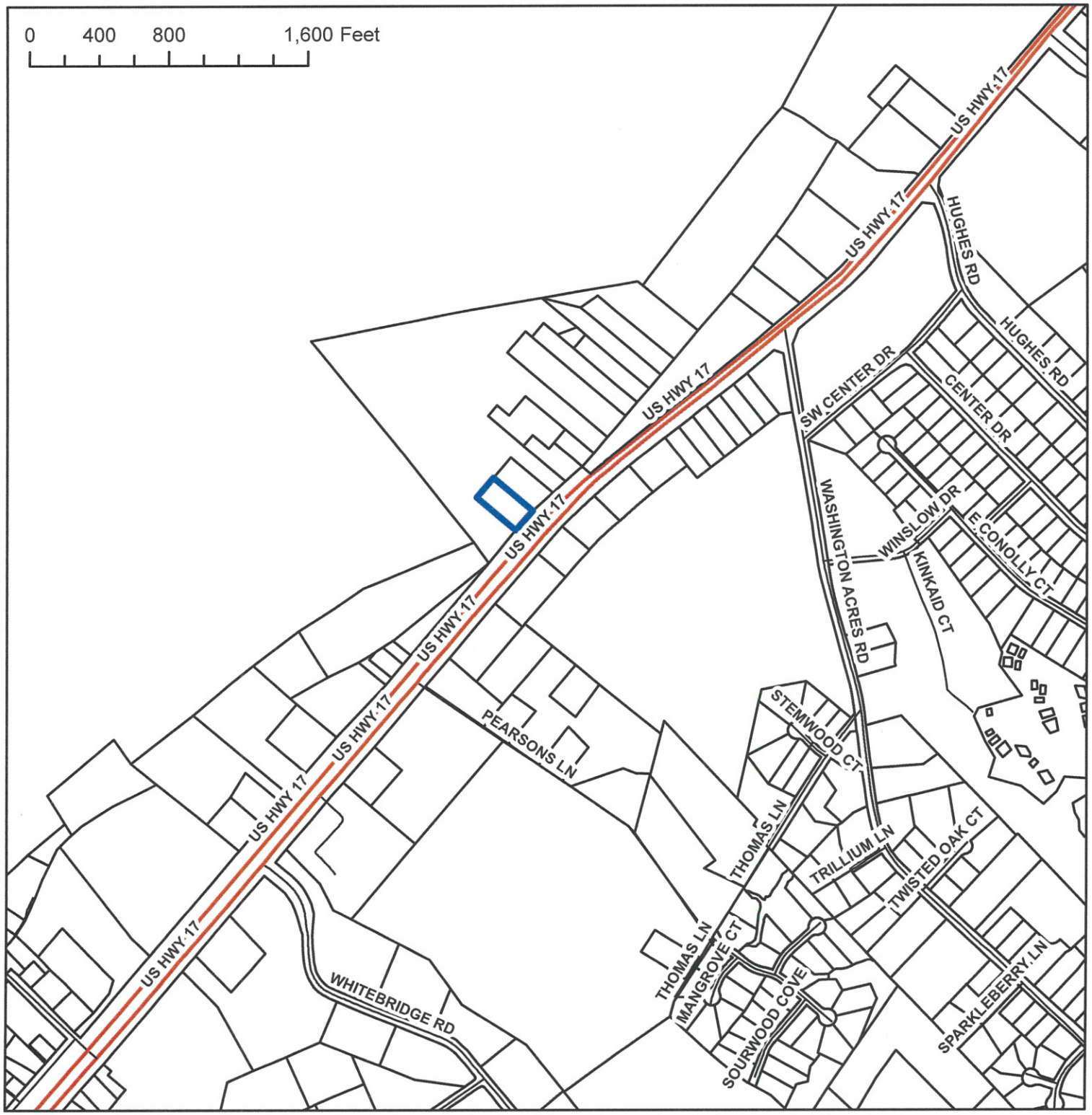
All that certain lot or parcel of land situated in Topsail Township, Pender County, North Carolina adjacent to and West of the Western right of way line of the Seaboard Coastline Railroad. (Wilmington to New Bern Branch) and being more fully described as follows:

Beginning at an iron pipe in the Western right of way of the Seaboard Coastline Railroad, said iron pipe being located North 42 degrees 30 feet West 62.5 feet from a nail and cap in the centerline of the railroad and said nail and cap is located at a point that is North 47 degrees 30 minutes East 1850.07 feet from an old nail and cap in the centerline of said Railroad and said old nail and cap being opposite Mile Post #259; running thence, from the Beginning so located, North 42 degrees 30 minutes West 290.40 feet to an iron pipe; thence, North 47 degrees 30 minutes East 150.00 feet to an iron pipe; thence South 42 degrees 30 minutes East 290.40 feet to an iron pipe in the western right of way line of said Railroad; thence with the western right of way line of said Railroad South 47 degrees 37 minutes West 150.00 feet to the Beginning, containing 1.0 acre, more or less, and is as surveyed by Thompson Surveying Co., P.A., of Burgaw in April, 1977, LESS AND EXCEPT that property conveyed to the Department of Transportation recorded 06/26/96 in Book 1146 at Page 5, records of Pender County, North Carolina.

The above referenced property is conveyed together with that parcel or tract of land which lies between the western right of way line of NC Highway 17 and the eastern property line of the above described tract and is the extended north and south property lines of the subject tract.

This additional tract is the former Seaboard Coastline Railroad right of way lying between the above referenced tract and US Highway 17 and was acquired by operation of NCGS 1-4.2.

Also being part of Lot 1 in Map of Survey for Corbett Package Company Subdivision as the same is shown on a map thereof recorded in Map Book 27 at Page 76 in the Pender County Registry; and being that property having Tax ID Number 3282-42-3687-0000 and described in instrument recorded in Book 2577 at Page 152 in said Registry.



Applicant:
Nicholas K. and Carol S. Shepard

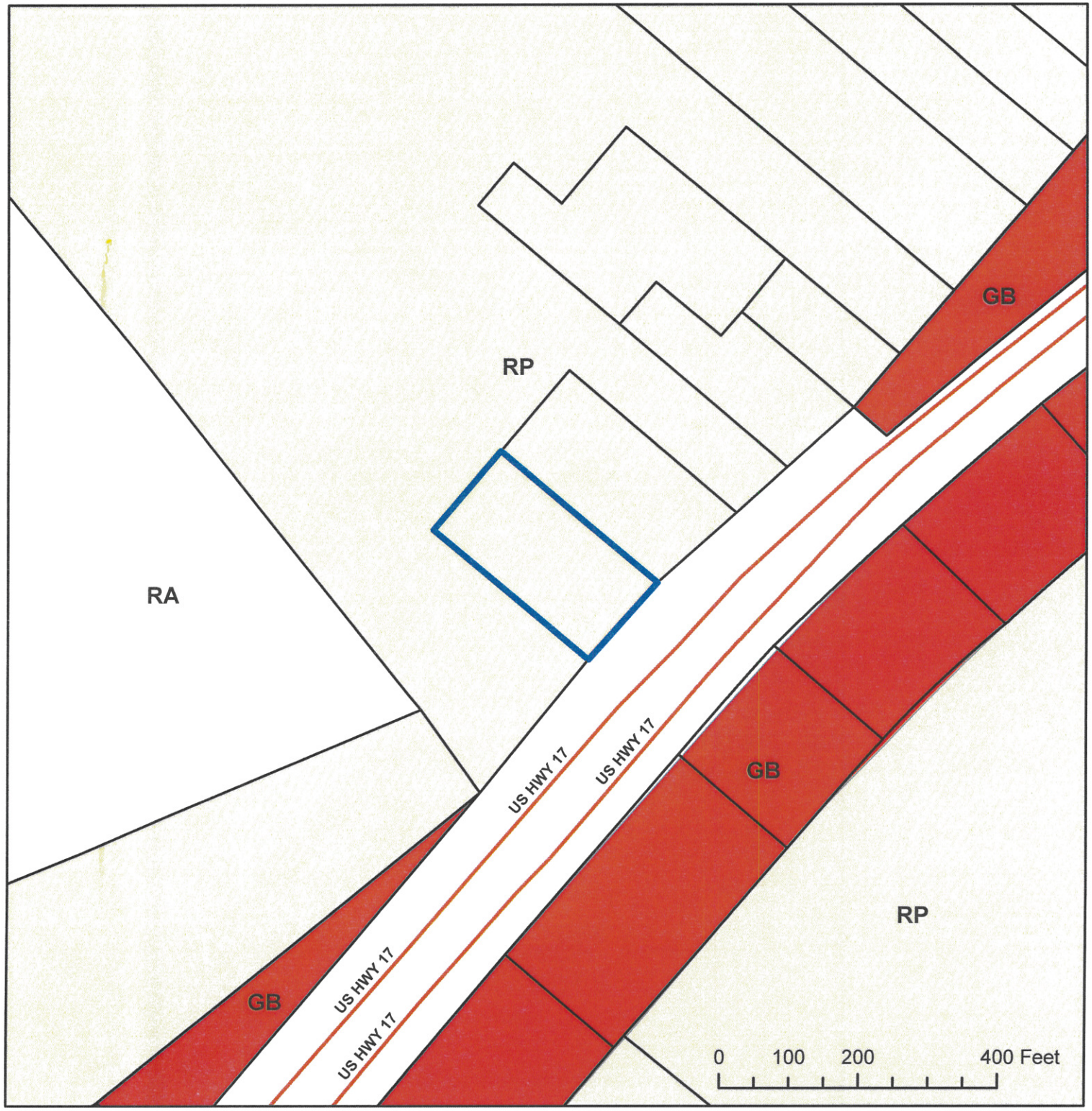
Owner:
Whitehouse Investments LLC

General Use Rezoning #11433

Legend

Subject Property

Vicinity



Applicant:
Nicholas K. and Carol S. Shepard

Owner:
Whitehouse Investments LLC

General Use Rezoning #11433

Legend

Subject Property

Current Zoning

Applicant:
Nicholas K. and Carol S. Shepard

Owner:
Whitehouse Investments LLC

General Use Rezoning #11433

Subject Property

2010 Land Use Classification

Conservation

Mixed Use

Suburban Growth

N

Future Land Use

Applicant:
Nicholas K. and Carol S. Shepard

Owner:
Whitehouse Investments LLC

General Use Rezoning #11433

Subject Property

N

2012 Aerial