

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ARTHUR NADEL,
SCOOP CAPITAL, LLC,
SCOOP MANAGEMENT, INC.,

Defendants,

CASE NO.: 8:09-cv-0087-T-26TBM

SCOOP REAL ESTATE, L.P.,
VALHALLA INVESTMENT PARTNERS, L.P.,
VALHALLA MANAGEMENT, INC.,
VICTORY FUND, LTD,
VIKING IRA FUND, LLC,
VIKING FUND, LLC, AND
VIKING MANAGEMENT, LLC.

Relief Defendants.

**RECEIVER'S DECLARATION IN SUPPORT OF THE UNOPPOSED MOTION
FOR POSSESSION OF AND TITLE TO THE REAL PROPERTY
LOCATED AT 131 GARREN CREEK ROAD, FAIRVIEW, N.C.**

Burton W. Wiand declares as follows:

1. I am an attorney with Fowler White Boggs P.A. ("Fowler White") in Tampa, Florida.
2. In the January 21, 2009, Order Appointing Receiver (Doc. 8), the Court appointed me Receiver over (a) defendants Scoop Capital, LLC ("Scoop Capital") and Scoop Management, Inc. ("Scoop Management") and (b) relief defendants Scoop Real Estate, L.P.,

Valhalla Investment Partners, L.P.; Valhalla Management, Inc.; Victory IRA Fund, Ltd.; Victory Fund, Ltd.; Viking IRA Fund, LLC; Viking Fund, LLC; and Viking Management (Scoop Real Estate, Valhalla Investment, Victory IRA, Victory Fund, Viking IRA, and Viking Fund are collectively referred to as the “Hedge Funds;” Scoop Capital, Scoop Management, Valhalla Management, and Viking Management are collectively referred to as the “Investment Managers”).

3. In a January 27, 2009, Order (Doc. 17), the Court also appointed me Receiver over Venice Jet Center, LLC, and Tradewind, LLC.

4. In a February 11, 2009 Order (Doc. 44), the Court also appointed me Receiver over Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; and the Laurel Mountain Preserve Homeowners Association, Inc.

5. In a March 9, 2009, Order (Doc. 68), the Court also appointed me Receiver over the Guy-Nadel Foundation, Inc.

6. In a March 17, 2009, Amended Order (Doc. 81), the Court also appointed me Receiver over Lime Avenue Enterprises, LLC, and A Victorian Garden Florist, LLC. All of the entities in receivership are referred to collectively as the “Receivership Entities.”

7. Since my appointment as Receiver, I and professionals who I have retained (including lawyers and an accountant) have continued our investigation, which has included communicating with people associated with Nadel and/or the Receivership Entities and persons responsible for maintaining the financial books of Receivership Entities and of other businesses controlled by Nadel; operating other businesses controlled by Nadel or for

assisting those businesses with their transactions; performing accounting services; and administering the Hedge Funds.

8. We have also reviewed documents located in the offices of the Hedge Funds and Investment Managers (the "Office") (located at 1618 Main Street, Sarasota, Florida 34236); documents obtained from the accountant for Receivership Entities; information stored on Receivership Entities' computer network; documents obtained from other businesses controlled by Nadel; documents obtained from financial institutions and other third parties, including lawyers and others who assisted Nadel's businesses with their transactions; and information available in the public record.

The Fraudulent Investment Scheme

9. On January 26, 2009, I submitted the Receiver's Declaration in Support of the Receiver's Unopposed Motion to Expand the Scope of Receivership (the "Receiver's January Declaration") (Doc. 16).

10. As shown in the Receiver's January Declaration and in Plaintiff's Emergency Motion and Memorandum of Law in Support of Temporary Restraining Order and Other Emergency Relief (the "SEC Emergency Motion") (Doc. 2) and supporting papers, Nadel defrauded investors in the six Hedge Funds from at least 2003 (and likely earlier) through the time he fled in January 2009 by "massively overstating the value of investors' interests in them." (SEC Emerg. Mot. at 2, 6.) Specifically, from at least 2003 through 2008, the value of the Hedge Funds as represented to investors was significantly overstated. The investment returns and performance as represented to investors were based on the overstated numbers and thus were also false.

11. As shown by the SEC, Nadel defrauded investors through his control of the Hedge Funds' advisers and managers, Scoop Capital and Scoop Management, which are now in receivership. (*Id.* at 4-6.) Through those entities, Nadel was ultimately responsible for controlling the Hedge Funds' investment activities.

12. Evidence also showed that the Hedge Funds directly or indirectly paid substantial fees to Scoop Capital and Scoop Management, and to other Receivership Entities, in the form of management, advisory, and/or profit incentive fees. (*Id.* at 5-6.) According to the Hedge Funds' documents, in 2003, the Hedge Funds paid a total of \$7,045,509.31 in fees; in 2004, they paid \$14,156,501.17 in fees; in 2005, they paid \$20,349,897.02 in fees; in 2006, they paid \$18,257,590.52 in fees; in 2007, they paid \$19,873,365.00 in fees; and in 2008 they paid \$15,854,930.76 in fees.

13. Specifically, according to Scoop Management's Profit and Loss Statement for the period from 2003 to 2008, Scoop Management received the following fees from the Hedge Funds: \$39,670,763.24 in "Incentive Fees;" \$19,065,409.19 in "Management Fees;" and \$1,930,000 in "Office Fees." In other words, Scoop Management received a total of \$60,666,172.43 in fees from the Hedge Funds between 2003 and 2008.

14. Also according to Scoop Management's Profit and Loss Statement, Scoop Management paid a portion of those fees to others. The amount paid was \$23,183,680.84, but \$6,040,566.83 of that amount was paid to another Receivership Entity formerly controlled by Nadel, Scoop Capital.

15. In sum, Scoop Management kept \$37,482,491.59 in fees from the Hedge Funds between 2003 and 2008, and an additional \$6,040,566.83 of the fees it received were transferred to Scoop Capital.

16. Consistent with our earlier findings, our investigation has continued to reveal information showing that additional entities and other assets over which Nadel or his wife, Marguerite "Peg" Nadel ("Mrs. Nadel"), exerted full or partial control or in which they had a full or partial interest were purchased and/or funded with money derived from Nadel's fraudulent investment scheme (the "scheme"). This occurred through direct payments from Scoop Capital or Scoop Management financial accounts.

17. This also occurred through payments from accounts held in the name of Nadel or Nadel and Mrs. Nadel, which accounts were funded with money from the scheme, including with the large sums of "management" and "advisory" fees that Nadel paid himself for purporting to manage money through Receivership Entities. For example, as demonstrated by the copies of checks attached as Exhibit A to the Receiver's January Declaration, in 2008 Nadel signed checks transferring at least \$1,003,500.00 from Scoop Capital to himself and his wife.

18. As of December 31, 2008, according to the Balance Sheet for Scoop Management, Scoop Management had transferred \$6,761,000 to Nadel, \$5,090,000 to Mrs. Nadel, and an additional \$5,326,896.56 jointly to Nadel and his wife. These amounts are in addition to the amounts Mrs. Nadel received from Scoop Management as compensation.

19. Scoop Management also had transferred \$6,433,804.40 to other entities controlled by Nadel.

20. Also as of December 31, 2008, according to the Balance Sheet for Scoop Capital, it had transferred at least \$1,300,000 to Nadel. It also had transferred \$6,293,637.12 to other entities controlled by Nadel.

21. To date we have not uncovered any source of income for Nadel or Mrs. Nadel that was not in some manner funded with money from the scheme (whether through “management fees” or otherwise). Discussions with Mrs. Nadel and others have confirmed that, during the time one or more of the Hedge Funds and Investment Managers were in operation (i.e., beginning in at least 1999), essentially all of Nadel and Mrs. Nadel’s income was derived directly from those entities.

22. As detailed in the Receiver’s January Declaration and the SEC Emergency Motion, the Hedge Funds and Investment Managers were operated as part of a fraudulent scheme from at least 2003 forward. As such, the source of Nadel and Mrs. Nadel’s income during that period was Nadel’s scheme.

23. The information gathered during our investigation shows that money derived from Nadel’s scheme was used to purchase the real property located at 131 Garren Creek Road, Fairview, North Carolina 28730 (“the Property”) and pay the Property’s mortgage.

24. According to the information that we have gathered, the Property is a secondary residence of the Nadels, located in the mountains of North Carolina near the large real estate holdings of Laurel Preserve, LLC, one of the Receivership Entities.

The Property

25. On June 14, 2004, Nadel and Mrs. Nadel purchased the Property.

26. As shown by the copy of check number 1936, attached as **Exhibit A**, Nadel wrote a check in the amount of \$5,000 to Coldwell Banker dated April 12, 2004. As indicated in the memo line, this check served as the deposit, or earnest money, for the purchase of the Property. The check was written from Nadel's personal account with SouthTrust Bank (which subsequently merged with Wachovia Bank), which ended in the numbers 489 (the "489 Account").

27. Coldwell Banker appears to have held this \$5,000 in escrow until the closing of the Nadel's purchase of the Property. As shown by check number 8220 dated June 14, 2004, and attached as part of **Exhibit B**, Coldwell Banker produced these funds at closing. The \$5,000 deposit is also reflected in the settlement statement for the Property, attached hereto as **Exhibit C**.

28. As shown by the copy of the wire transfer confirmation, attached as **Exhibit D**, Nadel wired \$68,000 from a SouthTrust Bank account to Cogburn Goosman Brasil & Rose, P.A. on June 9, 2004. The July 2004 bank statement for the 489 Account shows that the wire came from that account. *See* 489 Account Statement, attached hereto as **Exhibit E**.

29. Cogburn Goosman Brasil & Rose, P.A. prepared the deed and mortgage for the purchase of the Property and also served as the settlement agent. *See* **Exhibit C**. Copies of the deed and mortgage for the Property are attached hereto as **Exhibits F and G** respectively.

30. As shown by the copy of the settlement statement for the Property, attached as **Exhibit C**, Nadel and his wife owed \$67,415.34 as "cash from borrower" at the closing of their purchase of the Property. It appears that Nadel used the \$68,000 wired from his 489

Account to Cogburn Goosman Brasil & Rose, P.A., on June 9, 2004, to cover the cash owed at closing. The balance of the purchase price was paid with a loan from Branch Banking & Trust Co. (“BB&T”). See Exhibit C.

31. Both the \$5,000 deposit and the additional \$68,000 down-payment from the 489 Account are directly traceable to one of the receivership entities, Scoop Capital. According to the ledger for Scoop Capital’s bank account with SouthTrust, a check was written on Scoop Capital’s account on June 9, 2004 for \$85,000, and the check’s memo stated, “acquisition of Garren Creek NC house.” Also according to the ledger, that check was made payable to Nadel and his wife. The statement for the 489 Account covering the June 2004 period shows the \$85,000 check from Scoop Capital relating to the purchase of the Property was deposited in Nadel’s 489 Account. See Exhibit E at 1.

32. According to documents located in the Office and obtained from financial institutions to date, Nadel and Mrs. Nadel have used funds from a Northern Trust bank account titled in his and his wife’s names to pay the mortgage on the Property. Specifically, according to the account ledger, Nadel and Mrs. Nadel have made at least the following payments from the Northern Trust account for the mortgage on the Property:

Date	Payee	Memo	Amount
07/24/2004	BB&T Mortgage		\$1,377.89
09/01/2004	BB&T Mortgage		\$1,377.89
10/01/2004	BB&T Mortgage		\$1,377.89
11/01/2004	BB&T Mortgage		\$1,377.89
01/04/2005	BB&T Mortgage		\$1,377.89
02/02/2005	BB&T Mortgage	Garren Creek	\$1,377.89
03/02/2005	BB&T Mortgage		\$1,377.89
04/04/2005	BB&T Mortgage		\$1,377.89
05/03/2005	BB&T Mortgage		\$1,377.89
06/02/2005	BB&T Mortgage	Garren Creek	\$1,377.89

07/01/2005	BB&T Mortgage	Garren Creek	\$1,377.89
08/02/2005	BB&T Mortgage		\$1,377.89
09/02/2005	BB&T Mortgage	Garren Creek	\$1,377.89
10/04/2005	BB&T Mortgage		\$1,377.89
11/01/2005	BB&T Mortgage		\$1,377.89
12/02/2005	BB&T Mortgage	Garren Creek	\$1,377.89
01/04/2006	BB&T Mortgage		\$1,377.89
02/02/2006	BB&T Mortgage		\$1,377.89
03/02/2006	BB&T Mortgage	March Payment	\$1,377.89
04/04/2006	BB&T Mortgage	April Payment	\$1,377.89
05/02/2006	BB&T Mortgage	May Payment	\$1,377.89
06/02/2006	BB&T Mortgage	June Payment	\$1,377.89
07/06/2006	BB&T Mortgage	July Payment	\$1,377.89
08/02/2006	BB&T Mortgage	Aug. Payment	\$1,377.89
09/05/2006	BB&T Mortgage	Sept. Payment	\$1,377.89
10/03/2006	BB&T Mortgage	Oct. Payment	\$1,377.89
11/02/2006	BB&T Mortgage	Nov. Payment	\$1,377.89
12/05/2006	BB&T Mortgage	Dec. Payment	\$1,377.89
01/03/2007	BB&T Mortgage	Jan. 2007 Payment	\$1,377.89
02/02/2007	BB&T Mortgage	Feb. 2007 Payment	\$1,377.89
03/02/2007	BB&T Mortgage	March 2007 Payment	\$1,377.89
04/02/2007	BB&T Mortgage	April 2007 Payment	\$1,377.89
05/02/2007	BB&T Mortgage	May Payment	\$1,377.89
06/04/2007	BB&T Mortgage	June Payment	\$1,377.89
07/03/2007	BB&T Mortgage	July Payment	\$1,377.89
08/02/2007	BB&T Mortgage	Aug. Payment	\$1,690.12
09/05/2007	BB&T Mortgage	Sept. Payment	\$1,690.12
10/02/2007	BB&T Mortgage	Oct. Payment	\$1,690.12
11/02/2007	BB&T Mortgage	Nov. Payment	\$1,690.12
12/04/2007	BB&T Mortgage	Dec. Payment	\$1,690.12
01/03/2008	BB&T Mortgage	Jan. Payment	\$1,690.12
02/04/2008	BB&T Mortgage	Feb. Payment	\$1,690.12
03/04/2008	BB&T Mortgage	March Payment	\$1,690.12
04/02/2008	BB&T Mortgage	April Payment	\$1,690.12
05/02/2008	BB&T Mortgage	May Payment	\$1,690.12
06/02/2008	BB&T Mortgage	June Payment	\$1,690.12
07/01/2008	BB&T Mortgage	July Payment	\$1,690.12
08/01/2008	BB&T Mortgage	Aug. Payment	\$1,496.16
09/01/2008	BB&T Mortgage	Sept. Payment	\$1,496.16
10/02/2008	BB&T Mortgage	Oct. Payment	\$1,496.16
11/04/2008	BB&T Mortgage	Nov. Payment	\$1,496.16

12/01/2008	BB&T Mortgage	Dec. Payment	\$1,496.16
Total:			\$77,366.28

33. For the period during which payments on the mortgage were being made, the records we have reviewed show that at least \$80,000 was deposited into that Northern Trust bank account directly from Scoop Capital or Scoop Management, and additional money was transferred into it from other accounts controlled by the Nadel's in which money from Scoop Capital or Scoop Management had been deposited.

34. At all times during these transactions, Nadel was perpetrating his scheme, and essentially all of the Nadel's income was derived from that scheme.

35. Thus, the information in our possession indicates that the purchase of the Property and payment of the Property's mortgage were funded with proceeds of Nadel's scheme.

I declare under the penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief and is executed this 27th day of March, 2009.

A handwritten signature in black ink, appearing to read "Burton W. Wiand", written over a horizontal line.

Burton W. Wiand, as Receiver
c/o FOWLER WHITE BOGGS P.A.
501 E. Kennedy Blvd.
Suite 1700
Tampa, FL 33602
Tel. 813.228.7411
Fax 813.229.8313
bwand@fowlerwhite.com

ARTHUR G. NADEL 11-94
P.O. BOX 871
SARASOTA, FL 34230

63-913
95-631-501
40854489

1936

4/12/04 Date

Pay to the order of Caldwell-Banker \$5,000⁰⁰

FIVE THOUSAND ⁰⁰/₁₀₀ Dollars

SouthTrust Bank Silver Service

For deposit - 131 Gwinnett Creek Rd.

APR 19 04

⑆063109430⑆ 40 854 489⑆ 1936 ⑆0000500000⑆



REDSACS 000018 035191210211 NNNNNN NNNNNN NNNNNN 000989 LWDRCSA 005972

APR 19 04

1694 37551

INCLEARINGS WORK
CLEARINGHOUSE WORK
1031850029 5755 01000 01 042004
04202004
AP 04 19
CREDIT MOUNT, N.C.

REQUEST 00003394741000000000 5000.00
ROLL REDE 20040420 0130062566+
JOB REDE P ACCT 0031000408544895
REQUESTOR MELANIE BOWLING

Stephanie
FL4953

Nadel Receivership
WACH001053

EXHIBIT A

BB&T MORTGAGE

223 WEST NASH STREET
WILSON, NC 27893

OFFICIAL CHECK



20170709

ISSUING BRANCH: North Carolina
DATE: 06/07/2004

PAY TO THE
ORDER OF

Arthur Nadel and Marguerite J. Nadel and John Rose

AMOUNT:

Two Hundred Sixty Eight Thousand and No/100

\$268,000.00

LN # 6612432471

W. Nadel
AUTHORIZED SIGNATURE

ISSUED BY: TRAVELERS EXPRESS COMPANY, INC.
P.O. BOX 9476, MINNEAPOLIS, MN 55480
DRAWEE: HUNTINGTON NATIONAL BANK, COLUMBUS, OH

DRAWER: BB&T

⑈ 20170709⑈ ⑆044015543⑆ ⑆0160010448306⑈

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT SIGNATURE LINE AND BORDER. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.



KASEY REALTORS, LLC
dba COLDWELL BANKER KASEY & ASSOCIATES
TRUST ACCOUNT
1978 HENDERSONVILLE ROAD, SUITE 10
ASHEVILLE, NC 28803



Check No. 822

CHECK # 8220
ORIGIN - C2261

*Five*Thousand
*Dollars&Zero*Cents

CHECK DATE
06/14/2004

PAY TO THE ORDER OF: COGBURN, GOOSMAN, BRAZIL AND ROSE-TRUST ACCOUNT

CHECK AMOUNT
*****5,000.00

Michael W. Kasey

⑈008220⑈ ⑆053100850⑆ ⑆0940054228⑈

McBee NO. CDT101-2 TO REORDER 1-800-882-2331 J13
ORDER NO. 01032121849-001 CUSTOMER NO. 0000051385900

DEPOSIT TICKET

DATE 6/14/04
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL
EACH ITEM MUST BE PROPERLY ENDORSED

CURRENCY	DOLLARS	CENTS
CHECKS	268,000.00	00
	5,000.00	00
TOTAL	273,000.00	00
TOTAL ITEMS	2	

COGBURN, GOOSMANN, BRAZIL & ROSE, P.A.
REAL ESTATE TRUST
P.O. BOX 7436
ASHEVILLE, NC 28802

RBC CENTURA BANK
NORTH CAROLINA
66-85/531

\$ 273,000.00

EXHIBIT B

RE: Nadel dsq
114-1805

⑆053100850⑆ ⑆0940045559⑈

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT		B. TYPE OF LOAN: 1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input checked="" type="checkbox"/> CONV. UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS. 6. FILE NUMBER: 04-1805 7. LOAN NUMBER: 6612432471 8. MORTGAGE INS CASE NUMBER:		
C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "POC" were paid outside the closing; they are shown here for informational purposes and are not included in the totals. 1.0 3/98 (04-1805.PFD)04-1805(17)				
D. NAME AND ADDRESS OF BORROWER: Arthur Nadel and wife Marguerite J. Nadel 131 Garren Creek Road Fairview, NC 28730		E. NAME AND ADDRESS OF SELLER: William P. Ayers and wife Judith K. Ayers SSN: 484-50-8440 349-38-6489		F. NAME AND ADDRESS OF LENDER: Branch Banking & Trust Co. 301 College Street Greenville, SC 29601
G. PROPERTY LOCATION: 131 Garren Creek Road Fairview, NC 28730 Buncombe County, North Carolina		H. SETTLEMENT AGENT: 56-1922501 Cogburn Goosmann Brazil & Rose, P.A. PLACE OF SETTLEMENT 77 Central Avenue, Ste. H Asheville, NC 28801		I. SETTLEMENT DATE: June 14, 2004
J. SUMMARY OF BORROWER'S TRANSACTION			K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:			400. GROSS AMOUNT DUE TO SELLER:	
101. Contract Sales Price 335,000.00			401. Contract Sales Price 335,000.00	
102. Personal Property			402. Personal Property	
103. Settlement Charges to Borrower (Line 1400) 5,978.72			403. Credit from Listing Agent 2,010.00	
104.			404.	
105.			405.	
Adjustments For Items Paid By Seller in advance			Adjustments For Items Paid By Seller in advance	
106. City/Town Taxes to			406. City/Town Taxes to	
107. County Taxes to			407. County Taxes to	
108. Assessments to			408. Assessments to	
109.			409.	
110.			410.	
111. Fuel Oil/Propane 276.91			411. Fuel Oil/Propane 276.91	
112.			412.	
120. GROSS AMOUNT DUE FROM BORROWER 341,255.63			420. GROSS AMOUNT DUE TO SELLER 337,286.91	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:			500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money 5,000.00			501. Excess Deposit (See Instructions)	
202. Principal Amount of New Loan(s) 268,000.00			502. Settlement Charges to Seller (Line 1400) 22,079.00	
203. Existing loan(s) taken subject to			503. Existing loan(s) taken subject to	
204.			504. Payoff of first Mortgage to First Horizon Home Loa 237,403.96	
205.			505. Payoff of second Mortgage to First Citizens Bank/1 59,347.06	
206.			506.	
207.			507. (Deposit disb. as proceeds)	
208.			508.	
209.			509.	
Adjustments For Items Unpaid By Seller			Adjustments For Items Unpaid By Seller	
210. City/Town Taxes to			510. City/Town Taxes to	
211. County Taxes 01/01/04 to 06/15/04 840.29			511. County Taxes 01/01/04 to 06/15/04 840.29	
212. Assessments to			512. Assessments to	
213.			513.	
214.			514.	
215.			515.	
216.			516.	
217.			517.	
218.			518.	
219.			519.	
220. TOTAL PAID BY/FOR BORROWER 273,840.29			520. TOTAL REDUCTION AMOUNT DUE SELLER 319,670.31	
300. CASH AT SETTLEMENT FROM/TO BORROWER:			600. CASH AT SETTLEMENT TO/FROM SELLER:	
301. Gross Amount Due From Borrower (Line 120) 341,255.63			601. Gross Amount Due To Seller (Line 420) 337,286.91	
302. Less Amount Paid By/For Borrower (Line 220) (273,840.29)			602. Less Reductions Due Seller (Line 520) (319,670.31)	
303. CASH (X FROM) (TO) BORROWER 67,415.34			603. CASH (X TO) (FROM) SELLER 17,616.60	

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.


Borrower Arthur Nadel
 Arthur Nadel
Marguerite J. Nadel
 Marguerite J. Nadel

Seller William P. Ayers
 William P. Ayers
Judith K. Ayers
 Judith K. Ayers

EXHIBIT C

L. SETTLEMENT CHARGES				PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price	\$	335,000.00 @ 6.0000 %	20,100.00		
<i>Division of Commission (line 700) as Follows:</i>					
701. \$ 20,100.00	to	Coldwell Banker-Kasey & Associates-South			
702. \$	to	Coldwell Banker-Kasey & Associates-South			
703. Commission Paid at Settlement					20,100.00
704.	to				
800. ITEMS PAYABLE IN CONNECTION WITH LOAN					
801. Loan Origination Fee	1.0000 %	to Branch Banking & Trust Co.		2,680.00	
802. Loan Discount	%	to			
803. Appraisal Fee		to Charles D. Howell	POC \$300.00b		
804. Credit Report		to FPMR	POC \$15.00	11.00	
805. Flood Certification Fee		to FDSI	POC \$9.00b		
806. Tax Service Fee		to BB&T Collateral Service Corp.		80.00	
807. Courier/E-Mail/Wire Fee		to Branch Banking & Trust Co.		12.50	
808. Commitment Fee		to Branch Banking & Trust Co.		325.00	
809.					
810.					
811.					
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901. Interest From 06/14/04 to 07/01/04	@	\$ 33.866120/day (17 days %)		575.72	
902. Mortgage Insurance Premium for	months to				
903. Hazard Insurance Premium for	1.0 years to	Candler Insurance Agency	281-1 & 281-2	1,013.00	
904.					
905. Title Work	to	Cogburn Goosmann Brazil & Rose		175.00	
1000. RESERVES DEPOSITED WITH LENDER					
1001. Hazard Insurance	months @ \$	per month			
1002. Mortgage Insurance	months @ \$	per month			
1003. City/Town Taxes	months @ \$	per month			
1004. County Taxes	months @ \$	per month			
1005. Assessments	months @ \$	per month			
1006.	months @ \$	per month			
1007.	months @ \$	per month			
1008.	months @ \$	per month			
1100. TITLE CHARGES					
1101. Settlement or Closing Fee	to				
1102. Abstract or Title Search	to				
1103. Title Examination	to				
1104. Title Insurance Binder	to				
1105. Document Preparation	to	Cogburn Goosmann Brazil & Rose, P.A.			175.00
1106. Notary Fees	to				
1107. Attorney's Fees	to	Cogburn Goosmann Brazil & Rose, P.A.		450.00	
<i>(includes above item numbers:)</i>					
1108. Title Insurance	to	First American of the Carolinas		408.50	
<i>(includes above item numbers:)</i>					
1109. Lender's Coverage	\$				
1110. Owner's Coverage	\$				
1111. Copy/Phone/Fax Fees	to	Cogburn Goosmann Brazil & Rose, P.A.		35.00	15.00
1112. Exp. Mail/Courier	to	Cogburn Goosmann Brazil & Rose, P.A.		35.00	50.00
1113. Payoff Coordination Fees	to	Cogburn Goosmann Brazil & Rose, P.A.			50.00
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201. Recording Fees: Deed \$ 20.00; Mortgage \$ 83.00; Releases \$				103.00	
1202. City/County Tax/Slamps: Deed ; Mortgage					
1203. State Tax/Slamps: Revenue Slamps 670.00; Mortgage					670.00
1204.					
1205.					
1300. ADDITIONAL SETTLEMENT CHARGES					
1301. Survey	to				
1302. Pest Inspection	to				
1303. Pest and Termite Treatment	to	Terminix Service, Inc.			610.00
1304. Home Warranty	to	ACON Home Warranty Services, Inc.	10902890		409.00
1305. Septic Inspection	to	AAA Septic Services, Inc.	Inv. 7670	75.00	
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)				5,978.72	22,079.00

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.


 Cogburn Goosmann Brazil & Rose, P.A.
 Settlement Agent

Certified to be a true copy.

Items marked with a double asterisk () are seller paid closing costs per contract

FED FUNDS T R A N S F E R
FACSIMILE TRANSACTION RECEIPT

Dear Customer:

This facsimile receipt serves as immediate notification of the following Fed Funds Transfer Transaction that will be posted to your account. If you have any questions, please contact your local branch.

~ ~ ~ ~ ~ Incoming Fed Funds Transfer Information ~ ~ ~ ~ ~

Beneficiary: COGBURN GOOSMANN BRASIL & ROSE PA

Account Number: 0940045559

Amount: \$68000.00

Sender:

Name SOUTHTRUST FLA
ABA # 063109430
Reference # 040609002555
Received from
By Order Of ARTHUR NADEL

Receiver:

Name CENTURA ROCKY MT
ABA # 053100850
Confirmation # 20040609E3B7262C00041306091507FT01

Intermediary Bank :
Beneficiary Bank :
Reference for Beneficiary :
Originator to Beneficiary :
Bank to Bank Information :
Instructing Bank :

~ ~ ~ ~ ~ END Wire Transfer Information ~ ~ ~ ~ ~

=====
The information contained in this facsimile message is privileged and confidential information intended only for the use of the individual or entity named as recipient. If the reader is not the intended recipient, be hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone and return the original message to the sender at the address shown above.



WACHOVIA

H SOUTHRUST BANK
1800 2ND STREET
SARASOTA, FL 34236
TELEPHONE 941-361-2000
DEAF/HOH 800-239-8553 TT/TTY
PAGE 1 STATEMENT DATE 07/08/04
ITEMS ENCLOSED 19
40-854-489

ARTHUR NADEL
P O BOX 871
SARASOTA FL 34230
CY 73

EARN REWARDS FOR YOUR EVERYDAY SPENDING WITH SOUTHRUST CHECK CARD EXTRAS! IT TURNS YOUR CHECK CARD INTO A REWARDS CARD. FOR MORE INFORMATION OR TO ENROLL CALL 1-800-CALL STB.

SILVER SERVICE CHECKING 40-854-489

SUMMARY

PREVIOUS STATEMENT BALANCE ON 06/08/04 72,843.78
TOTAL OF 1 DEPOSITS/CREDITS 85,000.00
TOTAL OF 26 CHECKS/DEBITS 102,255.63
TOTAL INTEREST EARNED 9.89
ANNUAL PERCENTAGE YIELD EARNED 0.15%
AVERAGE EARNINGS BALANCE 80,408.67
CURRENT YEAR TO DATE INTEREST EARNED 123.62
NUMBER OF DAYS IN PERIOD 30
STATEMENT BALANCE ON 07/08/04 55,594.04

DETAILED ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE AMOUNT DESCRIPTION
POSTED
06/09 85,000.00 DEPOSIT
07/08 9.89 INTEREST EARNED
BATCH SEQUENCE NO 0130141705



RECSA033 000018 033181210211 NNNNNN NNNNNN NNNNNN 000337 LYNDREOSA 005920

Nadel Receivership
WACH000406

EXHIBIT E



WACHOVIA

H SOUTHTRUST BANK
 1800 2ND STREET
 SARASOTA, FL 34236
 TELEPHONE 941-361-2000
 DEAF/HOH 800-239-8553 TT/TTY
 PAGE 2 STATEMENT DATE 07/08/04
 ITEMS ENCLOSED 19
 40-854-489

---- ARTHUR NADEL CY
 73



CHECKS AND OTHER DEBITS

OTHER DEBITS

DATE POSTED	AMOUNT	DESCRIPTION
06/09	25.00	FEE-WIRE TRANSFER 20040609002555
06/09	68,000.00	OUTGOING WIRE TRANSFER 20040609002555
06/15	482.87	WORLD SAVINGS MORTG PMT 20041675823505
06/28	34.55	ATT WIRELESS BILL PAYMT 20041908749654 1900
06/29	25.00	FEE-WIRE TRANSFER 20040629002747
06/29	6,000.00	OUTGOING WIRE TRANSFER 20040629002747
06/29	482.87	WORLD SAVINGS MORTG PMT 20041819094980

CHECKS

* DENOTES MISSING CHECK NUMBER

DATE POSTED	CHECK NUMBER	AMOUNT	BATCH/SEQ#
06/16	1973	1,429.73	0130097793
06/16	1974	40.48	0130089224
06/16	1975	86.05	0130024148
06/25	1976	2,405.00	0130076623
06/28	1977	85.00	0130044708
06/30	1978	1,778.00	0130030216
06/28	1979	166.36	0130084953
06/29	1981*	102.73	0130002486
06/28	1982	75.50	0130064296
06/28	1983	59.58	0130099640
06/29	1984	3,225.11	0150039315
06/29	1985	109.98	0130087154

REDSAC03 000018 033191210211 NNNNN NNNNN NNNNN 003338 LWDREBSA 003321



WACHOVIA

H

SOUTHTRUST BANK
 1800 2ND STREET
 SARASOTA, FL 34236
 TELEPHONE 941-361-2000
 DEAF/HOH 800-239-8553 TT/TTY
 PAGE 3 STATEMENT DATE 07/08/04
 ITEMS ENCLOSED 19
 40-854-489

--- ARTHUR NADEL

CY
 73



CHECKS * DENOTES MISSING CHECK NUMBER

DATE POSTED	CHECK NUMBER	AMOUNT	BATCH/SEQ#
06/28	1986	500.00	0130165565
07/01	1987	6,000.00	0130101124
07/01	1988	256.51	0130108752
07/01	1989	652.59	0150013914
07/07	1991*	10,000.00	0150088077
07/07	1993*	151.03	0150060506
07/08	1995*	85.69	0130029081

CUSTOMER BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE
06/08	72,843.78	06/29	74,507.97
06/09	89,818.78	06/30	72,729.97
06/15	89,335.91	07/01	65,820.87
06/16	87,779.65	07/07	55,669.84
06/25	85,374.65	07/08	55,594.04
06/28	84,453.66		

*****55,594.04 WAS YOUR MINIMUM BALANCE OCCURRING ON 07/08

REDS-033 000018 039181210211 NNNNN NNNNN NNNNN 000339 LYDREDSA 005922



WACHOVIA

H SOUTHTRUST BANK
 1800 2ND STREET
 SARASOTA, FL 34236
 TELEPHONE 941-361-2000
 DEAF/HOH 800-239-8553 TT/TTY
 PAGE 4 STATEMENT DATE 07/08/04
 ITEMS ENCLOSED 19
 40-854-489

---- ARTHUR NADEL CY
 73



CHECK OVERDRAFT PROTECTION


APPROVED LINE.....2,500 AVAILABLE LINE.....2,500.00

	AVERAGE	**ANNUAL**	
	DAILY	**PERCENTAGE**	DAILY
BALANCE	BALANCE	**RATE**	RATE
FROM.....\$.00	\$.00	18.00%	.04918%

REDSAC33 000018 033191210211 NNNNN NNNNN NNNNNN 00340 LMDREOSA 035323

Nadel Receivership
 WACH000409

Workflow No. 1800459 *DR*


 Doc ID: 014816410003 Type: CRP
 Recorded: 06/14/2004 at 04:22:09 PM
 Fee Amt: \$690.00 Page 1 of 3
 Excise Tax: \$670.00
 Workflow# 1800459
 Buncombe County - NC
 Otto V. DeBruhl Register of Deeds
BK 3678 PG 315-317

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$ 670.00

Parcel Identifier No. _____ Verified by _____ County on the _____ day of _____, 20____
By: _____

Mail/Box to: Cogburn Goosmann Brazil & Rose, P.A. (04-1805)

This instrument was prepared by: Cogburn Goosmann Brazil & Rose, P.A. (04-1805)

Brief description for the Index: _____

THIS DEED made this 14th day of June, 2004, by and between

GRANTOR

GRANTEE

William P. Ayers and wife
Judith K. Ayers

Arthur Nadel and wife
Marguerite J. Nadel
1618 Main Street
Sarasota, FL 34236

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Fairview, Township, Buncombe County, North Carolina and more particularly described as follows:

See Attached Exhibit A, attached hereto and incorporated herein.

The property hereinabove described was acquired by Grantor by instrument recorded in Book _____ page _____.

A map showing the above described property is recorded in Plat Book _____ page _____.

NC Bar Association Form No. L-3 © 1976, Revised © 1977, 2002
Printed by Agreement with the NC Bar Association - 1981 SoftPro Corporation, 333 E. Six Forks Rd., Raleigh, NC 27609

EXHIBIT F

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the following exceptions: Easements, restrictions, rights of way of record and any utility lines in existence over or under the subject property. Ad valorem taxes for the current year (prorated as of closing).

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

 (Entity Name)

By: _____
 Title: _____

By: _____
 Title: _____

By: _____
 Title: _____

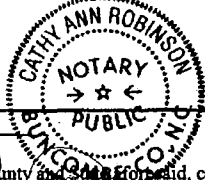
William P. Ayers (SEAL)
William P. Ayers

Judith K. Ayers (SEAL)
Judith K. Ayers

State of North Carolina - County of Buncombe

I, the undersigned Notary Public of the County and State aforesaid, certify that William P. Ayers and wife Judith K. Ayers personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 14th day of June, 2004.

My Commission Expires: 2/28/2009



Cathy Ann Robinson
Notary Public

State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he is the _____ of _____ a North Carolina or _____ corporation/limited liability company/general partnership/limited partnership (strike through the inapplicable), and that by authority duly given (and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this _____ day of _____, 20____.

My Commission Expires: _____

Notary Public

State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____

Witness my hand and Notarial stamp or seal, this _____ day of _____, 20____.

My Commission Expires: _____

Notary Public

The foregoing Certificate(s) of Cathy Ann Robinson is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By: Debra W. DeBruhl Register of Deeds for Buncombe County
Debra W. DeBruhl Deputy/Assistant - Register of Deeds

EXHIBIT A

BEGINNING at an iron pin set in the center of the sixty (60) foot right of way of Garren Creek Road (NCSR 2806) and from the point and place thus established; runs with the right of way of Garren Creek Road, North 52 deg. 10' 53" East 194.22 feet to an iron pin set, thence North 49 deg. 39'02" East 62.33 feet to an iron pin set; thence leaving the center line of Garren Creek Road and runs North 71 deg. 27'40" East 52.91 feet to and iron pin set in the right of way of a gravel drive, as more particularly described in Deed Book 2018 at Page 367 of the Buncombe County, North Carolina Register's Office; thence continuing within said right of way of a gravel drive North 54 deg. 11' 40" East 26.53 feet to an iron pin, thence North 42 deg. 07' 20" East 41.12 feet to a rebar set in the center of that twenty (20) foot existing gravel right of way as described in Deed Book 1325 at Page 165 of the Buncombe County, North Carolina Register's Office; thence continuing within that said twenty (20) foot right of way the following three (3) calls and distances: South 74 deg. 14' 10" East 111.11 feet to an iron pin; thence South 47 deg. 54' 10" East 74.41 feet to an iron pin set; thence South 27 deg. 34' 10" East 91.13 feet to an iron pin set in the common line of the Patricia R. Myers property as described in Deed Book 1325 at Page 0165 of the Buncombe County, North Carolina Register's Office; thence continuing with the commonline of the said Myers property, North 53 deg. 54'30" West 55.41 feet to an iron pin set; thence continuing along the commonline of the said Myers property, North 53 deg. 54' 30" West 194.09 feet to a 14" chestnut oak snag, said point being the southernmost corner of the said Myers property; thence leaving said Myers property and running along the commonline of the Ted E. Linn property as described in Deed Book 1088 at Page 0133 of the Buncombe County, North Carolina Register's Office, South 18 deg. 22' 50" West 39.26 feet to an iron pin set; thence continuing along the said Linn line, South 24 deg. 31' 06" West 103.10 feet to an iron pin set; thence leaving the said Linn line and runs along the commonline of the Alan McNab property as described in Deed Book 2018 at Page 0367 of the Buncombe County, North Carolina Register's Office, North 52 deg. 01' 25" West 365.42 feet to a pin set in the eastern margin of that 30 foot gravel right of way as described in Deed Book 2018 at Page 0367; thence crossing said 30 foot gravel right of way, North 52 deg. 01' 25" West 40.05 feet to a pin set in the western margin of said 30 foot gravel right of way; thence running with the western margin of said 30 foot gravel right of way the following four (4) calls and distances: South 2 deg. 30' 02" East 93.22 feet; thence South 0.0 deg. 24' 41" West 55.07 feet; thence South 3 deg. 48' 07" West 68.57 feet; thence South 3 deg. 23'38" East 48.36 feet to an iron pin set in the line of the above described McNab property; thence leaving said gravel right of way; runs North 51 deg. 16' 10" West 111.63 feet to an iron pin set in the northeasternmost corner of the Margaret K. Roberts property, as described in Deed Book 1533 at Page 295 of the Buncombe County, North Carolina Register's Office and runs with the commonline of the said Roberts property North 56 deg. 38'05" West through an iron pin set a total of 294.84 feet to the point and place of the BEGINNING; containing 3.26 acres, more or less, as shown on an unrecorded survey performed by Wallace S. McAbee, PLS, of McAbee and Associates, PA, entitled Survey for William P. Ayers and wife, Judith K. Ayers, dated May 21, 2002.

Together With and Subject To a perpetual and nonexclusive easement and right of way for ingress, egress, and regress and installation of utilities, as shown on the above referenced survey, and described in Deed Book 2018 at page 368 of the Buncombe County, North Carolina Register's Office, 30 feet in width for the existing private road as it leads from the above described property to and across lands of Alan L. McNab, and others to Garren Creek Road (NCSR 2806); together with the right to maintain and improve said private road.

Together With and Subject To is a perpetual and nonexclusive easement and right of way for ingress, egress, and regress and installation of utilities, as shown on the above referenced survey, and described in Deed Book 1325 at Page 165 of the Buncombe County, North Carolina Register's Office, 20 feet in width for the existing private road as it leads from the above described property to and across lands of Patricia R. Myers, and others to Garren Creek Road (NCSR 2806); together with the right to maintain and improve said private road.

Together With and Subject To any and all existing rights of way and easements of record or as shown on the aforesaid unrecorded survey, including those restrictive covenants recorded in Deed Book 2018 at Page 367 of the Buncombe County, North Carolina Register's Office.

And being all of that property described in Deed Book 2811 at Page 220 of the Buncombe County, North Carolina Register's Office; reference to which is hereby made and incorporated for a more particular description of said property.

24.

Workflow No. 1800471

EW



Doc ID: 014816530024 Type: CRP
Recorded: 06/14/2004 at 04:26:11 PM
Fee Amt: \$83.00 Page 1 of 24
Workflow# 1800471
Buncombe County, NC
Otto W. DeBruhl Register of Deeds

BK 3678 PG 318-341

Return To: *prepared by and return to: Box 81*
Cogburn, Goosmann, Brazil & Rose, P.A.
Post Office Box 7436
Prepared By: Asheville, North Carolina 28802
File # 04-1805 JRE/CR

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100159966124324715

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

- (A) "Security Instrument" means this document, which is dated JUNE 14, 2004 together with all Riders to this document.
- (B) "Borrower" is Arthur Nadel, Marguerite J. Nadel, Husband and Wife

Borrower is the trustor under this Security Instrument.
(C) "Lender" is Branch Banking and Trust Company

Lender is a Corporation
organized and existing under the laws of North Carolina

DOC #: 523821 APPL #: 7000466121 LOAN #: 6612432471
NORTH CAROLINA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS

VMP-6A(NC) (0110) Form 3034 1/01
Page 1 of 15 UM50 0110 Initials: *an PN*
VMP MORTGAGE FORMS - (800)521-7291



EXHIBIT G

Lender's address is 223 West Nash Street, Wilson, NC 27893

(D) "Trustee" is John C. Warren

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated as of the date hereof. The Note states that Borrower owes Lender Two Hundred Sixty Eight Thousand and No/100 Dollars (U.S. \$ 268,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than July 1, 2034

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- Adjustable Rate Rider
- Balloon Rider
- VA Rider
- Condominium Rider
- Planned Unit Development Rider
- Biweekly/Payment Rider
- Second Home Rider
- 1-4 Family Rider
- Other(s) [specify]

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard

DOC #:523822

APPL #:7000466121

LOAN #:6612432471

Initials: *an pn*

12/01 6A(NC) (0110)

Page 2 of 15

Form 3034 1/01

to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee and Trustee's successors and assigns, in trust, with power of sale, the following described property located in the County of Buncombe :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

SEE EXHIBIT "A" ATTACHED HERETO FOR LEGAL DESCRIPTION

Parcel ID Number: 9696.03-11-8867.000
131 Garren Creek Road
Fairview
("Property Address"):

which currently has the address of
[Street]
(City), North Carolina 28730 [Zip Code]

TO HAVE AND TO HOLD this property unto Trustee and Trustee's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

DOC #: 523823

APPL #: 7000466121

LOAN #: 6612432471

Initials: *an RN*

U/MIP-6A(NC) (0110)

Page 3 of 15

Form 3034 1/01

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. If Borrower has breached any covenant or agreement in this Security Instrument and Lender has accelerated the obligations of Borrower hereunder pursuant to Section 22 the Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item.

DOC #: 523824

APPL #: 7000466121

LOAN #: 6612432471

Initials: GA PA

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Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded;

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or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest

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or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note of this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is

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reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve, if permitted under Applicable Law, in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve, if permitted under Applicable Law. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, if permitted under Applicable Law, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

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(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

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12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

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16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other

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than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

DOC #: 523832

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Initials AW

Form 3034 1/01

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, and if it is determined in a hearing held in accordance with Applicable Law that Trustee can proceed to sale, Trustee shall take such action regarding notice of sale and shall give such notices to Borrower and to other persons as Applicable Law may require. After the time required by Applicable Law and after publication of the notice of sale, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, Trustee's fees of Five (5.00) % of the gross sale price; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it. The interest rate set forth in the Note shall apply whether before or after any judgment on the indebtedness evidenced by the Note.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender or Trustee shall cancel this Security Instrument. If Trustee is requested to release this Security Instrument, all notes evidencing debt secured by this Security Instrument shall be surrendered to Trustee. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

25. Attorneys' Fees. Attorneys' fees must be reasonable.

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VMP-6A(NC) (0110)

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Form 3034 1/01

BY SIGNING UNDER SEAL BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

John R. Rose _____ (Seal)
 Arthur Nadel -Borrower

Arthur Nadel _____ (Seal)
 Arthur Nadel -Borrower

John R. Rose _____ (Seal)
 Marguerite J. Nadel -Borrower

Marguerite Nadel _____ (Seal)
 Marguerite J. Nadel -Borrower

_____ (Seal) _____ (Seal)
 -Borrower -Borrower


_____ (Seal) _____ (Seal)
 -Borrower -Borrower

_____ (Seal) _____ (Seal)
 -Borrower -Borrower

DOC #: 523834

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Form 3034 1/01

STATE OF NORTH CAROLINA,

BUNCOMBE County ss:

I, JOHN R. ROSE

a Notary Public of the County of BUNCOMBE

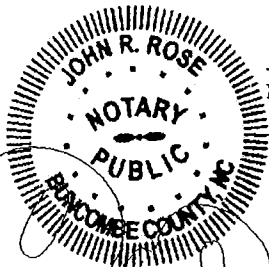
, State of North Carolina, do hereby

certify that Arthur Nadel, Marguerite J. Nadel, Husband and wife

personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 14TH day of JUNE, 2004

My Commission Expires: 4/18/2006



John R. Rose
Notary Public JOHN R. ROSE

STATE OF NORTH CAROLINA,

Buncombe County ss:

The foregoing certificate of *John R. Rose*
a Notary Public of the County of *Buncombe*
is certified to be correct.

, State of NC

This 14th day of June, 2004

Debra W. DeBruin
Registrar of Deeds

By *Debra W. DeBruin*
Deputy Assistant

DOC #: 523835

APPL #: 7000466121

LOAN #: 6612432471

UMP-6A(NC) (0110)

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Initials: *am pn*

Form 3034 1/01

(ATTACHMENT)

ADJUSTABLE RATE RIDER
(1 Year LIBOR Index - Rate Caps - Fixed Rate Conversion Option)
(Assumable during Life of Loan)

THIS ADJUSTABLE RATE RIDER is made this 14TH day of JUNE, 2004, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure the Borrower's Adjustable Rate Note (the "Note") to Branch Banking and Trust Company

(the "Lender") of the same date and covering the property described in the Security Instrument and located at: 111 Garren Creek Road, Fairview, NC 28730

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS AN OPTION TO CONVERT THE ADJUSTABLE INTEREST RATE TO A FIXED RATE.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 4.625%. The Note provides for changes in the interest rate and the monthly payments as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial interest rate I will pay may change on the first day of July, 2007, and may change on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

DOC #:533491 APPL #:7000466121 LOAN #:6612432471
MULTISTATE CONVERTIBLE ADJUSTABLE RATE RIDER -1 Year LIBOR Index (Assumable) - Single Family
- Freddie Mac UNIFORM INSTRUMENT

VMP-857R (0108) Form 3147.8/01

Page 1 of 6 Initials *AN PN*

VMP MORTGAGE FORMS - (800)521-7291

UM50 0108



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(ATTACHMENT)

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the one-year London Interbank Offered Rate ("LIBOR") which is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market, as published in *The Wall Street Journal*. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and One Quarter percentage points (2.25%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 6.625 % or less than 2.625%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than Two percentage point(s) (2.000 %) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 9.625% (the "Maximum Rate").

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

DOC #:533492

APPL #:7000466121

LOAN #:6612432471

Initials: an PN

-857R (0108)

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Form 3147 8/01

(ATTACHMENT)

B. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate with interest rate limits to a fixed interest rate, as follows:

5. FIXED INTEREST RATE CONVERSION OPTION

(A) Option to Convert to Fixed Rate

I have a Conversion Option which I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the First Change Date and ending on the Fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$ 250.00; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

(B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal Home Loan Mortgage Corporation's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus Zero and Five Eighths of one percentage point (.625 %), or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus Zero and Five Eighths of one percentage point (.625 %). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

(C) New Payment Amount and Effective Date


If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the maturity date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the maturity date.

DOC #:533493

APPL #:7000466121

LOAN #:6612432471

Initials: *AM DP*

-857R (0108)

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Form 3147 8/01

(ATTACHMENT)

C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. UNTIL BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION B ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT IS AS FOLLOWS:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender release Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

DOC #:533494

APPL #:7000466121

LOAN #:6612432471

Initials: *Am DN*

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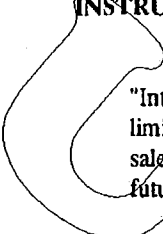
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Form 3147 B/01

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(ATTACHMENT)

2. AFTER BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION B ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT SHALL BE AMENDED TO READ AS FOLLOWS:



Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.


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DOC #: 533495

APPL #: 7000466121

LOAN #: 6612432471

Initials: *AM DW*

-857R (0108)

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Form 3147 8/01

(ATTACHMENT)

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

Arthur Nadel (Seal)
Arthur Nadel -Borrower

Marguerite J. Nadel (Seal)
Marguerite J. Nadel -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

DOC #: 533406
857R (0108)

APPL #: 7000466121

LOAN #: 6612432471
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Form 3147 8/01

(ATTACHMENT)

SECOND HOME RIDER

THIS SECOND HOME RIDER is made this 14TH day of JUNE, 2004 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower," whether there are one or more persons undersigned) to secure Borrower's Note to Branch Banking and Trust Company

(the "Lender") of the same date and covering the Property described in the Security Instrument (the "Property"), which is located at:

131 Garren Creek Road, Fairview, NC 28730 [Property Address]

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Sections 6 and 8 of the Security Instrument are deleted and are replaced by the following:

6. Occupancy. Borrower shall occupy, and shall only use, the Property as Borrower's second home. Borrower shall keep the Property available for Borrower's exclusive use and enjoyment at all times, and shall not subject the Property to any timesharing or other shared ownership arrangement or to any rental pool or agreement that requires Borrower either to rent the Property or give a management firm or any other person any control over the occupancy or use of the Property.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's second home.

DOC #: 519841

APPL #: 7000466121

LOAN #: 6612432471

MULTISTATE SECOND HOME RIDER - Single Family Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Page 1 of 2

Form 3890 3/99

Initials: *AN*

UHSO 0011 VMP-365R (9904)

VMP MORTGAGE FORMS - (800)521-7291



(ATTACHMENT)

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Second Home Rider.

Arthur Nadel (Seal)
Arthur Nadel - Borrower

Marguerite J. Nadel (Seal)
Marguerite J. Nadel - Borrower

____ (Seal)
- Borrower

____ (Seal)
- Borrower

____ (Seal)
- Borrower

____ (Seal)
- Borrower

____ (Seal)
- Borrower

____ (Seal)
- Borrower

DOC #: 519842

APPL #: 7000466121

LOAN #: 6612432471

 365R (9904)

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Form 3890 3/99

EXHIBIT A

BEGINNING at an iron pin set in the center of the sixty (60) foot right of way of Garren Creek Road (NCSR 2806) and from the point and place thus established; runs with the right of way of Garren Creek Road, North 52 deg. 10' 53" East 194.22 feet to an iron pin set, thence North 49 deg. 39'02" East 62.33 feet to an iron pin set; thence leaving the center line of Garren Creek Road and runs North 71 deg. 27'40" East 52.91 feet to an iron pin set in the right of way of a gravel drive, as more particularly described in Deed Book 2018 at Page 367 of the Buncombe County, North Carolina Register's Office; thence continuing within said right of way of a gravel drive North 54 deg. 11' 40" East 26.53 feet to an iron pin, thence North 42 deg. 07' 20" East 41.12 feet to a rebar set in the center of that twenty (20) foot existing gravel right of way as described in Deed Book 1325 at Page 165 of the Buncombe County, North Carolina Register's Office; thence continuing within that said twenty (20) foot right of way the following three (3) calls and distances: South 74 deg. 14' 10" East 111.11 feet to an iron pin; thence South 47 deg. 54' 10" East 74.41 feet to an iron pin set; thence South 27 deg. 34' 10" East 91.13 feet to an iron pin set in the common line of the Patricia R. Myers property as described in Deed Book 1325 at Page 0165 of the Buncombe County, North Carolina Register's Office; thence continuing with the commonline of the said Myers property, North 53 deg. 54'30" West 55.41 feet to an iron pin set; thence continuing along the commonline of the said Myers property, North 53 deg. 54' 30" West 194.09 feet to a 14" chestnut oak snag, said point being the southernmost corner of the said Myers property; thence leaving said Myers property and running along the commonline of the Ted E. Linn property as described in Deed Book 1088 at Page 0133 of the Buncombe County, North Carolina Register's Office, South 18 deg. 22' 50" West 39.26 feet to an iron pin set; thence continuing along the said Linn line, South 24 deg. 31' 06" West 103.10 feet to an iron pin set; thence leaving the said Linn line and runs along the commonline of the Alan McNab property as described in Deed Book 2018 at Page 0367 of the Buncombe County, North Carolina Register's Office, North 52 deg. 01' 25" West 365.42 feet to a pin set in the eastern margin of that 30 foot gravel right of way as described in Deed Book 2018 at Page 0367; thence crossing said 30 foot gravel right of way, North 52 deg. 01' 25" West 40.05 feet to a pin set in the western margin of said 30 foot gravel right of way; thence running with the western margin of said 30 foot gravel right of way the following four (4) calls and distances: South 2 deg. 30' 02" East 93.22 feet; thence South 0.0 deg. 24' 41" West 55.07 feet; thence South 3 deg. 48' 07" West 68.57 feet; thence South 3 deg. 23'38" East 48.36 feet to an iron pin set in the line of the above described McNab property; thence leaving said gravel right of way; runs North 51 deg. 16' 10" West 111.63 feet to an iron pin set in the northeasternmost corner of the Margaret K. Roberts property, as described in Deed Book 1533 at Page 295 of the Buncombe County, North Carolina Register's Office and runs with the commonline of the said Roberts property North 56 deg. 38' 05" West through an iron pin set a total of 294.84 feet to the point and place of the BEGINNING; containing 3.26 acres, more or less, as shown on an unrecorded survey performed by Wallace S. McAbee, PLS, of McAbee and Associates, PA, entitled Survey for William P. Ayers and wife, Judith K. Ayers, dated May 21, 2002.

Together With and Subject To a perpetual and nonexclusive easement and right of way for ingress, egress, and regress and installation of utilities, as shown on the above referenced survey, and described in Deed Book 2018 at page 368 of the Buncombe County, North Carolina Register's Office, 30 feet in width for the existing private road as it leads from the above described property to and across lands of Alan L. McNab, and others to Garren Creek Road (NCSR 2806); together with the right to maintain and improve said private road.

Together With and Subject To is a perpetual and nonexclusive easement and right of way for ingress, egress, and regress and installation of utilities, as shown on the above referenced survey, and described in Deed Book 1325 at Page 165 of the Buncombe County, North Carolina Register's Office, 20 feet in width for the existing private road as it leads from the above described property to and across lands of Patricia R. Myers, and others to Garren Creek Road (NCSR 2806); together with the right to maintain and improve said private road.

Together With and Subject To any and all existing rights of way and easements of record or as shown on the aforesaid unrecorded survey, including those restrictive covenants recorded in Deed Book 2018 at Page 367 of the Buncombe County, North Carolina Register's Office.

And being all of that property described in Deed Book 2811 at Page 220 of the Buncombe County, North Carolina Register's Office; reference to which is hereby made and incorporated for a more particular description of said property.