

s☆h draft of May 20

Prepared by and return after recording to:

Robert M. Jessup Jr.  
Emily S. Jessup  
Sanford Holshouser LLP  
209 Lloyd St., Suite 350  
Carrboro, NC 27510

PIN: \_\_\_\_\_

STATE OF NORTH CAROLINA )	The collateral is or includes fixtures.
)	
ORANGE COUNTY )	This Deed of Trust secures future advances.

Brief description: 86 North Facility, 890 NC Hwy 86 North, Hillsborough.

**THIS DEED OF TRUST AND SECURITY AGREEMENT** (this "Deed of Trust") is dated as of June 24, 2025, and is granted by the **TOWN OF HILLSBOROUGH, NORTH CAROLINA**, a municipal corporation of the State of North Carolina (the "Town"), to \_\_\_\_\_, as trustee (the "Deed of Trust Trustee"), for the benefit of **JPMORGAN CHASE BANK, N.A.** (the "Lender").

## Introduction

The Lender is advancing [\$3,600,000] to the Town under an Installment Financing Contract dated as of June 24, 2025 (the "Financing Contract"), between the Town and the Lender. The Town will use these funds, together with other available funds, to carry out a plan to design, construct and finance renovations and improvements to the Town's 86 North Facility.

The Lender requires the Town to secure its obligations under the Financing Contract by this conveyance of the 86 North Facility. and its related real property, as described in Exhibit A, and the other "Mortgaged Property," as defined below.

The Mortgaged Property includes the property described in Exhibit A. The Town is the record owner of the property described in Exhibit A.

This Deed of Trust is given to secure current advances under the Financing Contract of [\$3,600,000].

**NOW, THEREFORE,**

(1) in consideration of the execution and delivery of the Financing Contract and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge,

(2) to secure the Town's performance of all its covenants under this Deed of Trust and under the Financing Contract, including the repayment of amounts advanced under the Financing Contract, and

(3) to charge the Mortgaged Property with this payment and performance,

the Town sells, grants and conveys to the Deed of Trust Trustee, [its] successors and assigns forever, in trust, with power of sale, the following (collectively, the "Mortgaged Property"):

(a) the property described in Exhibit A and any real property later acquired by the Town in exchange for, or in consideration of the exchange of, or with the proceeds from any disposition of, all or any part of any property described in this paragraph, and in all cases together with all easements, rights, rights-of-way and appurtenances belonging to any of that property (collectively, the "Pledged Site"); and

(b) all buildings and other improvements and fixtures (including any "Fixtures," as defined in Section 1-4) now or later attached to or used in or on those improvements or the Pledged Site, including (i) all renewals, replacements, and

additions, (ii) all articles in substitution, (iii) all building materials for construction, improvement, modification or repair of improvements upon their delivery to the Pledged Site, and (iv) all proceeds of all the foregoing in whatever form resulting from the loss or disposition of the foregoing, including all proceeds of and unearned premiums for any insurance policies covering the Pledged Site and the improvements, proceeds of title insurance and payments related to the exercise of condemnation or eminent domain authority, and all judgments or settlements in lieu of any of the foregoing (collectively, the "Pledged Facilities");

**TO HAVE AND TO HOLD** the Mortgaged Property with all privileges and appurtenances belonging thereto, to the Deed of Trust Trustee, [its] successors and assigns forever, upon the trusts, terms and conditions and for the purposes set out below, in fee simple in trust;

**SUBJECT, HOWEVER,** to the encumbrances described in Exhibit B;

**BUT THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST:** if the Town pays and satisfies its "Obligations," as defined below, in full in accordance with the Financing Contract and this Deed of Trust, and the Town complies with all the terms, covenants and conditions of the Financing Contract and this Deed of Trust, this conveyance will be null and void and the Lender will cancel it of record, and title will revert as provided by law;

**BUT IF, HOWEVER, THERE OCCURS AN EVENT OF DEFAULT UNDER THE FINANCING CONTRACT,** then the Lender will have the remedies provided for in this Deed of Trust, including directing the Deed of Trust Trustee to sell the Mortgaged Property under power of sale.

**THE TOWN COVENANTS AND AGREES** with the Deed of Trust Trustee and the Lender (and their respective heirs, successors and assigns), in consideration of the foregoing, as follows:

**1. Warranties of Title: Security Provided by this Deed of Trust**

**1-1 Warranties of Title.** The Town covenants with the Deed of Trust Trustee and the Lender that the Town is seized of and has the right to convey the Mortgaged Property in fee simple, that the Mortgaged Property is free and clear of all liens and encumbrances other than Permitted Encumbrances (as defined in the

Financing Contract), that title to the Mortgaged Property is marketable, and that the Town will forever warrant and defend title to the Mortgaged Property (subject to the Permitted Encumbrances) against the claims of all persons.

**1-2 Security for Payment and Performance.** This Town is delivering this Deed of Trust to secure all the Town's obligations to the Lender related to the Mortgaged Property (the "Obligations"), including (a) the payment when due of all amounts payable under the Financing Contract and this Deed of Trust (the "Payment Obligations"), and (b) the Town's timely compliance with all terms, covenants and conditions of the Financing Contract and this Deed of Trust.

**1-3 Amount Advanced.** The principal amount of the Payment Obligations secured by this Deed of Trust at the time of its execution and delivery is [\$3,600,000].

**1-4 Security Interest in Fixtures.** This Deed of Trust is intended to be a security agreement pursuant to the Uniform Commercial Code as in effect in North Carolina for the "Fixtures," as defined below. The Town grants to the Lender and the Deed of Trust Trustee a security interest in the Fixtures to secure the Obligations.

Upon the occurrence of an Event of Default under this Deed of Trust or the Financing Contract, the Lender or the Deed of Trust Trustee is entitled to exercise all rights and remedies of a secured party under the Uniform Commercial Code as in effect in North Carolina and may proceed as to the Fixtures in the same manner as provided in this Deed of Trust for the real property.

The "Fixtures" are all items of personal property attached or affixed to the Pledged Facilities in such a manner that removing the items would cause damage to the Pledged Facilities. The Fixtures may include plumbing, heating, lighting, electrical, laundry, ventilating, refrigerating, incinerating, air-conditioning, fire and theft protection and sprinkler equipment, including all renewals and replacements and all additions, and all articles in substitution of any such property, and all proceeds of all the foregoing in whatever form.

The Town is not obliged to renew, repair or replace any undesirable or unnecessary Fixture. If the Town determines that any Fixture has become undesirable or unnecessary, the Town may remove that Fixture from the Pledged Facilities and sell, trade-in, exchange or otherwise dispose of it (as a whole or in part), with an amount equivalent to the fair market value of the Fixture as removed

becoming Net Proceeds and subject to the provisions of Section \_\_\_\_ of the Financing Contract.

With respect to those items of the Mortgaged Property that are or are to become Fixtures, this Deed of Trust constitutes a financing statement filed as a fixture filing. The Town agrees that the security interest in the Fixtures granted in this Section 1-4 is in addition to, and not in lieu of, any security interest in the Fixtures acquired by real property law. The fixtures are located on the land described on Exhibit A, and the Town is the record owner of that land. The name and address of the Town, as debtor, and the Lender, as secured party, are set forth in Section 5-1. The Town agrees to execute, deliver and file, or cause to be filed, in such place or places as may be requested by the Lender or the Deed of Trust Trustee, financing statements (including any continuation statements) in whatever form either party may reasonably request to evidence the security interest provided for in this Section.

**1-5 Town's Obligation Limited.** Notwithstanding any other provision of this Deed of Trust, the parties intend that this transaction will comply with North Carolina General Statutes Section 160A-20. No deficiency judgment may be entered against the Town in violation of Section 160A-20.

No provision of this Deed of Trust is to be construed or interpreted as creating a pledge of the Town's faith and credit within the meaning of any constitutional debt limitation. No provision of this Deed of Trust should be construed or interpreted as an illegal delegation of governmental powers, nor as an improper donation or lending of the Town's credit within the meaning of the North Carolina constitution. The Town's taxing power is not and may not be pledged, directly or indirectly contingently, to secure any moneys due under this Deed of Trust.

No provision of this Deed of Trust restricts the Town's future issuance of any of its bonds or other obligations payable from any class or source of the Town's moneys (except to the extent the Financing Contract and this Deed of Trust restrict the incurrence of additional obligations secured by the Mortgaged Property).

Nothing in this Section is intended to impair or prohibit foreclosure on this Deed of Trust if the Payment Obligations are not paid when due or otherwise upon the occurrence of an Event of Default under this Deed of Trust or the Financing Contract.

To the extent of any conflict between this Section and any other provision of this Deed of Trust, this Section takes priority.

**1-6 Construction Mortgage.** The security interest evidenced by this Deed of Trust is a "construction mortgage" with respect to the Pledged Facilities within the meaning of Section 25-9-334 of the North Carolina General Statutes.

## **2. No Transfers; Provision for Releases; Grants of Easements and Similar Interests**

**2-1 No Transfers; Due on Sale Clause.** The Town shall not sell, transfer or encumber any interest in any Mortgaged Property, except as otherwise permitted by the Financing Contract or this Deed of Trust. This prohibition applies whether the sale, transfer, or encumbrance is of a legal or an equitable interest, is voluntary, involuntary, by operation of law, or otherwise, and includes any encumbrance that is not a Permitted Encumbrance. The Lender and the Deed of Trust Trustee may take any action either deems appropriate to prevent or rescind any unauthorized sale, transfer or encumbrance. The Lender may, at its option, require the immediate payment in full of the Payment Obligations upon the sale, transfer, conveyance or encumbrance of all or any part of the Mortgaged Property, or any legal or beneficial interest in the Mortgaged Property, without the Lender's prior written consent

**2-2 Provision for Releases.** (a) The Lender is required, upon the Town's direction and at any time, to execute and deliver all documents necessary to effect the release of all or any portion of the Mortgaged Property from the lien of this Deed of Trust upon the Town's compliance with the requirements of this Section. No consent or acknowledgment by the Deed of Trust Trustee is required for any release under this Section. The Lender is not, however, required to release any property under this Section during the continuation of an Event of Default.

(b) To obtain a release, the Town must file with the Lender the following items:

- (i) a Town Certificate stating that (A) no Event of Default is continuing, (B) the release will not materially impair the intended use of the property remaining subject to this Deed of Trust, and (C) the release complies with the requirements of this Section;

- (ii) a copy of the proposed instrument of release;
- (iii) a direction to the Lender to execute and deliver the instrument; and
- (iv) evidence of compliance with (c) or (d) below.

(c) In the case of a proposed release of all the Mortgaged Property, the Town must proceed as provided in Section \_\_\_\_ of the Financing Contract.

(d) In the case of a proposed release of a portion (but less than all) of the Mortgaged Property, the Town must provide evidence to the Lender that the appraised, taxable or insured value (and the Town may provide different evidence for different portions) of that portion of the Mortgaged Property that is proposed to remain subject to the lien of this Deed of Trust will not be less than 50% of the aggregate principal component of the Payment Obligations outstanding at the time the release is effected.

**2-3 Grants of Easements and Similar Interests.** The Town may make the following grants and dispositions, so long as the grant or disposition will not materially impair the Town's intended use of the Pledged Facilities, and without regard to Section 2-1 or 2-2.

(a) The Town may from time-to-time grant easements, licenses, rights-of-way and other similar rights with respect to any part of the Mortgaged Property, and the Town may release similar interests, with or without consideration.

(b) The Town may dispose of any undesirable or unnecessary Fixture as provided in Section 1-4.

(c) The Town may dispose of any portion of the Mortgaged Property that constitutes property used or useful for public utility purposes, with or without consideration and in the Town's discretion, but only to a public operator of utility systems that will use the transferred property in providing service to any Town property. For a disposition under this subsection, the Town must first notify the Lender of the planned transfer and certify to the Lender that the transfer will not materially impair the Town's intended use of the Pledged Facilities.

**2-4 Full Release upon Defeasance.** The Lender will release the lien of this Deed of Trust completely upon the Town's compliance with the requirements of this Section. No consent or acknowledgment by the Deed of Trust Trustee is required for any release under this Section.

(a) To obtain a release, the Town must pay to some fiduciary reasonably acceptable to Lender, an amount (i) that is sufficient to provide for the full and timely payment of the outstanding Amount Advanced (but only to the extent and at the times permitted by the Financing Contract) and (ii) that is required to be used for that payment. This payment may rely for its sufficiency on earnings from United States government securities provided to the fiduciary at the time of the deposit. The sufficiency of the deposit must be evidenced or verified by a certificate or other writing, in form and substance reasonably satisfactory to the Lender, of a person or entity experienced in making these calculations as the Town may select.

(b) The Town must also provide the Lender with an opinion of counsel reasonably satisfactory to the Lender to the effect that the payment or deposit of cash or securities will not cause the Town's obligations to pay principal or interest to become "arbitrage bonds" within the meaning of the Code and that the release will not adversely affect the exclusion from gross income for federal income tax purposes of the interest component of Installment Payments.

### **3. Town's Payment Obligation; Lender's Advances**

**3-1 Satisfaction of Obligations; Compliance with Covenants.** The Town will pay the Payment Obligations as and when the same become due and payable in the manner set forth in this Deed of Trust and in the Financing Contract, and will comply in all respects with all the terms of this Deed of Trust and the Financing Contract so as to satisfy all of its other Obligations.

**3-2 Payment of Fees and Costs.** (a) If the Deed of Trust Trustee or the Lender employs an attorney to assist in the enforcement or collection of any Obligations, or if the Deed of Trust Trustee or the Lender voluntarily or otherwise becomes a party to any suit or legal proceeding (including a proceeding conducted under any state or federal bankruptcy or insolvency statute) to protect the Mortgaged Property, to protect the lien of this Deed of Trust, or to enforce or collect any Obligations, then the Town will pay all reasonable legal fees and costs incurred by the Lender or the Deed of Trust Trustee, as the case may be (whether or not any



suit or proceeding is commenced). All those fees and costs (together with interest at the annual rate of 4.00%) are secured as Obligations under this Deed of Trust.

(b) If any suit or proceeding described in subsection (a) is adverse to the Town, however, then the Town has this liability only if the Deed of Trust Trustee or the Lender, as the case may be, is a prevailing party in the suit or proceeding.

**3-3 Advances for Performance of Town's Obligations.** If the Town fails to perform any of its obligations under the Financing Contract or this Deed of Trust, then the Deed of Trust Trustee and the Lender are authorized, but not obligated, to perform the obligation or cause it to be performed. The Town must repay any amounts paid for any such purpose. All those fees and costs, together with interest at the annual rate of 4.00%, are secured as Obligations under this Deed of Trust.

#### **4. The Deed of Trust Trustee**

**4-1 No Liability for Deed of Trust Trustee.** The Deed of Trust Trustee will suffer no liability by virtue of [its] acceptance of this trust except as may be incurred because of any failure on [its] part to account for the proceeds of any sale under this Deed of Trust.

**4-2 Substitute Trustees.** If any Deed of Trust Trustee dies, becomes incapable of acting or renounces the trust, or if for any reason the Lender desires to replace any Deed of Trust Trustee, then the Lender has the unqualified right to appoint one or more substitute or successor Deed of Trust Trustees by instruments filed for registration in the office of the Register of Deeds where this Deed of Trust is recorded. The Lender may make any removal or appointment at any time without notice, without specifying any reason, and without any court approval. Any appointee becomes vested with title to the Mortgaged Property and with all rights, powers, and duties conferred upon the Deed of Trust Trustee by this Deed of Trust in the same manner and to the same effect as if that Deed of Trust Trustee were named as the original Deed of Trust Trustee.

#### **5. Defaults and Remedies; Foreclosure**

**5-1 Defaults and Remedies.** During the continuation of an Event of Default under the Financing Contract or the Deed of Trust, the Lender may pursue

its rights and remedies as provided under the Financing Contract and this Deed of Trust.

## **5-2 Foreclosure; Sale under Power of Sale.**

(a) *Right to foreclosure or sale.* During the continuation of an Event of Default, at the Lender's request, the Deed of Trust Trustee must foreclose this Deed of Trust by judicial proceedings or, at the Lender's option, the Deed of Trust Trustee must sell (and is empowered to sell) all or any part of the Mortgaged Property at public sale to the last and highest bidder for cash (free of any equity of redemption, homestead, dower, curtesy or other exemption, all of which the Town expressly waives to the extent permitted by law) after compliance with applicable State laws relating to foreclosure sales under power of sale. The Deed of Trust Trustee will execute and deliver a proper deed or deeds to the successful purchaser at the sale. If only a part of the Mortgaged Property is sold, the partial sale in no way adversely affects the lien created by this Deed of Trust against the remainder.

(b) *Lender's Bid.* The Lender may bid and become the purchaser at any sale under this Deed of Trust. Instead of paying cash, the Lender may make settlement for the purchase price by crediting against the Payment Obligations the bid price net of sale expenses, including the Deed of Trust Trustee's commission, and after payment of any taxes and assessments as may be a lien on the Mortgaged Property superior to the lien of this Deed of Trust (unless the Mortgaged Property is sold subject to those liens and assessments, as provided by law).

(c) *Town's Bid.* The Town may bid for all or any part or parts of the Mortgaged Property at any foreclosure sale. The Town, however, may not bid less than an amount sufficient to provide for full payment of the Payment Obligations, unless the Lender consents in writing.

(d) *Successful bidder's deposit.* At any sale, the Deed of Trust Trustee may, at [its] option, require any successful bidder (other than the Lender) immediately to make a deposit with the Deed of Trust Trustee against the successful bid in the form of cash or a certified check in an amount of up to 5% of the sale price. The advertised notice of sale need not include notice of this requirement.

(e) *Application of sale proceeds.* The Deed of Trust Trustee must apply the proceeds of any foreclosure sale in the manner and in the order prescribed by State

law. The parties agree (i) that the sale expenses will include a commission to the Deed of Trust Trustee equal to one-half of one percent of the gross sales price (but not exceeding a total of \$25,000) for all services performed by the Deed of Trust Trustee under this Deed of Trust, and (ii) that any sale proceeds remaining after the payment of all obligations and the prior application of the proceeds in accordance with State law will be paid to the Town.

**5-3 Possession of Mortgaged Property during Default.** During the continuation of an Event of Default, upon the Lender's demand the Town must deliver possession of the Mortgaged Property to the Lender. In addition, the Town must surrender possession of the Mortgaged Property to the purchaser of the Mortgaged Property at any judicial or foreclosure sale under this Deed of Trust.

During the continuation of an Event of Default, the Lender, to the extent permitted by law, is also authorized to (a) take possession of the Mortgaged Property, with or without legal action, (b) lease the Mortgaged Property, (c) collect all rents and profits from the Mortgaged Property, with or without taking possession of the Mortgaged Property, and (d) after deducting all costs of collection and administration expenses, apply the net rents and profits to the payment of necessary maintenance and insurance costs, and then apply all remaining amounts to the Town's account and in reduction of the Payment Obligations. The Lender will be liable to account only for rents and profits it actually receives.

**5-4 No Remedy Exclusive; Delay not Waiver.** All remedies under this Deed of Trust are cumulative and may be exercised concurrently or separately. The exercise of any one remedy is not an election of that remedy as an exclusive remedy, nor does the exercise of one remedy preclude the exercise of any other remedy. If any Event of Default occurs and is later waived by the other party or parties, that waiver is limited to the particular default waived and does not constitute a waiver of any other default. The Deed of Trust Trustee and the Lender may exercise every power or remedy given by this Deed of Trust from time to time as often as either of them may deem expedient.

## **6. Additional Provisions**

### **6-1 Notices.**

(a) Any communication provided for in this Deed of Trust must be in English and must be in writing. "Writing" for this purpose includes electronic mail but does not include facsimile transmission.

(b) For the purposes of this Deed of Trust, any communication sent by electronic mail will be deemed to have been given on the date the communication is similarly acknowledged by a Town Representative (in the case of the Town) or other authorized representative (in the case of any other party). No communication will be deemed given or effective without that acknowledgment.

(c) Any other communication under this Deed of Trust will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt, or a delivery receipt (or similar evidence) from a national commercial package delivery service, if addressed as follows:

(i) if to the Town, to Town Manager, Town of Hillsborough, Attention: Notice under 2025 86 North Financing Contract, Town Hall, 101 East Orange Street, Hillsborough, NC 27278

(ii) if to the Deed of Trust Trustee, to \_\_\_\_\_

(iii) if to the Lender, to \_\_\_\_\_

(c) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others. The Town must send copies of any notices it sends to the Deed of Trust Trustee also to the Lender.

**6-2 Successors.** This Deed of Trust is binding upon, will inure to the benefit of, and is enforceable by the Town, the Deed of Trust Trustee and the Lender, and their respective successors and assigns.

**6-3 No Marshalling.** The Town waives all rights to require marshalling of assets in connection with the exercise of any remedies provided in this Deed of Trust or as permitted by law.

**6-4 Definitions; Interpretation.** All capitalized terms used in this Deed of Trust and not otherwise defined have the meanings ascribed to them in the

Financing Contract. The rules for interpretation set out in Exhibit A to the Financing Contract also apply to this Deed of Trust.

**6-5 Governing Law; Forum.** The Town, the Lender and the Deed of Trust Trustee intend that North Carolina law will govern this Deed of Trust and all matters of its interpretation. To the extent permitted by law, the Town, the Lender and the Deed of Trust Trustee agree that any action brought with respect to this Deed of Trust must be brought (a) in the North Carolina General Court of Justice in Orange County, North Carolina, or (b) if an action by law may be brought only in the United States federal courts, the action must be brought in the United States District Court for the Middle District of North Carolina.

**6-6 Limitation of Liability of Officers and Agents.** No officer, agent or employee of the Town, the Lender or the Deed of Trust Trustee will be subject to any personal liability or accountability by reason of the execution of this Deed of Trust or any other documents related to the transactions contemplated by this Deed of Trust. Those officers or agents are deemed to execute documents in their official capacities only, and not in their individual capacities. This Section does not relieve any officer, agent or employee from the performance of any official duty provided by law.

**6-7 Covenants Run with the Land.** All covenants contained in this Deed of Trust run with the real estate encumbered by this Deed of Trust.

**6-8 Further Instruments.** Upon the request of the Lender or the Deed of Trust Trustee, the Town will execute, acknowledge and deliver any further instruments reasonably necessary or desired by the Lender or the Deed of Trust Trustee to carry out more effectively the purposes of this Deed of Trust or any other document related to the transactions contemplated by this Deed of Trust, and to subject to the liens and security interests of this Deed of Trust all or any part of the Mortgaged Property intended to be given or conveyed, whether now given or conveyed or acquired and conveyed subsequent to the date of this Deed of Trust.

**6-9 Severability.** If any provision of this Deed of Trust is determined to be unenforceable, that will not affect any other provision of this Deed of Trust.

**6-10 Non-Business Days.** If the date for making any payment, or the last day for performance of any act or the exercising of any right, is not a Business Day,

that payment may be made, or act performed or right exercised, on or before the next succeeding Business Day.

**6-11 Entire Agreement; Amendments.** This Deed of Trust, together with the Financing Contract, constitutes the Town's entire agreement with the Lender and the Deed of Trust Trustee with respect to its general subject matter. This Deed of Trust may not be changed without the written consent of the Town and the Lender, but the consent of the Deed of Trust Trustee is not required.

***[The remainder of this page has been left blank intentionally.]***

**IN WITNESS WHEREOF**, the Town has caused this instrument to be signed, sealed and delivered by duly authorized officers, all as of June \_\_\_\_, 2025.

**ATTEST:        (SEAL)**

**TOWN OF HILLSBOROUGH,  
NORTH CAROLINA**

\_\_\_\_\_  
Sarah Kimrey  
Town Clerk

By: \_\_\_\_\_  
Eric Peterson  
Town Manager

\* \* \* \* \*

**STATE OF NORTH CAROLINA;  
ORANGE COUNTY**

I, a Notary Public of such Town and State, certify that Eric Peterson and Sarah Kimrey personally came before me this day and acknowledged that they are the Town Manager and the Town Clerk, respectively, of the Town of Hillsborough, North Carolina, and that by authority duly given and as the act of such Town, the foregoing instrument was signed in the Town's name by such Town Manager, sealed with its corporate seal and attested by such Clerk.

**WITNESS** my hand and official stamp or seal, this \_\_\_\_ day of June, 2025.

**[SEAL]**

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

[Deed of Trust and Security Agreement  
for the benefit of JPMorgan Chase Bank, N.A.,  
dated as of June \_\_\_\_, 2025]

**EXHIBIT A - Pledged Site Description**

**EXHIBIT B -- Existing Encumbrances**