

Holly, including an adequate margin, from the matters covered by the Indemnity Agreement, until all contingent liability of Holly in respect of the Leases shall have been extinguished.

5.02 Management of Fund. In the event Holly elects to establish the Fund, Holly shall deposit such funds in a separate trust or escrow account for the benefit of Grantor with such funds remaining the property of Grantor subject to a pledge in favor of Holly to secure the performance of Grantor's obligations under the terms of the Indemnity Agreement. Such funds shall be invested as Holly in its sole and uncontrolled discretion shall determine and Holly shall not be liable for any loss incurred by the Fund except in the case of gross negligence or fraud on the part of Holly.

5.03 Application of Fund. In the event of a default by Grantor in the performance of its obligations under the terms of the Indemnity Agreement or of this Deed of Trust, Holly may, at its sole and uncontrolled discretion, elect to cause such default to be cured by application of contents of the Fund or, it may elect to foreclose one or more of the units comprising THE PROPERTY, or resort to any other remedy to which Holly may be entitled, or any combination of the foregoing.

5.04 Expenses. The Fund shall bear all expenses of the administration of the Fund, including, but not limited to, any agent's or trustee's fees, attorney's fees, accountant's fees, and any income or other taxes for which the Fund may be responsible.

5.05 Accounting. Holly shall, at least annually, make an accounting to Grantor of all transactions of the Fund.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.01 Heirs, Successors and Assigns Included in Parties. Whenever one or more of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants and agreements contained in this Deed of Trust and in the Indemnity Agreement by or on behalf of Grantor or Holly shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not.

6.02 Addresses for Notices.

(a) Any notice, report, demand or other instrument authorized or required to be given or furnished under this Deed of Trust or the Indemnity Agreement to Grantor or Holly, shall be deemed given or furnished (i) when addressed to the party intended to receive the same, at the address of such party set forth below, and delivered at such address, or (ii) five (5) days after the same is deposited in the United States Mail as first class certified mail, return receipt requested, postage paid, whether or not the same is actually received by such party:

If to Holly: Box 88
Wilkesboro, N.C. 28697
Att: Mr. Francis E. Garvin

With copy to: Mr. William C. Warden, Jr.
906 B Street Rear
North Wilkesboro, N.C. 28659