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STATE OF ALABAMA)
COUNTY OF SHELBY)

FIRST MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT made this 10th day of July, 1985, between RIVERCHASE PROPERTIES, an Alabama General Partnership, whose address is 1813 North First Avenue, Birmingham, Alabama 35203 ("Mortgagor"), and CITY FEDERAL SAVINGS AND LOAN ASSOCIATION ("Mortgagee"), whose address is 2030 Second Avenue North, Birmingham, Alabama 35203.

W I T N E S S E T H:

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of ONE MILLION THREE HUNDRED EIGHTY FIVE THOUSAND AND NO/100 (\$1,385,000.00) DOLLARS together with interest thereon, as evidenced by that certain promissory note of even date herewith, executed by Mortgagor and delivered to Mortgagee, the final payment of which is due on or before the 10 day of January, 1987, (the "Note") which by reference said Note is made a part hereof to the same extent as though set out in full herein; and

WHEREAS, Mortgagor desires to secure the prompt payment of the indebtedness evidenced by the Note, and the several installments of principal and interest therein provided for; and

WHEREAS, Mortgagor may hereafter become indebted to said Mortgagee for additional sums loaned and/or on account of indebtedness which may accrue to Mortgagee on account of any future payments, advances or expenditures made by Mortgagee under the provisions of this First Mortgage and Security Agreement; and Mortgagor wishes to execute this conveyance for the security and enforcement of the payment both of said present and any such future indebtedness;

NOW, THEREFORE, (a) to secure the performance and observance by Mortgagor of all covenants and conditions set forth in the Note, in any renewal, extension or modification thereof, in this First Mortgage and Security Agreement and in all other instruments evidencing and securing the Note; and (b) also to secure: (i) all future advances and re-advances that may subsequently be made to Mortgagor by Mortgagee, evidenced by the aforesaid Note, or any other promissory notes, and all renewals and extensions thereof; provided, however, that nothing set forth herein shall create an obligation on the part of Mortgagee to make future advances or readvances to Mortgagor and (ii) all other indebtedness of

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Mortgagor to Mortgagee, now or hereafter existing, whether direct or indirect, all charges and expenses of collection incurred by Mortgagee, including court costs, and reasonable attorneys' fees; and (c) also in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance; and (d) for and in consideration of the sum of One and No/100 (\$1.00) Dollar paid by Mortgagee to Mortgagor this date, and for other valuable consideration, the receipt of which is acknowledged, Mortgagor does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm unto Mortgagee, its successors and assigns forever all right, title and interest of Mortgagor in and to the following:

THE MORTGAGED PROPERTY

(A) The Land. All the land located in the County of Shelby, State of Alabama (the "Land"), described in Exhibit "A" attached hereto and made a part hereof;

(B) The Improvements. TOGETHER WITH all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures, machinery, appliances, equipment, furniture, and personal property of every nature whatsoever now or hereafter owned by Mortgagor and located in or on, or attached to, or used or intended to be used in connection with or with the operation of, the Land, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals and replacements to any of the foregoing and all of the right, title and interest of Mortgagor in and to any such personal property or fixtures (the "Improvements");

(C) Easements or other Interests. TOGETHER WITH all easements, rights-of-way, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to any part of the land or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, of Mortgagor of, in and to the same, including but not limited to all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in paragraphs (A), (B) and (C) hereof or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in paragraphs (A), (B) and (C) hereof or

any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the property described in paragraphs (A), (B) and (C) hereof or any part thereof;

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(D) Assignment of Rents. TOGETHER WITH all rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof to be applied against the indebtedness and other sums secured hereby, provided, however, that permission is hereby given to Mortgagor so long as no default has occurred hereunder, to collect, receive, take, use and enjoy such rents, royalties, issues, profits, revenue, income and other benefits as they become due and payable, but not in advance thereof. The foregoing assignment shall be fully operative without any further action on the part of either party and specifically Mortgagee shall be entitled, at its option upon the occurrence of a default hereunder, to all rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof whether or not Mortgagee takes possession of the property described in paragraphs (A), (B) and (C) hereof. Upon any such default hereunder, the permission hereby given to Mortgagor to collect such rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof shall terminate and such permission shall not be reinstated upon a cure of the default without Mortgagee's specific consent and the continued taking of such rents, unless immediately delivered to the Mortgagee, shall constitute actionable conversion of such assets by Mortgagor. Neither the exercise of any rights under this paragraph by Mortgagee nor the application of any such rents, royalties, issues, profits, revenue, income or other benefits to the indebtedness and other sums secured hereby, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

(E) Assignment of Condominium Unit Sale Contracts. Together with all of Mortgagor's rights, title and interest in and to all contracts entered into or to be entered into by Mortgagor or Mortgagor's agents for the sale of any condominium units now or hereafter comprising a part of the Improvements and Mortgagor does hereby appoint Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the Land and Improvements) as provided in Section 2.04 of this Agreement to consummate the sales of such units and to act pursuant to any escrow agreements or instructions entered into in connection with such sales and to collect the proceeds of such sales.

(F) Fixtures and Personal Property. TOGETHER WITH a security interest in (i) all property and fixtures now or hereafter acquired and affixed to or located on the property described

in paragraph (A), (B) and (C) hereof which, to the fullest extent permitted by law shall be deemed fixtures and a part of the real property, (ii) all articles of personal property now or hereafter acquired and all materials delivered to the property described in paragraph (A), (B) and (C) hereof for use in any construction being conducted thereon, and owned by Mortgagor; (iii) and all contract rights, general intangibles, actions and rights in action now or hereafter acquired pertaining to the Mortgaged Property, including all rights to insurance proceeds, and (iv) all proceeds, products, replacements, additions, substitutions, renewals and accessions of any of the foregoing. Mortgagor, as debtor, hereby grants to Mortgagee, as secured party, a security interest in all fixtures, rights in action and personal property described herein. This Mortgage is a self-operative security agreement with respect to such property, but Mortgagor agrees to execute and deliver on demand such other security agreements, financing statements and other instruments as Mortgagee may reasonably request in order to perfect its security interest or to impose the lien hereof more specifically upon any of such property. On demand, Mortgagor will promptly pay all costs and expenses of filing financing statements, continuation statements, partial releases, and termination statements deemed necessary or appropriate by Mortgagee to establish and maintain the validity, perfection and priority of the security interest of Mortgagee, hereby granted, or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured party available to it under the Alabama Uniform Commercial Code with respect to such property, and it is expressly agreed in accordance with the provisions of the Alabama Uniform Commercial Code, ten (10) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Alabama Uniform Commercial Code requiring such notice; provided, however, that Mortgagee may at its option dispose of the collateral in accordance with Mortgagee's rights and remedies in respect to the real property pursuant to the provisions of this Mortgage and Security Agreement, in lieu of proceeding under the Alabama Uniform Commercial Code.

Some of the items of property described in this Subsection F are goods that are now or are to become fixtures related to the real estate described herein, and it is intended that, as to those goods, this Mortgage and Security Agreement shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Land is located. Information concerning the security interest created by this instrument may be obtained from the Mortgagee, as Secured Party, or the Mortgagor, as Debtor, at the address first shown above. THIS IS A CONSTRUCTION MORTGAGE AS DEFINED IN THE ALABAMA UNIFORM COMMERCIAL CODE;

(G) Together with all of Mortgagor's rights further to encumber the aforesaid property without the prior written approval of the Mortgagee.

Everything referred to in paragraphs (A), (B), (C), (D), (E) (F) and (G) hereof and any additional property hereafter acquired by Mortgagor and subject to or hereafter made subject to the lien of this Mortgage, or intended to be so, is herein collectively referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use and benefit forever, subject, however, to the terms and conditions hereof:

PROVIDED, HOWEVER, that if Mortgagor shall promptly pay or cause to be paid to Mortgagee the principal and interest payable under the Note, at the times and in the manner stipulated herein, and in all other instruments securing the Note, all without any deduction or credit for taxes or other similar charges paid by Mortgagor, and shall keep, perform and observe all the covenants and promises in the Note, and any renewal, extension or modification thereof, and in this Mortgage and in all other instruments securing the Note, to be kept, performed or observed by Mortgagor, then this Mortgage, and all the properties, interest and rights hereby granted, conveyed and assigned shall cease and be void, but shall otherwise remain in full force and effect.

MORTGAGOR COVENANTS AND AGREES WITH MORTGAGEE AS FOLLOWS:

ARTICLE ONE

COVENANTS OF MORTGAGOR

1.01 Performance of Note, Mortgage, etc. Mortgagor shall perform, observe and comply with all provisions hereof, of the Note and of every other instrument securing the Note, and will promptly pay to Mortgagee the principal with interest thereon and all other sums required to be paid by Mortgagor under the Note and pursuant to the provisions of this Mortgage and of every other instrument securing the Note when payment shall become due, all without deduction or credit for taxes or other similar charges paid by Mortgagor.

1.02 Performance of Loan Agreement. It is understood and agreed that funds to be advanced under the Note are to be used in the construction of the Improvements and the development of the Land, and said funds shall be advanced in accordance with a certain Construction Loan Agreement (the "Construction Loan Agreement") of even date herewith, between Mortgagor and Mortgagee.

Any agreement hereafter made by Mortgagor and Mortgagee relating to this First Mortgage and Security Agreement shall be superior to the rights of the holder of any intervening lien or encumbrance.

4.06 Governing Law. This First Mortgage and Security Agreement is made by Mortgagor and accepted by Mortgagee in the State of Alabama, with reference to the laws of such State, and shall be construed, interpreted, enforced and governed by and in accordance with such laws (excluding the principles thereof governing conflicts of law).

IN WITNESS WHEREOF, the undersigned has caused this First Mortgage and Security Agreement to be executed in its name and behalf the day and year above first written.

RIVERCHASE PROPERTIES

By: BHN CORPORATION
Its General Partner

By: W. C. N.
Its President

and

SOUTHWOOD PARK ESTATES,
INC.
Its General Partner

By: J. L. Anderson
Its Vice President

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