

STATE OF ALABAMA)

COUNTY OF SHELBY)

8/25

ASSIGNMENT OF RENTS AND LEASES

KNOW ALL MEN BY THESE PRESENTS, That the undersigned, TWIN PINES, INC., a corporation (herein called "Assignor"), in consideration of the sum of One Dollar (\$1.00) and other valuable consideration in hand paid to Assignor by THE COLONIAL BANK - NORTHERN REGION, an Alabama banking association (herein called "Assignee"), receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over unto Assignee, its successors and assigns, all rents payable under leases pertaining to the real estate located in Shelby County, Alabama, which is more particularly described on Exhibit "A" attached hereto, (the "Real Estate"), whether presently or hereafter made, whether written or verbal, and from any letting of, or agreement for the use or occupancy of, any part of the Real Estate including, without limitation, all the rents, issues and profits now due and which may hereafter become due under or by virtue of any said lease, leases and agreements.

This Agreement is made as additional security for the payment of indebtedness due by Assignor to Assignee in the amount of One Million Six Hundred Thousand and No/100 Dollars (\$1,600,000.00), as evidenced by a promissory note of even date herewith, executed and delivered by Assignor to Assignee ("the Note") and as additional security for the full and faithful performance by Assignor of all the terms and conditions of said Note and of a certain mortgage of even date therewith ("Mortgage") executed and delivered by Assignor to Assignee on the Real Estate to secure the payment of the Note and as additional security for the payment of the indebtedness of John R. Saunders and Doris Saunders evidenced by a promissory note of even date herewith in the original

BOOK 198 PAGE 769

Land Title Co.

principal amount of One Million and No/100 Dollars (\$1,000,000) and all documents given as security therefor.

Assignor agrees to duly operate and maintain the aforesaid real estate and perform all requisites on its part to keep any and all leases covering said Real Estate or the improvements thereon in full force and effect. Assignor covenants that there is no litigation outstanding affecting the Real Estate or any leases thereon.

Assignor agrees that this Agreement shall cover all leases now existing and future leases hereafter entered into, whether written or verbal, or any letting of, or any agreement for the use or occupancy of any part of the Real Estate or the improvements thereon.

Assignor further agrees that it will not make any further assignment of the rent or any part of the rent of the Real Estate or the improvements thereon under any lease or leases presently existing or hereafter entered into, or other agreements relating to the use of any part of the Real Estate, nor do any other act whereby the lien of the aforesaid Mortgage may, in the opinion of the Assignee, be impaired in value or quality.

Assignor further agrees that this Assignment is to remain in full force and effect so long as the Note remains unpaid and that it may be enforced by Assignee, its successors and assigns, or the holder of the Note.

Assignor further agrees that it will not collect rents under any leases or other agreements relating to use of any part of the Real Estate or the improvements thereon described on Exhibit "A" for a period further in advance than four (4) months without the written consent of Assignee; Assignor covenants that no more than four (4) months rent plus security deposit has been or will be collected from any tenant occupying any part of the real estate described on Exhibit "A" and that no concessions or other agreements have

BOOK 198 PAGE 770

been or will be made with any tenant(s) for a period longer than four (4) months.

It is expressly understood and agreed by Assignor and Assignee hereof that said Assignor reserves, and is entitled to collect, said rents, income and profits upon, but not prior to, their accrual under the aforesaid leases, and to retain, use and enjoy the same unless and until Assignor defaults in the performance of the terms and conditions of the Note or the Mortgage or this Assignment.

Assignor does hereby authorize and empower Assignee, its successors and assigns, or the holder of the Note, upon default under the Note or any document given as security for the indebtedness described herein, to collect upon demand, after any default hereunder or under the Mortgage or Note, or any other agreement between Assignor and Assignee or between John R. Saunders and Doris Saunders and Assignee relating to the indebtedness described herein or the security thereof, all of the rents, issues and profits now due or which may hereafter become due under or by virtue of any lease or leases, whether written or verbal, or any letting of, or agreement for the use or occupancy of any part of the Real Estate or the improvements thereon, and to take such action, legal or equitable, as may be deemed necessary to enforce payment of such rents, issues and profits. Any lessee or tenant making such payment to Assignee shall be under no obligation to inquire into or determine the actual existence of any default claimed by Assignee.

Notwithstanding any provision herein to the contrary upon any default hereunder for which Assignee desires to exercise its right to collect the rents herein assigned, Assignee shall send written notice of such default to Assignor in accordance with the notice provisions of the Mortgage and Assignee shall have ten (10) days from the receipt of such notice to cure such default; provided, however, that Assignee shall only be required to send one such notice during any

BOOK 198 PAGE 771

consecutive twelve (12) month period regardless of whether the event of default described in such notice is the same event of default described in the previous notice. The intent of this provision is to provide that the Assignee will not be obligated to provide a notice each time that the Pledgor is in default.

Any amounts received or collected by Assignee, its successors or assigns, by virtue of this Assignment shall be applied for the following purposes, but not necessarily in the order named, priority and application of such funds being within the sole discretion of the holder of the Note:

(1) to the payment of all necessary expenses for the operation, protection and preservation of said real estate and the improvements thereon, including the usual and customary fees for management services and reasonable attorneys' fees incurred by Assignee in obtaining advice in connection with the default which gave rise to the implementation of this Agreement.

(2) to the payment of taxes and assessments levied and assessed against the real estate described herein as said taxes and assessments become due and payable;

(3) to the payment of premiums due and payable on any insurance policy relating to said real estate and the improvements thereon;

(4) to the payment of principal and interest on the Note and payable pursuant to the terms of said Note; and

(5) the balance remaining after payment of the above shall be paid to the then owner of record of said real estate.

Assignor hereby agrees to indemnify Assignee for, and to save it harmless from, any and all liability, loss or damage which Assignee might incur under leases made by Assignor or by virtue of this Assignment or relating in any way, and from any and all claims and demands whatsoever which may be asserted against Assignee thereunder or hereunder, and, without limiting the generality of the foregoing, Assignor covenants that this Assignment shall not operate to place responsibility for the control, care, management or repair of the Real Estate upon Assignee, nor the carrying out of any of the terms and conditions of said leases; nor shall it operate

BOOK 198 PAGE 772

to make Assignee responsible or liable for any waste committed on the Real Estate and the improvements thereon by the tenants or any other party, or for any negligence in the management, upkeep, repair or control of said real estate resulting in loss or injury or death to any tenant, licensee, invitee, employee, stranger or other person.

Assignor covenants that it is the sole owner of the rents, rights and interests assigned hereby, that as of the date hereof there are no outstanding assignments of any leases affecting the Real Estate or improvements thereon and that Assignor has the authority and is fully authorized to execute this Assignment.

Assignor covenants and agrees that as long as the indebtedness secured hereby or any part thereof remains unpaid, that it will not enter into any lease, whether written or verbal, for the use or occupancy of, any part of the Real Estate for a period of more than four (4) months or for successive periods of more than four (4) months without first obtaining written consent and approval to said lease(s) by Assignee which consent and approval shall not be unreasonably withheld. No concessions of or rent reductions are to be made which cause, directly or indirectly, the value of the secured property to be reduced in any way. This Assignment shall be binding upon Assignor and its successors and assigns and shall inure to the benefit of Assignee and its respective successors and assigns.

IN WITNESS WHEREOF, the party constituting Assignor has caused this instrument to be duly executed under seal on this the 10th day of August, 1988.

TWIN PINES INC.,

By [Signature]

Its: President

ATTEST:

[Signature]
Its: Secretary - Treasurer

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that John R. Saunders whose name as President, of Twin Pines, Inc., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal this 10th day of August, 1988.

Regina M. Hurley
Notary Public

My Commission Expires: 10-22-91

Ref: RMH/8748621B

BOOK 198 PAGE 774

EXHIBIT "A"

The NW 1/4 of Section 26, Township 18, Range 1 East situated in Shelby County, Alabama and the SW 1/4 of the SW 1/4 of Section 23, Township 18, Range 1 East. Situated in Shelby County, Alabama.

BOOK 198 PAGE 775

STATE OF ALA. SHELBY
I CERTIFY THIS
INSTRUMENT WAS FILED

88 AUG 10 PM 12:41

John A. [Signature]
JUDGE OF PROBATE

RECORDING FEES

Recording Fee \$ 17.50

Index Fee 1.00

TOTAL 18.50