

This instrument prepared by:

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1400 SouthTrust Tower
Birmingham, Alabama 35203

12/20/1995-36411
08:30 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
029 MCD 32641.50

MORTGAGE AND SECURITY AGREEMENT

STATE OF ALABAMA)
SHELBY COUNTY)

THIS MORTGAGE AND SECURITY AGREEMENT ("Mortgage"), made and entered into this 15th day of December, 1995, by CRYSTAL TREE I LIMITED PARTNERSHIP, a Texas limited partnership, whose address is 5718 Westheimer, Suite 2100, Houston, Texas 77057, Attention: Alan E. Ferris ("Mortgagor") and SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America with principal offices in Birmingham, Alabama, whose address is 420 North 20th Street (35203), P. O. Box 2554, Birmingham, Alabama 35290, Attention: Commercial Real Estate Department ("Mortgagee").

W I T N E S S E T H:

WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal amount of Twenty-One Million Seven Hundred Eight Thousand and No/100 Dollars (\$21,708,000.00) (the "Loan"), or such portion thereof as has been disbursed from time to time under the provisions of a Construction Loan Agreement between Mortgagor and Mortgagee of even date herewith (hereinafter, together with any and all extensions, revisions, modifications or amendments hereafter made, referred to as the "Loan Agreement"), as evidenced by a Promissory Note dated of even date herewith, payable to the Mortgagee with interest thereon (hereinafter, together with any and all extensions, revisions, modifications or amendments hereafter made, referred to as the "Note"), and payable as provided for in the Note [all of the Note, the Loan Agreement, this Mortgage, the Assignment of Rents and Leases from Mortgagor to Mortgagee of even date herewith (hereinafter, together with any and all extensions, revisions, modifications or amendments thereto hereinafter made, the "Assignment of Rents and Leases"), and any and all other documents and instruments relating to the Loan, together with any and all extensions, revisions, modifications or amendments hereafter made to any of the foregoing, hereinafter collectively referred to as the "Loan Documents"]; and

WHEREAS, the parties desire to secure all of the following (hereinafter collectively referred to as the "Secured Obligations"):

(a) The payment of the principal amount of the Note, together with interest thereon, and all renewals, extensions and modifications thereof, and all refinancings of any part of the Note, and any and all indebtedness of Mortgagor to Mortgagee, due, or to become due, which Mortgagee has advanced, or has obligated itself to advance, and all other indebtedness of Mortgagor to Mortgagee arising out of any one or more of the Loan Documents, now existing or hereafter arising, whether joint or several, due or to become due, absolute or contingent, direct or indirect, liquidated or unliquidated, and any renewals, extensions and/or modifications thereof, and whether incurred or given as maker, endorser, guarantor or otherwise (all of the foregoing hereinafter referred to collectively as the "Secured Indebtedness"), including, but not limited to (i) all sums advanced by Mortgagee to Mortgagor or expended by Mortgagee for Mortgagor's account, including but not limited to advances for taxes and insurance pursuant to the terms of this Mortgage; (ii) all court costs, expenses and costs of whatever kind incident to the collection of any indebtedness secured hereby and the enforcement or protection of the lien of this conveyance, including reasonable attorney's fees; and (iii) any amounts expended by Mortgagee in removing, isolating or cleaning up any hazardous materials from the Mortgaged

Crystal Tree I Title

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Property (as hereinafter defined), whether or not such action is required by any "Applicable Environmental Law" (as hereinafter defined); and

(b) The prompt performance of any and all other obligations of Mortgagor to Mortgagee, whether now existing or hereafter arising under or pursuant to any one or more of the Loan Documents.

NOW, THEREFORE, for and in consideration of the Mortgagee making the Loan above-mentioned and to secure the prompt payment and performance of the Secured Obligations, Mortgagor does hereby irrevocably CONVEY, WARRANT, GRANT, BARGAIN, SELL, ASSIGN, TRANSFER, PLEDGE and set over unto Mortgagee, and the successors and assigns of Mortgagee, all of the following described land and interests in land, estates, easements, rights, improvements, personal property, fixtures, equipment, furniture, furnishings, appliances and appurtenances, including replacements and additions thereto (herein referred to collectively as the "Mortgaged Property"):

(a) All those certain tracts, pieces or parcels of land, and interests in land, located in Jefferson and Shelby County, Alabama, more particularly described in Exhibit A attached hereto and by this reference made a part hereof (the "Land");

(b) All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, water heaters, awnings and storm sashes, and cleaning apparatus which are or shall be attached to said buildings, structures or improvements, and all other furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property of every kind and nature whatsoever now or hereafter owned by Mortgagor and located in, on or about, or used or intended to be used with or in connection with the construction, use, operation or enjoyment of the Mortgaged Property, including all extensions, additions, improvements, betterments, renewals and replacements, substitutions, or proceeds from a permitted sale of any of the foregoing, and all building materials and supplies of every kind now or hereafter placed or located on the Land (collectively the "Improvements"), all of which are hereby declared and shall be deemed to be fixtures and accessions to the Land and a part of the Mortgaged Property as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Mortgage;

(c) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter located on the Land or under or above the same or any part or parcel thereof, and all ground leases, estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversions, and remainders whatsoever, in any way belonging, relating or appertaining to the Mortgaged Property or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor; and

(d) All rents, issues, profits, revenues and proceeds from any sale or other disposition of the Mortgaged Property, or any part thereof, from time to time accruing (including without limitation all payments under leases, ground leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all of 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, reserving only the right to Mortgagor to collect the same so long as there is not existing an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) hereunder or such collection is not otherwise restricted by this Mortgage.

TO HAVE AND TO HOLD the Mortgaged Property and all parts, rights, members and appurtenances thereof, to the use and benefit of Mortgagee and the successors, successors-in-title and assigns of Mortgagee, forever; and Mortgagor covenants that Mortgagor is lawfully seized and possessed of the Mortgaged Property as aforesaid and has good right to convey the same, that the same are unencumbered except for those matters expressly set forth in Exhibit A hereto, and Mortgagor does warrant and will forever defend the title thereto against the claims of all persons whomsoever, except as to those matters set forth in said Exhibit A.

PROVIDED, HOWEVER, that should the Secured Indebtedness secured by this Mortgage be paid according to the tenor and effect thereof when the same shall become due and payable as provided for in the Loan Documents, and should Mortgagor perform all covenants contained in the Loan Documents in a timely manner, then this Mortgage shall be cancelled and released.

MORTGAGOR HEREBY FURTHER COVENANTS AND AGREES WITH MORTGAGEE AS FOLLOWS:

ARTICLE I

1.01 Payment and Performance of Loan Documents. Mortgagor will perform, observe and comply with all the provisions hereof, and of each of the other Loan Documents, including, but not limited to, the due and punctual payment of the principal amount due under the Note, together with interest thereon, and all other sums of money required to be paid by Mortgagor pursuant to any one or more of the Loan Documents, without any deductions, credits or set-offs whatsoever.

1.02 Taxes, Liens and Other Charges.

(a) Mortgagor shall pay, on or before the delinquency date thereof, all taxes, levies, license fees, permit fees and all other charges (in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen) of every character whatsoever (including all penalties and interest thereon) now or hereafter levied, assessed, confirmed or imposed on, or in respect of, or which may be a lien upon the Mortgaged Property, or any part thereof, or any estate, right or interest therein, or upon the rents, issues, income or profits thereof, and shall submit to Mortgagee such evidence of the due and punctual payment of all such taxes, assessments and other fees and charges as Mortgagee may require. Mortgagor shall have the right before they become delinquent to contest or object to the amount or validity of any such tax, assessment, fee or charge by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such tax, assessment, fee or charge at the time and in the manner provided herein, unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to so contest or object, and unless, at Mortgagee's sole option, (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Mortgaged Property, or any part thereof, to satisfy such tax, assessment, fee or charge prior to final determination of such proceedings; and (ii) Mortgagor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Mortgagee; and (iii) Mortgagor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

(b) Mortgagor shall pay, on or before the due date thereof, all taxes, assessments, charges, expenses, costs and fees which may now or hereafter be levied upon, or assessed or charged against, or incurred in connection with, the Loan and/or any one or more of the Loan Documents.

(c) Mortgagor shall pay, on or before the due date thereof, (i) all premiums on policies of insurance covering, affecting or relating to the Mortgaged Property, as required pursuant to Section 1.03, below; (ii) all premiums on collaterally assigned life insurance policies, if any; (iii) all ground rentals, other lease rentals and other sums, if any, owing by Mortgagor

and becoming due under any lease or rental contract affecting the Mortgaged Property; and (iv) all utility charges which are incurred by Mortgagor for the benefit of the Mortgaged Property, or which may become a charge or lien against the Mortgaged Property for gas, electricity, water and sewer services and the like furnished to the Mortgaged Property, and all other public or private assessments or charges of a similar nature affecting the Mortgaged Property or any portion thereof, whether or not the nonpayment of same may result in a lien thereon. Mortgagor shall submit to Mortgagee such evidence of the due and punctual payment of all such premiums, rentals and other sums as Mortgagee may require.

(d) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or security agreements, or debts secured thereby or in the manner of collecting such taxes so as to adversely affect Mortgagee, Mortgagor will pay any such tax on or before the due date thereof. If Mortgagor fails to make such prompt payment or if, in the opinion of Mortgagee, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Mortgagor from making such payment or would penalize Mortgagor if Mortgagor makes such payment, or if, in the reasonable opinion of Mortgagee, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the Secured Indebtedness and all interest accrued thereon shall, at the option of Mortgagee, become immediately due and payable upon written demand of Mortgagor; provided, however, that neither this Mortgage nor any of the other Loan Documents shall be considered in default (nor shall there be deemed to have occurred an Event of Default) for a period of one hundred eighty (180) days following such written demand.

(e) Mortgagor shall not suffer any mechanic's, materialmen's, laborer's, statutory or other lien to be created or remain outstanding against the Mortgaged Property; provided, however, that Mortgagor may contest any such lien in good faith by appropriate legal proceedings provided the lien is bonded in such manner as not to adversely affect the Mortgaged Property or this Mortgage. Mortgagee has not consented and will not consent to the performance of any work or the furnishing of any materials which might be deemed to create a lien or liens superior to the lien hereof.

1.03 Insurance.

(a) Mortgagor shall procure for, deliver to and maintain for the benefit of the Mortgagee during the term of this Mortgage, such insurance policies with such insurance companies and in such amounts as required by the Loan Agreement. In the event the Mortgagor fails to maintain any insurance as required hereunder, then the Mortgagee shall have the right to procure such insurance as provided in the Loan Agreement, whether or not the Mortgagor's failure to maintain such insurance constitutes an Event of Default hereunder or an event or condition which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default. Any amounts paid by the Mortgagee for insurance shall be due and payable to the Mortgagee upon demand and shall be secured by this Mortgage. The Mortgagee shall have such further rights with respect to any such insurance policies, including the right to make proof of loss for and to settle, adjust, compromise and collect the proceeds of any insurance claims, as provided for in the Loan Agreement, and all costs incurred by the Mortgagee in connection therewith shall be secured by this Mortgage.

(b) Mortgagee is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies maintained pursuant to this Section 1.03 [provided that Mortgagee shall not adjust or compromise any loss without Mortgagor's consent prior to the expiration of the 90-day (or longer, if applicable) period specified in Section 1.03(c) so long as an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall not otherwise have occurred and be continuing], and to collect and receive the proceeds from any such policy or

policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Mortgagee as its interest may appear, instead of to Mortgagor and Mortgagee jointly. In the event any insurance company fails to disburse directly and solely to Mortgagee but disburses instead either solely to Mortgagor or to Mortgagor and Mortgagee jointly, Mortgagor agrees immediately to endorse and transfer such proceeds to Mortgagee to the extent of Mortgagee's interest therein. Upon the failure of Mortgagor to endorse and transfer such proceeds as aforesaid, Mortgagee may execute such endorsements or transfers for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's agent and attorney-in-fact so to do. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorney's fees, Mortgagee shall apply the net insurance proceeds or any part thereof, at its option, (i) to the payment of the Secured Indebtedness, whether or not due and in whatever order Mortgagee elects (in which case a portion of or the entire Secured Indebtedness shall, at Mortgagee's option, immediately become due and payable), (ii) to the repair and/or restoration of the Mortgaged Property, or (iii) for any other purposes or objects for which Mortgagee is entitled to advance funds under this Mortgage, all without affecting the lien and security interest created by this Mortgage, and any balance of such monies then remaining shall be paid to Mortgagor or the person or entity lawfully entitled thereto. Mortgagee shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(c) Notwithstanding the provisions of Paragraph (b) to the contrary, Mortgagee agrees that the proceeds of any insurance or any part thereof (after deducting therefrom all of its expenses incurred in the collection and administration of such sums, including reasonable attorney's fees) will be made available by Mortgagee (consistent with disbursement procedures and subject to such terms and conditions as provided under the Loan Agreement with respect to advances to be made thereunder) to be applied by Mortgagor to restoration or repair of the property damaged provided the following conditions are met:

(i) there exists no Event of Default (as defined in Article II) (after the giving of any required notice and the expiration of any applicable grace or cure period), and if the event giving rise to the payment of insurance proceeds causes material damage or destruction to 25% or more of the apartment units constituting a part of the Mortgaged Property, guaranties with substantially identical terms as the Guaranties (as defined in the Loan Agreement) are delivered by guarantors with a financial condition (based on income, net worth, liquidity, contingent liabilities and other factors as may be deemed relevant by the Mortgagee, in its sole discretion) which is substantially similar to or better than the Guarantors (as defined in the Loan Agreement);

(ii) the Mortgagor presents sufficient evidence to the Mortgagee as reasonably required by Mortgagee, that (A) the Mortgaged Property is capable of being, and will be, restored in compliance with all applicable laws, rules and regulations to an architectural whole and to substantially the same condition and value as prior to the damage, (B) restoration of the Mortgaged Property to an architectural whole will be completed on or before the maturity date of the Note, (C) there are sufficient funds from the insurance proceeds and other available monies (which, if required by Mortgagee, shall be deposited with Mortgagee to be disbursed concurrently with the insurance proceeds), to completely restore or repair the Mortgaged Property to an architectural whole, as well as to maintain relevant debt service coverages and other operating expenses, and (D) if Mortgagee has any notice of any potential adverse claims to the insurance

proceeds, the Mortgagee will not incur any liability to any other person as a result of such use or release of insurance proceeds;

(iii) except as may be waived by Mortgagee, the plans and specifications for restoration or repair are approved in writing by the Mortgagee, in its reasonable discretion;

(iv) if required by Mortgagee, all parties having management agreements concerning the Mortgaged Property, if any, agree that they will continue their agreements for the contract terms then in effect following the restoration or repair; and

(v) the Mortgagor shall enter into such agreements and deliver such other documents and other things as may be reasonably required by the Mortgagee providing for disbursement of all such proceeds in accordance with disbursement procedures and other requirements substantially similar to those provided under the Loan Agreement.

If the foregoing conditions are satisfied within ninety (90) days of the date of loss (or such longer period of time as may be agreed to by Mortgagor), then the insurance proceeds plus any other required deposits shall be held by the Mortgagee and, after deducting from said amounts proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorney's fees, the Mortgagee shall disburse such amounts proceeds to or on behalf of the Mortgagor (consistent with disbursement procedures and subject to such terms and conditions as provided under the Loan Agreement with respect to advances to be made thereunder) as repair or restoration progresses and to the extent such amounts are required to defray the expenses of such restoration or repair; and to the extent any such amounts are not required to defray the expenses of such restoration or repair, the Mortgagee may, at its option, apply any such unused amounts to (i) the outstanding balance of the Loan, or (ii) for any other purposes or objects for which the Mortgagee is entitled to advance funds under this Mortgage, all without affecting the lien and security interest created by this Mortgage, and any balance of such monies then remaining shall be paid to the Mortgagor or the person or entity lawfully entitled thereto. At all times during such restoration or repair, the Mortgagor shall deposit with the Mortgagee funds which, when added to insurance proceeds on deposit with the Mortgagee, are sufficient to complete the restoration or repair of the Mortgaged Property to an architectural whole, as determined by the Mortgagee, in the Mortgagee's discretion, in accordance with the approved plans and specifications and all applicable laws, rules and regulations, including, but not limited to, building codes and zoning ordinances and regulations.

If the conditions set forth in clauses (i) through (vii), inclusive, of this Section 1.03(c) are not satisfied within ninety (90) days of the date of loss, then the insurance proceeds shall be disbursed as provided for in Subparagraph (b) of this Section 1.03.

1.04 Monthly Deposits. At the option of Mortgagee and further to secure the payment of the taxes, assessments and other sums referred to in Section 1.02 and the premiums on the insurance referred to in Section 1.03, Mortgagor shall upon request of Mortgagee deposit with Mortgagee, on the first day of each month, such amounts as, in the estimation of Mortgagee, shall be necessary to pay such charges as they become due; said deposits to be held and to be used by Mortgagee to pay current taxes and assessments, insurance premiums and other charges on the Mortgaged Property as the same accrue and are payable. Payment from said sums for said purposes shall be made by Mortgagee at its discretion and may be made even though such payments will benefit subsequent owners of the Mortgaged Property. Said deposits shall not be, nor be deemed to be, trust funds, but may be, to the extent permitted by applicable law, commingled with the general funds of Mortgagee, and no interest shall be payable in respect thereof. If said deposits are insufficient to pay the taxes and assessments, insurance premiums

and other charges in full as the same become payable, Mortgagor will deposit with Mortgagee such additional sum or sums as may be required in order for Mortgagee to pay such taxes and assessments, insurance premiums and other charges in full. Upon any Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) under the provisions of this Mortgage or the Note, or any instrument evidencing, securing or in any way related to the Secured Obligations, Mortgagee may, at its option, apply any money in the fund relating from said deposits to the payment of the Secured Indebtedness in such manner as it may elect.

1.05 Condemnation. If all or any portion of the Mortgaged Property shall be damaged or taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any governmental or quasi-governmental authority and any transfer by private sale in lieu thereof), either temporarily or permanently, other than an insubstantial taking for the purpose of widening existing roads bordering the Land which does not adversely affect access or the use of the Land for an apartment complex and is not so substantial as to permit any tenant (whether or not then in possession) to terminate its lease or reduce the term thereof or the rent payable thereunder, then a portion of or the entire Secured Indebtedness shall, at the option of Mortgagee, immediately become due and payable. Mortgagor, immediately upon obtaining knowledge of the institution, or the proposed, contemplated or threatened institution of any action or proceeding for the taking through condemnation of the Mortgaged Property or any part thereof will notify Mortgagee, and Mortgagee is hereby authorized, at its option, to commence, appear in and prosecute, through counsel selected by Mortgagee, in its own or in Mortgagor's name, any action or proceeding relating to any condemnation. Mortgagor may compromise or settle any claim for compensation, but shall not make any compromise or settlement for an award that is less than the Secured Indebtedness without the prior written consent of Mortgagee. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by Mortgagor to Mortgagee, and Mortgagee is authorized, at its option, to collect and receive all such compensation, awards or damages and to give proper receipts and acquittances therefor without any obligation to question the amount of any such compensation, awards or damages. After deducting from said condemnation proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorney's fees, the net proceeds shall be dealt with by the Mortgagee in accordance with, and subject to, the same terms and conditions as set forth in Paragraph (b) or Paragraph (c), as applicable, of Section 1.03 hereof as if the condemnation proceeds were insurance proceeds and as if the date the condemnation proceeds become payable to the Mortgagor was the date of loss.

1.06 Care of Mortgaged Property.

(a) Mortgagor will keep the buildings, parking areas, roads and walkways, landscaping, and all other Improvements of any kind now or hereafter erected on the Land or any part thereof in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which would or could increase the risk of fire or other hazard to the Mortgaged Property or any other part thereof or which would or could result in the cancellation of any insurance policy carried with respect to the Mortgaged Property.

(b) Mortgagor will not remove, demolish or alter the structural character of any Improvement located on the Land without the written consent of Mortgagee.

(c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will give immediate written notice thereof to Mortgagee.

(d) Mortgagee or its representative is hereby authorized to enter upon and inspect the Mortgaged Property at any reasonable time.

(e) Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property or any part thereof.

(f) If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Mortgaged Property, Mortgagor shall give prompt notice thereof to Mortgagee and Mortgagor shall promptly, at Mortgagor's sole cost and expense and regardless of whether insurance or condemnation proceeds (if any) shall be available or sufficient for the purpose, commence and continue diligently to completion to restore, repair, replace and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to the damage, loss or destruction.

1.07 Leases, Contracts, Etc.

(a) As additional collateral and further security for the Secured Obligations, Mortgagor does hereby assign to Mortgagee Mortgagor's interest in and rights under any and all ground leases, leases, tenant contracts, rental agreements, franchise agreements, management contracts, contracts for the sale of the Mortgaged Property or any site within the Mortgaged Property and other contracts, licenses and permits now or hereafter affecting the Mortgaged Property, or any part thereof, and Mortgagor agrees to execute and deliver to Mortgagee such additional instruments, in form and substance satisfactory to Mortgagee, as hereafter may be requested by Mortgagee further to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Mortgagee to any lease, tenant contract, rental agreement, franchise agreement, management contract, sales contract or other contract, license or permit, or to impose upon Mortgagee any obligation with respect thereto. Mortgagor shall faithfully keep and perform, or cause to be kept and performed, all of the covenants, conditions and agreements contained in each of said instruments, now or hereafter existing, on the part of Mortgagor to be kept and performed and shall at all times do all things necessary to compel performance by each other party to said instruments of all obligations, covenants and agreements by such other party to be performed thereunder.

(b) Mortgagor shall not execute an assignment of the rents, issues or profits, or any part thereof, from the Mortgaged Property unless Mortgagee shall first consent to such assignment, which consent may be given or denied in Mortgagee's sole discretion, and unless such assignment shall expressly provide that it is subordinate to the assignment contained in this Mortgage and any assignment executed pursuant hereto.

(c) Mortgagor shall furnish to Mortgagee, within thirty (30) days after a request by Mortgagee to do so, a sworn statement setting forth the names of all lessees and tenants of the Mortgaged Property, the terms of their respective leases, tenant contracts or rental agreements, the space occupied, and the rentals payable thereunder, and stating whether any defaults, off-sets or defenses exist under or in connection with any of said leases, tenant contracts or rental agreements.

(d) Each future lease, tenant contract or rental agreement pertaining to the Mortgaged Property, or any part thereof, shall provide that in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee or tenant thereunder will, upon request of Mortgagee or any other person or entity succeeding to the interest of Mortgagee as a result of such enforcement, automatically become the lessee or tenant of Mortgagee or said successor in interest, without change in the terms or other provisions of said lease, tenant contract or rental agreement.

1.08 Security Agreement. With respect to the apparatus, fittings, fixtures and articles of personal property referred to or described in this Mortgage, or in any way connected with the use and enjoyment of the Mortgaged Property, this Mortgage is hereby made and declared to be a security agreement

encumbering each and every item of personal property included herein as a part of the Mortgaged Property, in compliance with the provisions of the Uniform Commercial Code as enacted in the state wherein the Land is situated, and Mortgagor hereby grants to Mortgagee a security interest in said personal property. A financing statement or statements reciting this Mortgage to be a security agreement affecting all of said personal property aforementioned shall be executed by Mortgagor and Mortgagee and appropriately filed. Mortgagor and Mortgagee agree that the filing of such financing statement(s) in the records normally having to do with personal property shall not in any way affect the agreement of Mortgagor and Mortgagee that everything used in connection with the production of income from the Mortgaged Property or adapted for use therein or which is described or reflected in this Mortgage, is, and at all times and for all purposes and in all proceedings both legal or equitable, shall be regarded as part of the real estate conveyed hereby regardless of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in an Exhibit to this Mortgage, or (iii) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (A) the proceeds of any fire and/or hazard insurance policy, or (B) any award in eminent domain proceedings for taking or for loss of value, or (C) Mortgagor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Mortgaged Property, whether pursuant to lease or otherwise, shall not in any way alter any of the rights of Mortgagor or Mortgagee as determined by this instrument or affect the priority of Mortgagee's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement(s) is solely for the protection of Mortgagee in the event any court shall at any time hold, with respect to the foregoing items (A), (B), or (C), that notice of Mortgagee's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records. This Mortgage may be filed as a financing statement in any office where Mortgagee deems such filing necessary or desirable and Mortgagor will promptly upon demand reimburse Mortgagee for the costs therefor.

1.09 Further Assurances; After-Acquired Property. At any time, and from time to time, upon prior written request by Mortgagee, Mortgagor will make, execute, and deliver or cause to be made, executed and delivered to Mortgagee and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be rerecorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Mortgagee, any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Mortgagee, be necessary or desirable in order to effectuate, complete or perfect or to continue and preserve (a) the obligations of Mortgagor under the Loan Documents, and (b) the security interest created by this Mortgage as a first and prior security interest upon, in and to all of the Mortgaged Property, whether now owned or hereafter acquired by Mortgagor. Upon any failure by Mortgagor so to do, Mortgagee may make, execute, record, file, rerecord and/or refile any and all such mortgages, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor so to do. The security interest provided for in this Mortgage will automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Mortgaged Property or any part thereof.

1.10 Indemnity; Expenses. Mortgagor will pay or reimburse Mortgagee, upon demand therefor, for all reasonable attorney's fees, costs and expenses incurred by Mortgagee in any suit, action, legal proceeding or dispute of any kind in which Mortgagee is made a party or appears as party plaintiff or defendant, affecting the Secured Obligations, this Mortgage or the interest created herein, or the Mortgaged Property, including, but not limited to, the exercise of the power of sale contained in this Mortgage, any condemnation action involving the Mortgaged Property or any action to protect the security hereof, and any such

amounts paid by Mortgagee shall be added to the Secured Indebtedness and shall be secured by this Mortgage. Mortgagor will indemnify and hold Mortgagee harmless from and against all claims, damages, and expenses including attorney's fees and court costs, resulting from any action by a third party against Mortgagee relating to this Mortgage or the interest created herein, or the Mortgaged Property, including, but not limited to any action or proceeding claiming loss, damage or injury to person or property, or any action or proceeding claiming a violation of any national, state or local law, rule or regulation, including those relating to environmental standards or dangerous or hazardous wastes, provided Mortgagor shall not be required to indemnify Mortgagee for matters directly caused by Mortgagee's negligence or intentional or reckless misconduct.

1.11 Estoppel Affidavits. Either Mortgagee or Mortgagor, upon ten (10) days prior written notice, shall furnish the other a written statement, duly acknowledged, based upon its records, setting forth the unpaid principal of, and interest on, the Secured Indebtedness, stating whether or not to its knowledge any off-sets or defenses exist against the Secured Indebtedness, or any portion thereof, and, if such off-sets or defenses exist, stating in detail the specific facts relating to each such off-set or defense.

1.12 Subrogation. To the full extent of the Secured Indebtedness, Mortgagee is hereby subrogated to the liens, claims and demands, and to the rights of the owners and holders of each and every lien, claim, demand and other encumbrance on the Mortgaged Property which is paid or satisfied, in whole or in part, out of the proceeds of the Secured Indebtedness, and the respective liens, claims, demands and other encumbrances shall be, and each of them is hereby, preserved and shall pass to and be held by Mortgagee as additional collateral and further security for the Secured Indebtedness, to the same extent they would have been preserved and would have been passed to and held by Mortgagee had they been duly and legally assigned, transferred, set over and delivered unto Mortgagee by assignment, notwithstanding the fact that the same may be satisfied and cancelled of record.

1.13 Books, Records, Accounts and Reports. Mortgagor shall keep and maintain or shall cause to be kept and maintained, at Mortgagor's cost and expense, and in accordance with standard accounting principles, proper and accurate books, records and accounts reflecting all items of income and expense in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property. Mortgagee, by Mortgagee's agents, accountants and attorneys, shall have the right from time to time to examine such books, records and accounts at the office of Mortgagor or such other person or entity maintaining such books, records and accounts, to make such copies or extracts thereof as Mortgagee shall desire, and to discuss Mortgagor's affairs, finances and accounts with Mortgagor and with the officers and principals of Mortgagor, at such reasonable times as may be requested by Mortgagee. In addition, Mortgagor will furnish (or cause to be furnished) to Mortgagee such financial statements or such other financial information as required by the Loan Agreement.

1.14 Limit of Validity. If from any circumstances whatsoever, fulfillment of any provision of the Note, this Mortgage or any other Loan Document shall, at the time performance of such provision shall be due, cause any applicable usury or similar law to be violated when appropriate consideration is given to obligations of like character and amount and to borrowers and lenders of like character and classification, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that the obligation so to be performed and the validity thereof shall be reduced to the extent necessary (but only to the extent necessary) so as to not cause a violation of such applicable usury or similar law. The provisions of this Section 1.14 shall control every other provision of the Loan Documents.

1.15 [Intentionally Deleted].

1.16 Legal Actions. In the event that Mortgagee is made a party, either voluntarily or involuntarily, in any action or proceeding affecting the Mortgaged Property, any one or more of the Loan Documents, the Secured Obligations or the validity or priority of this Mortgage (but excluding any action or proceeding involving a dispute solely between Mortgagee and a participating lender, if any), Mortgagor shall immediately, upon demand, reimburse Mortgagee for all costs, expenses and liabilities incurred by Mortgagee by reason of any such action or proceeding, including reasonable attorney's fees, and any such amounts paid by Mortgagee shall be added to the Secured Indebtedness and shall be secured by this Mortgage.

1.17 Use and Management of Mortgaged Property. Mortgagor shall at all times operate the Mortgaged Property as an apartment complex. Mortgagor shall not be permitted to alter or change the use of the Mortgaged Property without the prior written consent of Mortgagee.

1.18 Conveyance of Mortgaged Property. Mortgagor shall not directly or indirectly encumber (by lien, junior mortgage, or otherwise), pledge, convey, transfer or assign any or all of its interest in the Mortgaged Property without the prior written consent of Mortgagee. Mortgagee's consent to such a transfer, if given in Mortgagee's sole discretion, shall not release or alter in any manner the liability of Mortgagor or anyone who has assumed or guaranteed the payment or performance of the Secured Obligations or any portion thereof. At the option of Mortgagee, the Secured Indebtedness shall be immediately due and payable in the event that Mortgagor conveys all or any portion of the Mortgaged Property or any interest therein, or in the event that Mortgagor's equitable title thereto or interest therein shall be assigned, transferred or conveyed in any manner, without obtaining Mortgagee's prior written consent thereto, and any waiver or consent for any prior transfer shall not preclude Mortgagee from declaring the Secured Indebtedness due and payable for any subsequent transfer.

1.19 Acquisition of Collateral. Mortgagor shall not acquire any portion of the personal property covered by this Mortgage subject to any security interest, conditional sales contract, title retention arrangement or other charge or lien taking precedence over the security title and lien of this Mortgage.

1.20 Compliance with Applicable Environmental Law. The term "Applicable Environmental Law" shall be defined as any applicable law, rule or regulation pertaining to health or the environment, or petroleum products, or oil, or hazardous substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as codified at 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, as codified at 42 U.S.C. Section 6901 et seq.; and the Superfund Amendments and Reauthorization Act of 1986, as codified at 42 U.S.C. Section 9671 et seq.; the terms "hazardous substance" and "release" shall have the meanings specified in CERCLA; provided, in the event CERCLA is amended to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment; and provided, to the extent that the laws of the State of Alabama establish a meaning for "hazardous substance" or "release" which is broader than that specified in CERCLA, such broader meaning shall apply. The Mortgagor represents and warrants to the Mortgagee that, except as disclosed in that certain Phase I Environmental Site Assessment, BEI Project No. 350487, prepared by Bhate Environmental, Inc., dated July 24, 1995 (the "Environmental Report"), to the best of its knowledge, the Mortgaged Property and the Mortgagor are not in violation of or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or any response costs or remedial obligations under any Applicable Environmental Law and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Mortgaged Property; that, to the best of its knowledge, the Mortgagor has not obtained and is not required to obtain, any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures or equipment forming a part of the Mortgaged Property by reason of any Applicable Environmental Law; that except as disclosed in the Environmental

Report, to the best of its knowledge, the Mortgagor has taken all steps necessary to determine and has determined that no petroleum products, oil, hazardous substances, or solid wastes have been disposed of or otherwise released on the Mortgaged Property; and that, to the best of its knowledge, the use which the Mortgagor has made, makes or intends to make of the Mortgaged Property will not result in the location on or disposal or other release of any petroleum products, oil, hazardous substances or solid waste on or to the Mortgaged Property in violation of any Applicable Environmental Law. Notwithstanding anything contained herein or in any other Loan Document to the contrary, except with respect to the next sentence, the Mortgagor hereby agrees to pay any fines, charges, fees, expenses, damages, losses, liabilities or response costs arising from or pertaining to the application of any such Applicable Environmental Law to the Mortgaged Property and to indemnify and forever save the Mortgagee harmless from any and all judgments, fines, charges, fees, expenses, damages, losses, liabilities, response costs, or attorneys' fees and expenses arising from the application of any such Applicable Environmental Law to the Mortgaged Property or the Mortgagee; and this indemnity shall survive any payment of the Note or foreclosure of this Mortgage or the taking by the Mortgagee of a deed in lieu of foreclosure. Notwithstanding the foregoing, the foregoing sentence shall not apply if and to the extent that the event giving rise to the application of any such Applicable Environmental law occurs after any foreclosure or acceptance by Mortgagee of a deed in lieu of foreclosure. The Mortgagor agrees to notify the Mortgagee in the event that any governmental agency or other entity notifies the Mortgagor that it may not be in compliance with any Applicable Environmental Laws. The Mortgagor agrees to permit the Mortgagee to have access to the Mortgaged Property at all reasonable times in order to conduct, at the Mortgagee's expense, any tests which the Mortgagee deems are necessary to ensure that the Mortgagor and the Mortgaged Property are in compliance with all Applicable Environmental Laws.

ARTICLE II

2.01 Events of Default. Except as may otherwise be expressly provided for in the Loan Agreement, the terms "default", "Event of Default" or "Events of Default", wherever used in this Mortgage, shall mean any one or more of the following events provided for in Paragraphs (a) through (h), inclusive, of this Section 2.01:

(a) Failure by Mortgagor to pay any portion of the Secured Indebtedness, as and when the same comes due, which failure is not cured within ten (10) days of written notice from Mortgagor; provided that Mortgagor shall not be required to give such notice more than twice in any consecutive twelve (12) month period nor upon maturity of the Loan; or

(b) Failure by Mortgagor duly to observe or perform any other term, covenant, condition or agreement of this Mortgage which failure is not cured within thirty (30) days of written notice thereof, or such longer period up to one hundred twenty (120) days if such failure is not capable of being fully cured within thirty (30) days, provided that Mortgagor has commenced and continues to diligently pursue cure of such failure; or

(c) The occurrence of an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) under any one or more of the Loan Documents or any other instrument or agreement now or hereafter evidencing or securing the Note or the Secured Obligations; or

(d) Any representation, statement or warranty of Mortgagor contained in any one or more of the Loan Documents or in any other instrument, document, transfer, conveyance, assignment or loan agreement given by Mortgagor with respect to the Secured Obligations, proving to be untrue in any material respect; or

(e) The filing by Mortgagor or any guarantor of the Note of a voluntary petition in bankruptcy or any such person's adjudication as a bankrupt

or insolvent; or the filing by any such person of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors or any such person's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of any such person or its property or of all or any substantial part of the Mortgaged Property or of any or all of the rents, issues, profits, or revenues thereof; or the making by any such person of any general assignment for the benefit of creditors; or the admission in writing by any such person of its inability to pay its debts generally as they become due; or

(f) The entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against Mortgagor or any guarantor of the Note and not dismissed within sixty (60) days seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors or the appointment of any trustee, receiver or liquidator of any such person or its property or of all or any substantial part of the Mortgaged Property or of any or all rents, issues, profits or revenues thereof without the consent or acquiescence of such person; or

(g) Any material adverse claim relating to the Land or the Mortgaged Property, by title, lien or otherwise is established by appropriate decree or other order in any legal or equitable proceeding and which claim is not fully discharged or settled to the satisfaction of the Mortgagee within 60 days; or

(h) Unless the written consent of Mortgagee is first obtained or except as otherwise provided herein (which consent may be withheld in Mortgagee's sole discretion), there occurs any transfer of the Mortgaged Property, or any interest therein, or any further encumbrance of the Mortgaged Property.

(i) Notwithstanding and with respect to each and every of the foregoing events and regardless of any provision in any one or more of the Loan Documents to the contrary, an Event of Default will be deemed to have occurred upon the giving of any required notice or, if no notice is required, upon the occurrence of such event, and the fact that Mortgagor is proceeding to cure an Event of Default hereunder will not suspend such default, impair the effectiveness of any notice served by Mortgagee, or delay the acceleration of the maturity of the Note, and the notice periods herein provided will run concurrently with any other notice periods to which Mortgagor might be entitled as a matter of law or otherwise; provided that:

(A) other than acceleration of the indebtedness and the giving or service of any notice required herein or by applicable law, Mortgagee will not exercise any right or remedy provided for herein or in any other Loan Documents (i) until the expiration of any applicable cure period and (ii) until notice of such Event of Default shall have been given to WLD Trust (as defined in the Loan Agreement) (which notice may be given by copy of any notice of the same given to the Mortgagor) and:

(x) except as set forth in Paragraph (j) of this Section 2.01, with respect to an Event of Default which can be cured by the payment of money, WLD Trust will have the opportunity to cure such default (but shall not be required to cure the entire accelerated indebtedness, but only any payments that have not been made) for 10 days after receipt of notice thereof (or, if later, the expiration of any period of time to cure an Event of Default otherwise granted to Mortgagor hereunder, but not including any extensions thereof which may be granted to Mortgagor on account of bankruptcy or similar law); and

(y) except as set forth in Paragraph (j) of this Section 2.01, with respect to an Event of Default which cannot be cured by the payment of money, WLD Trust will have the opportunity to cure the same for 30 days after receipt of notice thereof (or, if later, the expiration of any period of time to cure an Event of Default otherwise granted to Mortgagor hereunder, but not including any extensions thereof which may be granted to Mortgagor on account of bankruptcy or similar law); and

(B) if any such Event of Default is cured within the time period otherwise provided for, Mortgagor and Mortgagee will be restored to their respective former rights and obligations as if no such Event of Default and acceleration had occurred.

(j) Notwithstanding the foregoing, with respect to any Event of Default under Paragraphs 2.01(e) or 2.01(f) of this Mortgage, Sections 6.3, 6.4 or 6.9 of the Loan Agreement, or provisions "(3)" [viz., "a material adverse change in the financial condition of Maker or any "Guarantor" (as defined in the Loan Agreement)"] or "(4)" [viz., "the death or incompetency of any "Individual Guarantor" (as defined in the Loan Agreement) unless the requirements of Section 6.13 of the Loan Agreement are satisfied"] of the last paragraph beginning on Page 7 and continuing on Page 8 of the Note, WLD Trust will have the opportunity to cure the same for 120 days after receipt of notice thereof, by becoming a substituted mortgagor or guarantor (as applicable depending on the nature of the default), or by causing another party, acceptable to the Mortgagee, to become a substituted mortgagor or guarantor (as applicable depending on the nature of the default), provided that such substituted mortgagor or guarantor shall furnish financial and other information acceptable to Mortgagee, in its reasonable discretion if WLD Trust is the substitute mortgagor or guarantor and sole discretion for any other person or entity, evidencing that those persons remaining responsible for the management of the operations of the Mortgagor and the Project (as defined in the Loan Agreement) have the experience and capability to maintain the proper and efficient management of the operations of the Mortgagor and the Project and that such substituted mortgagor's or guarantor's financial condition (based on income, net worth, liquidity, contingent liabilities and other factors as may be deemed relevant by the Mortgagee, in its reasonable discretion if WLD Trust is the substitute mortgagor or guarantor and sole discretion for any other person or entity) is substantially similar to or better than that existing prior to the Event of Default and is such that such substituted mortgagor or guarantor has the financial capacity to fulfill the obligations of the Mortgagee or Guarantors (as defined in the Loan Agreement), as applicable; provided that an Event of Default will be deemed to have occurred upon the giving of any required notice or, if no notice is required, upon the occurrence of such event, and the fact that WLD Trust is proceeding to cure an Event of Default hereunder will not suspend such default, impair the effectiveness of any notice served by Mortgagee, or delay the acceleration of the maturity of the Note (provided that, other than the acceleration of the indebtedness, during such period of time Mortgagee will not exercise any right or remedy provided herein or in any other Loan Documents), and the notice periods herein provided will run concurrently with any other notice periods to which Mortgagor might be entitled as a matter of law or otherwise, provided that if any such Event of Default is cured within such 120 day period, Mortgagor and Mortgagee will be restored to their respective former rights and obligations as if no such Event of Default had occurred.

2.02 Acceleration of Maturity. If an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall have occurred, then the entire Secured Indebtedness shall, at the option of Mortgagee, immediately become due and payable without notice or demand, time being of the essence of this Mortgage, and no omission on the part of Mortgagee to exercise such option when entitled to do so shall be construed as a waiver of such right.

2.03 Right to Enter and Take Possession.

(a) If an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall have occurred, Mortgagor, upon demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession of the Mortgaged Property and, if and to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, may enter and take possession of all or any part of the Mortgaged Property without the appointment of a receiver or an application therefor, and may exclude Mortgagor and its agents and employees wholly therefrom, and take possession of the books, papers and accounts of Mortgagor;

(b) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by Mortgagee, Mortgagee may obtain a judgment or decree conferring upon Mortgagee the right to immediate possession or requiring Mortgagor to deliver immediate possession of the Mortgaged Property to Mortgagee. Mortgagor will pay to Mortgagee, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Mortgagee, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Indebtedness and shall be secured by this Mortgage;

(c) Upon every such entering upon or taking of possession, Mortgagee may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Mortgaged Property insured; (iii) manage and operate the Mortgaged Property and exercise all of the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise act with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may determine to be in the best interest of the Mortgaged Property. Mortgagee may collect and receive all the rents, issues, profits and revenues from the Mortgaged Property, including those past due as well as those accruing thereafter, and, after deducting (A) all expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (B) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (C) the cost of such insurance; (D) such taxes, assessments and other similar charges as Mortgagee may at its option pay; (E) other proper charges upon the Mortgaged Property or any part thereof; and (F) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, Mortgagee shall apply the remainder of the monies and proceeds so received by Mortgagee, first, to the payment of accrued interest; second, to the payment of deposits required in Section 1.04 and to other sums required to be paid hereunder; and third, to the payment of overdue installments of principal;

(d) Whenever all such interest, deposits and principal installments and other sums due under any of the terms, covenants, conditions and agreements of this Mortgage shall have been paid and all Events of Default shall have been cured, Mortgagee shall surrender possession of the Mortgaged Property to Mortgagor, its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall occur and be continuing.

2.04 Performance by Mortgagee. Upon an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period), Mortgagee may, at its option, pay, perform or observe the term, covenant or condition giving rise to such Event of Default, and all payments made or costs or expenses incurred by Mortgagee in connection therewith, with interest thereon at three percent (3%) in excess of the rate provided in the Note or at the maximum rate from time to time allowed by applicable law, whichever is less,

shall be secured hereby and shall be, without demand, immediately repaid by Mortgagor to Mortgagee. Mortgagee shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Mortgagee is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor. Notwithstanding anything to the contrary herein, Mortgagee shall have no obligation, explicit or implied, to pay, perform or observe any term, covenant, or condition.

2.05 Receiver. If any Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall have occurred, Mortgagee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, upon prior notice to Mortgagor, but without regard to the occupancy or value of any security for the Secured Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Land is situated. Mortgagor will pay unto Mortgagee upon demand all expenses, including receiver's fees, reasonable attorney's fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 2.05, and any such amounts paid by Mortgagor shall be added to the Secured Indebtedness and shall be secured by this Mortgage.

2.06 Enforcement.

(a) If an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall have occurred, then at the option of Mortgagee this Mortgage may be foreclosed in any manner now or hereafter provided by Alabama law, and the Mortgagee, or its agent, may sell the Mortgaged Property or any part of the Mortgaged Property at one or more public sales before the door of the courthouse of the county or counties, as may be required, in which the Land or any part of the Land is situated, after having first given notice of the time, place and terms of sale at least once a week for three (3) successive weeks preceding the date of such sale in some newspaper published in said county or counties, as may be required. At any such sale, Mortgagee may execute and deliver to the purchaser a conveyance of the Mortgaged Property or any part of the Mortgaged Property. Mortgagee shall have the right to enforce any of its remedies set forth herein without notice to Mortgagor, except for such notice as may be required by law. In the event of any sale under this Mortgage by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceedings or otherwise, the Mortgaged Property may be sold as an entirety or in separate parcels and in such manner or order as Mortgagee in its sole discretion may elect, and if Mortgagee so elects, Mortgagee may sell the personal property covered by this Mortgage at one or more separate sales in any manner permitted by the Uniform Commercial Code of the state in which the Land is located, and one or more exercises of the powers herein granted shall not extinguish or exhaust such powers, until the entire Mortgaged Property is sold or the Secured Indebtedness is paid in full. If the Secured Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, Mortgagee at its option may exhaust the remedies granted under any of said security instruments or this Mortgage either concurrently or independently, and in such order as Mortgagee may determine.

Said sale may be adjourned by the Mortgagee, or its agent, and reset at a later date without additional publication; provided that an announcement to that effect be made at the scheduled place of sale at the time and on the date the sale is originally set.

(b) In the event of any sale of the Mortgaged Property as authorized by this Section 2.06, all prerequisites of such sale shall be presumed to have been performed, and in any conveyance given hereunder all statements of facts, or other recitals therein made, as to the non-payment or non-performance

of the Secured Obligations or as to the advertisement of sale, or the time, place and manner of sale, or as to any other fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

(c) If an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) shall have occurred, Mortgagee may, in addition to and not in abrogation of the rights covered under Subparagraph (a) of this Section 2.06, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy to pursue any other remedy available to it, all as Mortgagee in its sole discretion shall elect.

2.07 Purchase by Mortgagee. Upon any foreclosure sale or sale of all or any portion of the Mortgaged Property under the power herein granted, Mortgagee may bid for and purchase the Mortgaged Property if the highest bidder therefor.

2.08 Application of Proceeds of Sale. In the event of a foreclosure or other sale of all or any portion of the Mortgaged Property, the proceeds of said sale shall be applied: (a) first, to the expenses of such sale and of all proceedings in connection therewith, including reasonable attorneys' fees as may be necessary in the collection of the indebtedness secured by this Mortgage and/or the foreclosure of this Mortgage; (b) then to the repayment of money, including interest thereon, which Mortgagee may have paid, or become liable to pay, or which it may be necessary to pay for, including insurance premiums, liens, assessment, taxes and charges including utility charges advanced by Mortgagee, and interest thereon; (c) then to payment of the Secured Indebtedness and accrued interest thereon, in such order of priority as Mortgagee shall determine, in its sole discretion; and (d) finally the remainder, if any, shall be paid to the person or entity appearing to be the record owner of the Mortgaged Property at the time of sale, after deducting any expenses incurred in ascertaining who is such owner, or as may otherwise be provided by law.

2.09 Mortgagor as Tenant Holding Over. In the event of any such foreclosure sale or sale under the powers herein granted, Mortgagor (if Mortgagor shall remain in possession) and all persons holding under Mortgagor shall be deemed tenants holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

2.10 Waiver of Appraisement, Valuation, Etc. Mortgagor agrees, to the full extent permitted by law, that in case of an Event of Default hereunder (after the giving of any required notice and the expiration of any applicable grace or cure period), neither Mortgagor nor anyone claiming through or under Mortgagor will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the security interest of this Mortgage marshaled upon any foreclosure or sale under the power herein granted.

2.11 Waiver of Homestead. Mortgagor hereby waives and renounces all homestead and exemption rights provided for by the Constitution and the laws of the United States and of any state, in and to the Mortgaged Property as against the collection of the Secured Indebtedness, or any part thereof.

2.12 Leases. Mortgagee, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Mortgagor, a

defense to any proceeding instituted by Mortgagee to collect the sums secured hereby.

2.13 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Mortgagee, then in every such case, Mortgagor and Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Mortgagee shall continue as if no such proceedings had occurred.

2.14 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Mortgagee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

2.15 Waiver.

(a) No delay or omission by Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default, or acquiescence therein, and every right, power and remedy given by this Mortgage to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee. No consent or waiver expressed or implied by Mortgagee to or of any breach or default by Mortgagor in the performance of the obligations of Mortgagor hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act or failure to act or failure to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies of Mortgagee hereunder.

(b) No act or omission by Mortgagee shall release, discharge, modify, change or otherwise affect the original liability of Mortgagor under any one or more of the Loan Documents or any other obligation of Mortgagor or any subsequent purchaser of the Mortgaged Property or any part thereof or any maker, co-signer, endorser, surety or guarantor, nor preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any Event of Default then existing or of any subsequent Event of Default, nor alter the lien of this Mortgage, except as expressly provided in an instrument or instruments executed by Mortgagee. Without limiting the generality of the foregoing, Mortgagee may (i) grant forbearance or an extension of time for the payment of all or any portion of the Secured Indebtedness; (ii) take other or additional security for the payment of any of the Secured Indebtedness; (iii) waive or fail to exercise any right granted herein or in any one or more of the other Loan Documents; (iv) release any part of the Mortgaged Property from the security interest or lien of this Mortgage or otherwise change any of the terms, covenants, conditions or agreements of any one or more of the Loan Documents; (v) consent to the filing of any map, plat or replat affecting the Mortgaged Property; (vi) consent to the granting of any easement or other right affecting the Mortgaged Property; (vii) make or consent to any agreement subordinating the security title or lien hereof, or (viii) take or omit to take any action whatsoever with respect to any one or more of the Loan Documents, the Mortgaged Property or any document or instrument evidencing, securing or in any way related to the Secured Obligations, all without releasing, discharging, modifying, changing or affecting any such liability, or precluding Mortgagee from exercising any such right, power or privilege or affecting the lien of this Mortgage. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, Mortgagee, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the Secured Indebtedness, or with reference to any of the terms, covenants, conditions or agreements hereof, as

fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

2.16 Suits to Protect the Mortgaged Property. Mortgagee shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or constitute an Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) under this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the rents, issues, profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would materially impair the security hereunder or be prejudicial to the interest of Mortgagee.

2.17 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Mortgagor, its creditors or its property, Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Mortgagee allowed in such proceedings for the entire amount due and payable by Mortgagor under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by Mortgagor hereunder after such date.

ARTICLE III

3.01 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon Mortgagor and Mortgagee and their respective heirs, executors, legal representatives, successors, successors-in-title, and assigns. Whenever a reference is made in this Mortgage to "Mortgagor" or "Mortgagee", such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors, successors-in-title and assigns of Mortgagor or Mortgagee, as the case may be, but shall not imply any permission to make or permit any transfer which is otherwise prohibited.

3.02 Terminology. All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and Articles are for convenience only and neither limit nor amplify the provisions of this Mortgage, and all references herein to Articles, Sections or subparagraphs shall refer to the corresponding Articles, Sections or subparagraphs of this Mortgage unless specific reference is made to Articles, Sections or subparagraphs of another document or instrument.

3.03 Severability; Complete Agreement. If any provisions of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law. This Mortgage, the Note, the other Loan Documents, and any other instruments executed in connection herewith constitute the full and complete agreement of the parties and supersede all prior negotiations, correspondence, and memoranda relating to the subject matter hereof, and this Mortgage may not be amended except by a writing signed by the parties hereto.

3.04 Applicable Law. This Mortgage shall be interpreted, construed and enforced according to the laws of the State of Alabama.

3.05 Notices. All notices provided for herein, or in any one or more of the other Loan Documents, or in any other instrument or document evidencing or securing any of the Secured Obligations, or required by applicable law, shall be

given personally, by mail, or by Federal Express or other similar national overnight courier, and addressed to the appropriate party at the address designated for such party as set forth below, or such other single address as the party who is to receive such notice may designate in writing:

If to Mortgagor, to:

Crystal Tree I Limited Partnership
5718 Westheimer
Suite 2100
Houston, Texas 77057
ATTENTION: Alan E. Ferris
Facsimile No. (713) 784-6048

With Copies to:

Alan E. Ferris, Madeleine S. Ferris and Julian Ferris
5718 Westheimer, Suite 2100
Houston, Texas 77057
Facsimile No. (713) 784-6048

WLD Trust
One Broward Boulevard
Suite 1101 - Barnett Bank Plaza
Fort Lauderdale, Florida 33301
Facsimile No. (305) 760-9845

Chervis Isom, Esq.
Berkowitz, Lefkowitz, Isom & Kushner
1600 SouthTrust Tower
Birmingham, Alabama 35203
Facsimile No. (205) 322-8007

Brian J. Sherr, Esq.
Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A.
515 East Las Olas Boulevard
Suite 1500
Fort Lauderdale, Florida 33301
Facsimile No. (305) 765-1477

If to Mortgagee, to:

SouthTrust Bank of Alabama, National Association
420 North 20th Street (35203)
P. O. Box 2554
Birmingham, Alabama 35290
Attention: Commercial Real Estate Department
Facsimile No. (205) 254-4879

With Copy to:

Ray D. Gibbons, Esq.
Gordon, Silberman, Wiggins & Childs, P.C.
1400 SouthTrust Tower
Birmingham, Alabama 35203
Facsimile No. (205) 254-1500

Notice by mail shall be by registered or certified mail. All fees or expenses of mail or overnight courier shall be paid by the sender. Notice shall be deemed received at the earlier of: (a) the time actually received, or (b) two (2) days following the time deposited when sent by overnight courier in the manner aforesaid if on the day of such deposit with the overnight courier notice was also given by facsimile transmission at the number specified above, or (c) five (5) days following the time deposited when sent by mail in the manner aforesaid if on the day of such deposit in the mail notice was also given by facsimile

transmission at the number specified above, or (d) seven (7) days following the time deposited when sent only by mail or overnight courier in the manner aforesaid. Actual receipt of notice shall not be required to effect notice hereunder.

3.06 Replacement of Note. Upon receipt of evidence reasonably satisfactory to Mortgagor of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Mortgagor or, in the case of any such mutilation, upon surrender and cancellation of the Note, Mortgagor at Mortgagee's expense will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to such Note and dated as of the date of such Note, and upon such execution and delivery all references in this Mortgage to the Note shall be deemed to refer to such replacement note.

3.07 Assignment. This Mortgage is assignable by Mortgagee and any assignment hereof by Mortgagee shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Mortgagee.

3.08 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Mortgagor under this Mortgage, each of the other Loan Documents, and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Secured Obligations.

3.09 Release. Provided that no Event of Default (after the giving of any required notice and the expiration of any applicable grace or cure period) then exists, Mortgagee agrees to release this Mortgage upon payment in full by Mortgagor of all of the Secured Indebtedness.

3.10 Future Advances. Upon request of Mortgagor, Mortgagee, at Mortgagee's option so long as this Mortgage secures indebtedness held by Mortgagee, may make future advances to Mortgagor. Such future advances, with interest thereon, shall be secured hereby if made under the terms of this Mortgage, the Note or the Loan Agreement, or if made pursuant to any other promissory note, instrument or agreement stating that sums advanced thereunder are secured hereby.

3.11 No Personal Liability. Except as otherwise provided under Section 8.18 of the Loan Agreement, the provisions of which are hereby incorporated herein by this reference, notwithstanding anything to the contrary herein, upon an Event of Default hereunder, the Mortgagee agrees not to seek a judgment against the Mortgagor or any partner of the Mortgagor; provided, however, that nothing herein contained will: impair the right of Mortgagee to accelerate the maturity of the Secured Indebtedness on the occurrence of an Event of Default; relieve any person (including the Mortgagor or any partner of the Mortgagor) otherwise liable from performance of any other agreement(s) executed by such person, including, but not limited to, any agreements set forth in the Loan Agreement, the Note, this Mortgage, any of the Guaranties (as defined in the Loan Agreement), any of the other Collateral Documents (as defined in the Loan Agreement), any of the other Loan Documents, or any other instrument now or hereafter evidencing, securing or guaranteeing payment of the Secured Indebtedness; impair any lien or security interest now or hereafter held by the Mortgagee; or limit or restrict the Mortgagee's exercise of any right or remedy with respect to any collateral given to secure any amounts owing hereunder or under any of the other Loan Documents.

IN WITNESS WHEREOF, Mortgagor has caused this instrument to be executed by its duly authorized officer and Mortgagee has caused this instrument to be executed by its duly authorized officer as of the day and year first above written.

MORTGAGOR:

CRYSTAL TREE I LIMITED PARTNERSHIP
a Texas limited partnership

BY: CRYSTAL TREE CORPORATION,
a Texas corporation,
Its General Partner

By: [Signature]
Its President

MORTGAGEE:

SOUTHTRUST BANK OF ALABAMA,
NATIONAL ASSOCIATION,
a national banking association

By: [Signature]
Its Vice President

STATE OF TEXAS)
COUNTY OF HARRIS)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Alan E. Ferris, whose name as President of Crystal Tree Corporation, a Texas corporation, as general partner of Crystal Tree I Limited Partnership, a Texas limited partnership, 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, acting in its capacity as general partner of said limited partnership as aforesaid.

Given under my hand and official seal, this the 15th day of December, 1995.

(SEAL)



Anne Arreaga
Notary Public
My Commission Expires: 10/8/96

STATE OF Alabama)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that W. Jody Henson, whose name as Vice President of SouthTrust Bank of Alabama, National Association, a national banking association, 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 banking association.

Given under my hand and official seal, this the 15th day of December, 1995.

(SEAL)

Cheryl A. Robinson
Notary Public
My Commission Expires: 7-10-99

K:\CORP\SOUTHTRU\RESERVE\DOC\MORT-SEC.AGR

EXHIBIT A

PARCEL I

A parcel of land situated in the S.W. 1/4 of the S.E. 1/4 of Section 25, Township 18 South, Range 2 West and in the N.W. 1/4 of the N.E. 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, being more particularly described as follows:

Begin at the Southwest corner of the S.W. 1/4 of the S.E. 1/4 of Section 25, Township 18 South, Range 2 West and run N0°13'48"W along the West line of said 1/4-1/4 section a distance of 1310.96 feet to the Northwest corner of said 1/4-1/4 section; thence S87°54'49"E along the North line of said 1/4-1/4 section a distance of 1320.29 feet to the Northeast corner of said 1/4-1/4 section; thence South along the East line of said 1/4-1/4 section a distance of 1315.03 feet to the Northeast corner of the N.W. 1/4 of the N.E. 1/4 of Section 36, Township 18 South, Range 2 West; thence S0°02'48"W along the East line of said 1/4-1/4 section a distance of 313.00 feet to a point; thence N60°11'03"W a distance of 676.92 feet to a point; thence S43°33'21"W a distance of 166.93 feet to a point; thence N67°47'59"W a distance of 157.66 feet to a point; thence S31°24'01"W a distance of 204.08 feet to a point; thence N68°17'59"W a distance of 119.33 feet to a point; thence S22°23'31"W a distance of 135.37 feet; thence S15°03'29"E a distance of 33.17 feet to a point; thence N87°40'24"W a distance of 207.65 feet to a point on the West line of said 1/4-1/4 section; thence N0°19'01"E along the West line of said 1/4-1/4 section a distance of 368.81 feet to the POINT OF BEGINNING.

Parcel II

A 60 foot non-exclusive roadway easement(s) for ingress and egress to East Inverness Parkway as described in the instruments recorded in Real Volume 13 page 426; Real Volume 28 page 673; Real Volume 30 page 85 and Deed 342 page 479, in the Probate Office of Shelby County, Alabama; being situated in Shelby County, Alabama.

EXHIBIT A
(CONTINUED)

Parcel IV

An easement for the right to construct and maintain, a limited access roadway and temporary construction access, as set out in the Access Roadway Easement dated December 7, 1995 from The Water Works and Sewer Board of the City of Birmingham, a public corporation, to Crystal Tree I, a Texas Limited Partnership, recorded as Instrument No. _____ in the Probate Office of Shelby County, Alabama, and subject to the terms, covenants, and conditions therein, over and across the following described parcel:

Begin at the Southeast corner of the NW 1/4 of the SE 1/4 of Section 25, Township 18 South, Range 2 West and run in a Westerly direction along the South line of said 1/4 1/4 section a distance of 80.00 feet to a point; thence right in a Northeasterly direction a distance of 93 feet, more or less, to a point on the East line of said 1/4 1/4 section, said point being 50.04 feet Northerly of the Southeast corner of said 1/4 1/4 section; thence right in a Southerly direction along the East line of said 1/4 1/4 section a distance of 50.04 feet to the point of beginning; being situated in Shelby County, Alabama.

Parcel V

An easement for, and rights to construct and maintain, a dam embankment as set out in the Dam Embankment Easement dated December 7, 1995, from The Water Works and Sewer Board of the City of Birmingham, a public corporation, to Crystal Tree I, a Texas Limited Partnership, recorded as Instrument No. _____ in the Probate Office of Jefferson County, Alabama, and subject to the terms, covenants, and conditions therein, over and across the following described parcel:

Commence at the Southeast corner of the SE 1/4 of the SW 1/4 of Section 25, Township 18 South, Range 2 West, and run in a distance of 34.86 feet to the point of beginning; thence continue in a Northerly direction along the last stated course a distance of 558.69 feet to a point; thence 170 deg. 11 min. 13 sec. to the left in a Southwesterly direction a distance of 245.83 feet to a point; thence 170 deg. 21 min. 18 sec. to the left in a Southeasterly direction a distance of 319.22 feet to the point of beginning; being situated in Jefferson County, Alabama.

EXHIBIT A
(CONTINUED)

Parcel VI

An easement, and rights to enter, to construct a dam embankment, access road and sanitary force main, as set out in the Temporary Construction Easement dated December 7, 1995, from The Water Works and Sewer Board of The City of Birmingham, a public corporation, to Crystal Tree I, a Texas Limited Partnership, recorded as Instrument No. _____ in the Probate Office of Jefferson County, Alabama, and subject to the terms, covenants and conditions set out therein, over and across the following described parcel:

Commence at the Southeast corner of the S.E. 1/4 of the S.W. 1/4 of Section 25, Township 18 South, Range 2 West and run in a distance of 34.86 feet to the POINT OF BEGINNING; thence 7 32'31" to the left in a Northwesterly direction a distance of 319.22 feet to a point; then 17 21'18" to the right in a Northeasterly direction a distance of 245.83 feet to a point on the East line of said 1/4-1/4 section; thence 9 48'47" to the left in a Northerly direction along the East line of said 1/4-1/4 section a distance of 205.36 feet to a point; thence 170 11'13" to the left in a Southwesterly direction a distance of 453.52 feet to a point; thence 17 21'18" to a point; thence 82 13'41" to the left in an Easterly direction a distance of 35.32 feet to the POINT OF BEGINNING.

EXHIBIT A
(Continued)

SUBJECT TO:

1. Transmission Line Permit(s) to Alabama Power Company as shown by instrument(s) recorded in Deed 163 page 171 in Probate Office. (Parcel I only)

2. Easement(s) as shown by instrument recorded in Real 28 page 673 in Probate Office.

3. Easement(s) to James E. Roberts as shown by instrument recorded in Deed 335 page 499 in Probate Office. (Parcel I only)

4. Easement(s) to Hugh Lee Edge as shown by instrument recorded in Deed 335 page 498 in Probate Office (Parcel I only)

5. Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities relating thereto, including rights set out in Deed 20 page 410; Deed 113 page 148; Deed 121 page 294 and Deed 111 page 625 in Probate Office.

6. Rights, if any, of the property owners abutting Lake Dixie in and to the waters of said lake and in and to the bed thereof; also boating and fishing rights of property owners abutting Lake Dixie or the stream of water leading thereto or therefrom. (Parcel I only)

7. Rights of others to use the non-exclusive easements described in Real 28 page 673; Real 13 page 426; Real 30 page 85 and Deed 342 page 479 in Probate Office. (Parcels I and II only)

8. Encroachments of fences onto and off of the land as shown by the Survey. (Parcel I only)

9. Rights and easements granted to the Alabama Power Company by the instrument dated December, 1995, recorded as Instrument No. 1995-36414 in the Probate Office of Shelby County, Alabama. (Parcel I only)

10. Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities relating thereto, including rights as conveyed by Volume 4013 page 183 in the Probate Office of Jefferson County, Alabama. (Parcels V & VI only)

EXHIBIT A
(Continued)

11. Any loss or damage occasioned by any breach, violation, or non-performance of the terms, covenants, and conditions, separately and severally, of the Instruments creating Parcels IV, V and VI, herein: the Access Roadway Easement recorded as Instrument No. 1995-36410 in the Probate Office of Shelby County, Alabama; the Dam Embankment Easement and the Temporary Construction Easement recorded, respectively as instrument Nos. 9514/1348 and 9514/1346, in the Probate office of Jefferson County, Alabama (Parcels IV, V & VI only)

12. Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities, relating thereto, including rights as conveyed by Volume 176 page 186, as recorded in Jefferson County, Alabama. (Parcel IV only)

Inst # 1995-36411

PAGE 5 OF 5

12/20/1995-36411
08:30 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
029 MCD 32641.50