This instrument was prepared by:
Mike T. Atchison, Attorney
P.O. Box 822
Columbiana, Alabama 35051

The Peoples Bank and Trust Company

MORTGAGE AND SECURITY AGREEMENT
("Mortgage")

20050624000314230 1/4 $500.00
Shelby Cnty Judge of Probate, AL
06/24/2005 10:35:53AM FILED/CERT

STATE OF ALABAMA)
COUNTY OF SHELBY)

WHEREAS, SHAW OIL COMPANY, Inc., a corporation

("Debtor" and/or "Mortgagor," whether one or more), is justly indebted to THE PEOPLES BANK AND TRUST COMPANY ("Mortgagee"), whose address is 310 Broad Street, Selma, Alabama, 36701, in the sum of Three Hundred Twenty Thousand and no/100---------- Dollars ($ 320,000.00), as evidenced by one or more promissory notes, guaranties, or other documents delivered to the Mortgagee (or as evidenced by such other obligations as may be set forth herein).

☐ **NOTE:** If this box is checked, the term of the note(s) is more than 15 years, and the final scheduled maturity date of such note(s) is _____, _____.

☐ **NOTE:** If this box is checked, this Mortgage secures a note that contains a provision allowing for changes in the interest rate. Increases in the interest rate may result in higher payments, a larger final payment, or an adjustment of the maturity date. Decreases in the interest rate may result in lower payments, a smaller final payment, or an adjustment of the maturity date. Deferral of interest obligations under the note may cause this Mortgage to secure sums of principal and interest in excess of the original principal amount of the note.

☐ **NOTE:** If this box is checked, this is a construction mortgage, and secures an obligation incurred for the construction of improvements on the real estate described herein, and Mortgagor will comply with the terms of any construction loan agreement made with the Mortgagee with regard to such improvements.

NOW, THEREFORE, in consideration of the premises, and in order to secure: (a) the payment and performance of the indebtedness or other obligations described above, any extensions, renewals, modifications and increases thereof and substitutions therefor and all interest thereon; (b) all sums advanced by Mortgagee pursuant to the terms of this Mortgage; and (c) all other indebtedness (including future loans and advances) now or hereafter owed to Mortgagee by the Debtor (except a principal dwelling shall not secure any such other indebtedness incurred for personal, family, or household purposes unless a right of rescission has been given or the transaction is otherwise exempt from federal regulations applicable to consumer credit), whether such indebtedness is primary or secondary, direct or indirect, contingent or absolute, matured or unmatured, joint or several, and otherwise secured or not (all of the foregoing items described in (a) through (c) above sometimes referred to collectively in this Mortgage as the "Debt"), and to secure compliance with all the covenants and stipulations hereinafter contained, the undersigned, SHAW OIL COMPANY, INC., a corporation ,

as Mortgagor, whether one or more, does hereby grant, bargain, sell, convey, grant a security interest in, and assign unto said Mortgagee, its successors and assigns, the following described real estate situated in Shelby County, Alabama, to-wit:

Lots 3 and 5, according to the Survey of Cinque Terre Subdivision as recorded in Map Book 28, Page 86, in the Probate Office of Shelby County, Alabama.
Situated in Shelby County, Alabama.

together with all minerals, oil and gas rights and profits, water rights, crops and timber at any time growing upon said real estate, and all other rights, privileges, easements, tenements, interests, improvements and appurtenances thereunto belonging or in anywise appertaining, including any after-acquired title and easements, and all rights, title and interest now or hereafter owned by Mortgagor in and to all buildings and improvements, and all appliances, equipment and fixtures now or hereafter attached or appertaining to said real estate (except that as to "household goods," as defined in federal or state regulations applicable to consumer credit transactions, Mortgagee's interest is limited to a purchase money security interest), all of which real and personal property are sometimes referred to in this Mortgage as the "Property."

TO HAVE AND TO HOLD the said Property unto the Mortgagee, its successors and assigns forever.

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As further security for the payment of the Debt, the Mortgagor hereby assigns, grants a security interest in, and pledges to the Mortgagee the following:

(a) all rents, profits, issues, and revenues of the Property from time to time accruing, whether under leases or tenancies now existing or hereafter created, reserving to the Mortgagor, so long as the Mortgagor is not in default hereunder, the right to receive and retain such rents, profits, issues and revenues;

(b) all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Property, or any part thereof, under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Property, or any part thereof, or to any rights appurtenant thereto, and all payments for the voluntary sale of the Property, or any part thereof, in lieu of the exercise of the power of eminent domain. The Mortgagee is hereby authorized on behalf of, and in the name of, the Mortgagor to execute and deliver valid acquittances for, and appeals from, any such judgments or awards.

As further consideration and security for the Debt, Mortgagor represents, covenants, warrants, and agrees with the Mortgagee, its successors and assigns, as follows:

1. Mortgagor covenants with Mortgagee that, except as otherwise expressly stated herein, Mortgagor is lawfully seized in fee of the said Property, that it is free of all encumbrances, that Mortgagor has a good right to sell and convey same to Mortgagee, and that Mortgagor will warrant and defend said Property to Mortgagee forever against the lawful claims and demands of all persons.

2. Mortgagor shall assess said Property for taxes and pay when due all taxes and assessments upon the Property, as well as all other liens or mortgages taking priority over this Mortgage. If the interest of the Mortgagor in the Property or any part thereof is other than a freehold estate, Mortgagor agrees to pay when due all rents and perform all covenants due to be paid and performed under the lease or other agreement whereby such interest is created, to maintain such lease or agreement in full force and effect in accordance with its terms, and not to attempt to amend or terminate the lease or agreement without Mortgagee's prior written consent. If the Property or any part thereof is a unit in a condominium or a planned unit development, Mortgagor shall perform all of Mortgagor's obligations under the declaration or covenants creating or covering the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and any related documents.

3. Mortgagor shall keep the improvements now existing or hereafter located on the Property continuously insured against loss by fire, vandalism, and malicious mischief, including standard extended coverage, and any other hazards for which Mortgagee requires insurance. If the Property is now or shall in the future become located in a designated "flood prone" area pursuant to the Flood Disaster Protection Act, the Mortgagor shall obtain flood insurance and shall comply with the National Flood Insurance Program. The loss, if any, on all insurance policies required herein shall be payable to the Mortgagee as its interest may appear. This insurance shall be maintained in an amount at least equal to the full insurable value of the improvements located on the Property (except that flood insurance shall not exceed the maximum amounts allowable pursuant to the National Flood Insurance Program). The insurance companies providing the insurance shall be with such companies as may be satisfactory to the Mortgagee. All insurance policies and renewals shall be acceptable to Mortgagee and shall include a standard mortgagee's clause. Mortgagor shall pay the premiums on said policies as the same shall become due and said policies shall be delivered to Mortgagee. All such policies shall provide that they may not be cancelled unless the carrier gives at least fifteen (15) days prior written notice of such cancellation to the Mortgagee. In the event of loss or damage, Mortgagor shall give prompt notice in writing to the Mortgagee. Mortgagee may make proof of loss if such proof is not made promptly by Mortgagor. The proceeds of such insurance shall be paid to Mortgagee, which is hereby granted full power to settle and compromise claims under all policies, to endorse in the name of Mortgagor any check or draft representing the proceeds of any such insurance, and to demand, receive and give receipt for all sums becoming due thereunder. Said insurance proceeds, if collected, may be credited on the Debt secured by this Mortgage, less costs of collection, or may be used in repairing or reconstructing the improvements on the mortgaged Property, at Mortgagee's election. No crediting of insurance proceeds to the secured Debt and no application of the insurance proceeds to repairing or reconstructing improvements on the Property shall extend or postpone the due date of any installment payments of the Debt hereby secured or reduce the amount of such installments. If the Mortgagor fails to keep the Property insured as specified above, the Mortgagee may, but shall not be obligated to, insure the Property for its full insurable value (or for such lesser amount as the Mortgagee may wish) against such risks of loss, for its own benefit.

4. Mortgagor shall take good care of the Property and shall not commit or permit any waste thereon or thereof, and shall keep the same repaired and at all times shall maintain the same in as good condition as it now is, reasonable wear and tear alone excepted. If Mortgagor fails to make repairs to the Property, Mortgagee, in its sole discretion, may make such repairs at Mortgagor's expense. Mortgagee, its agents and employees, may enter the Property at any reasonable time for the purpose of inspecting or repairing any portion of the Property. Any such inspection or repair shall be for the Mortgagee's benefit only.

5. All amounts expended by Mortgagee for insurance, or for the payment of taxes or assessments, or to discharge liens or mortgages on the Property or other obligations of Mortgagor, or to make repairs to any portion of the Property, or for any other actions permitted to be taken by the Mortgagee hereunder (i) shall be payable by Mortgagor at once without demand or notice, (ii) shall bear interest at the highest rate of interest payable on the principal sum of any document evidencing the Debt, or if no such rate of interest is specified or if the rate specified therein would be unlawful, at the rate of eight per centum (8.0%) per annum, from the date of payment by Mortgagee, (iii) shall become a debt due Mortgagee additional to the Debt, and (iv) shall be secured by this Mortgage.

6. If the validity of this Mortgage or the Mortgagor's title to any of the Property is questioned in any manner or if any part of such Property is not properly described herein, Mortgagee may investigate and take such action as Mortgagee considers necessary or desirable for the protection of Mortgagee's interest, including the employment of an attorney or other expert assistance, and Mortgagor agrees to immediately reimburse Mortgagee for any costs incurred by Mortgagee as a result of such investigation or action taken.

7. Mortgagee may at any time, without notice, release any of the Property described herein, grant extensions or deferments of time of payment of the Debt secured hereby, or any part thereof, or release from liability any one or more parties who are or may become liable for the payment of said Debt, without affecting the priority of this lien or the personal liability of the Mortgagor or any other party liable or who may become liable for the Debt secured by this Mortgage.

8. No delay or failure of Mortgagee to exercise any option to declare the maturity of any Debt secured by this Mortgage shall be a waiver of the right to exercise such option, either as to past or present defaults on the part of Mortgagor. The procurement of insurance or payment of taxes or other liens or assessments or obligations by Mortgagee shall not be a waiver of the right to accelerate the maturity of the Debt by reason of the failure of Mortgagor to procure such insurance or to pay such taxes, liens, assessments or obligations. In addition, the Mortgagor agrees that no other terms or conditions contained in this Mortgage can be waived, altered, or changed except as evidenced in writing signed by Mortgagee and Mortgagor. Mortgagee shall not be obligated to take any action to correct any default by the Mortgagor, even though permitted or authorized to do so hereunder.

9. Any Mortgagor who is obligated to pay the Debt hereby secured will pay and discharge said Debt and any renewals or extensions thereof, and all other debts which may become owing to Mortgagee during the life of this Mortgage, together with interest thereon, promptly, time being of the essence of this Mortgage obligation. Any Mortgagor who is not obligated on the Debt which this Mortgage secures makes the conveyances, representations, warranties, and agreements made herein by the Mortgagor, but is not personally obligated to pay the Debt or other sums which may be due hereunder.

10. Unless Mortgagee's written consent has been obtained in advance: (a) Mortgagor will not cause or allow possession of the Property to be in any other person or entity to the exclusion of Mortgagor; (b) Mortgagor will not cut, remove, sell, or contract to sell any standing timber from the Property; and (c) Mortgagor will not sell, assign, transfer, convey, lease, or sublet all or any part of the Property or any oil, gas or mineral rights or other interest therein. However, such consent shall not be required for: (a) the creation of a lien or encumbrance expressly subordinate to this Mortgage; (b) the creation of a purchase money security interest for household appliances; or (c) a transfer by devise, descent, or by operation of law upon the death of a joint tenant. Mortgagee may condition its consent to any such transfer of possession of, or an interest in, the Property upon the obligor's or transferee's agreeing to pay a greater rate of interest

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on all or any part of the Debt or to adjust the payment schedule of all or any part of the Debt, and upon Mortgagee's approval of the creditworthiness of the transferee and the transferee's payment to Mortgagee of a reasonable transfer or assumption fee.

11. Mortgagor will pay or reimburse Mortgagee for all expenses, including attorneys' fees for the preparation and recording of this Mortgage and such other expenses as may be required by the Mortgagee in connection with the closing of the transaction on which the Debt and this Mortgage are based. Mortgagor shall also pay all lawful costs, charges and expenses, including attorneys' fees, incurred by the said Mortgagee by reason of any proceedings in Court, or otherwise, necessary to enforce or remedy any breach of the covenants and agreements made herein.

12. If default shall be made in the payment of the Debt secured hereby, or in the performance of any of the terms or conditions of this Mortgage or if the Mortgagor shall abandon the Property, the Mortgagee shall be entitled to enter upon, take possession and manage the Property and collect the rent, income and profits from the Property, either with or without the appointment of a receiver (to which appointment Mortgagor hereby consents), and Mortgagee may notify the lessees or other payors thereof to make payment directly to Mortgagee. Any rents, income and profits collected by Mortgagee prior to foreclosure of this Mortgage, less the costs of collecting the same, including any real estate or property management commissions and attorneys' fees incurred, shall be credited first to advances made by Mortgagee and the interest thereon, then to interest due on the Debt hereby secured, and the remainder, if any, shall be applied toward the payment of the principal sum of the Debt hereby secured.

13. The Property is in compliance, and the Mortgagor shall in the future comply and cause the Property to comply, with all applicable federal, state and local environmental laws, ordinances, and regulations (collectively, the "Environmental Laws"). There are no pending claims or threats of pending claims against Mortgagor or the Property by private, governmental or administrative authorities relating to environmental impairment or Environmental Laws. Mortgagor shall not use the Property in a manner which will result in any non-complying disposal or release of any solid waste, hazardous waste, hazardous substance, or other containment (all as defined in the Environmental Laws) (collectively, "Hazardous Materials") in, on, or under the Property, and covenants and agrees to keep, or cause the Property to be kept, free of any non-complying Hazardous Materials. The Mortgagee from time to time may inspect, test and sample the Property for compliance with Environmental Laws and may add the cost of same to the principal balance of Debt. Mortgagor agrees that Mortgagee, in its sole discretion, may submit a copy of any environmental report or test results to federal and state environmental agencies, or any other governmental agency having regulatory control over the Property. In response to the presence of any such non-complying Hazardous Materials in, on, or under the Property at any time, Mortgagor shall immediately take, at Mortgagor's sole expense, all remedial action required by the Environmental Laws or any judgment, consent decree, settlement or compromise with respect to any claims in connection therewith. If Mortgagor fails to take such remedial action, Mortgagee, in its sole discretion, may take such remedial action and add any and all costs in connection therewith to the principal balance of the Debt. Mortgagor shall immediately notify Mortgagee in writing of: (i) the discovery of any such non-complying Hazardous Materials in, on, or under the Property; (ii) any knowledge by Mortgagor that the Property does not comply with any Environmental Laws; (iii) any Hazardous Materials claims or conditions; and (iv) the discovery by Mortgagor of any occurrence or condition on any real property adjoining the Property that is likely to cause the breach of the Environmental Laws as to the Property or any part thereof. Mortgagor shall defend, indemnify and hold Mortgagee and its directors, officers, agents and employees harmless from and against all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, costs of suit, reasonable attorneys' fees, fees of expert witnesses, engineering fees, and costs of any environmental inspections, inquiries, audits, evaluations, assessments or other expenses) arising from or in connection with (i) the presence in, on, or under the Property of any Hazardous Materials, or any releases or discharges of any Hazardous Materials in, on, under or from the Property; (ii) any activity carried on or undertaking on or off the Property, whether prior to, during, or after the term hereof, and whether by Mortgagor or any predecessor in title or any officers, employees, agents, contractors or subcontractors of Mortgagor or any predecessor in title, or any third persons at any time occupying or present on the Property, in connection with the generation, manufacture, handling, use, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time in, on, or under the Property, or (iii) breach of any representation, warranty or covenant under the terms of this Mortgage. The foregoing indemnity extends to the contamination of any property or natural resources arising in connection with Hazardous Materials, irrespective of whether activities were or will be undertaken in compliance with Environmental Laws or other applicable laws, regulations, codes and ordinances. Mortgagor shall not place any underground storage tanks or aboveground storage tanks on the Property without the prior written consent of Mortgagee. Mortgagor covenants and agrees to provide Mortgagee with a copy of any and all correspondence, plans, specifications, reports, filings, and other documents relating to the Property submitted by Mortgagor to any federal or state environmental agency, or any other governmental agency having regulatory control over the Property, and further covenants and agrees to provide Mortgagee with notice and a copy of any and all environmental inspections and test results conducted in, on, or under the Property. Any action taken by Mortgagee pursuant hereto shall be solely for Mortgagee's benefit. The representations, warranties, covenants, indemnities, and other obligations of Mortgagor contained in this paragraph 13 herein shall survive the termination of this Mortgage and shall remain in full force and effect thereafter.

14. All the covenants and agreements of Mortgagor herein contained shall extend to and bind its or their heirs, personal representatives, successors and assigns, and such covenants and agreements and all options, rights, privileges and powers herein given, granted or secured to Mortgagee shall inure to the benefit of the successors or assigns of Mortgagee. The provisions of this Mortgage and any documents evidencing the Debt are severable, and the invalidity or enforceability of any provision of this Mortgage or of any of said documents shall not affect the validity and enforceability of the other provisions of this Mortgage or of said documents. The remedies provided to Mortgagee herein are cumulative with the rights and remedies of Mortgagee at law and in equity, and such rights and remedies may be exercised concurrently or consecutively. Time is of the essence with respect to every covenant contained in this Mortgage.

15. To the extent permitted by law, Mortgagor waives and releases any and all rights and remedies Mortgagor may now have or acquire in the future to homestead or other property exemptions in the Property.

16. The terms "Mortgagor," "Debtor," and "Mortgagee" shall each denote the singular and/or plural, the masculine and/or feminine, and natural persons, corporations, associations, partnerships or other entities, whenever the context so requires or admits. If more than one party is named as Mortgagor, the obligation of each hereunder shall be deemed to be joint and several.

If Mortgagor shall pay the Debt and keep and perform all of the agreements and conditions of this instrument, including without limitation the payment of all future advances, extensions, renewals, new loans, and all other indebtedness of the Mortgagor to the Mortgagee, then this instrument shall become null and void (except for the representations, agreements, and indemnifications made in paragraph 13 herein, which shall survive termination of this Mortgage), and the Mortgagee shall release or satisfy this Mortgage. Mortgagor shall pay any recordation costs incurred to record such release or satisfaction.

But if: (i) the Mortgagor fails to pay when due the Debt hereby secured, or any part thereof, including, without limitation, any future advance, extension, renewal, or new loan, or otherwise is in default under the terms of any notes or other agreements pertaining to the Debt hereby secured; or (ii) should Mortgagor fail to perform any of the agreements herein contained; or (iii) should Mortgagor become insolvent, or become a debtor in any voluntary or involuntary bankruptcy or receivership proceedings; or (iv) any warranty or representation made herein is breached or proves false in any material respect; then upon the happening of any one or more of said events, the whole of the Debt hereby secured shall at once become due and payable and this Mortgage subject to foreclosure at the option of Mortgagee, notice of the exercise of such option being hereby expressly waived by Mortgagor, and Mortgagee shall have the right to enter and take possession of the Property and after or without taking such possession to sell the mortgaged Property before the Courthouse door considered the front or main door of the County (or the division thereof) where said Property, or any substantial part of said Property is located, at public outcry for cash, after first giving notice of the time, place and terms of such sale by publication once a week for three consecutive weeks prior to said sale in some newspaper published in said County; and upon the payment of the purchase price, Mortgagee or the auctioneer at said sale is authorized to execute to the purchaser for and in the name of Mortgagor a good and sufficient deed to the

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Property or any part hereof sold. At the foreclosure sale, the Property may be sold by Mortgagee as a whole or in separate tracts or in any other manner as Mortgagee may elect. Mortgagor waives any requirement that the Property be sold in separate tracts.

Upon the occurrence of any event that would subject this Mortgage to foreclosure, Mortgagee, as to any personal property secured hereunder, shall have the rights and remedies of a secured party after default by its debtor under the Alabama Uniform Commercial Code, including, without limitation, the right to take possession of any of the personal property secured and to sell the same at one or more public or private sales, at the election of Mortgagee. At Mortgagee's request, Mortgagor agrees to assemble the personal property and to make the same available to Mortgagee at such place as Mortgagee shall reasonably designate. Mortgagor agrees that notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of the personal property, or of any part thereof, will be held shall be sufficient if delivered to Mortgagor or mailed to Mortgagor at the address set forth herein or such other address as Mortgagor shall have furnished to Mortgagee in writing for that purpose, not less than seven days before the date of such sale or other disposition of the personal property.

Mortgagee shall apply the proceeds of said sale or sales under this Mortgage as follows: First, to the expenses of advertising, selling and conveying, including a reasonable attorneys' fee (including attorneys' fees incurred by Mortgagee in connection with any proceeding seeking to enjoin the foreclosure of this Mortgage or otherwise challenging the right of Mortgagee to foreclose this Mortgage); second, to the payment of any amounts that may have been expended or that may then be necessary to expend in paying insurance, taxes, assessments, other liens and mortgages, making repairs, or for any other actions permitted to be taken by the Mortgagee hereunder, with interest thereon; third, to the payment of the Debt hereby secured and interest thereon in such order as Mortgagee may elect, whether such debts shall or shall not have fully matured at the date of said sale; and fourth, the balance, if any, to be paid to Mortgagor or any party or parties entitled thereto. Mortgagee may bid and become the purchaser of the Property, or any part thereof, or any other property secured hereunder, at any foreclosure or other sale hereunder.

IN WITNESS WHEREOF, Mortgagor has hereunto set his, her or their hand(s) and seal(s), or has caused this Mortgage to be executed by its or their duly authorized officer or representative, this 21st day of June, 2005.

SHAW OIL COMPANY, INC.

Frank W. Fall President Shaw Oil Company, Inc.

by: Frank W. Fall, its President

STATE OF ALABAMA)
COUNTY OF _____)

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that _____

_____, whose name(s) _____ signed to the foregoing Mortgage, and who _____ known to me, acknowledged before me on this day that, being informed of the contents of the within Mortgage, _____ executed the same voluntarily on the day the same bears date.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, _____.

(SEAL)

_____
Notary Public
My Commission Expires: _____

STATE OF ALABAMA)
COUNTY OF SHELBY)

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that _____

_____, whose name(s) _____ signed to the foregoing Mortgage, and who _____ known to me, acknowledged before me on this day that, being informed of the contents of the within Mortgage, _____ executed the same voluntarily on the day the same bears date.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, _____.

(SEAL)

_____
Notary Public
My Commission Expires: _____

STATE OF ALABAMA)
COUNTY OF SHELBY)

CORPORATE ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Frank W. Fall _____, whose name(s) as President _____ of SHAW OIL COMPANY, INC. _____, a corporation, is signed to the foregoing Mortgage, and who is known to me, acknowledged before me on this day that, being informed of the contents of the within Mortgage, he as such officer(s) and with full authority, executed the same voluntarily for and as the act of said corporation, on the day the same bears date.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 21st day of June, 2005.

(SEAL)

_____
Notary Public
My Commission Expires: 10/16/08