

THIRD MORTGAGE AND SECURITY AGREEMENT

STATE OF ALABAMA)
)
SHELBY COUNTY) **NOW ALL PERSONS BY THESE PRESENTS,**

WHEREAS, WILLIAM M. SCHULER, JR. a married man, and wife JILL H. SCHULER (hereinafter collectively called the "Mortgagor"), enter into this **THIRD MORTGAGE AND SECURITY AGREEMENT** as a consequence of WILLIAM M. SCHULER, JR., becoming justly indebted to WILLIAM M. SCHULER, SR. (hereinafter called the "Mortgagee"), in the principal sum of One Million One Hundred Forty Thousand and 00/100 Dollars (\$1,140,000.00), as evidenced by separate Promissory Note dated December 31, 2004, and in the principal sum of One Million Fourteen Thousand Four Hundred Eighty and 22/100 Dollars (\$1,014,480.22), as evidenced by separate Promissory Note dated October 31, 2005, payable according to the terms and provisions thereof.

NOW, THEREFORE, in consideration of the premises and to secure the payment of said indebtedness and the compliance with all the stipulations herein contained, the said Mortgagor does hereby grant, bargain, sell, alien and convey unto the said Mortgagee, the Mortgagee's heirs, successors and assigns their interest in and to the following described real estate, lying and being situated in Shelby County, State of Alabama, legally described as follows:

Lot 18, Block , Survey of High Chapparral 1st Sector, Map Book 12, Page 57,
Shelby County, Alabama

This **THIRD MORTGAGE AND SECURITY AGREEMENT** is subordinated to mortgages of record previous to this mortgage, being a **MORTGAGE** dated December 19, 2003 from WILLIAM M. SCHULER, JR. and JILL H. SCHULER to THE BANK in the original principal amount of Three Hundred Fourteen Thousand, Nine Hundred Twenty-Five and No/100 (\$314,925.00) Dollars, filed for record December 29, 2003, recorded in Instrument Number 20031229000829160 in the Probate Office of Shelby County, Alabama; and **EQUITY MORTGAGE** dated February 8, 2004, from WILLIAM MOUGHON SCHULER, JR. and JILL H. SCHULER to THE BANK, in the original principal amount of Sixty Thousand and No/100 (\$60,000.00) Dollars, filed for record March 19, 2004, recorded in Instrument 20040318000138190 in the Probate Office of Shelby County, Alabama.

Together with all rents and other revenues thereof and all the rights, privileges, tenements, interests, improvements and appurtenances thereunto belonging or in anywise appertaining, including any after-acquired title and easements and all right, title and interest now or hereafter owned by the Mortgagor in and to all buildings and improvements, and other equipment and fixtures attached or appertaining to said premises, all of which (hereinafter designated as the "mortgaged property") shall be deemed realty and conveyed by this Mortgage.

TO HAVE AND TO HOLD the said premises unto the Mortgagee, the Mortgagee's heirs, successors, and assigns, forever.

And for the purpose of further securing the payment of said indebtedness, the Mortgagor covenants and agrees as follows:

1. That the Mortgagor is lawfully seized in fee and possessed of said mortgaged property and has a good right to sell and convey the same as aforesaid, that the Mortgagor will warrant and forever defend the title thereto against the lawful claims of all persons whomsoever, and that said property is free and clear of all encumbrances.

2. That the Mortgagor will pay all taxes, assessments, or other liens taking priority over this Mortgage, levied or accrued upon said mortgaged property, and should default be made in the payment of same, or any part thereof, said Mortgagee may pay the same.

3. That the Mortgagor will keep the buildings on said premises continuously insured in such amounts, in such manner and in such companies as may be satisfactory to the Mortgagee against loss by fire and such other hazards as Mortgagee may specify, with loss, if any, payable to said Mortgagee, and will pay the premiums thereof as the same become due. If Mortgagor fails to keep said property insured as above specified, the Mortgagee may insure said property for its insurable value against loss by fire and other hazards for the benefit of the Mortgagee, the proceeds of such insurance, if collected, to be credited on the indebtedness secured by this Mortgage, less cost of collecting same, or to be used in repairing or reconstructing the premises as the Mortgagee may elect; all amounts so expended by said Mortgagee for insurance or for the payment of taxes, assessments, or any other prior liens shall become a debt due said Mortgagee additional to the indebtedness herein described and at once payable without demand upon notice to any person, and shall be secured by the lien of this Mortgage and shall bear interest at the highest legal rate from date of payment by said Mortgagee and at the election of the Mortgagee and without notice to any person, the Mortgagee may declare the entire indebtedness secured by this Mortgage due and payable and this Mortgage subject to foreclosure and the same may be foreclosed as hereinafter provided.

4. To take good care of the mortgaged property above described and not to commit or permit any wastes thereon, and to keep the same repaired and at all times to maintain the same in as good condition as it now is, reasonable wear and tear excepted.

5. That no delay or failure of the Mortgagee to exercise any option to declare the maturity of any debt secured by the Mortgage shall be taken or deemed as a waiver of the right to exercise such option or to declare such forfeiture either as to past or present default on the part of the said Mortgagor, and that the procurement of insurance or the payment of taxes by the Mortgagee shall not be taken or deemed as a waiver of the right to declare the maturity of the indebtedness hereby secured by reason of the failure of the Mortgagor to procure such insurance or to pay such taxes, it being agreed that no terms or conditions contained in this Mortgage can be waived, altered, or changed except as evidence in writing signed by the Mortgagor and by the Mortgagee.

6. That Mortgagor will well and truly pay and discharge the indebtedness hereby secured as it shall become due and payable.

7. That after any default on the part of the Mortgagor, in the payment of any of the indebtedness hereby secured, or in the performance of any of the terms or conditions hereof, the Mortgagee may at the Mortgagee's option take immediate possession of the mortgaged premises and proceed to collect the rent, income, and profits from the premises, either with or without the appointment of a receiver. Any rents, income, and profits collected by the Mortgagee prior to foreclosure of this indebtedness, less the cost of collecting the same, including any real estate commission or attorney's fees incurred, shall be credited on the advances with interest thereon, or in reduction of any indebtedness, including interest thereon, hereby secured in such manner or proportion as Mortgagee may elect.

8. That all covenants and agreements and all options, rights, privileges and powers herein given, granted or secured to the Mortgagee shall inure to the benefit of the heirs, successors or assigns of the Mortgagee, whether plural or singular or neuter words are used herein.


9. Plural or singular words used herein to designate the undersigned Mortgagor shall be construed to refer to the maker or makers of this Mortgage, whether one or more persons or a corporation.

UPON CONDITION, HOWEVER, that if the Mortgagor shall well and truly pay and discharge the indebtedness hereby secured as it shall become due and payable and shall in all things do and perform all acts and agreements by Mortgagor herein agreed to be done according to the tenor and effect hereof, then and in that event only, this conveyance shall be and become null and void; but should default be made in the payment of the indebtedness hereby secured or any renewals or extensions thereof or any part thereof or should any interest thereon remain unpaid at maturity, or should default be made in the payment of any sum expended by said Mortgagee under the authority of any of the provisions of this Mortgage or should the interest of said Mortgagee in said property become endangered by reason of the enforcement of any prior lien or encumbrance thereon so as to endanger the debt hereby secured, or should any law, either federal or state, be passed imposing or authorizing the imposition of a specific tax upon this Mortgage or the debt thereby secured, or permitting or authorizing the deduction of any such tax from the principal or interest secured by this Mortgage or by virtue of which any tax or assessment upon the mortgaged premises shall be charged against the owner of this Mortgage or should at any time any of the stipulations contained in this Mortgage be declared invalid or inoperative by any Court of competent jurisdiction or should the Mortgagor fail to do and perform any other act or thing herein required or agreed to be done, then in any of said events the whole of the indebtedness hereby secured, or any portion or part of same that may not at said date have been paid, with interest thereon, 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; and the Mortgagee shall have the right to enter upon and take possession of the property hereby conveyed, and after giving twenty-one days' notice by publication once a week for three consecutive weeks, of the time, place and terms of sale, by publication in some newspaper published in the County wherein said property is located, to sell the same in front of the Courthouse door of the County wherein said property is located, at public outcry, to the highest bidder for cash, and apply the proceeds of said sale: First, to the expense of advertising, selling and conveying, including a reasonable attorney's fee; second, to the payment of any

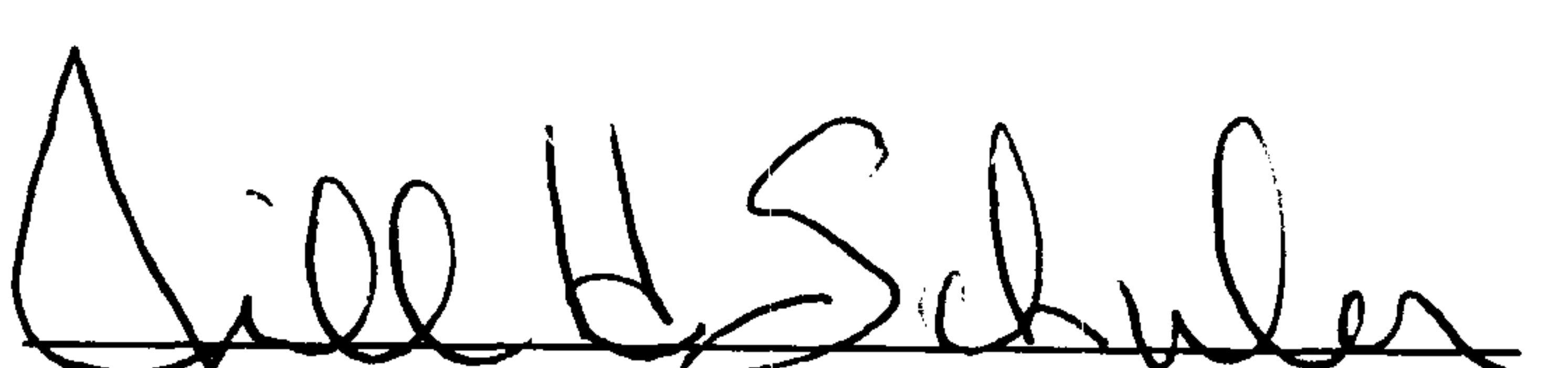
amounts that may have been expended or that may then be necessary to expend in paying insurance, taxes and other encumbrances, with interest thereon; third, to the payment in full of the principal indebtedness and interest thereon, whether the same shall or shall not have fully matured at the date of said sale, but no interest shall be collected beyond the date of sale; and fourth, the balance, if any, to be paid over to the said Mortgagor or to whomsoever then appears of record to be the owner of said property; and the Mortgagor further agrees to pay a reasonable attorney's fee to said Mortgagee, the Mortgagee's assigns, successors or personal representatives for the foreclosure of this Mortgage in any Court of competent jurisdiction. The Mortgagee may bid and become the purchaser of the mortgaged property at any foreclosure sale hereunder, or by judicial decree; and the Mortgagor does hereby authorize the Mortgagee, the Mortgagee's agent or attorney, or the auctioneer making the sale, to execute a deed in the name of the Mortgagee, the Mortgagee's assigns, successors or personal representative to the purchaser at any sale of the premises covered by this Mortgage, thereby vesting in the purchaser all right, title and interest of the Mortgagor and the Mortgagor's successors in title, in and to all of the property described herein, of whatsoever kind, covered by this Mortgage.

IN WITNESS WHEREOF, the undersigned has hereunto set hand and seal, on this, the ____ day of December, 2005.

WITNESS:


WILLIAM M. SCHULER, JR.

AND



JILL H. SCHULER

STATE OF ALABAMA)
)
SHELBY COUNTY)

ACKNOWLEDGMENT

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that William M. Schuler, Jr., a married man, and wife, Jill H. Schuler, whose names are known to me, acknowledged before me on this day, that being informed of the contents of this conveyance, they have executed the same voluntarily on the date the same bears date.

Given under my hand and official seal, this 30th day of December, 2005.


Notary Public
My Commission Expires: 11-09-09