

*T. Atkins Roberts, Jr.*  
*Bradley Arant Boult Cummings LLP*  
*One Federal Place*  
*1819 Fifth Avenue North*  
*Birmingham, AL 35203-2104*

STATE OF ALABAMA )  
 )  
COUNTY OF SHELBY )

THIS MORTGAGE AND SECURITY AGREEMENT (this “**Mortgage**”) is entered into as of the 5<sup>th</sup> day of January, 2012 by and between **THE SHOALS MILL DEVELOPMENT, LTD.**, an Alabama limited partnership, whose address is 100-B Village Street, Birmingham, Alabama 35242 (the “**Mortgagor**”) and **CHIMNEY PEAK DEVELOPMENT CORPORATION**, an Alabama non-profit corporation, whose address is 895 Gardner Drive SE, Jacksonville , Alabama 36265 (the “**Mortgagee**”).

A. In connection with the development and rehabilitation by Mortgagor of a certain residential apartment project located in Shelby County, Alabama, Federal Home Loan Bank of Atlanta (“**FHLB**”) has agreed to fund its AHP Project No. 09A04053 (the “**Project**”), in connection with the FHLB’s Affordable Housing Program (the “**Program**”), whereby the sum of \$210,000.00 (the “**Direct Subsidy Funds**”) will be loaned by Bank Independent, an Alabama banking corporation (the “**Member**”), to Mortgagee and subsequently loaned by Mortgagee to Mortgagor to fund certain rehabilitation costs pursuant to a FHLB-approved application by the Member and all FHLB approved amendments thereto (collectively, the “**Application**”).

C. Mortgagor and Mortgagee have agreed to comply with the terms and conditions of that certain Affordable Housing Program Agreement (Rental Project) dated as of December 3, 2009 by and between FHLB, the Mortgagor, Gateway Construction Corporation and the Member (the “**AHP Agreement**”).

D. Mortgagor and Mortgagee desire to enter into this Mortgage in order to provide security for Mortgagor's performance of certain obligation set forth in the AHP Agreement and to require the Mortgagor and the Mortgaged Property (hereinafter defined) to comply with the requirements of the Program.



NOW, THEREFORE, in consideration of the Recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby agrees as follows:

The Mortgagor, whose address is 100-B Village Street, Birmingham, Alabama 35242, for and in consideration of the indebtedness as herein recited hereby GRANTS, BARGAINS, SELLS, CONVEYS, MORTGAGES, GRANTS A SECURITY INTEREST IN and WARRANTS to the Mortgagee, whose address is 895 Gardner Drive SE, Jacksonville, Alabama 36265, its successors and assigns, forever, all and singular, all of the property described under (1) through (12) below (hereinafter referred to as the “**Mortgaged Property**”), subject to the matters set forth on Schedule B (the “**Permitted Encumbrances**”) attached hereto and made a part hereof:

(1) All of Mortgagor’s right, title and interest in and to certain real property (the “**Real Estate**”) more particularly described in Schedule A attached hereto and made a part hereof;

(2) All of Mortgagor’s title and interest in and to any and all buildings, constructions and improvements now or hereafter erected in or on the Real Estate, including the fixtures and those attachments, appliances, equipment, machinery and other articles that are attached to said buildings, constructions and improvements, all of which shall be deemed and construed to be a part of the realty;

(3) All right, title and interest of Mortgagor in and to all of the items incorporated as part of or attributed or affixed to any of the Real Estate or any other interest of Mortgagor, whether now owned or hereafter acquired, in, to or relating to the Real Estate, in such a manner that such items are no longer personal property under the law of the state where the property is situated;

(4) All personal property including, without limitation, all supplies, equipment, tools, furniture, furnishings, fixtures, machinery and construction materials that Mortgagor now or hereafter owns or in which Mortgagor now or hereafter acquires an interest or right and that are now or hereafter located on or affixed to the Real Estate or used or useful in the operation, use or occupancy of the Real Estate or the construction of any improvement on the Real Estate, including any interest of Mortgagor in and to personal property that is leased or subject to any superior security interest and including all heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and/or compacting plants, systems, fixtures and equipment, elevators, escalators, sprinkler systems and other fire prevention and extinguishing apparatus and materials, vacuum cleaners, office furniture, telephones and telecommunication equipment, compartment safes, carpeting, window coverings and all proceeds of and substitutions and replacements for any such items;

(5) All rents, issues, profits, royalties, income and other benefits derived from the Real Estate (collectively, the “**Rents**”), now or hereafter existing or entered into;

(6) All interests, estates or other claims, both in law and in equity, that Mortgagor now has or may hereafter acquire in the Real Estate including, but not limited to all of Mortgagor’s interest in any and all options to purchase the Real Estate that Mortgagor may have or may hereafter acquire;



(7) All easements, rights-of-way and rights now owned or hereafter acquired by Mortgagor used in connection with or as a means of access to the Real Estate including all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances of and to such easements rights-of-way and rights, and all water and water rights and shares of stock evidencing the same;

(8) All interests of Mortgagor as lessor or sublessor (and similar interests) in and to all leases or subleases covering all or any portion of the Real Estate, now or hereafter existing or entered into, and all right, title and interest of Mortgagor under such leases and subleases, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

(9) All right, title and interest now owned or hereafter acquired by Mortgagor in and to any greater estate in the Real Estate;

(10) All right, title and interest now owned or hereafter acquired by Mortgagor in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Estate, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Estate;

(11) All rights and interests of Mortgagor in, to and under all plans, specifications, maps, surveys, studies, reports, permits, licenses, architectural, engineering and construction contracts, books of account, insurance policies and other documents, of whatever kind or character, relating to use, construction upon, occupancy, leasing, sale or operation of the Real Estate; and

(12) All of the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance, that Mortgagor now has or may hereafter acquire in the Real Estate, and other proceeds from sale or disposition of real or personal property hereby secured that Mortgagor now has or may hereafter acquire and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu of eminent domain, of the whole or any part of the Real Estate, including any award resulting from a change of grade of streets and any award for severance damages.

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

This Mortgage is made to secure and enforce the following described indebtedness, obligations and liabilities (herein called the **"Secured Indebtedness"**):

(i) Payment and performance of all obligations of the Mortgagor under that certain promissory note in the principal sum of Two Hundred Ten Thousand Dollars and No/100 (\$210,000.00) of even date herewith (the **"Note"**) evidencing the Direct Subsidy Funds, executed by Mortgagor, payable to the order of Mortgagee, and any and all renewals, extensions, modifications, substitutions or increases of the Note, or any part thereof;

(ii) Complete and full performance of each and every obligation, covenant, duty and agreement of the Mortgagor contained in this Mortgage;



(iii) Performance of all obligations of Mortgagor under any other instrument evidencing, securing or pertaining to the indebtedness evidenced by the Note, or evidencing any renewal or extension or modification or increase thereof, or any part thereof, and further, Mortgagor's punctual and proper performance of all of Mortgagor's covenants, obligations and liabilities under any other security agreement, mortgage, deed of trust, collateral pledge agreement, contract, assignment, loan agreement or any other instrument or agreement of any kind now or hereafter existing as security for, executed in connection with or related to the indebtedness evidenced by the Note, or any part thereof (such instruments and agreements are hereinafter sometimes collectively referred to as the "**Loan Documents**");

(iv) Payment of all funds hereafter advanced by Member to or for the benefit of Mortgagor or Mortgagee, as contemplated by any covenant or provision herein contained or contained in any instrument or agreement securing the Secured Indebtedness.

All Secured Indebtedness shall be payable to Mortgagee at the Mortgagee's address specified in the Note, or at such other address as may be designated by Mortgagee from time to time. If any Secured Indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after maturity, whether matured by the expiration of time or by any option given to the Mortgagee to mature same, Mortgagor agrees to pay Mortgagee's reasonable attorneys' and collection fees, whether suit be brought or not, and such fees shall be a part of the Secured Indebtedness. This Mortgage shall also secure all renewals, extensions, modifications, substitutions and increases of any of the Secured Indebtedness.

This instrument is intended to operate and is to be construed as a Mortgage and Security Agreement and is made under those provisions of existing laws of the State of Alabama.

This instrument is intended by Mortgagor and Mortgagee to serve as a fixture filing with respect to all goods and collaterals comprising part of the Mortgaged Property which are or are to become fixtures related to the Real Estate.

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

1. Mortgagor's Warranties of Title and Related Matters. Mortgagor covenants, represents and warrants to Mortgagee with respect to the Mortgaged Property that Mortgagor is lawfully seized in fee and possessed of the Mortgaged Property and has a good right to convey the same as aforesaid, that Mortgagor will warrant and forever defend the title against the lawful claims of all persons whomsoever, and that the Mortgaged Property is free and clear of all encumbrances, easements and restrictions, except the Permitted Encumbrances, which shall include Declarations of Land Use Covenants for Alabama's Tax Credit Program and HOME Program, liens associated with a first priority mortgage loan made by the Mortgagor in favor of Bank Independent, and liens associated with a second priority mortgage loan made by Mortgagor in favor of Alabama Housing Finance Authority.



2. Occupancy Restrictions During 15-Year AHP Period. The rental units comprising the Mortgaged Property, or the applicable portion thereof, shall be and remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP Application for the duration of the 15-year AHP retention period (as contemplated by the AHP Agreement), which extends for 15 years (the “**AHP Retention Period**”) following Project Completion, as hereinafter defined. The Mortgagor further agrees to comply with all terms, conditions, obligations and agreements set forth in the AHP Agreement. The income eligibility and affordability restrictions set forth in this Paragraph 2 and in the AHP Agreement shall terminate upon any foreclosure of this Mortgage. As used herein, the term “**Project Completion**” means that (i) the construction of the Project is 100% complete, (ii) at least 75% of the rental units comprising the Project shall have been leased, (iii) a certificate of occupancy (or equivalent document) shall have been issued for the Project by the appropriate governmental authority, and (iv) all Direct Subsidy Funds shall have been disbursed to the Mortgagor for use in the Project.

3. Prohibition on Sale or Refinancing; Recapture. In the case of a sale or refinancing of the Mortgaged Property prior to the end of the AHP Retention Period, (i) Mortgagor shall provide Mortgagee, Member and FHLB written notice of such sale or refinancing prior to the consummation of such sale or refinancing and (ii) an amount equal to the full amount of the Direct Subsidy Funds (as evidenced by the Note) shall be immediately repaid to FHLB, unless the Mortgaged Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income eligibility and affordability restrictions committed to in the AHP Application for the remainder of the AHP Retention Period. In the event that any part of the Direct Subsidy Funds is advanced prior to Project Completion, any sale of the Property or any portion thereof prior to Project Completion shall be prohibited without the prior written consent of the Member. Any failure to develop the Property in accordance with the AHP Agreement, or any other failure by the Mortgagor or Mortgagee to comply with the AHP Agreement, shall result in an Event of Default (as hereinafter defined) requiring full repayment of the Loan.

4. Mortgagee’s Right to Perform. Upon Mortgagor’s failure to make any payment or perform any act required by the Note or the Loan Documents, then at any time thereafter, and without notice to or demand upon Mortgagor, Mortgagee may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Mortgagor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon as Mortgagee may deem necessary or appropriate.

5. Organization and Power. Mortgagor is a duly organized limited partnership validly existing and in good standing under the laws of the State of Alabama and the transaction contemplated hereby is within Mortgagor’s powers, has been duly authorized by all requisite partner action and is not in contravention of the partnership agreement of Mortgagor. Mortgagor has provided to Mortgagee a true, correct and complete copy of Mortgagor’s partnership agreement and all modifications and amendments thereof.

6. Insurance. The Mortgagor shall keep or cause to be kept the Mortgaged Property insured against loss or damage by fire, extended coverage perils, vandalism, malicious mischief, comprehensive general liability insurance, workmen’s compensation coverage, and any such other hazards, casualties, or other contingencies as from time to time may be required by the Mortgagee in such manner and in such companies and amounts as may be required by the Mortgagee.



All such policies shall name the Mortgagee as a named insured and provide that any losses payable thereunder shall (pursuant to loss payable clauses, in form and content acceptable to the Mortgagee, to be attached to each policy) be payable to the Mortgagee to the extent the Secured Indebtedness, and provide that the insurance provided thereby, as to the interest of the Mortgagee, shall not be invalidated by any act or neglect of the Mortgagor, nor by the commencement of any proceedings by or against the Mortgagor in bankruptcy, insolvency, receivership or any other proceeding for the relief of a debtor, nor by any foreclosure, repossession or other proceedings relating to the property insured, nor by any occupation of such property or the use of such property for purposes more hazardous than permitted in the policy. All such insurance shall be replacement cost coverage rather than actual cash value coverage. The Mortgagor shall cause duplicate originals of any and all such insurance policies to be deposited with the Mortgagee. At least thirty (30) days prior to the date the premiums on each such policy or policies shall become due and payable, the Mortgagor shall furnish to the Mortgagee evidence of the payment of such premiums. The Mortgagor will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to the Mortgagee) to give the Mortgagee at least thirty (30) days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. The Mortgagor agrees that the Mortgagor will not take any action or fail to take any action, which action or inaction would result in the invalidation of any insurance policy required hereunder. Mortgagor shall give immediate notice in writing to Mortgagee of any loss or damages to the Mortgaged Property caused by any casualty. If Mortgagor fails to keep the Mortgaged Property insured as above specified, the Mortgagee may at its option and sole discretion, insure the Mortgaged Property for its insurable value against loss by fire, wind and other hazards as specified above for the sole benefit of the Mortgagee and may procure such insurance at the Mortgagor's expense.

The Mortgagee is hereby authorized, but not required, on behalf of the Mortgagor, to collect for, adjust or compromise any losses under any such insurance policies and to apply, at its option, the loss proceeds (less expenses of collection) on the Secured Indebtedness, in any order and amount, and whether or not due, or hold such proceeds as a cash collateral reserve against the Secured Indebtedness or apply such proceeds to the restoration of the Mortgaged Property, or to release the same to the Mortgagor, but no such application, holding in reserve or release shall cure or waive any default by the Mortgagor. Notwithstanding the foregoing, if no Events of Default have occurred hereunder, Mortgagee shall apply any insurance proceeds received to restoration of the Mortgaged Property. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment of the Secured Indebtedness, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. If the Mortgaged Property or any part thereof is located within an area that has been, or should such area at any time be, designated or identified as an area having special flood hazards by any governmental authority having jurisdiction, then Mortgagor will obtain such insurance as is required by such governmental authority in amounts required by Mortgagee.

7. Taxes and Assessments. Mortgagor will pay all taxes and assessments against or affecting the Mortgaged Property as the same shall become due and payable, and, if Mortgagor fails to do so, the Mortgagee may, but shall not be obligated to, pay them, together with all costs and penalties thereon, at Mortgagor's expense; provided, however, that Mortgagor may in good faith, in lieu of paying such taxes and assessments as they become due and payable, by appropriate proceedings, contest the validity thereof, and pending such contest Mortgagor shall not be deemed in default hereunder because of such nonpayment, if prior to delinquency of the asserted tax or



assessment, Mortgagor furnishes the Mortgagee an indemnity bond, conditioned that such tax or assessment with interest, cost and penalties be paid as herein stipulated secured by a deposit in cash, or security acceptable to Mortgagee, or with surety acceptable to Mortgagee, in the amount of the tax or assessment being contested by Mortgagor, and a reasonable additional sum to pay all possible costs, interest and penalties imposed or incurred in connection therewith, and if Mortgagor promptly pays any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, before such judgment becomes final; and provided further, that in any event, each such contest shall be concluded and the tax, assessment, penalties, interest and costs shall be paid prior to the date such judgment becomes final or any writ or order is issued under which the Mortgaged Property may be sold pursuant to such judgment.

8. Condemnation. All judgments, decrees and awards for injury or damage to the Mortgaged Property, and all awards pursuant to proceedings for condemnation thereof, are hereby assigned in their entirety to Mortgagee, who may apply the same to the Secured Indebtedness in such manner as it may elect; and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. Immediately upon its obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of the Mortgaged Property, Mortgagor shall notify Mortgagee of such fact. Mortgagor shall then, if requested by Mortgagee, file or defend its claim thereunder and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over to Mortgagee for disposition pursuant to the terms of this Mortgage. Mortgagee shall be entitled to participate in and to control same and to be represented therein by counsel of its own choice, and Mortgagor will deliver, or cause to be delivered, to Mortgagee such instruments as may be requested by it from time to time to permit such participation. In the event Mortgagee, as a result of any such judgment, decree, or award, believes that the payment or performance of any obligation secured by this Mortgage is impaired, Mortgagee may, without notice, declare all of the Secured Indebtedness immediately due and payable.

9. Mortgagee's Expenses. If, in pursuance of any covenant or agreement contained herein or in any other instrument executed in connection with the loan evidenced by the Note or in connection with any other Secured Indebtedness, Mortgagee shall expend any money chargeable to Mortgagor or subject to reimbursement by Mortgagor under the terms of such covenant or agreement, Mortgagor will repay the same to Mortgagee immediately at the place where the Note or other Secured Indebtedness is payable, together with interest thereon at the rate of interest payable on account of the Note or such other Secured Indebtedness in the event of a default thereunder from and after the date of Mortgagee's making such payment. The sum of each such payment shall be added to the Secured Indebtedness and thereafter shall form a part of the same, and it shall be secured by this Mortgage and by subrogation to all the rights of the person or entity receiving such payment. The Mortgagee may make advances, but shall not be obligated to do so, for any of the following: (i) insurance, (ii) payment of taxes or any part thereof, (iii) repair, maintenance and preservation of the Mortgaged Property, or of any buildings or other structures thereon, including fixtures, (iv) for the discharge of any liens or encumbrances on the Mortgaged Property, (v) for perfecting the title thereto, (vi) for enforcing collection of the Secured Indebtedness, (vii) for any water, gas or electric charge imposed for any services rendered to the Mortgaged Property, (viii) for the protecting or preserving of any use being made of the Mortgaged Property, (ix) for advances to any trustee or receiver of the Mortgaged Property, and (x) for any additions or improvements to the Mortgaged Property or to any buildings or other structures thereon, including fixtures, considered desirable by



Mortgagee while it or any receiver or trustee is in possession thereof. Mortgagee may make and is hereby authorized to pay any payment herein, according to any bill, statement or estimate without inquiry into the accuracy of the bill, statement or estimate or into the validity thereof. Mortgagee in making any payment herein authorized, relating to any apparent or threatened adverse title, lien, statement or lien, encumbrance, mortgage, claim or charge, shall be the sole judge of the legality or validity of same.

10. Waste, Demolition, Alteration, Replacement or Repair of Mortgaged Property.

The Mortgagor shall cause the Mortgaged Property and every part thereof to be maintained, preserved, kept safe and in good repair, and in good working condition. The Mortgagor shall not commit or permit waste thereon. The Mortgagor shall not remove, demolish or alter the design or structural character of the Mortgaged Property now or hereafter erected on the Real Estate without the express prior written consent of the Mortgagee. The Mortgagor shall comply with all laws and regulations of any governmental authority with reference to the Mortgaged Property and the manner and use of the same, and shall from time to time make all necessary and proper repairs, renewals, additions and restorations thereto so that the value and efficient use thereof shall be fully preserved and maintained. The Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property. The Mortgagor agrees not to remove any of the fixtures or personal property included in the Mortgaged Property without the express prior written consent of the Mortgagee and unless the same is immediately replaced with like property of at least equal value and utility.

Mortgagee and other persons authorized by Mortgagee shall have access to and the right to enter and inspect the Mortgaged Property at all reasonable times, and upon reasonable notice to Mortgagor, including monthly inspections if deemed necessary by Mortgagee. In the event Mortgagee finds that Mortgagor is not maintaining the Mortgaged Property as referenced herein, Mortgagee shall notify Mortgagor in writing of the needed repairs and Mortgagor shall have ten (10) business days to make satisfactory arrangements to bring the Mortgaged Property back to good condition. If after such time, satisfactory arrangements have not been made to bring the Mortgaged Property back to good condition as determined by the sole discretion of the Mortgagee, Mortgagee shall have the right to make the repairs required at the expense of the Mortgagor as previously enunciated in this Mortgage, or shall have the right, but not the obligation, to declare the Secured Indebtedness to be at once due and payable under the terms of this Mortgage.

11. Sale of Mortgaged Property. It shall be an Event of Default hereunder if all or any part of the Mortgaged Property shall be sold, transferred or conveyed in violation of Paragraph (3) of this Mortgage. The provisions of this Paragraph 12 shall apply to any and all sales, transfers, conveyances, exchanges, leases, assignments or other dispositions by Mortgagor, its successors and assigns, and any subsequent owners of the Mortgaged Property, or any part thereof.

12. Successors. If the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the Secured Indebtedness in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the Secured Indebtedness. No sale of the Mortgaged Property, and no forbearance on the part of Mortgagee, and no extension of the time for the payment of the Secured Indebtedness, given by Mortgagee, shall operate to release, discharge, modify, change



or affect the original liability of Mortgagor or the liability of any guarantors or sureties of Mortgagor, either in whole or in part.

13. Security Agreement and Financing Statement. With respect to any portion of the Mortgaged Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the State of Alabama (hereinafter called the “**Code**”), this Mortgage shall constitute a security agreement between Mortgagor, as the Debtor, and Mortgagee, as the Secured Party, and the Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Property, including any proceeds thereof. Cumulative of all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the Code. Mortgagor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and shall pay or reimburse Mortgagee all costs and expenses of any searches reasonably required by Mortgagee. Mortgagor hereby authorizes Mortgagee to execute and file, without Mortgagor’s joinder, any and all financing statements or continuation statements necessary or desirable to perfect or maintain the validity and priority of Mortgagee’s security interest. Mortgagor agrees that a copy of this Mortgage may be filed as a financing statement in any public office. Mortgagee may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Mortgagee should proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days’ notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Mortgagee may at its option dispose of such property in accordance with Mortgagee’s rights and remedies with respect to the Real Estate pursuant to the provisions of this Mortgage, in lieu of proceeding under the Code.

Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor’s name, identity or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee’s security interest with respect to any Mortgaged Property described or referred to herein.

Some of the items of Mortgaged Property described herein are goods that are or are to become fixtures related to the Real Estate, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated above. The mailing address of the Mortgagor, as debtor, is as stated above.

14. Compliance with Laws. The Mortgaged Property, and the use thereof by Mortgagor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, the Mortgaged Property, and its use, and Mortgagor shall pay all fees or charges of any kind in connection therewith. Mortgagor will not use or occupy or allow the use or occupancy of the Mortgaged Property in any manner which violates any applicable law, rule, regulation or order or which constitutes a public or private nuisance or which makes void, voidable or subject to cancellation any insurance then in force with respect thereto.



15. Hold Harmless. Mortgagor will defend, at its own cost and expense, and hold Mortgagee harmless from, any proceeding or claim affecting the Mortgaged Property. All costs and expenses incurred by Mortgagor in protecting its interests hereunder, including all court costs and reasonable attorneys' fees, shall be borne by Mortgagor.

16. Further Assurances. Mortgagor, upon the request of Mortgagee, will execute, acknowledge, deliver and record such further instruments and do such further acts as may be necessary, desirable or proper to carry out the purposes of any of the Note, Mortgage and Loan Documents and to subject to the liens and security interests created thereby any property intended by the terms thereof to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, improvements, or appurtenances to the Mortgaged Property.

17. Consent. In any instance hereunder where Mortgagee's approval or consent is required or the exercise of Mortgagee's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner.

18. Notices by Governmental Authority, Fire and Casualty Losses, Etc. Mortgagor shall timely comply with and promptly furnish to Mortgagee true and complete copies of any official notice or claim by any governmental authority pertaining to the Mortgaged Property. Mortgagor shall promptly notify Mortgagee of any fire or other casualty or any notice or taking of eminent domain action or proceeding affecting the Mortgaged Property.

19. Defeasance. If the Mortgagor shall keep and perform each and every obligation, covenant, duty, condition and agreement herein imposed on or agreed to by the Mortgagor in this Mortgage, the Note and the other Loan Documents (including, without limitation, the AHP Agreement); then this conveyance and the grants and conveyances contained herein shall become null and void, and the Mortgaged Property shall revert to the Mortgagor, and the entire estate, right, title and interest of the Mortgagee will thereupon cease; and the Mortgagee in such case shall, upon the request of the Mortgagor and at the Mortgagor's cost and expense, deliver to the Mortgagor proper instruments acknowledging satisfaction of this Mortgage; otherwise, this Mortgage shall remain in full force and effect.

20. Events of Default. The happening of any of the following events or conditions, or the happening of any other event of default as defined elsewhere in this Mortgage (hereinafter collectively referred to as "**Events of Default**") shall constitute a default under this Mortgage:

(a) The occurrence of any Event of Default as defined in the Note or any other Loan Document; or

(b) the interest of the Mortgagee in the Mortgaged Property shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon and either (i) such endangerment shall continue for more than 30 days after notice of such failure is given by the Mortgagee to Mortgagor, unless such failure is not reasonably capable of being cured within such 30



day period, and Mortgagor commences action to cure such failure within such 30 day period and diligently and continuously prosecutes such action to completion and causes such failure to be cured within 90 days after such notice; or (ii) such endangerment is not reasonably capable of being cured within 90 days after notice of such failure is given by the Mortgagee to Mortgagor; or

(c) default shall be made in the prompt payment of any advances for insurance, maintenance, repairs, taxes, liens, inspections, assessments or any other advances made by the Mortgagee that are called for under this Mortgage within 30 days after the date when due; or

(d) if any other covenant or agreement, including, without limitation, the covenants and agreement set forth in Sections (2) and (3) of this Mortgage, shall be breached and either (i) such failure shall continue for more than 30 days after notice of such failure is given by the Mortgagee to Mortgagor, unless such failure is not reasonably capable of being cured within such 30 day period, and Mortgagor commences action to cure such failure within such 30 day period and diligently and continuously prosecutes such action to completion and causes such failure to be cured within 90 days after such notice; or (ii) such failure is not reasonably capable of being cured within 90 days after notice of such failure is given by the Mortgagee to Mortgagor.

21. Remedies of Mortgagee Upon Default.

(a) Acceleration of Indebtedness. Upon occurrence of an Event of Default or at any time thereafter, the Mortgagee may at its option and without demand or notice to the Mortgagor, declare all or any part of the Secured Indebtedness immediately due and payable whereupon all such Secured Indebtedness shall forthwith become due and payable without presentment, demand, protest, notice of intent to accelerate maturity, notice of acceleration of maturity or further notice of any kind, all of which are hereby expressly waived by the Mortgagor and the Mortgagee may immediately enforce payment of all such amounts and may exercise any or all of its rights and remedies under this Mortgage, the Note, and any of the other Loan Documents and applicable law.

(b) Operation of Property by Mortgagee. Upon the occurrence of an Event of Default, or at any time thereafter, in addition to all other rights herein conferred on the Mortgagee, the Mortgagee (or any person, firm or corporation designated by the Mortgagee) may, but shall not be obligated to, enter upon and take possession of any or all of the Mortgaged Property, exclude the Mortgagor therefrom, and hold, use, administer, manage and operate the same to the extent that the Mortgagor could do so, without any liability to the Mortgagor resulting therefrom; and the Mortgagee may collect, receive and receipt for all proceeds accruing from such operation and management, make repairs and purchase needed additional property, and exercise every power, right and privilege of the Mortgagor with respect to the Mortgaged Property.

(c) Judicial Proceedings; Right to Receiver. Upon the occurrence of an Event of Default, the Mortgagee, in lieu of or in addition to exercising the power of sale hereinafter given, may proceed by suit to foreclose its lien on, security interest in, and assignment of, the Mortgaged Property, to sue the Mortgagor for damages on account of or arising out of said default or breach, or for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy. The Mortgagee shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this



Mortgage, to the appointment by any competent court or tribunal, without notice to the Mortgagor or any other party, of a receiver of the rents, issues and profits of the Mortgaged Property, with power to lease and control the Mortgaged Property and with such other powers as may be deemed necessary.

(d) Foreclosure Sale. Upon the occurrence of any Event of Default, or at any time thereafter, this Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Mortgagee shall be authorized, at its option, whether or not possession of the Mortgaged Property is taken, after giving notice by publication once a week for three (3) consecutive weeks of the time, place and terms of each such sale, together with a description of the Mortgaged Property, by publication in a newspaper published in the county or counties wherein the Mortgaged Property or any part thereof is located, to sell the Mortgaged Property (or such part or parts thereof as the Mortgagee may from time to time elect to sell) in front of such county's main or front courthouse door, at public outcry, to the highest bidder for cash. The Mortgagee, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale, any part or all of the Mortgaged Property, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Mortgagor hereby waiving the application of any doctrine of marshaling or like proceeding. In case the Mortgagee, in the exercise of the power of sale herein given, elects to sell the Mortgaged Property in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Mortgaged Property not previously sold shall have been sold or all the Secured Indebtedness shall have been paid in full.

(e) Personal Property and Fixtures. On the happening of any Event of Default or at any time thereafter, the Mortgagee shall have and may exercise with respect to the personal property and fixtures included in the Mortgaged Property (sometimes referred to as the "**Collateral**") all rights, remedies and powers of a secured party under the Code with reference to the Collateral or any other items in which a security interest has been granted herein, including without limitation the right and power to sell at public or private sale or sales or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner to the fullest extent authorized or permitted under the Code after default hereunder, without regard to preservation of the Collateral or its value and without the necessity of a court order. The Mortgagee shall have, among other rights, the right to take possession of the Collateral and to enter upon any premises where the same may be situated for the purpose of repossessing the same without being guilty of trespass and without liability for damages occasioned thereby and to take any action deemed appropriate or desirable by the Mortgagee, at its option and its sole discretion, to repair, restore or otherwise prepare the Collateral for sale, lease or other use or disposition. At the Mortgagee's request, the Mortgagor shall assemble the Collateral and make the Collateral available to the Mortgagee at any place designated by the Mortgagee. To the extent permitted by law, the Mortgagor expressly waives any notice of sale or any other disposition of the Collateral and any rights or remedies of the Mortgagee with respect to, and the formalities prescribed by law relative to, the sale or disposition of the Collateral or to the exercise of any other right or remedy of the Mortgagee existing after default. To the extent that such notice is required and cannot be waived, the Mortgagor agrees that if such notice is given to the Mortgagor in



accordance with the provisions of Paragraph (24) below, at least ten (10) days before the time of the sale or other disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving said notice.

The Mortgagor agrees that the Mortgagee may proceed to sell or dispose of both the real and personal property comprising the Mortgaged Property in accordance with the rights and remedies granted under this Mortgage with respect to the Real Estate covered hereby. The Mortgagor hereby grants the Mortgagee the right, at its option after default hereunder, to transfer at any time to itself or its nominee the Collateral or any part thereof and to receive the monies, income, proceeds and benefits attributable to the same and to hold the same as Collateral or to apply it on the Secured Indebtedness in such order and amounts and manner as the Mortgagee may elect. The Mortgagor covenants and agrees that all recitals in any instrument transferring, assigning, leasing or making other disposition of the Collateral or any part thereof shall be full proof of the matters stated therein and no other proof shall be required to establish the legal propriety of the sale or other action taken by the Mortgagee and that all prerequisites of sale shall be presumed conclusively to have been performed or to have occurred.

(f) Assignment of Leases and Rents. All of the rents, royalties, issues, profits, revenue, income and other benefits derived from the Mortgaged Property or arising from the use or enjoyment of any portion thereof or from any lease or agreement pertaining thereto (hereinafter called the **"Rents and Profits"**) are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Mortgagee to be applied by Mortgagee in payment of all proper charges and expenses including the just and reasonable compensation for the services of Mortgagee, its attorneys, agents, and others employed by Mortgagee in connection with the operation, management and control of the Mortgaged Property and the conduct of the business thereof, and such further sums as may be sufficient to indemnify Mortgagee from and against any liability, loss or damage on account of any matter or thing done in good faith in pursuance of the rights and powers of Mortgagee hereunder. Mortgagee may, at its option, credit the remainder of the payment of the principal and interest and all other sums payable on the Note and other Secured Indebtedness. Prior to the occurrence of any default hereunder, Mortgagor shall collect and receive all Rents and Profits for the benefit of Mortgagee and Mortgagor, and Mortgagor shall apply the funds so collected first to the payment of accrued unpaid interest and then to principal and all other sums payable on the Note and in payment of all other Secured Indebtedness and thereafter, so long as no default hereunder has occurred, the balance shall be distributed to the account of Mortgagor. Mortgagor will not (i) execute an assignment of any of its rights, title or interest in the Rents and Profits, or (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any lease by Mortgagor of the Mortgaged Property or any part thereof, now or hereafter existing, having an unexpired term of one year or more except that any lease may be canceled, provided that promptly after the cancellation or surrender thereof a new lease is entered into with a new lessee having a credit standing, in the judgment of Mortgagee, at least equivalent to that of the lessee whose lease was canceled, on substantially the same terms as the terminated or cancelled lease, or (iii) modify any lease of the Mortgaged Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the rent payable thereunder, or (iv) accept prepayments of any installments of rent to become due under any of such leases in excess of one month, except prepayments in the nature of security for the performance of the lessee thereunder, or (v) in any other manner impair the value of the Mortgaged Property or the security of this Mortgage. Mortgagor will not execute any lease of all or any substantial portion of the Mortgaged Property except for actual occupancy by the lessee



thereunder, and will at all times promptly and faithfully perform, or cause to be performed, each covenant, condition and agreement contained in each lease of the Mortgaged Property now or hereafter existing, on the part of lessor thereunder to be kept and performed. Mortgagor shall furnish to Mortgagee, within ten (10) business days after a request by Mortgagee to do so, a written statement containing the names of all lessees of the Mortgaged Property, the terms of their respective leases, the spaces occupied and the rentals payable thereunder.

(g) Foreclosure Deeds. The Mortgagor hereby authorizes and empowers the Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Mortgagor, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

(h) Application of Proceeds. Subject to the terms of this Mortgage, all payments received by the Mortgagee as proceeds of the Mortgaged Property, or any part thereof, as well as any and all amounts realized by the Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Mortgagee as follows:

(i) to the payment of all necessary expenses incident to the execution of any foreclosure sale or sales or other remedies under this Mortgage, including reasonable attorneys' fees as provided herein, (ii) to the payment in full of any of the Secured Indebtedness that is then due and payable (including without limitation principal, accrued interest, advances and all other sums secured hereby) and to the payment of attorneys' fees as provided herein and in the Note, (iii) any other sums that might be due under this Mortgage, the Note, or the Loan Documents, which have not otherwise been contemplated in Paragraphs (22)(h)(i) and (22)(h)(ii) above, and (iv) the remainder, if any, shall be paid to the Mortgagor or such other person or persons as may be entitled thereto by law, after deducting therefrom the cost of ascertaining their identity.

(i) Multiple Sales. Upon the occurrence of any Event of Default or at any time thereafter, the Mortgagee shall have the option to proceed with foreclosure, either through the courts or by proceeding with foreclosure as provided for in this Mortgage, but without declaring the whole Secured Indebtedness due. Any such sale may be made subject to the unmatured part of the Secured Indebtedness, and such sale, if so made, shall not in any manner affect the unmatured part of the Secured Indebtedness, but as to such unmatured part of the Secured Indebtedness shall remain in full force and effect as though no sale had been made under the provisions of this paragraph. Several sales may be made under the provisions of this paragraph without exhausting the right of sale for any remaining part of the Secured Indebtedness whether then matured or unmatured, the purpose hereof being to provide for a foreclosure and sale of the Mortgaged Property for any matured part of the Secured Indebtedness without exhausting any power of foreclosure and the power to sell the Mortgaged property for any other part of the Secured Indebtedness, whether matured at the time or subsequently maturing.

(j) Waiver of Appraisement Laws. The Mortgagor waives, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (i) any appraisement before sale of any portion of the Mortgaged Property (commonly known as appraisement laws), or (ii) any extension of time for the enforcement of the collection of the Secured Indebtedness or any creation or extension of a period of redemption from any sale made in collecting the Secured Indebtedness (commonly known as stay laws and redemption laws).



(k) Prerequisites of Sales. In case of any sale of the Mortgaged Property as authorized by this Paragraph (22), all prerequisites to the 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 of any of the Secured Indebtedness 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.

(l) Limited Partner Right to Cure. Notwithstanding anything to the contrary herein, prior to exercising any remedies stated herein, Mortgagee agrees that the limited partner of the Mortgagor shall be given the right, but not the obligation, to cure any Event of Default. Notice of an Event of Default and the opportunity to cure such Event of Default shall be made to:

Limited Partner: Raymond James Tax Credit Fund 37 L.L.C.  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway, Department 20485  
St. Petersburg, Florida 33716  
Facsimile No.: 727-567-8455  
Attention: Ronald M. Diner, President

With copies to: Brad M. Tomtishen  
Nuyen, Tomtishen and Aoun, P.C.  
2001 Commonwealth Blvd., Suite 300  
Ann Arbor, Michigan 48105  
Facsimile No.: 734-372-4101

22. Environmental Protection. Mortgagor does further represent, warrant and covenant as follows:

(a) No Hazardous Materials (as hereinafter defined) have been, are, or will be while any part of the indebtedness secured by this Mortgage remains unpaid, contained in, treated, stored, handled, located on, discharged from, or disposed of on, or constitute a part of, the Mortgaged Property. As used herein, the term "**Hazardous Materials**" include without limitation, any asbestos, urea formaldehyde foam insulation, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related or unrelated substances or materials defined, regulated, controlled, limited or prohibited in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Sections 1251, et seq.), the Clean Air Act, as amended (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), and in the rules and regulations adopted and publications promulgated pursuant thereto, and in the rules and regulations of the Occupational Safety and Health Administration (OSHA) pertaining to occupational exposure to asbestos, as amended, or in any other federal, state or local environmental law, ordinance, rule, or regulation now or hereafter in effect;



(b) No underground storage tanks, whether in use or not in use, are located in, on or under any part of the Mortgaged Property;

(c) All of the Mortgaged Property complies and will comply in all respects with applicable environmental laws, rules, regulations, and court or administrative orders;

(d) There are no pending claims or threats of claims by private or governmental or administrative authorities relating to environmental impairment, conditions, or regulatory requirements with respect to the Mortgaged Property;

(e) Mortgagor, at Mortgagor's expense, promptly upon the written request of Mortgagee from time to time, shall provide Mortgagee with an environmental audit report, or an update of such report, all in scope, form and content satisfactory to Mortgagee;

(f) In the event of any spill or disposal of Hazardous Materials on the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any such contiguous real estate, and/or if Mortgagor shall fail to comply with any environmental law or regulation, Mortgagee may, at its election, but without the obligation so to do, give such notices as may be required by law and/or cause any remedial work that may be necessary to be performed at the Mortgaged Property and/or take any and all other actions as Mortgagee shall deem necessary or advisable in order to remedy said spill or disposal of Hazardous Materials or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the default rate (as specified in the Note) from the date of payment by Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee and until paid shall be added to and become a part of the indebtedness secured hereby and shall have the benefit of the lien hereby created as a part thereof; and

(g) Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from all loss, cost, damage, claim and expense incurred by Mortgagee on account of (i) the violation of any representation, warranty or covenant set forth in this Paragraph (23), (ii) Mortgagor's failure to perform any obligations of this Paragraph (23), (iii) Mortgagor's or the Mortgaged Property's failure to fully comply with all environmental laws, rules and regulations, or with all occupational health and safety laws, rules and regulations, or (iv) any other matter related to environmental conditions on, under or affecting the Mortgaged Property. This indemnification shall survive payment of the indebtedness secured by this Mortgage, the exercise of any right or remedy hereunder or under any other loan document securing or evidencing said indebtedness, any subsequent sale or transfer of the Mortgaged Property, and all similar or related events or occurrences. Mortgagor shall give immediate oral and written notice to Mortgagee of its receipt of any notice of a violation of any law, rule or regulation covered by this Paragraph (23) or of any notice or other claim relating to the environmental condition of the Mortgaged Property, or of its discovery of any matter which would make the representations, warranties and/or covenants herein to be inaccurate or misleading in any respect.

23. Notice and Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or hand delivered to the applicable party at its address indicated on the first page of this Mortgage or at such other address as



shall be designated by such party in a written notice to the other party thereto. Any such notice shall be deemed received three (3) days after properly posting and addressing and depositing said letter in the United States Mail, certified, return receipt requested.

24. Partial Release and Additional Security. Any part of the Mortgaged Property may be released by the Mortgagee without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the same indebtedness or any part thereof. The taking of additional security, or the extension or renewal of the Secured Indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser, guarantor or surety, or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the Secured Indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the obligations and Secured Indebtedness are completely paid, performed and discharged.

25. Waiver. To the extent that Mortgagor may lawfully do so, Mortgagor agrees that Mortgagor shall not assert and hereby expressly waives, any right under any statute or rule of law pertaining to the marshaling of assets, valuation and appraisal, the exemption of business or residential homestead, the administration of estates of decedents, dower and curtesy, the rights and remedies of sureties or other matter whatever to defeat, reduce or affect the right of Mortgagee, under the terms of this Mortgage, to sell the Mortgaged Property for the collection of the Secured - Indebtedness (without any prior or different resort for collection) or the right of Mortgagee, under the terms of this Mortgage, to the payment of such Secured Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other person and claimant whatever (only reasonable expenses of such sale being first deducted).

26. No Waiver and Severability. No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the Secured Indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. If any provision of this Mortgage is held to be illegal, invalid or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable. If any of the liens, security interests or assignment of rents created by this Mortgage shall be invalid or unenforceable, the unsecured portion of the Secured Indebtedness shall be completely paid prior to the payment of the remaining and secured portion of the Secured Indebtedness and all payments made on account of such indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of such indebtedness. Acceptance by the Mortgagee of any payment of less than the full amount due on the Secured Indebtedness shall be deemed acceptance on account only, and the failure of the Mortgagor to pay the entire amount then due shall be and



continue to constitute an Event of Default, and at any time thereafter and until the entire amount due on the Secured Indebtedness has been paid, the Mortgagee shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the occurrence of an Event of Default.

27. Remedies Cumulative. In addition to and notwithstanding and without modifying the other remedies provided herein and without limiting the rights of the Mortgagee to exercise such remedies, the Mortgagee is given the additional right to enforce the covenants, agreements, and obligations of the Mortgagor hereunder, by the securing of equitable remedies, including that of temporary and permanent injunction and specific performance, without the necessity of the Mortgagee filing any bond or other security which would otherwise be required by the statutes of the State of Alabama or the Alabama Rules of Civil Procedure, as amended, in seeking such equitable remedies, the requirement for filing of any such bond or other security being hereby expressly waived.

28. Amendments. No amendment, modification or cancellation of this Mortgage shall be valid unless in writing and signed by the party against whom enforcement is sought.

29. Headings. The Paragraph and Subparagraph headings hereof are inserted for convenience and reference only and shall not alter, define, or be used in construing the text of such Paragraphs or Subparagraphs.

30. Governing Law. This Mortgage shall be governed and construed under the laws of the state in which the Mortgaged Property is located except to the extent any law, rule or regulation of the federal government of the United States of America may be applicable, in which case such federal law, rule or regulation shall control.

31. Copies. Mortgagor acknowledges receipt of a true and correct copy of this Mortgage.

32. Meaning of Particular Terms. Whenever used, the singular number shall include the plural and the plural the singular, and pronouns of one gender shall include all genders; and the words "Mortgagor" (without limiting Mortgagee's rights or Mortgagor's obligations to secure approval or consent) and "Mortgagee" shall include their respective heirs, personal representatives, successors and assigns. The term "Mortgagor" as used in this Mortgage refers to each of the undersigned, jointly and severally, whether one or more natural persons, partnerships, corporations, associations, trusts or other entities or organizations.


33. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on the parties hereto, notwithstanding that all parties are not signatories to the original or to the same counterpart.

34. Notwithstanding anything to the contrary contained herein, but without in any manner releasing, impairing, or otherwise affecting this Mortgage, the Note, or any of the other Loan Documents or the validity hereof or thereof, or the lien hereof or thereof, in the event of any default or Event of Default under the terms of this Mortgage, the Note, or any of the other Loan Documents,



Mortgagee will not hold Mortgagor liable for repayment of the obligations under this Agreement. Mortgagor shall have no liability for any deficiency amount under the Mortgage.

*[The remainder of this page is intentionally left blank.]*

  
20120111000013850 19/23 \$393.00  
Shelby Cnty Judge of Probate, AL  
01/11/2012 10:52:59 AM FILED/CERT



IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on its behalf by its duly authorized member on this 5<sup>th</sup> day of January, 2012.

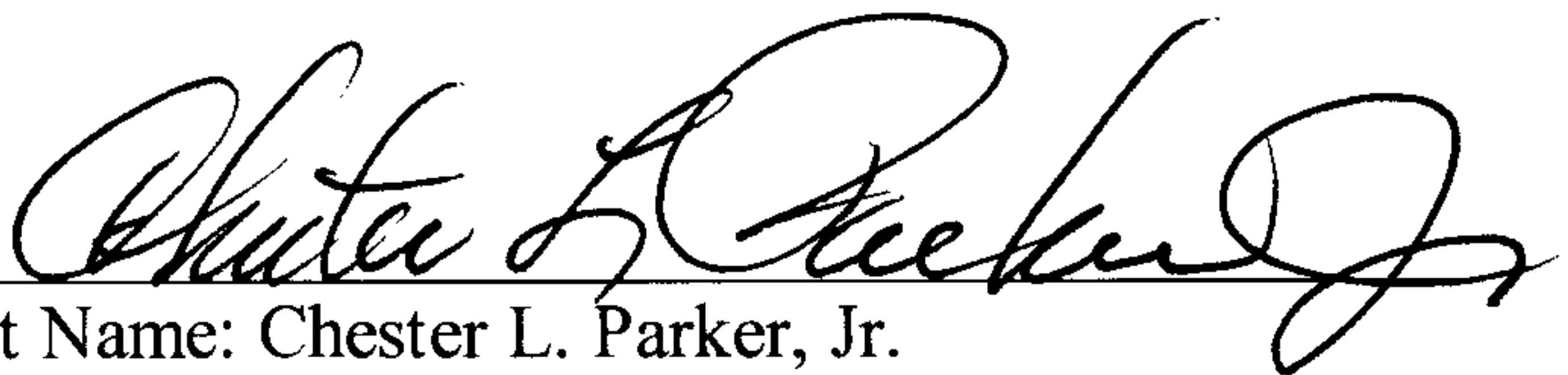
**MORTGAGOR:**

**THE SHOALS MILL DEVELOPMENT, LTD.**

an Alabama limited partnership

By: C & S Shoals, LLC

Its: General Partner

By: 

Print Name: Chester L. Parker, Jr.

Its: Member

STATE OF ALABAMA

)

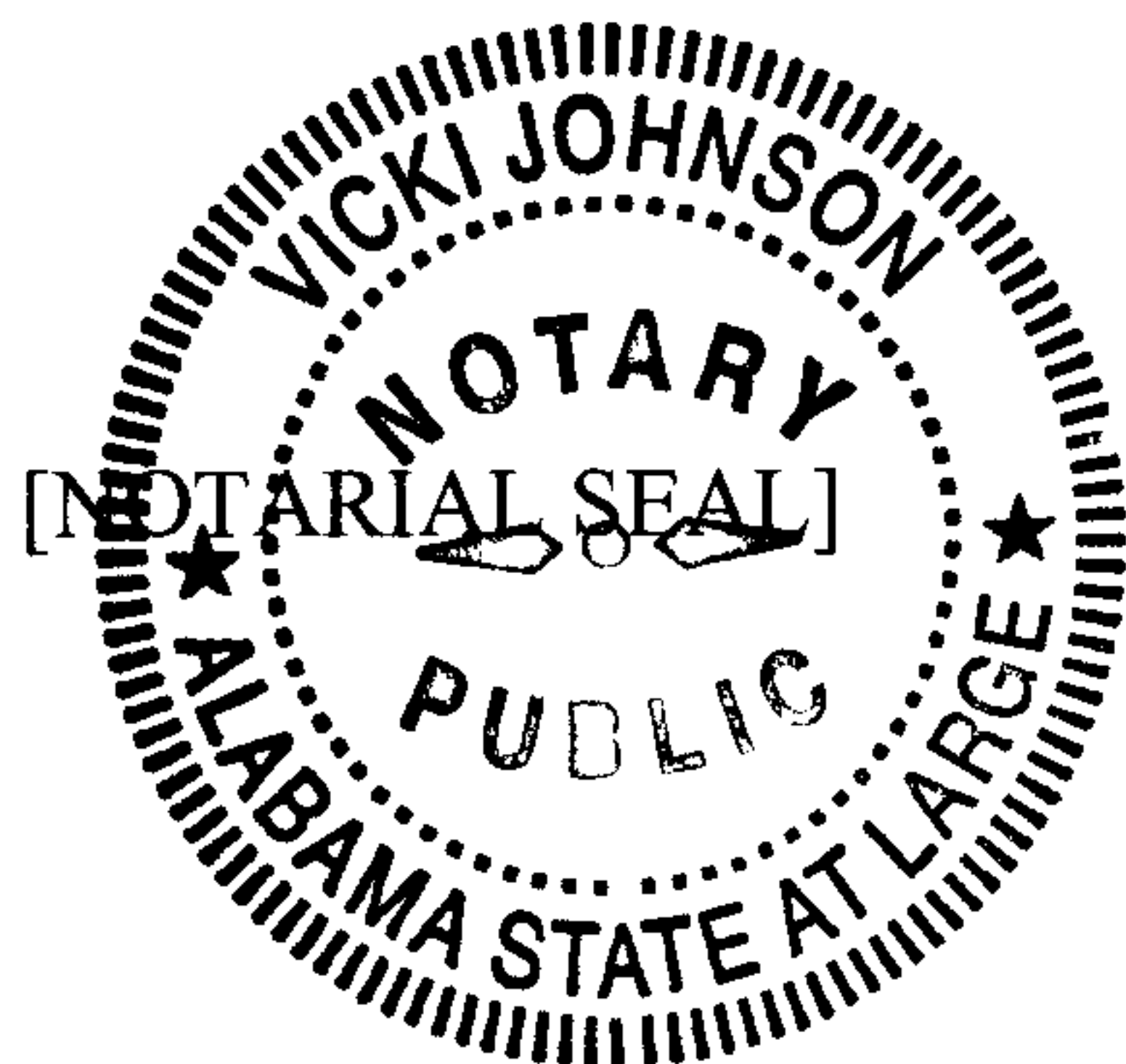
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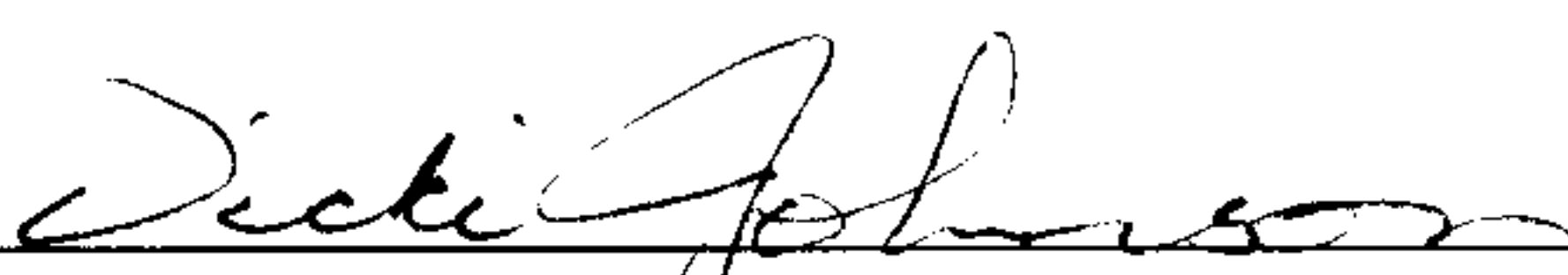
JEFFERSON COUNTY

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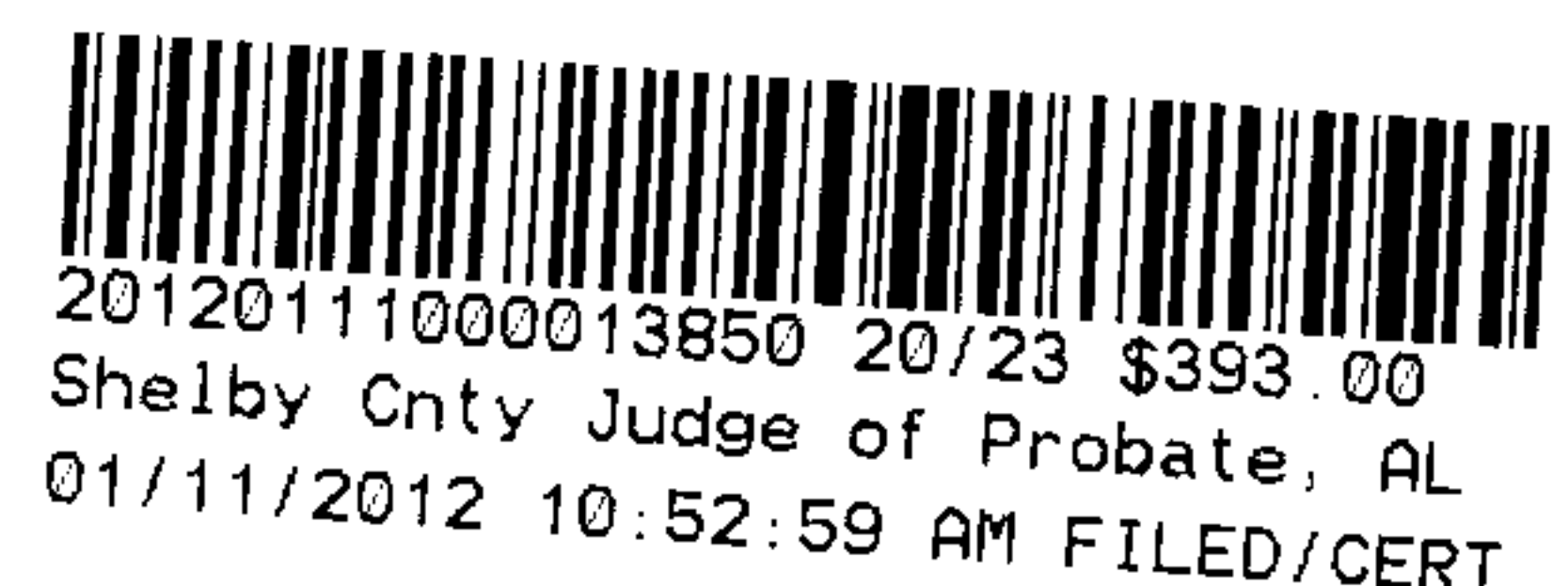
I, the undersigned, a notary public in and for said county in said state, hereby certify that Chester L. Parker, Jr., whose name as member of C & S Shoals, LLC, an Alabama limited liability company, as General Partner of The Shoals Mill Development, Ltd., an Alabama limited partnership, is signed to 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 member and with full authority, executed the same voluntarily for and as the act of said limited liability company, acting in its capacity as general partner of said partnership for and as the act of said partnership.

Given under my hand and official seal this 9<sup>th</sup> day of January, 2012.



  
Notary Public

My commission expires: 6-10-15





**SCHEDULE A  
TO  
MORTGAGE AND SECURITY AGREEMENT**

**Legal Description**

Commence at a 2" open top pipe in place being the Southeast corner of the Southeast one-fourth of the Northwest one-fourth of Section 24, Township 21 South, Range 1 West, Shelby County, Alabama; thence proceed South 00° 03' 21" West along the East boundary of the Northeast one-fourth of the Southwest one-fourth of said section for a distance of 412.67 feet to a 2" open top pipe in place; thence continue South 01° 21' 42" West along the East boundary of said quarter-quarter section for a distance of 293.37 feet to a ½" capped rebar in place, said point being the point of beginning. From this beginning point thence proceed North 32° 06' 43" West for a distance of 448.04 feet (set 1/2" rebar); thence proceed South 63° 53' 34" West for a distance of 1260.24 feet to a 3" capped pipe in place; thence proceed South 01° 28' 32" East for a distance of 114.45 feet to a ½" open top pipe in place; thence proceed South 46° 33' 29" East for a distance of 205.04 feet to a ½" rebar in place; thence proceed North 85° 18' 06" East for a distance of 274.54 feet to a 1" iron pin in place; thence proceed North 89° 07' 07" East for a distance of 138.36 feet to a 1" iron pin in place; thence proceed South 19° 56' 48" West for a distance of 75.09 feet to a 1" iron pin in place; thence proceed South 00° 37' 15" East for a distance of 74.29 feet to a 1" iron pipe in place; thence proceed South 87° 32' 01" East for a distance of 16.19 feet; thence proceed North 87° 29' 56" East for a distance of 17.96 feet to a ½" rebar in place; thence proceed North 89° 22' 31" East for a distance of 16.62 feet to a ½" rebar in place; thence proceed North 00° 29' 24" East for a distance of 32.33 feet to a ½" rebar in place; thence proceed South 89° 49' 42" East for a distance of 187.11 feet to a ½" rebar in place; thence proceed South 01° 09' 17" West for a distance of 29.96 feet to a ½" rebar in place; thence proceed North 88° 52' 25" East for a distance of 497.10 feet (set ½" rebar); thence proceed South 00° 09' 02" West for a distance of 100.01 feet to a 3" open top pipe in place; thence proceed South 88° 37' 24" East for a distance of 98.70 feet to a 1" iron pin in place being located on the East boundary of the Northeast one-fourth of the Southwest one-fourth of said Section 24; thence proceed North 00° 21' 26" East along the East boundary of said quarter-quarter section for a distance of 438.72 feet to a ½" open top pipe in place; thence proceed North 01° 21' 42" West along the East boundary of said quarter-quarter section for a distance of 202.60 feet to the point of beginning. The above described land is located in the Northeast one-fourth of the Southwest one-fourth of Section 24, Township 21 South, Range 1 West, Shelby County, Alabama and contains 19.13 acres.

And

Commence at a 2" open top pipe in place being the Southeast corner of the Southeast one-fourth of the Northwest one-fourth of Section 24, Township 21 South, Range 1 West, Shelby County, Alabama; thence proceed South 00°03'21" West along the East boundary of the Northeast one-fourth of the Southwest one-fourth of said section for a distance of 412.67 feet to a 2" open top pipe in place; thence proceed North 32°06'45" West for a distance of 520.48 feet (set ½" rebar) to a point on the Southerly right-of-way of Alabama Highway 25; thence proceed South 63°47'28" West along the





Southerly right-of-way of said road for a distance of 119.11 feet (set ½" rebar); thence proceed South 75°06'35" West along the Southerly right-of-way of said road for a distance of 50.95 feet to a 6" x 6" concrete right-of-way monument; thence proceed South 63°51'53" West along the Southerly right-of-way of said road for a distance of 224.56 feet (set ½" rebar), said point being the point of beginning. From this beginning point continue South 63°51'53" West along the Southerly right-of-way of said road for a distance of 60.0 feet (set ½" rebar); thence proceed South 26°08'07" East for a distance of 348.06 feet (set ½" rebar); thence proceed North 63°53'34" East for a distance of 60.0 feet; thence proceed North 26°08'07" West for a distance of 348.06 feet to the point of beginning. The above described land is located in the Northeast one-fourth of the Southwest one-fourth of Section 24, Township 21 South, Range 1 West, Shelby County, Alabama and contains 0.47 acres.



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Shelby Cnty Judge of Probate, AL  
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**SCHEDULE B  
TO  
MORTGAGE AND SECURITY AGREEMENT**

**Permitted Encumbrances**

1. All taxes for the year 2012 and subsequent years, not yet due and payable.
2. Transmission line permit to Alabama Power Company as set out in instrument recorded in Deed Book 143, Page 399, and Deed Book 220, page 837.
3. Declaration of Land Use Restrictive Covenants for Low Income Housing Tax Credits by and between The Shoals Mill Development, Ltd., and Alabama Housing Finance Authority, joined in by Bank Independent ("Mortgagee") dated as of June 14, 2010 and recorded on December 16, 2010 in Instrument No. 20101216000424040.
4. Declaration of Land Use Restrictive Covenants for Alabama's Home Program executed by The Shoals Mill Development, Ltd., and Alabama Housing Finance Authority joined in by Bank Independent dated as of June 14, 2010 and recorded on December 16, 2010 in Instrument Number 20101216000424050.
5. **Mortgage from The Shoals Mill Development, Ltd., to Bank Independent dated December 16, 2010 and recorded on December 16, 2010 in Instrument Number 20101216000424010 in the original amount of \$5,053,636.00.**
6. Assignment of Rents from The Shoals Mill Development, Ltd., to Bank Independent dated December 16, 2010 and recorded on December 16, 2010 in Instrument Number 20101216000424020 in the original amount of \$5,053,636.00.
7. UCC Financing Statement from The Shoals Mill Development, Ltd., to Bank Independent dated December 16, 2010 and recorded on December 16, 2010 in Instrument Number 20101216000424030.
8. Sanitary Sewer line crossing the East boundary of the property and the note indicating that the City of Columbiana maintains a twenty foot wide strip of land, ten feet on each side of the sewer line as shown on the survey by Ray & Gilliland, P.C. dated December 9, 2010.
9. Any loss or damage that may arise from the chain link fence that crosses onto the subject property near the western most boundary as shown on the survey by Ray & Gilliland, P.C. dated December 9, 2010.
10. Any loss or damage arising from the differences in the actual and record distances and measurements of the property lines as shown on the survey by Ray & Gilliland, P.C. dated December 9, 2010.