

LEASE

THIS INDENTURE OF LEASE dated the 15th day of July, 1972,
by and between JOE DEMARCO, party of the first part (hereinafter called Lessor),
and THE BANK OF PELHAM, party of the second part (hereinafter called Lessee),

W I T N E S S E T H:

ARTICLE I

DEMISED PREMISES - TERM OF LEASE

Section 1. That Lessor, for and in consideration of Ten and No/100 Dollars (\$10.00), cash in hand received from Lessee, the receipt of which is hereby acknowledged, and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, its successors and assigns, to be paid, kept and performed, have leased, rented, let and demised and by these presents does lease, rent, let and demise unto Lessee, and Lessee does hereby take and hire, upon and subject to the conditions hereinafter expressed, that certain lot, piece or parcel of land, with the buildings and improvements thereon erected (hereinafter called the "Demised Premises") situated lying and being in the City of Pelham, Shelby County, State of Alabama, to-wit:

A tract approximately 200 feet in length and running parallel to and along the right-of-way of Highway 31, and approximately 150 feet in depth running parallel to and along right-of-way of road to the Betha Company, said tract being in the extreme Southeast corner of an eleven acre tract owned by Joe DeMarco, being a part of the East half of SE $\frac{1}{4}$ of Section 14, and a part of the West half of SW $\frac{1}{4}$ Section 13, Township 20 South, Range 3 West, Shelby County, Alabama.

TO HAVE AND TO HOLD the same subject as aforesaid and subject to the provisions hereof unto Lessee, his successors and assigns, for a term of ~~twenty~~ (20) years, commencing July 1, 1972, and termination on JUNE 30, 1992, unless this lease shall sooner terminate as hereinafter provided. In addition to the foregoing term of twenty (20) years, the Lessee shall have the right and option to renew this lease for two (2) additional consecutive terms of five (5) years each with the annual rental during such additional five year terms adjusted as set out in Section 3.04 hereof.

This lease is made upon the following covenants, agreements, terms, provisions, conditions and limitations, all of which Lessor and Lessee covenant and agree to perform and observe:

ARTICLE 2

TITLE

Section 2. Lessor covenants and warrants that it is the owner in fee simple, except as hereinabove specified, of the Demised Premises and that it has a good right to lease the same for the term and upon the terms herein specified, and that the Lessee on paying the rent herein specified, and keeping and performing the covenants herein specified by him to be kept and performed, may and shall peaceably and quietly have, hold and enjoy the Demised Premises for the term hereinabove specified.

ARTICLE 3

RENT AND OPTION TO PURCHASE

Section 3. Lessee covenants and agrees to pay to Lessor, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, at the address specified in or furnished pursuant to Section 14 hereof, during the term hereof, a net rental over and above the other and additional payments to be made by Lessee as hereinafter provided, at the rate of One Thousand Two Hundred Dollars (\$1,200.00) per annum for the first twenty (20) year term of this lease.

Such net rental (hereinafter called the "net rent") shall be paid in equal monthly installments of One Hundred Dollars (\$100.00) in advance on or before the first day of each month during the term hereof.

Section 3.01. It is the purpose and intent of Lessor and Lessee that the net rent shall be absolutely net to Lessor, so that this lease shall yield, net to Lessor, the net annual rent specified in Section 3 hereof in each year during the term of this lease, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Demised Premises (except taxes of Lessor referred to in Section 4.01 hereof) which may arise or become due during the terms of this lease shall be paid by Lessee and that Lessor shall be indemnified and saved harmless by Lessee from and against the same.

Section 3.02. The net rent shall be paid to Lessor without notice or demand.

Section 3.03. Lessee will also pay, as additional rent, all sums, impositions (as defined in Article 4 hereof), costs, expenses and other payments which Lessee in any of the provisions of this lease assumes or agrees to pay, and in the event of any non-payment thereof, Lessor shall have (in addition to all other rights and remedies) all the rights and remedies provided for herein or by law in the case of non-payment of the net rent.

Section 3.04. In the event the Lessee exercises the option to renew this lease for an additional term or terms of five (5) years as provided herein, the annual rental payable shall be adjusted to an equitable and reasonable rental based upon the fair market value of the Demised Premises as determined by a Board of Arbitration as provided for in Article 15 hereof.

ARTICLE 4

PAYMENT OF TAXES, ASSESSMENTS, ETC.

Section 4. Lessee will pay (except as hereinafter in Section 4.01 hereof provided), before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all assessments, taxes, fire insurance and allied lines, water and sewage rents, rates and charges, excises, levies, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever which at any time during the term of this lease may be assessed, levied, imposed upon, or become due and payable out of or in respect of, or become a lien on, the Demised Premises or any part thereof, or any use or occupation of the Demised Premises (all of which being hereinafter referred to as "Impositions" and any of the same being hereinafter referred to as an "Imposition") provided, however that

(a) if, by law, any Imposition may be, at the option of the taxpayer, paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option

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to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as may become due during the term of this lease as the same respectively become due and before any fine, penalty, further interest or cost may be added thereto;

(b) any imposition (other than Impositions which have been converted into installment payments by Lessee as referred to in Subsection (a) of this Section 4), relating to a fiscal period of the taxing authority, a part of which period is included within the term of this lease and a part of which is included in a period of time after the expiration of the term of this lease, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Demised Premises, or shall become payable, during the term of this lease) be adjusted, so that the Lessor shall pay that portion of such Imposition which that part of such fiscal period included in the period of time after the expiration of the term of this lease bears to such fiscal period, and Lessee shall pay the remainder thereof.

Section 4.01. Nothing herein contained shall require Lessee to pay municipal, state, federal or other income taxes assessed against Lessor, municipal, stated, federal or other capital levy, estate, succession, inheritance or transfer taxes of Lessor or corporation franchise taxes or other corporation franchise taxes or other corporation taxes or fees levied or imposed upon any corporate owner of the Demised Premises or to pay any tax which at any time during the term of this lease may be required to be paid by anyone upon any devise, deed, mortgage, descent or other alienation of any part or all of said Demised Premises.

Section 4.02. Lessee, upon request of Lessor, will furnish to Lessor within thirty (30) days after the date when any Imposition would become delinquent, copy of official receipts of the appropriate taxing authority, or other evidence satisfactory to Lessor evidencing the payment thereof.

Section 4.03. Lessee shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith but only after payment of

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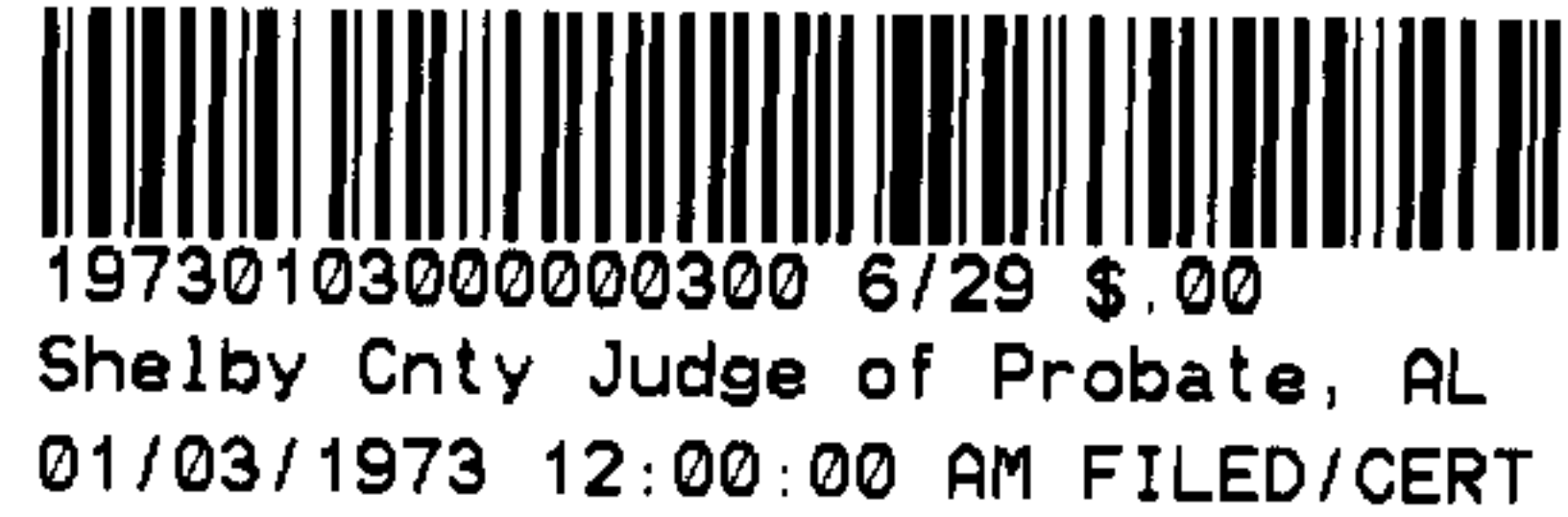
such Imposition unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of Sections 4 or 4.02 hereof, Lessee may postpone or defer payment of such Imposition if neither the Demised Premises nor any part thereof would by reason of such postponement or deferment be in danger of being forfeited or lost. Upon the termination of such proceedings, Lessee shall pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred, together with all costs, fees, interest, penalties, or other liabilities in connection therewith.

Either Lessor or Lessee may, if it or he does so desire, endeavor at any time to obtain a lowering of the assessed valuation of the Demised Premises or any part thereof for the purpose of reducing taxes thereon, or endeavor to eliminate or reduce any charge or imposition required to be paid by Lessee pursuant to this article, and in any such event, the other party will co-operate in effecting such a reduction.

Section 4.04. Lessor shall not be required to institute any proceedings referred to in Section 4.03 hereof unless the provisions of any law, rule or regulation at the time in effect shall require or in the judgment of attorney for Lessee that such proceedings be brought by or in the name of the Lessor or any owner of the Demised Premises, in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessee will indemnify and save harmless Lessor from any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify and same harmless Lessor from any such costs and expenses. Lessee shall be entitled to any refund on any Imposition and penalties or interest received by Lessor which have been paid by Lessee.

Section 4.05. Lessor appoints Lessee the attorney in fact of Lessor for the purpose of making all payments to be made by Lessee pursuant to any of the provisions of this lease to persons or entities other than Lessor.

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ARTICLE 5

SURRENDER OF PREMISES AT TERMINATION

Section 5. Lessee shall and will on the end of the last day of the term of this lease well and truly surrender and deliver up the Demised Premises into the possession and use of the Lessor without fraud or delay and free and clear of all lettings and occupancies other than subleases then terminable or subleases to which Lessor has specifically consented, and free and clear of all liens and encumbrances other than those, if any, created by Lessor. Upon the termination of the Lessee's rights hereunder the Lessee will surrender to the Lessor possessions of the leased premises together with all buildings and improvements thereon, and title to such buildings and improvements then remaining on the Demised Premises shall at that time vest in Lessor.

Section 5.01. Lessee shall and will upon any termination of this lease earlier than the end of the last day of the term of this lease, well and truly surrender and deliver upon the Demised Premises into the possession and use of the Lessor without fraud or delay. Upon the termination of the Lessee's rights hereunder upon any earlier termination of this lease, the Lessee will surrender to the Lessor possession of the leased premises together with all building and improvements thereon, and title to such building and improvements then remaining on the Demised Premises shall at that time vest in Lessor.

Section 5.02. Where furnished by or at the expense of Lessee or any subtenant, furniture, trade fixtures and business equipment not constituting part of the Demised Premises may be removed by the Lessee at or prior to the termination of this lease or by such subtenant at or prior to the termination of its sublease, provided, however, that if at the termination of this lease there shall be a building or buildings on the Demised Premises, the removal of such furniture, trade fixtures and business equipment will not structurally injure the Demised Premises or necessitate fundamental changes in or repairs to the Demised Premises. In such event Lessee shall pay or cause to be paid to Lessor the cost of repairing any damage arising from such removal.

Section 5.03. Lessor shall not be responsible for any loss or damage occurring to any property owned by Lessee or any subtenant.

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ARTICLE 6

INSURANCE

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Section 6. Lessee, at his sole cost and expense, but for the mutual benefit of Lessor and Lessee, shall maintain

(a) personal injury and property damage liability insurance against claims for bodily injury, death or property damage, occurring thereon, in or about the Demised Premises or any elevators or escalators therein and on, in or about the adjoining streets, alleys and passageways, such insurance to afford minimum protection, during the term of this lease, of not less than One Hundred Thousand Dollars (\$100,000.00) in respect of bodily injury or death of any one person, and of not less than Three Hundred Thousand Dollars (\$300,000.00) in respect of any one accident, and of not less than Ten Thousand Dollars (\$10,000.00) for property damage;

(b) such other liability insurance, in such amounts, as may from time to time be reasonably required by Lessor against other insurance hazards which at the time are commonly insured against, by Lessor or Lessee, in the case of premises similarly situated, due regard being or to be given to the height and type of building then situated on the Demised Premises, its construction, use and occupancy. It is understood that the hazard insurance provided for herein shall be payable to Lessee or to a mortgagee of said property, as their interests may appear.

ARTICLE 7

LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS

Section 7. If Lessee shall at any time fail to pay any Imposition in accordance with the provisions of Article 4 hereof, or to take out, pay for, or maintain any of the insurance policies required by Article 6 hereof, or shall fail to make any other payment or perform any other act on its part to be made or performed under this lease, then Lessor after ten (10) days written notice to Lessee (or without notice in case of an emergency) and without waiving or releasing Lessee from any obligation of Lessee contained in this lease, may, if Lessee does not diligently correct such failure (but shall be under no obligation to)

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(a) pay any Imposition payable by Lessee pursuant to Article 4 hereof, or

(b) take out, pay for and maintain any of the insurance policies provided for in Article 6 hereof, or

(c) make any other payment or perform any other act on Lessee's part to be made or performed as in this lease provided.

Section 7.01. All sums so paid by Lessor and all costs and expenses including all reasonable legal fees, incurred by Lessor in connection with the performance of any such act, together with interest thereon at the rate of Six Percent (6%) per annum from the respective dates of Lessor's making of each such payment or incurring of each such cost and expenses shall constitute additional rent payable by Lessee under this lease and shall be paid by Lessee to Lessor on demand.

ARTICLE 8

PREMISES TO BE KEPT IN GOOD AND SAFE CONDITION

Section 8. Lessee further covenants that Lessee will at all times keep all buildings and improvements on said premises and all appurtenances thereto and all sidewalks, steps and excavations under sidewalks in good, clean, safe, secure and sanitary condition and repair and will keep any part of the alley adjoining said premises in a clean, sanitary and safe condition and will conform to all enforced municipal ordinances and laws affecting said premises and will save the Lessor free and harmless from any penalty, damage or other charges imposed for any violation of any of said laws, whether occasioned by the neglect of the Lessee or any agent in the employe of said Lessee, or any person contracting with said Lessee, and that Lessee will indemnify and keep harmless Lessor against and from any loss caused by damage or expense arising out of the construction and erection of any buildings or improvements on said premises, or out of any accident or other occurrence causing injury to any person whomsoever, or property whatsoever, and due directly or indirectly to the use of aforesaid premises or any part thereof.

Section 8.01. Lessor shall not be required to furnish any service or facilities or to make any repairs or alterations in or to any buildings or improvements which may be upon the Demised Premises during

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the term of this lease. Lessee hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Demised Premises.

ARTICLE 9

CHANGES, ALTERATIONS AND NEW CONSTRUCTION BY LESSEE

Section 9. Provided that Lessee is not in default with respect to the terms, covenants and conditions of this lease, Lessee shall have the right at any time and from time to time, as he desires, at his sole cost and expense, to erect a building or buildings or other improvements upon the Demised Premises and to maintain such building or improvements on the Demised Premises for such length of time as he desires during the term of this lease and may alter or modify any such buildings or improvements at any time he desires, at his sole cost and expense. Any such new improvement, title to which it is hereby agreed shall be in the Lessee until the termination of this lease, may be constructed on the Demised Premises alone or in connection with other premises owned, leased or controlled by Lessee. Any building or improvement, however, which is constructed on the Demised Premises and which is extended on to adjacent land not owned by Lessor shall be so designated and constructed as to be readily and conveniently used or be modified so as to be used by Lessor as independent buildings upon termination of this lease, by Lessor as an independent building upon termination of this lease.

Section 9.01. The cost of any changes, alterations or new construction authorized under the provisions of this Article shall be paid by the Lessee, so that the Demised Premises shall, within sixty (60) days after the completion of such changes, alterations, or new construction be free of any lien for labor or material supplied or claimed to have been supplied to the Demised Premises.

Section 9.02. Nothing in this lease contained shall be deemed or be construed in any way as constituting the consent or request of Lessor, except or implied by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials that would give rise to the filing of any lien against the Demised Premises or any part thereof.



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Section 9.03. In excavating for any building to be erected upon the Demised Premises, Lessee shall conform to and observe all laws, statutes and ordinances relating to such excavation and will protect all buildings on adjacent premises and at all times have and keep Lessor free and discharged of any liability in favor of the owners of the adjoining premises.

ARTICLE 10

INDEMNIFICATION OF LESSOR

Section 10. Lessee will indemnify and save harmless Lessor against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, which may be imposed upon or incurred against Lessor by reason of any of the following occurring during the term of this lease:

- (a) Any work or thing done in or about the Demised Premises or any part thereof;
- (b) Any use, non-use, possession, occupation, condition, operation, maintenance or management of the Demised Premises or any part thereof;
- (c) Any accident, injury or damage to any person or property occurring in, on or about the Demised Premises or any part thereof; or
- (d) Any failure on the part of Lessee to perform or comply with any of the covenants, agreements, terms or conditions contained in this lease on its part to be performed or complied with.

In case any action or proceeding is brought against Lessor by reason of such claim, Lessee, upon written notice from Lessor, will at Lessee's expense resist or defend such action or proceeding, or in its judgment settle or compromise such action or proceeding and pay the amount of such settlement or compromise.

ARTICLE 11

CONDEMNATION

Section 11. If at any time during the term of this lease title to the whole or materially all of the Demised Premises shall be taken by the exercise of the right of condemnation or eminent domain, this lease

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shall terminate and expire on the date of such taking and the net rent provided to be paid by Lessee shall be apportioned and paid to the date of such taking. Lessor shall return or refund any advance payments paid by Lessee to Lessor for that portion of such advance payments attributable to a period subsequent to the date of such taking. For the purposes of this Section 11 "materially all of the Demised Premises" shall be deemed to have been taken if the portion of the Demised Premises not so taken cannot be used or so repaired or reconstructed as to constitute a complete rentable premises useable for the same purposes which is being used at the time of such condemnation capable of producing a proportionately fair and reasonable net annual income, after the payment of all operating expenses thereof, the net rent, additional rent and other charges herein reserved, and after performance of all covenants, agreements, terms and provisions herein and by law provided to be performed and paid by Lessee. The average net annual income produced by the Demised Premises during the five-year period immediately preceding such taking shall be deemed to constitute a fair and reasonable net annual income for the purposes of this Section 11. As used above, the term "operating expenses" shall be deemed to exclude depreciation, income taxes, franchise taxes, interest and amortization of any leasehold mortgage.

(a) In the event that a settlement of a condemnation proceeding or threatened proceeding is made wherein said condemnation award or settlement of a threatened condemnation proceeding is made wherein the award or settlement is made separately as to the value of the leasehold interest and the fee, such award or settlement may be received by the Lessor or the Lessee for their own use without any right of reimbursement to the other. In the event that a condemnation award or settlement of threatened condemnation proceeding is made or offered wherein the award or offer is made separately to the Lessor for the fee or to the Lessee for his leasehold interest, no settlement may be made by Lessor or Lessee without the consent of the other. In the event that a final condemnation award is made without the consent of the Lessor and Lessee, the Board of Arbitration provided for herein shall apportion the said final condemnation award

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between the Lessor and the Lessee. The Lessor and the Lessee or either of them shall have the right to contest any condemnation proceedings and to appeal any judgments or decrees of any Court making an order of condemnation, and any reasonable expenses incurred in contesting such condemnation proceedings, by appeal or otherwise, may be taken out of any condemnation award before such award is apportioned between the Lessor and the Lessee.

Section 11.01. If title to less than the whole or materially all of the Demised Premises as above defined shall be taken as aforesaid, this Lease shall continue, but the net rent thereafter payable by tenant shall be apportioned and reduced from the date of each such partial taking as follows: The Board of Arbitration hereinafter provided for shall determine the value of the Demised Premises considered as vacant and unimproved land at the time of such taking and the net rent shall be reduced in the proportion that the amount received by the Lessor from the condemnation proceedings bears to such value of the Demised Premises at the date of such taking.

ARTICLE 12

MORTGAGES, ASSIGNMENTS, SUBLEASES, AND TRANSFERS OF TENANT'S INTEREST

Section 12. The Lessee will not, except by way of mortgage of its leasehold estate to secure some actual indebtedness, assign or transfer this lease without the written consent of the Lessor unless (1) there be at the time of such assignment or transfer no existing default on the part of the Lessee in the performance and observance of the covenants and conditions hereof; (2) the assignee of the Lessee, in writing, shall expressly assume all of the Lessee's covenants hereunder; (3) the Lessee shall have first placed a copy of such assignment in the hands of the Lessor for inspection by the Lessor, for a period of ten (10) days, which assignment shall be a legal and sufficient instrument of assignment and assumption, which such instrument, being sufficient in form, shall be recorded within thirty (30) days from the time of the execution of such assignment, said assignment shall be presumed to be legal and sufficient if not objected to within said ten (10) days; and (4) the Lessee shall thereupon file with the Lessor a duplicate original of said instrument of assignment and assumption. After any assignment made in conformity with the provisions of this stipulation there shall exist no

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further liability accruing under this lease after the date of such assignment against the assignor and such assignor shall be free and discharged from any and every liability and obligation thereunder, which liability shall rest upon the assignee.

Section 12.01. Lessee, provided there is no existing default on the part of Lessee in any of the terms and conditions hereof, may mortgage or encumber the Lessor's fee to the Demised Premises by a conveyance in trust, mortgage or other legally recognized security instrument, provided that the indebtedness secured shall not exceed the appraised value of the said improvements constructed on the Demised Premises or exceed the cost of the said improvements or for a term longer than twenty (20) years and shall be amortized in equal periodic installments payable not less frequent than semi-annually or for a term extending beyond the term of this lease. A mortgage or other encumbrance in accordance with this Section, executed by the Lessee of this lease, shall be construed to be a conveyance of the fee title and validly conveyed in said mortgage or other encumbrance; however, Lessor agrees at the request of the Lessee of this lease to join in the execution of the conveyance in trust, mortgage or other encumbrance, provided that said conveyance in trust, mortgage or other encumbrance instrument shall provide that the Lessor joins in the execution thereof for the purpose of conveying the fee title as security for the borrowing of money by the Lessee, and that the Lessor shall not be personally liable or responsible for the payment of any obligation created or sum secured by said conveyance in trust, mortgage or other encumbrance.

It is understood and agreed that the Lessee's right to mortgage or encumber the Lessor's fee to the Demised Premises as provided for in the next preceding paragraph above shall be limited to the placing of one such permanent mortgage or encumbrance, provided that the Lessee shall also have the right to secure a construction loan from a banking institution and to secure said construction loan, may mortgage or encumber the Lessor's fee to the Demised Premises in accordance with the next preceding paragraph. It is further understood and agreed that in addition to the one permanent mortgage or encumbrance of the Lessor's fee as provided for in this section, the Lessee shall have the additional right to mortgage or

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encumber the Lessor's fee to the Demised Premises, provided that the entire proceeds of the indebtedness secured by the additional mortgage or encumbrance shall be applied to the remodeling, altering or reconstruction of the improvements on the Demised Premises subject to the approval of said loan by the Lessor, which approval will not be unreasonably withheld. Nothing contained herein shall prohibit the Lessee from mortgaging its leasehold interest in the Demised Premises by assignment or other legally recognized security instrument.

Section 12.02. Lessor agrees that it will not encumber the fee title to the Demised Premises without making the same subject to the terms and conditions of this lease or in such manner as to cause a mortgage or encumbrance given in accordance with paragraph 12.01 a second or junior lien.

Section 12.03. Lessee may sub-lease any or all of the Demised Premises to any sub-lessee without any of the restrictions set out in Section 12 hereof, provided that such sub-lease shall specify that it is subject to and subordinate to this lease.

ARTICLE 13

DEFAULT PROVISIONS

Section 13. If any one or more of the following events (herein sometimes called "events of default") shall happen:

- (a) if default shall be made in the due and punctual payments of any net rent or additional rent payable under this lease or any part thereof when and as the same shall become due and payable, and such default shall continue for a period of sixty (60) days after written notice thereof from Lessor to Lessee, or
- (b) if default shall be made by Lessee in the performance of or compliance with any of the covenants, agreements, terms or provisions contained in this lease other than those referred to in the foregoing subsection (a), and such default shall continue for a period of sixty (60) days after written notice thereof from Lessor to Lessee, except that in connection with a default not susceptible of being cured with due diligence within sixty (60) days, the time of Lessee within which to cure the same shall be extended for such time as may be necessary

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to cure the same with all due diligence, provided Lessee attempts to commence promptly and proceed diligently to cure the same with all due diligence, further provided that such period of time shall not be so extended as to subject Lessor to any criminal liability; or

(c) if default is made by Lessee in the performance of or compliance with any of the covenants, agreements, terms or provisions contained in any conveyance in trust, mortgage or encumbrance instrument which the Lessor has joined in the execution of for the purpose of subordinating the fee title to the Demised Premises to such conveyance in trust, mortgage or encumbrance instrument and such default shall continue for a period of sixty (60) days after written notice thereof; or upon a sale by foreclosure of said conveyance in trust, mortgage or other encumbrance instrument;

Then and in any such event Lessor at any time thereafter during the continuance of such Events of Default may give written notice to Lessee specifying such Event of Default or Events of Default and stating that this lease and the term thereby demised shall expire and terminate on the date specified in such notice which shall be at least ten days after the giving of such notice, and upon the date specified in such notice (unless such Event of Default shall be cured prior thereto) possession of the Demised Premises shall be given to Lessor and this lease shall expire and terminate subject to the provisions of Section 13.01 hereof.

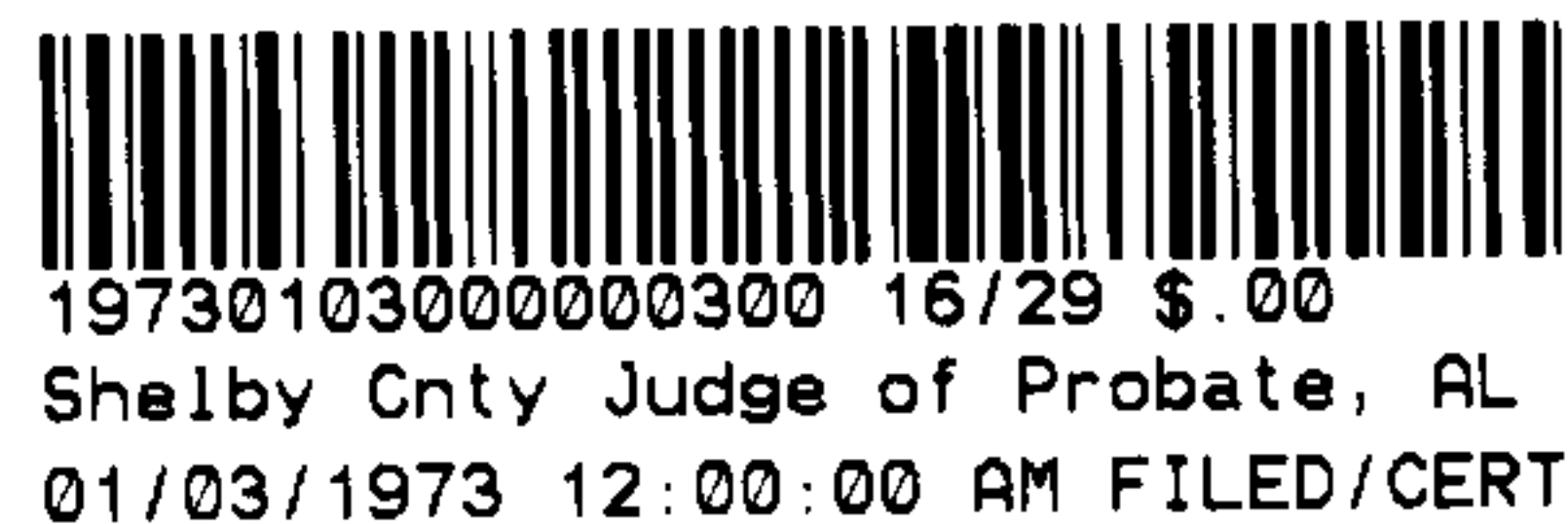
Section 13.01. Upon termination as provided in Section 13(c) above, the Lessee nevertheless shall have the right to restore this lease to full force and effect within ninety (90) days after the date of termination and giving of possession as provided in said Section 13(c) by curing any Event of Default in its entirety and by paying to the Lessor hereof any sums which may have been expended by Lessor in curing any Event of Default.

Section 13.02. No failure by Lessor to insist upon the strict performance of any covenant, agreement, term or condition of this lease or to exercise any right or remedy consequent of breach thereof and no

acceptance of full or partial rent during the continuance of any such breach shall constitute a waiver of any such breach of such covenant, agreement, term or condition, nor shall any waiver of a breach of any of the covenants of this lease be construed to be a waiver of any succeeding breach of the same or any other covenant.

ARTICLE 14

NOTICES



Section 14. All notices, demands and requests required under this lease shall be in writing. All such notices, demands and requests to the Lessor shall be deemed to have been properly given if served personally or if sent by United States registered or certified mail, postage prepaid, addressed to Lessor, at 501-1st Avenue, North BIRMINGHAM, ALABAMA 35204 and if addressed to Lessee, at

PELHAM, ALABAMA 35124

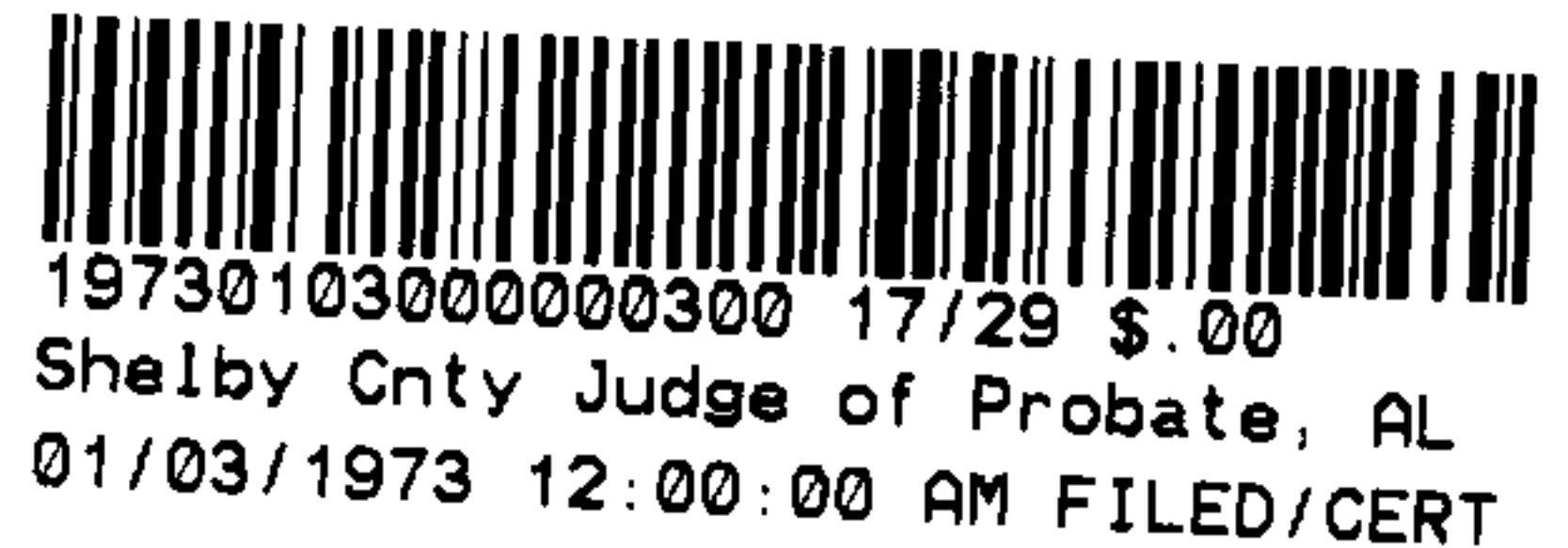
Section 14.01. If at any time during the term of this lease more than one person or corporation shall be the owner of this lease as Lessee, or more than one person or corporation shall be the owner of the Demised Premises as Lessor, then any notices, demands or requests given by the Lessor to any one of such persons or corporations shall be deemed to have been duly given to Lessee for all purposes under this lease, and any notices, demands or requests given by any one of such persons or corporations owning this lease as Lessee or owning the Demised Premises as Lessor, irrevocably designates all other such persons or corporations, or any one of them, as its agent for the purpose of giving and receiving all notices, demands, and requests required to be given or received under the provisions of this lease.

ARTICLE 15

ARBITRATION

Section 15. It is covenanted and agreed that a Board of Arbitration shall be constituted from time to time when needed to decide all questions of compliance, interpretation, or values, also any and all questions, some of which are specifically provided for herein, arising under this lease in regard to which the parties hereto may not agree.

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ARTICLE 16

DEFINITION OF CERTAIN TERMS

Section 16. For purposes of this lease, unless the context otherwise requires:

(a) The term "Demised Premises" shall mean the land with improvements thereon as described in Article 1 hereof, including the building.

(b) The term "Building" shall mean the structure located on the land on the date of the commencement of the term of this lease and any restoration or replacement thereof pursuant to the provisions hereof, but shall exclude any new construction or improvement built by Lessee.

(c) The term "Lessor" shall mean the owner of the Demised Premises at any time.

(d) The term "Lessee" shall mean the owner at the time of the leasehold interest of the Demised Premises created pursuant to the terms of this lease and be deemed to include the plural.

(e) The term "Subtenant" shall mean any tenant or licensee of space in or on the Demised Premises or in any building thereof (other than Lessee); the term "sublease" shall mean any lease or other agreement for the use or occupancy of such space.

(f) Any reference herein to the termination of this lease shall be deemed to include any termination hereof by expiration, or pursuant to Article 11 and 13 hereof, or otherwise, (except as to the contrary herein expressly provided).

ARTICLE 17

SPECIAL COVENANTS

Section 17. This lease and the covenants and agreements herein contained shall be binding upon and inure to the benefit of Lessor and Lessee and to their respective successors and assigns, except as otherwise specifically provided herein.

Section 17.01. This lease shall be construed and enforced in accordance with the laws of the State of Alabama.

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Section 17.02. Notwithstanding any other provision contained in this lease, the following are applicable:

(a) "In the event the Lessee or its successors or assignees shall become insolvent, bankrupt, or make an assignment for the benefit of the creditors, or if it or their interests hereunder shall be levied upon or sold under execution or other legal process, or in the event the bank to be operated on the premises is closed, or is taken over by the Superintendent of Banks of the State of Alabama, or other bank supervisory authority, the Lessor may terminate the lease only with the concurrence of said Superintendent of Banks or other supervisory authority, and any such authority shall in any event have the election to either continue or terminate the lease, provided, that in the event this lease is terminated, the maximum claim of Lessor for damages or indemnity for injury resulting from the rejection or abandonment of the unexpired lease shall in no event be in an amount exceeding the rent reserved by the lease, without acceleration, for the year next succeeding the date of the surrender of the premises to the landlord, or the date of re-entry of the landlord, whichever first occurs, whether before or after the closing of the bank, plus an amount equal to the unpaid rent accrued, without acceleration, up to such date."

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(b) "Upon Lessee's failure to pay an installment of rent when due or if the Lessee shall fail to observe and perform any of the other conditions, agreements, or provision of this lease, it shall be lawful thereupon, after Lessor shall have notified the Lessee, the Superintendent of Banks of the State of Alabama, the Director of FDIC Division of Bank Supervision, or the respective successors of either, in writing, of such failure on the part of the Lessee, and the Lessee, Superintendent of Banks of the State of Alabama, the Director of the FDIC Division of Bank Supervision, or the respective successor of either, shall not have rectified such failure within one hundred and twenty (120) days after giving of such notice to it, for Lessor to re-enter and repossess said premises, to remove all persons therefrom and to take exclusive possession of and remove all property therefrom, and all rights of Lessee as a tenant shall immediately cease and terminate. The failure on the part of the Lessor to re-enter or re-possess the premises, or to exercise any of its

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rights hereunder upon any default, shall not be deemed a waiver of any of the terms and conditions of this lease, and shall not preclude said lessor from the exercise of any such rights upon any subsequent occurring default or defaults."

Section 17.03. Notwithstanding anything to the contrary contained herein, it is understood and agreed that the Lessee shall not be personally liable either as a partnership or as individual partners thereof for any obligation of the Lessee under this lease except to the extent of the partnership or any partner's interest in the premises described in this lease or in this lease itself.

IN WITNESS WHEREOF, Lessor and Lessee have caused this lease to be executed on the day and year first above written.

WITNESS:

By James L. Permitt

Joe DeMarco
Joe DeMarco

LESSOR

ATTEST:

By [Signature]
Its: Notary Public

THE BANK OF PELHAM

By [Signature]
Its: PRESIDENT

LESSEE

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Joe DeMarco, whose name is signed to the foregoing lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of the lease, he executed the same voluntarily on the date the same bears date.

Given under my hand and official seal this 1st day of JULY

1972.

[Signature]
Notary Public

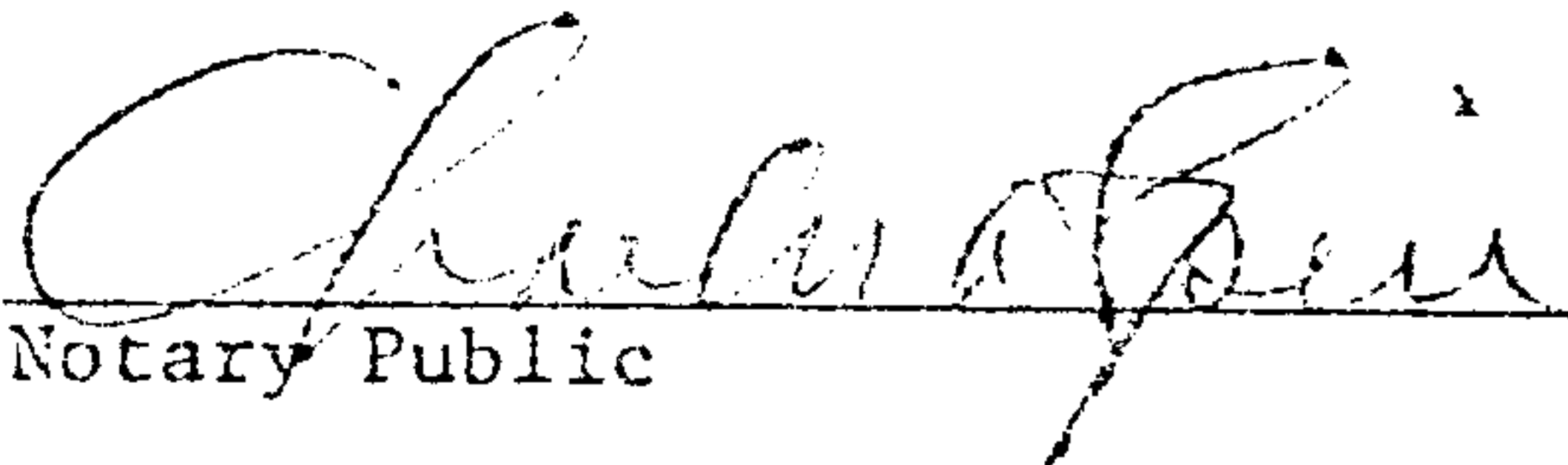
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STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that L. G. HORTON whose name as President of The Bank of Pelham, a banking ~~association~~ ^{Corporation}, is signed to the foregoing lease, and who is known to me, acknowledged before me on this day, that, being informed of the contents of the lease, he, as such officer and with full authority, executed the same voluntarily for and as the act of said association.

Given under my hand and official seal this 1st day of JULY 1974


Notary Public


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Section 15.01. The party desiring such arbitration shall give written notices to that effect to the other party and shall in such notice appoint a disinterested person of recognized competence in the field involved as one of the arbitrators. Within fifteen (15) days thereafter, the other party shall by written notice to the original party appoint a second disinterested person of recognized competence in such field as the second arbitrator, except that if Lessee has failed to appoint a second arbitrator within such 15 day period as aforesaid any Leasehold Mortgagee shall have an additional 10 day period to appoint such second arbitrator, who shall thereupon be recognized in all respects as if he had been appointed by the Lessee. The arbitrators thus appointed shall appoint a third disinterested person of recognized competence in such field, and such three arbitrators shall as promptly as possible determine such matter, provided, however, that

(a) if the second arbitrator shall not have been appointed as aforesaid, the first arbitrator shall proceed to determine such matter; and,

(b) if the two arbitrators appointed by the parties shall be unable to agree, within fifteen (15) days after the appointment of the second arbitrator, upon the appointment of a third arbitrator, they shall give written notice of such failure to agree to the parties, and, if the parties fail to agree upon the selection of such third arbitrator within fifteen (15) days after the arbitrators appointed by the parties give notice as aforesaid, then within ten (10) days thereafter either of the parties upon written notice to the other party thereto may request such appointment by the then Presiding Judge of the District Court of the United States having jurisdiction at Birmingham, Alabama, or in his absence, refusal, failure or inability to act, may apply for such appointment to any other court having jurisdiction and exercising function similar to those now exercised by the United States District Court, Birmingham, Alabama.

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Lessor and Lessee shall each be entitled to present evidence and argument to the arbitrators.

Section 15.02. The arbitrator or arbitrators shall have the right only to interpret the terms of this lease, and may not change any such term or deprive any party of this lease of any right or remedy expressly or impliedly provided in this lease.

Section 15.03. In the event of there arising a situation or condition not contemplated by any of the provisions of this lease, which situation or condition affects injuriously the rights and interests of either or both parties hereto, then and thereafter the Board of Arbitrators provided for herein shall be constituted and have full power to decide and determine what each of said parties hereto shall do and accept in the way of delay or postponement of the requirements of this lease as long as such situation or condition continues, and such decision and determination shall be binding on Lessor and Lessee.

Section 15.04. The determination of the majority of the arbitrators or of the sole arbitrator if sole arbitrator acts under provisions of Section 15.01, as the case may be, shall be conclusive upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrators shall give prompt written notice to the parties stating their determination, and shall furnish to each party a copy of such determination signed by them.

Section 15.05. Each party shall pay the fees and expenses of the arbitrator appointed by such party and one-half of the other expenses of the arbitrator properly incurred hereunder.

Section 15.06. In the event that the arbitrator or arbitrators shall not have rendered an award or decision within three months after their appointment hereunder, either the Lessee or the Lessor may disregard such arbitration and may file any legal proceedings in any court of competent jurisdiction, seeking relief on any matters pertaining to this lease. In the event that the arbitrator or arbitrators in accordance with the terms of this lease render an award or make any decision in compliance with the terms and conditions of this lease then such award or decision shall be deemed conclusive and binding upon each party to this lease and such award or decision may not be appealed to any court.

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SUPPLEMENT TO LEASE AGREEMENT

The following provisions constitute a supplement to the Lease Agreement dated the 1st day of JULY, 1972, by and between JOE DEMARCO, as Lessor, and THE BANK OF PELHAM, as Lessee, the within supplement being executed concurrently upon the execution of the said Lease, and the terms and provisions of which are a part of said Lease Agreement as fully as though set out therein:

1. The lot or parcel of land described on page 1 of the Lease Agreement is more particularly shown on the plot plan attached hereto as Exhibit "A."

2. The caption to Article 3 of the said Lease Agreement, appearing on page 2 thereof, in referring to "Rent and Option to Purchase", is hereby eliminated and deleted and there is substituted in lieu and instead thereof the following: "RENT."

3. The following provision is added at the end of Article 1 appearing at the top of page 2:

"The Demised Premises shall be used for the operation of a bank, and for any other lawful purposes."

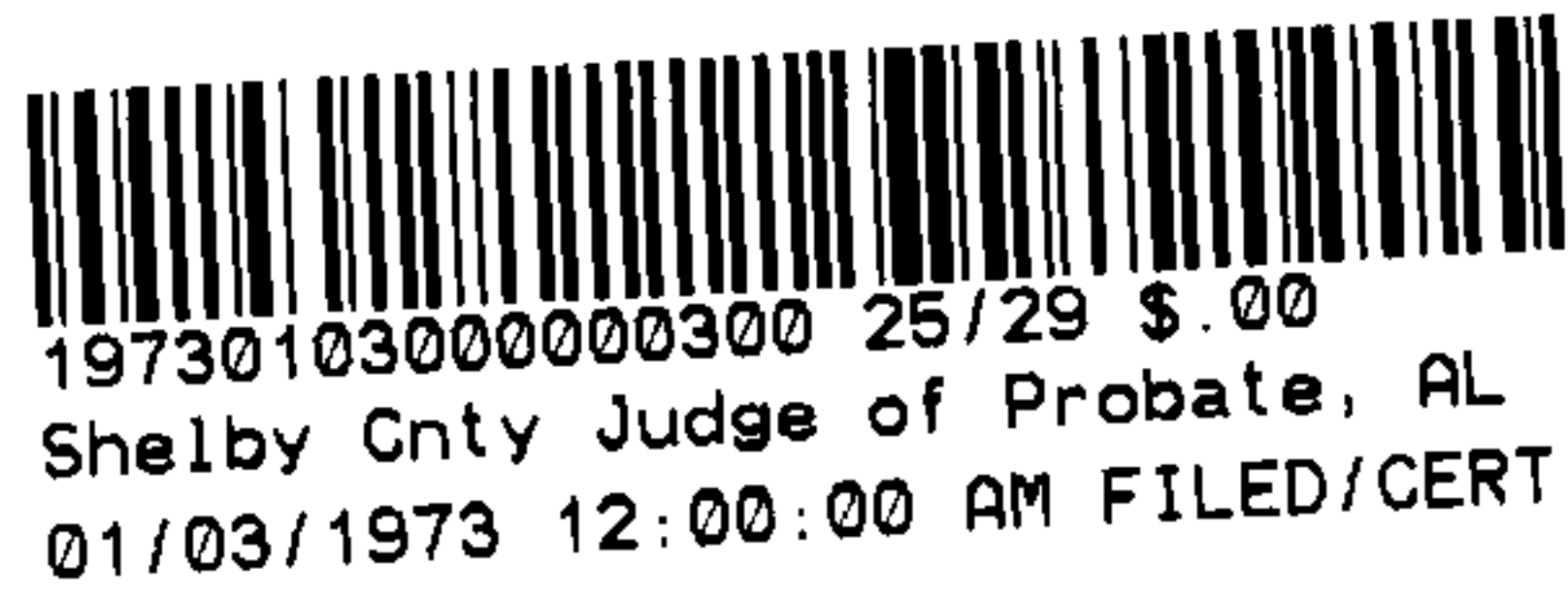
4. Under the provisions of sub-section (a) of Article 6 on page 7 of the Lease Agreement, relating to personal injury and property damage liability insurance, the limit of One Hundred Thousand (\$100,000.00) Dollars shown therein is increased to Two Hundred Fifty Thousand (\$250,000.00) Dollars, the limit of Three Hundred Thousand (\$300,000.00) Dollars as shown therein is increased to Five Hundred Thousand (\$500,000.00) Dollars, and the limit of Ten Thousand (\$10,000.00) Dollars as shown therein with reference to property damage is increased to One Hundred Thousand (\$100,000.00) Dollars.

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5. Sub-section (b) under Article 6 of said Lease Agreement, appearing on page 7 thereof, is hereby eliminated and deleted in its entirety, and there is substituted in lieu and instead thereof the following:

"(b) Lessee covenants and agrees that in addition to, and as a part of, the rent for the premises hereby leased, Lessee will at its own cost, keep the building and insurable appurtenances thereto located on the leased premises, insured against loss or damage by fire, water, wind, and all other causes included within the term "extended coverage," and "additional extended coverage" as may be now available and issued by insurance companies authorized to do business in the State of Alabama, in an amount not less than the full insurable value. The policies of such insurance shall be payable to Lessee and Lessor, as their interests may appear. All such policies of insurance shall be carried in solvent insurance companies authorized and licensed to do business in the State of Alabama. Renewal policies representing all of the above shall be delivered by Lessee to Lessor at least thirty (30) days before the expiration of the insurance which said policies are to renew, and within thirty (30) days after such renewal policies shall take effect, Lessee shall furnish to Lessor proof of the receipt by the respective insurance companies of the premiums thereon, if so requested by Lessor."

6. Section 9 of the Lease Agreement, being the first paragraph of Article 9, appearing on page 9 of the Lease Agreement, is hereby amended by adding at the end thereof, the following:



"Any provision in Section 9 to the contrary notwithstanding, the building or improvements upon the Demised Premises initially constructed and any additions or alterations thereto subsequently constructed by Lessee in accordance with the terms and provisions hereof, shall only be constructed following submission by Lessee to Lessor of detailed plans and specifications therefor, which said plans and specifications shall first be approved by Lessor in writing, which such approval, however, shall not be unreasonably withheld by Lessor."

7. Article 12, including all sub-sections thereof, appearing on pages 12, 13 and down through the middle of 14, of the said Lease Agreement, is hereby eliminated and deleted in its entirety, and there is substituted in lieu and instead thereof the following:

"ARTICLE 12

"ASSIGNMENTS, SUBLEASES AND TRANSFERS OF TENANT'S INTEREST.

Section 12. Except by way of mortgage of its leasehold estate to secure some actual indebtedness, each and every transfer or assignment of this lease, or any interest therein, and each and every sub-letting of said Demised Premises, or any part thereof, or any interest therein, shall be null and void, unless the written consent of Lessor be first obtained thereto, which consent shall not be unreasonably withheld. As a condition precedent to the obtaining of such consent, the assignee or sub-lessee must assume, in writing, all the obligations of Lessee hereunder, but such assumption shall not operate to release the Lessee from all of its obligations under the within lease, including, without limitation, the payment of all rentals and

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other obligations herein set forth, which are expressed or implied under the terms hereof."

8. There shall be added as an additional section to Article 6, appearing on page 7 of the Lease Agreement, following the end of sub-section (b), the following:

"(c) In the event of the total destruction of, or partial damage to, the buildings upon the Demised Premises by fire or other casualty, Lessee shall proceed with due diligence and dispatch to repair and restore the buildings to the conditions in which they existed immediately prior to the occurrence of such casualty, at Lessee's cost and expense, provided such cost does not exceed the proceeds of insurance collected on the buildings and improvements by reason of such casualty. In the event of such loss, whether partial or total, the Lessee shall nevertheless be required to pay all rentals required to be made hereunder, and there shall be no abatement of rent at any time during the period of such reconstruction or at any other time."

9. Sub-section (c) of Section 13, of Article 13, appearing on page 15 of the Lease Agreement, is hereby eliminated and deleted in its entirety. Likewise, sub-section 13.01 of Section 13, Article 13, appearing on page 15 of the Lease Agreement, is hereby eliminated and deleted in its entirety. There is hereby added in lieu of sub-section 13.01 so eliminated the following:

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"Section 13.01. In the event the Lessee vacates or abandons the leased premises before the expiration of the term, whether voluntarily or involuntarily, or violates any of the terms, conditions, or covenants hereof, the Lessor shall have the privilege at Lessor's option of re-entering and taking possession of said premises and leasing all or any portion of said premises for such term and for such use deemed satisfactory to the Lessor, applying each month the net proceeds obtained from said leasing to the credit of the Lessee herein, up to the amount due under the terms of this lease and the balance to the Lessor and said leasing shall not release the Lessee from liability hereunder for the rents reserved for the residue of the term hereof, but Lessee shall be responsible each month for the difference, if any, between the net rents obtained from such leasing and the monthly rent reserved hereunder, and said difference shall be payable to the Lessor on the first day of each month for the residue of the term hereof."

10. There is hereby added as an additional section following Section 13.02 of Article 13, which appears at the top of page 16 of the Lease Agreement, the following:

"Section 13.03. The Lessee will pay Lessor a reasonable attorney's fee in the event Lessor employs an attorney to collect any rents due hereunder by Lessee, or to protect the interest of Lessor in the event the Lessee is adjudged a bankrupt, or legal process is levied upon the goods, furniture, effects or personal property of the Lessee upon the said premises, or upon the interest of the Lessee in this lease or in said premises, or in the event

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the Lessee violates any of the terms, conditions, or covenants on the part of the Lessee herein contained. In order to further secure the prompt payments of said rents, as and when the same mature, and the faithful performance by the Lessee of all and singular the terms, conditions and covenants on the part of the Lessee herein contained, and all damages and costs that the Lessor may sustain by reason of the violation of said terms, conditions and covenants, or any of them, the Lessee does hereby waive any and all rights to claim personal property as exempt from levy and sale."

11. In all other respects, except as herein specifically modified, amended or altered, the said original Lease Agreement is hereby ratified and confirmed by the parties, and shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Supplement to Lease Agreement to be executed on this the 1st day of JULY, 1972.

Witness:

James L. Permitt

Joe DeMarco
Joe DeMarco

LESSOR

Attest:

M. J. [Signature]
Its VICE PRESIDENT

THE BANK OF PELHAM

By

[Signature]
Its PRESIDENT

LESSEE

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JEFFERSON COUNTY)

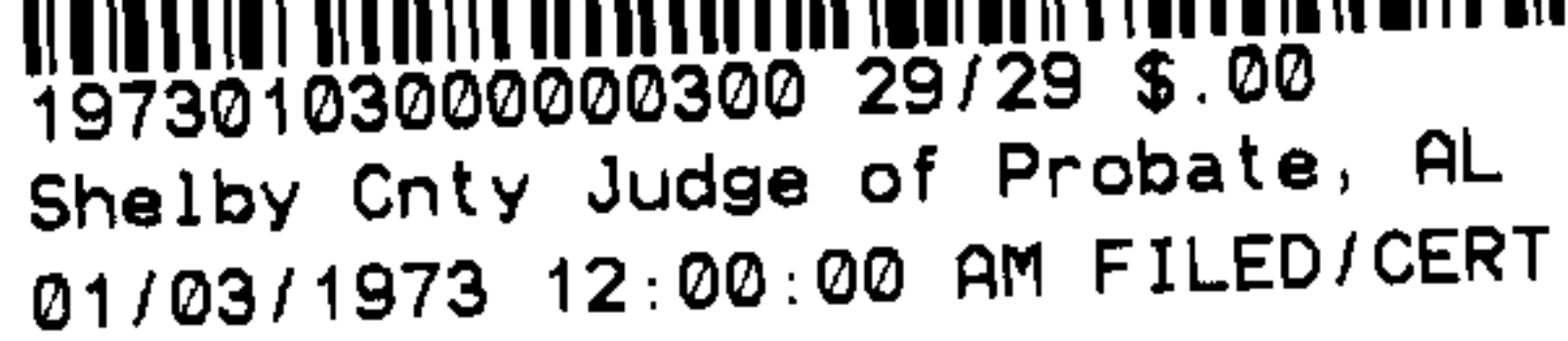
Given under my hand and official seal this 1st day
of JULY, 1972.

Charles A. Klein
Notary Public

JEFFERSON COUNTY)

Given under my hand and official seal this 1st day
of JULY, 1972.

Paula A. Kim
Notary Public



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