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GUARANTY

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This instrument was prepared by;

DANIEL M. SPITLER

ATTORNEY AT LAW

Spitler Building - Suite 100

1970 Chandalar South Office Pk.

PELHAM, ALABAMA 35124

For a valuable consideration, receipt of which is hereby acknowledged, the undersigned, WILLIAM MORRELL HUMPHRIES, and wife, SANDRA P. HUMPHRIES, (hereinafter called "Guarantor"), absolutely and unconditionally guarantee and agree to the extent permitted under the Laws of Alabama, (i) to pay to Leedy Mortgage Company, Inc., P. O. Box 10078, Birmingham, Alabama 35202, (hereinafter called "Creditor", or at such other place as may from time to time be designated by the holder hereof, the indebtedness of W. M. HUMPHRIES ENTERPRISES, INC., (hereinafter called "Debtor"), to Creditor under the promissory note dated of even date herewith in the original amount of One Hundred Thirty-Five Thousand Dollars (\$135,000.00) payable to the order of Creditor, and all renewals and extensions of and substitutions for said promissory note (said promissory note and all renewals and extensions thereof and all substitutions therefor hereinafter called the "Note"), (such indebtedness hereinafter called the "Indebtedness"); (ii) to perform fully and promptly when due all of the covenants, agreements and other obligations undertaken by Debtor in the Mortgage and Security Agreement dated of even date with the Note from Debtor to Creditor, securing the payment of the Note (such covenants, agreements and other obligations hereinafter called the "Obligations"); and (iii) to pay any and all costs, attorneys' fees and expenses incurred or expended by Creditor in collecting any of the Indebtedness or due to any default in the performance of the Obligations or in enforcing any right granted hereunder.

Guarantor expressly waives presentment for payment, demand, notice of demand and of dishonor and nonpayment of the Indebtedness, protest and notice of protest, diligence in collecting and in the bringing of suit against any other party and Creditor shall be under no obligation to notify Guarantor of its acceptance thereof or of any advances made or credit extended on the faith hereof or the failure of said Debtor to pay any of the Indebtedness as it matures, or to use diligence in preserving the liability of any person on the Indebtedness or in bringing suit to enforce collection of the Indebtedness. Guarantor waives all defenses given to sureties or guarantors at law or in equity other than the actual payment of the Indebtedness and waives also all defenses based upon questions as to the validity, legality or enforceability of the Indebtedness.

Creditor, without authorization from or notice to Guarantor and without impairing or affecting the liability of Guarantor hereunder, may from time to time at its discretion and with or without valuable consideration, alter, compromise, accelerate, extend or change the time or manner for the payment of any or all of the Indebtedness, increase or reduce the rate of interest thereon, take and surrender security, exchange collateral by way of substitution, or in any way it deems necessary take, accept, withdraw, subordinate, alter, amend, modify or eliminate collateral, add or release or discharge endorsers, guarantors, or other obligors, make changes of any sort whatever in the terms of payment of the Indebtedness or of doing business with Debtor, settle or compromise with Debtor or any other person or persons liable on the Indebtedness on such terms as it may see fit, and may apply all moneys received from the Debtor or others, or from any security or collateral held (whether held under a security instrument or not) in such manner upon the Indebtedness (whether then due or not) as it may determine to be in its best interest, without in any way being required to marshal securities or assets or to apply all or any part of such moneys upon any particular part of the Indebtedness. It is specifically agreed that Creditor is not required to retain, hold, protect, exercise due care with respect thereto, perfect security interests in or otherwise assure

or safeguard any collateral or security for the Indebtedness. No exercise or nonexercise by Creditor of any right or remedy of Creditor shall in any way affect any of Guarantor's obligations hereunder or any security furnished by Guarantor or give Guarantor any recourse against Creditor.

The liability of Guarantor hereunder shall continue notwithstanding the incapacity, death, disability, dissolution or termination of any other or others or the revocation hereof by any other guarantor under any other instrument. Guarantor shall not be released from liability if recovery from Debtor, any other guarantor, or any other person, becomes barred by any statute of limitations or is otherwise prevented. Guarantor waives and agrees not to assert or take advantage of the defense of the statute of limitations in any action hereunder.

Creditor shall not be required to pursue any other remedies before invoking the benefits of the guaranties contained herein, and specifically it shall not be required to exhaust its remedies against Debtor or any surety other than Guarantor or to proceed against any security now or hereafter existing for the payment of any of the Indebtedness. Creditor may maintain an action on this guaranty whether or not Debtor is joined therein or separate action is brought against Debtor.

If the Indebtedness exceeds the amount permitted by law, or should Debtor not be liable for the payment of the Indebtedness or the performance of the Obligations because the creation of the Indebtedness or Obligations is not within the authority of Debtor and for these reasons or any other reason the Indebtedness or the Obligations cannot be enforced against Debtor, such facts shall in no manner affect the liability of Guarantor hereunder and Guarantor shall be liable hereunder notwithstanding that Debtor may not be liable for such Indebtedness or such Obligations and to the same extent as Guarantor would have been liable if such Indebtedness or Obligations had been enforceable against Debtor. The provisions of this paragraph shall be enforceable to the extent as allowed by the Laws of Alabama.

Guarantor absolutely and unconditionally covenants and agrees that in the event that Debtor does not or is unable so to pay the Indebtedness or perform the Obligations for any reason, including, without limitation, liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition, or readjustment of, or other similar proceedings affecting the status, composition, identity, existence, assets or obligations of Debtor, or the disaffirmance or termination of any of the Indebtedness or Obligations in or as a result of any such proceeding, Guarantor shall pay the Indebtedness and perform the Obligations and that no such occurrence shall in any way affect Guarantor's obligations hereunder.

Should the status of Debtor change, this Guaranty shall continue and also cover the Indebtedness and Obligations of Debtor under the new status according to the terms hereof.

In the event any payment by Debtor to Creditor is held to constitute a preference under the bankruptcy laws, or if for any other reason Creditor is required to refund such payment or pay the amount thereof to any party, such payment by Debtor to Creditor shall not constitute a release of Guarantor from any liability hereunder, but Guarantor agrees to pay such amount to Creditor upon demand and this Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments.

The payment by Guarantor of any amount pursuant to this Guaranty shall not in anywise entitle Guarantor to any right, title or interest (whether by way of subrogation or otherwise) in and to any of the Indebtedness or any proceeds thereof, or any security therefor, unless and un-



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til the full amount owing to Creditor on the Indebtedness has been fully paid, but when the same has been fully paid Guarantor shall be subrogated as to any payments made by it to the rights of Creditor as against Debtor and/or any endorsers, sureties or other guarantors.

Guarantor hereby represents and warrants that (a) this Guaranty is a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms; (b) the execution, delivery, and performance by Guarantor of this Guaranty does not and will not violate any authority having the force of law or any indenture, agreement, or other instrument to which Guarantor is a party or by which Guarantor or any of the properties or assets of Guarantor are or may be bound; (c) there is no action or proceeding at law or in equity or by or before any court or governmental instrumentality or agency now pending or to the knowledge of Guarantor threatened or affecting Guarantor which may materially and adversely affect the financial condition of Guarantor; (d) all balance sheets, earning statements and other financial data which have been or may hereafter be furnished to Creditor to induce it to enter into this Guaranty or otherwise in connection with it, do or shall fairly represent the financial condition of Guarantor as of the date and the results of Guarantor's operations for the periods for which the same are furnished, and all other information, reports and other papers and data furnished to Creditor are or shall be at the time the same are so furnished, accurate and correct in all material respects and complete insofar as necessary to give Creditor a true and accurate knowledge of the subject matter; and (e) Guarantor is solvent.

Unless the context clearly indicates otherwise, "Guarantor" shall mean the guarantors hereunder or any of them. The obligations of said guarantors hereunder shall be joint and several. Suit may be brought against said guarantors jointly and severally, and against any one or more of them, less than all, without impairing the rights of Creditor against the others of said guarantors; and Creditor may compound with any one of said guarantors for such sums or sum as it may see fit and release such of said guarantors from all further liability to Creditor for such indebtedness without impairing the right of Creditor to demand and collect the balance of such indebtedness from others of said guarantors not so released; but it is agreed among said guarantors themselves, however, that such compounding and release shall in no wise impair the rights of said guarantors as among themselves.

The rights of Creditor are cumulative and shall not be exhausted by its exercise of any of its rights hereunder or otherwise against Guarantor or by any number of successive actions until and unless all indebtedness has been paid, all Obligations have been performed and each of the obligations of Guarantor hereunder has been performed.

Any notice or communication required or permitted hereunder shall be given in writing, sent by United States mail, postage prepaid, registered or certified mail, or by prepaid telegram (provided such telegram is confirmed by letter as hereinbefore provided) addressed as follows:

To Guarantor:

2700 Montgomery Highway  
Pelham, Alabama 35124

To Creditor:

P. O. Box 10087  
Birmingham, Alabama 35202

or to such other address as hereafter shall be designated in writing by the applicable party and shall be deemed to have been given as of the date of receipt.

This Guaranty shall be deemed to have been made under and shall be governed by the laws of the State of Alabama in all respects and shall not be waived, altered, modified or amended as to any of its terms or provisions except in writing duly signed by Creditor and Guarantor.

In the event that any of the covenants, agreements, terms or provisions contained in the Note, the Mortgage, or any other instrument securing the Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein and in the Note and any other instrument securing the Note shall in no way be affected, prejudiced or disturbed.

This Guaranty shall be binding on the successors and assigns of Guarantor and shall inure to the benefit of all transferees, credit participants, assignees and/or endorsees of Creditor. The use of any gender herein shall include the other genders.

EXECUTED this 30th day of November, 1977.



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William M. Humphries  
William M. Humphries

Sandra P. Humphries  
Sandra P. Humphries

STATE OF ALABAMA)  
COUNTY OF SHELBY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that William M. Humphries, and wife, Sandra P. Humphries, whose names are signed to the foregoing Guaranty, and who are known to me, acknowledged before me on this day that, being informed of the contents of the Guaranty, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 30th day of November, 1977.

Paul M. Spiller  
Notary Public

Fee 6.00  
Ind 1.00  
\$ 7.00

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