

STATE OF ALABAMA)
SHELBY COUNTY)

DEED IN LIEU OF FORECLOSURE

KNOW ALL MEN BY THESE PRESENTS that,

WHEREAS, the undersigned Jean Lynette Glatzer and husband, Herbert S. Glatzer (hereinafter collectively referred to as the "Mortgagors"), by guaranty dated September 19, 1978, guaranteed all outstanding indebtednesses of Panache, Inc. to The First National Bank of Birmingham, a national banking association (the "Mortgagee");

WHEREAS, the undersigned Jean Lynette Glatzer and husband, Herbert S. Glatzer (hereinafter collectively referred to as the "Mortgagors"), by guaranty dated December 9, 1980, guaranteed all outstanding indebtednesses of Panache, Inc. to the Mortgagee (the aforesaid two guaranties are hereinafter referred to as the "Guaranties");

WHEREAS, Herbert A. Glatzer, by installment note dated September 19, 1978, is presently indebted to the Bank in the approximate total amount of \$6,950.78 (the "Installment Note");

WHEREAS, Herbert S. Glatzer, by promissory note dated December 18, 1981, is indebted to the Bank in the approximate total amount of \$4,656.99 (the "Personal Note"), (all of the aforesaid indebtednesses are hereinafter collectively referred to as the "Indebtedness");

WHEREAS, the Mortgagors, in order to secure their obligations to the Mortgagee pursuant to the terms of the Guaranties, executed and delivered to the Mortgagee that certain Mortgage Securing Guaranty (the "Mortgage") dated February 2, 1980, which Mortgage is recorded in Book 400,

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at page 808, in the Office of the Judge of Probate of Shelby County, Alabama, and which Mortgage covers certain real property located in Shelby County, Alabama, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, the Indebtedness is delinquent and past due and has been declared by the Mortgagee to be in default, and the Mortgagee has made demand upon the Mortgagors to fulfill their obligations to the Mortgagee under the terms of the Guaranties; and

WHEREAS, the Glatzers have disputed their liability to the Bank under the Guaranties; and

WHEREAS, the Mortgagors have represented, and do hereby represent, to the Mortgagee that they are unable to make further payment on the Indebtedness or to fulfill their obligations to the Mortgagee pursuant to the terms of the Guaranty, and the Mortgagee has threatened foreclosure of the Mortgage; and

WHEREAS, the Mortgagors, after full investigation and upon being independently advised, have ascertained to their own satisfaction that the fair market value of the Property is substantially less than the balance of the Indebtedness, for which they are obligated, and that the Mortgagors' statutory or other rights of redemption in the Property have no value; and the Mortgagors are concerned that in the event of the foreclosure of the Mortgage the purchase price of the Property bid and received at the foreclosure sale may be substantially less than the fair market value of the Property, and the Mortgagors are further concerned that interest on the entire aggregate amount of the Indebtedness for which they are obligated will continue to accrue pending completion of the foreclosure proceedings; and

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WHEREAS, at the request of the Mortgagors, the Mortgagee has entered into a settlement agreement (the "Settlement Agreement") of even date herewith with the Mortgagors, pursuant to which Settlement Agreement the Mortgagee has agreed to combine and compromise the indebtednesses of which the Indebtedness is composed and to release the Mortgagors from all liability to the Mortgagee upon the fulfillment of certain conditions by the Mortgagors expressed in the Settlement Agreement, one of which conditions is the execution by the Mortgagors of this Deed in Lieu of Foreclosure.

NOW, THEREFORE, in consideration of the premises and of the sum of Ten Dollars (\$10.00) cash in hand paid to the Mortgagors by the Mortgagee, the receipt of which by the Mortgagors is hereby acknowledged, and the execution of the Settlement Agreement by the Mortgagee, the Mortgagors do hereby grant, bargain, sell and convey to the Mortgagee all of that certain real property situated in Shelby County, Alabama, and more particularly described in Exhibit A attached hereto and made a part hereof, together with any and all rights of redemption, statutory or equitable, of the Mortgagors, or either of them, with respect thereto.

TO HAVE AND TO HOLD to the Mortgagee, its successors and assigns, in fee simple forever.


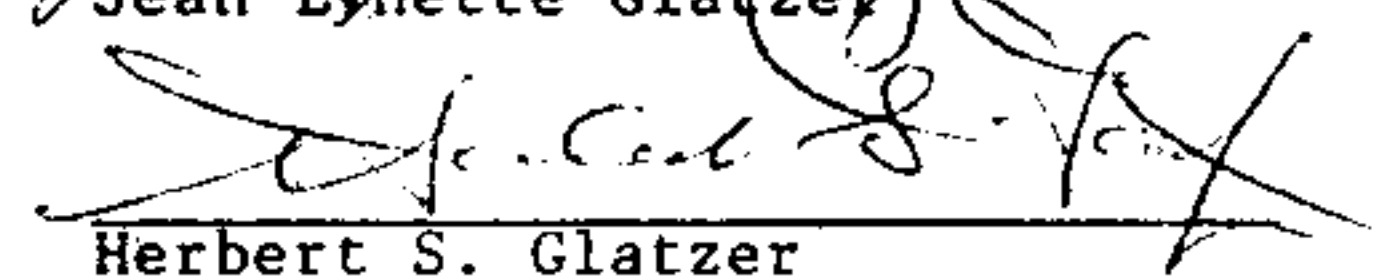
The undersigned Mortgagors covenant with the Mortgagee that they are the owners of the Property and have a good right to sell and convey the same; that the same is free of all encumbrances except (i) the lien of Mortgage and (ii) the lien of that certain mortgage dated April 1, 1976, from the Mortgagors to MORTGAGE ASSOCIATES, INC., which mortgage is recorded in Book 353, at page 547, in the Office of the Judge of Probate of Shelby County, Alabama; and (iii) easements, restrictions and matters of record, none of which adversely affect the use of the

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property as a residence; and that the Mortgagors will forever warrant and defend the title to the Property to the Mortgagee, its successors and assigns, forever. All covenants and agreements made herein shall bind the Mortgagors and their heirs, executors, administrators and assigns.

It is understood and agreed that the lien and title of the Mortgage shall be merged in the title hereby conveyed only in the event of the full effectiveness of this conveyance according to the terms and provisions expressed herein, and that if for any reason this conveyance shall be held ineffective in any particular, or in the event of the setting aside of this conveyance in any proceedings instituted under the Bankruptcy Code, the Mortgagee shall be subrogated to, or shall be considered to have retained, all of its lien, title and rights under the Mortgage and the Guaranties secured thereby, and in any such event the Mortgagee shall have the right to proceed to a foreclosure of the Mortgage in all respects as if this instrument had not been executed.

IN WITNESS WHEREOF, the undersigned Mortgagors have hereunto set their hands and seals, all on this 17 day of September, 1982.


Jean Lynette Glatzer

Herbert S. Glatzer

STATE OF ALABAMA
COUNTY OF Jefferson

I, the undersigned authority, a Notary Public in and for said County in said State, do hereby certify that Jean Lynette Glatzer and husband, Herbert S. Glatzer, whose names are signed to the foregoing conveyance, and who are known to me, acknowledged before me on this day that, being informed of the contents of said conveyance, they

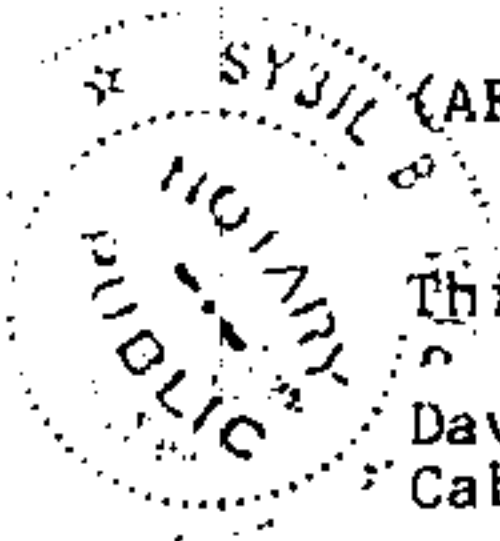
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executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 17th day of September, 1982.

Leif B. Kite
NOTARY PUBLIC

My Commission Expires: 1-9-83



(AFFIX NOTARIAL SEAL)

This instrument was prepared by:

David B. Anderson
Cabaniss, Johnston, Gardner,
Dumas & O'Neal
1900 First National-Southern Natural Building
Birmingham, Alabama 35203
(205) 252-8800

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EXHIBIT A

Lot 7, in Block 7, according to the Survey of Kerry Downs, as recorded in Map Book 5, pages 135 and 136, in the Office of the Judge of Probate of Shelby County, Alabama. Mineral and mining rights excepted.

This conveyance is subject to the following:

1. Property taxes due in the year 1980, a lien, but not yet payable.
2. That certain mortgage in favor of Mortgage Associates, Inc. recorded in Mortgage Book 353, page 547, and assigned to Knickerbocker Federal Savings and Loan Association in Misc. Volume 18, page 35 in said Probate Office.
3. Easements as shown by record plat.
4. Restrictions, conditions, easements and limitations in Misc. Volume 5, page 86 and Misc. Volume 5, page 268 in said Probate Office, which contain no reversionary clause.
5. Easements to Alabama Power Company in Deed Book 109, page 293, Deed Book 146, page 342, Deed Book 146, page 381, Deed Book 176, page 18, Deed Book 184, page 166, Deed Book 141, page 293, Deed Book 145, page 387, and Deed Book 283, page 208 in said Probate Office.
6. Easements to Alabama Power Company and South Central Bell Telephone Company in Deed Book 281, page 497 in said Probate Office.
7. Agreements regarding underground distribution as set forth in Misc. Volume 5, page 625 in said Probate Office.
8. Agreements with Alabama Power Company in Misc. Volume 5, page 626 in said Probate Office.

1982 SEP 20

AM 8:25

Thomas A. Lawrence
JUDGE OF PROBATE

Deed TAX. 50
R. 9.00
1.00
10.50