

THIS IS A FUTURE ADVANCE MORTGAGE  
WITH ADJUSTABLE RATE FEATURES

STATE OF ALABAMA )

## MORTGAGE AND SECURITY AGREEMENT

COUNTY OF LEE )

THIS INDENTURE made this 2nd day of January 1986, between TED B. WATTS and W. MILTON STRICKLAND (hereinafter collectively and individually called the "Borrower"), Mortgagor, and CENTRAL BANK OF THE SOUTH, Montgomery, Alabama (hereinafter called "Bank"), Mortgagee.

## WITNESSETH:

WHEREAS, Borrower is justly indebted to Bank on a loan in the principal sum of Six Hundred Thirty-Five Thousand and no/100 Dollars (\$635,000.00) (the "Loan"), or so much as may from time to time be disbursed thereunder, as evidenced by a promissory note of even date herewith, payable to Bank with interest thereon, on demand or as otherwise provided therein (the "Note"). This is a FUTURE ADVANCE MORTGAGE, and the said \$635,000.00 shall be advanced by Bank to Borrower in accordance with a Loan Agreement of even date herewith, the terms of which agreement are made a part of this Mortgage; and

WHEREAS, Borrower may hereafter become indebted to Bank or to a subsequent holder of this Mortgage on loans or otherwise (said Bank and any subsequent holder of this Mortgage being referred to herein as "Lender"); and

WHEREAS, it is desired by the parties to secure the principal amount of the Note with interest, and all renewals, extensions and modifications thereof, and any and all other additional indebtedness of Borrower to Lender, now existing or hereafter arising, whether joint or several, due or to become due, absolute or contingent, direct or indirect, liquidated or unliquidated, and any renewals, extensions and modifications thereof, and whether incurred or given as maker, endorser, guarantor or otherwise (herein collectively "Other Indebtedness").

NOW, THEREFORE, the Borrower, in consideration of making the Loan above mentioned, and to secure the prompt payment of same, with the interest thereon, and any extensions, renewals and modifications of same, and any charges herein incurred by Lender on account of Borrower, including but not limited to attorney's fees, and any and all Other Indebtedness of Borrower to Lender as set forth above, and further to secure the performance of the covenants, conditions and agreements hereinafter set forth and set forth in the Note and set forth in all other documents which may be executed by Borrower to evidence, secure or obtain the Loan, including, when executed, but not limited to a Construction Loan Agreement, Security Agreement, and an Assignment of Rents and Leases (the "Loan Documents"), and as may be set forth in instruments evidencing or securing Other Indebtedness of Borrower to Lender (the "Other Indebtedness Instruments") has bargained and sold and does hereby grant, bargain, sell, alien and convey unto the Lender, its successors and assigns, the following described leasehold interest, buildings, improvements, fixtures, furniture, and personal property (which together with any additional such property in the possession of the Lender or hereafter acquired by the Borrower and subject to the lien of this Mortgage, or intended to be so, as the same may be constituted from time to time is hereinafter sometimes referred to as the "Mortgaged Property") to-wit:

(a) All that tract or parcel or parcels of land particularly described in Exhibit "A" attached hereto and made a part hereof.

(b) All buildings, structures, and improvements of every nature whatsoever now or hereafter situated on the property described in Exhibit "A", and

✓ ARGO, ENSLEN, HOLLOWAY & SABEL, P.C.

300 SOUTH HULL STREET

MONTGOMERY, ALABAMA 36104

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all fixtures, fittings, building materials, machinery, equipment, furniture and furnishings and personal property of every nature whatsoever now or hereafter owned by the Borrower and used or intended to be used in connection with or with the operation of said property, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, whether such fixtures, fittings, building materials, machinery, equipment, furniture, furnishings and personal property are actually located on or adjacent to the property described in Exhibit "A" or not and whether in storage or otherwise wheresoever the same may be located.

(c) Together with all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, leases, rights, titles, interest, privileges, liberties, tenements, hereditaments, and appurtenances whatsoever, in anyway belonging, relating or appertaining to any of the property hereinabove described, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Borrower, and the reversion and reversions, remainder and remainders, rents, issues, profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Borrower of, in and to the same, including but not limited to:

(i) All rents, royalties, profits, issues and revenues of the Mortgaged Property from time to time accruing, whether under leases or tenancies now existing or hereafter created, reserving to Borrower, however, so long as Borrower is not in default hereunder, the right to receive and retain the rents, issues and profits thereof; and,

(ii) All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Mortgaged Property or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Property or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including any award for change of grade or streets. Lender is hereby authorized on behalf and in the name of Borrower to execute and deliver valid acquittances for, and appeal from, any such judgments or awards. Lender may apply all such sums or any part thereof so received, after the payment of all its expenses, including costs and attorney's fees, on any of the indebtedness secured hereby in such manner as it elects, or at its option, the entire amount or any part thereof so received may be released.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the Lender, its successors and assigns forever, subject however to the terms and conditions herein:

PROVIDED, HOWEVER, that these presents are upon the condition that, if the Borrower shall pay or cause to be paid to the Lender the principal and interest payable in respect to the Note, and any extensions, renewals and modifications of same, at the times and in the manner stipulated therein and herein, all without any deduction or credit for taxes or other similar charges paid by the Borrower, and shall pay all charges incurred herein by Lender on account of Borrower, including, but not limited to, attorney's fees, and shall pay any and all Other Indebtedness of Borrower to Lender, and shall keep, perform and observe all and singular the covenants, conditions and agreements in this Mortgage, in the Note, in the Loan Documents, and in the Other Indebtedness Instruments expressed to be kept, performed, and observed by or on the part of the Borrower, all without fraud or delay, then this Mortgage, and all the properties, interest and rights hereby granted, bargained, sold and conveyed shall cease, determine and be void, but shall otherwise remain in full force and effect.

AND the Borrower covenants and agrees with the Lender as follows:

#### ARTICLE I

1.01 Performance of Mortgage, Note and Loan Documents. The Borrower will perform, observe and comply with all provisions hereof, and of the Note, and of the Loan Documents, and of the Other Indebtedness Instruments, and will duly and punctually pay to the Lender the sum of money expressed in the Note, with interest thereon, and all other sums required to be paid by the Borrower pursuant to the provisions of this Mortgage, of the Loan Documents, and of the

Other Indebtedness Instruments, all without any deductions or credit for taxes or other similar charges paid by the Borrower.

1.02 Warranty of Title. Borrower hereby warrants that, subject to any exceptions shown on Exhibit A, it is lawfully seized of an indefeasible estate in fee simple in the land and real property hereby mortgaged and has good and absolute title to all existing personal property hereby mortgaged and has good right, full power and lawful authority to sell, convey and mortgage the same in the manner and form aforesaid; that the same is free and clear of all liens, charges, and encumbrances whatsoever, including, as to the personal property and fixtures, conditional sales contracts, chattel mortgages, security agreements, financing statements, and anything of a similar nature, and that Borrower shall and will warrant and forever defend the title thereto and the quiet use and enjoyment thereof unto the Lender, its successors and assigns, against the lawful claims of all persons whomsoever.

1.03 Future Advances and other Debts. It is expressly understood that this Mortgage is intended to and does secure, not only the indebtedness herein specifically mentioned; but also Future Advances and any and all Other Indebtedness, obligations and liabilities, direct or contingent, of said Borrower to said Lender, whether now existing or hereafter arising, and any and all extensions, renewals and modifications of same, or any part thereof, at any time before actual cancellation of this instrument on the probate records of the county where the Mortgaged Property is located, and whether the same be evidenced by note, open account, assignment, endorsement, guaranty, pledge or otherwise.

1.04 Monthly Tax Deposit. If required by Lender, Borrower will pay on the first day of each month one-twelfth (1/12) of the yearly taxes on the Mortgaged Property, as estimated by Lender, together with and in addition to each regular installment of principal and interest. Such sums shall not draw interest, and shall not be, nor deemed to be, trust funds, but may be commingled with the general funds of Lender. Borrower agrees to pay Lender the amount of any deficiency necessary to enable Lender to pay such taxes when due. Such sums may be applied by the Lender to the reduction of the indebtedness secured hereby in the event of a default under this Mortgage, the Note, the Loan Documents, or the Other Indebtedness Instruments.

1.05 Other Taxes, Utilities and Liens. (a) The Borrower will pay promptly, when and as due, and, if requested, will promptly exhibit to the Lender receipts for the payment of all taxes, assessments, water rates, utility charges, dues, charges, fines, penalties, costs and other expenses incurred, and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied, or assessed upon or against the Mortgaged Property or any part thereof, or upon the interest of the Lender in the Mortgaged Property (other than any of the same for which provision has been made in Paragraph 1.04 of this Article I), or any charge which, if unpaid, would become a lien or charge upon the Mortgaged Property prior to or equal to the lien of this Mortgage for any amounts secured hereby or would have priority or equality with this Mortgage in distribution of the proceeds of any foreclosure sale of the Mortgaged Property or any part thereof.

(b) The Borrower shall promptly pay and will not suffer any mechanic's, laborer's, statutory or other lien which might or could be prior to or equal to the lien of this Mortgage to be created or to remain outstanding upon any of the Mortgaged Property.

(c) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes, then Borrower shall immediately pay any increased taxes if allowed by law, and if Borrower fails to pay such additional taxes, or if Borrower is prohibited from paying such taxes, or if Lender in anyway is adversely affected by such law, order, rule or regulation, then in either of such events, the entire balance of the principal sum secured by this Mortgage and all interest accrued thereon shall without notice become due and payable forthwith at the option of the Lender.

1.06 Insurance. The Borrower will procure for, deliver to, and maintain for the benefit of the Lender during the life of this Mortgage, insurance policies in such amounts as the Lender shall require, insuring the Mortgaged

Property against fire, extended coverage, war damage (if available), and such other insurable hazards, casualties and contingencies as the Lender may require. The total insurance on improvements on the Mortgaged Property shall equal or exceed the amount of the Loan, and each building is to be insured proportionately if there is more than one building. The form of such policies and the companies issuing them shall be acceptable to the Lender. All policies shall contain a New York standard, non-contributory mortgage endorsement making losses payable to the Lender. At least fifteen (15) days prior to the expiration date of all such policies, renewals thereof satisfactory to the Lender shall be delivered to the Lender. The Borrower shall deliver to the Lender receipts evidencing the payment of all such insurance policies and renewals. In the event of the foreclosure of this Mortgage or any transfer of title to the Mortgaged Property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Borrower in and to all insurance policies then in force shall pass to the purchaser or grantee.

The Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to the Lender instead of to the Borrower and Lender jointly. After deducting from said insurance proceeds any expenses incurred by it in the collection or handling of said fund, the Lender may apply the net proceeds, at its option, either toward restoring the improvements on the Mortgaged Property, or as a credit on any portion of the Borrower's indebtedness selected by it, whether then matured or to mature in the future, or at the option of the Lender, such sums either wholly or in part may be paid over to the Borrower to be used to repair such improvements, or to build new improvements in their place or for any other purpose or object satisfactory to the Lender without affecting the lien of this Mortgage for the full amount secured hereby before such payment took place. Lender shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

If required by the Lender, the Borrower will pay on the first day of each month, together with and in addition to the regular installment of principal and interest and monthly tax deposit (as required by Paragraph 1.04 of Article I herein), one-twelfth (1/12) of the yearly premiums for insurance. Such amount shall be used by Lender to pay such insurance premiums when due. Such added payments shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the Lender, and no interest shall be payable in respect thereof. Upon demand of the Lender, the Borrower agrees to deliver to the Lender such additional moneys as are necessary to make up any deficiencies in the amounts necessary to enable the Lender to pay such insurance premiums. In the event of a default by Borrower under this Mortgage, the Note, the Loan Documents, or the Other Indebtedness Instruments, the Lender may apply such sums to the reduction of the indebtedness secured hereby.

**1.07 Condemnation.** If all or any part of the Mortgaged Property shall be damaged or taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any governmental or private authority, and any transfer by private sale in lieu thereof), either temporarily or permanently, the entire indebtedness secured hereby shall at the option of the Lender become immediately due and payable. The Lender shall be entitled to all compensation, awards, and other payments or relief therefor and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or the Borrower's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by the Borrower to the Lender, which, after deducting therefrom all its expenses, including attorney's fees, may release any moneys so received by it without affecting the lien of this Mortgage or may apply the same in such manner as the Lender shall determine to the reduction of the indebtedness secured hereby, and any balance of such moneys then remaining shall be paid to the Borrower. The Borrower agrees to execute such further assignments of any compensations, awards, damages, claims, rights of action and proceeds as the Lender may require.

**1.08 Care of the Property.** (a) The Borrower will preserve and maintain the Mortgaged Property in good condition and repair, and will not commit or



suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) Except as otherwise provided herein, no buildings, fixtures, personal property, or other part of the Mortgaged Property shall be removed, demolished or substantially altered without the prior written consent of the Lender. The Borrower may sell or otherwise dispose of, free from the lien of this Mortgage, furniture, furnishings, equipment, tools, appliances, machinery, fixtures or appurtenances, subject to the lien hereof, which may become worn out, undesirable, obsolete, disused or unnecessary for use in the operation of the Mortgaged Property, not exceeding in value at the time of disposition thereof One Thousand Dollars (\$1,000.00) for any single transaction, or a total of Five Thousand Dollars (\$5,000.00) in any one year, upon replacing the same by, or substituting for the same, other furniture, furnishings, equipment, tools, appliances, machinery, fixtures, or appurtenances not necessarily of the same character, but of at least equal value to the Borrower and costing not less than the amount realized from the property sold or otherwise disposed of, which shall forthwith become, without further action, subject to the lien of this Mortgage.

(c) If the Mortgaged Property, or any part thereof is damaged by fire or any other cause, the Borrower will give immediate written notice of the same to the Lender.

(d) The Lender is hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours.

(e) The Borrower will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Mortgaged Property or any part thereof.

(f) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, the Borrower will promptly restore the Mortgaged Property to the equivalent of its original condition, regardless of whether or not there shall be any insurance proceeds therefor; provided, however, that if there are insurance proceeds, the Borrower shall not be required to restore the Mortgaged Property as aforesaid unless the Lender shall apply any net proceeds from the casualty in question and held by Lender, as allowed under Paragraph 1.06, toward restoring the damaged improvements. If a part of the Mortgaged Property shall be physically damaged through condemnation, the Borrower will promptly restore, repair or alter the remaining property in a manner satisfactory to the Lender.

**1.09 Further Assurances; After Acquired Property.** At any time, and from time to time, upon request by the Lender, the Borrower will make, execute and deliver or cause to be made, executed and delivered to the Lender and, where appropriate, to cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Lender any and all such other and further mortgages, instruments of further assurance, certificates and other documents as may, in the opinion of the Lender, be necessary or desirable in order to effectuate, complete, enlarge, or perfect, or to continue and preserve the obligation of the Borrower under the Note and this Mortgage, and the lien of this Mortgage as a first and prior lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by the Borrower. Upon any failure by the Borrower so to do, the Lender may make, execute, and record any and all such mortgages, instruments, certificates, and documents for and in the name of the Borrower and the Borrower hereby irrevocably appoints the Lender the agent and attorney-in-fact of the Borrower so to do. The lien hereof will automatically attach, without further act, to all after acquired property (except consumer goods, other than accessions, not acquired within ten (10) days after the Lender has given value under the Note) attached to and/or used in the operation of the Mortgaged Property or any part thereof.

**1.10 Additional Security.** The Lender shall also have a security interest in all other property of the Borrower, now or hereafter assigned, or coming into the possession, control, or custody of the Lender by or for the account of the Borrower (including indebtedness due from the Lender to the Borrower) whether expressly as collateral security or for any other purpose, including any dividends declared, or interest accruing thereon, and proceeds

thereof. The Lender may, but shall not be obligated to apply to the payment of the Note, on or after demand, any funds or credit held by the Lender on deposit, in trust or otherwise, for the account of the Borrower.

1.11 Leases Affecting Mortgaged Property. The Borrower will comply with and observe its obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. If requested by Lender, Borrower will furnish Lender with executed copies of all leases now or hereafter created on the Mortgaged Property; and all leases now or hereafter entered into will be in form and substance subject to the approval of Lender. Borrower will not accept payment of rent more than two (2) months in advance without the express written consent of Lender. If requested by the Lender, the Borrower will execute and deliver to Lender, as additional security, such other documents as may be requested by Lender to further evidence the assignment to Lender hereunder, and to assign any and all such leases whether now existing or hereafter created, including, without limitation, all rents, royalties, issues and profits of the Mortgaged Property from time to time accruing, and will not cancel, surrender or modify any lease so assigned without the written consent of the Lender.

1.12 Expenses. The Borrower will pay or reimburse the Lender for all reasonable attorneys' fees, costs and expenses incurred by the Lender in any proceeding involving the estate of a decedent or an insolvent, or in any action, proceeding or dispute of any kind in which the Lender is made a party, or appears as party plaintiff or defendant, affecting this Mortgage, the Note, the Loan Documents, the Other Indebtedness Instruments, Borrower or the Mortgaged Property, including but not limited to the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, or any action to protect the security hereof; and any such amounts paid by the Lender shall be added to the indebtedness secured hereby and shall be further secured by the lien of this Mortgage.

1.13 Performance by Lender of Defaults by Borrower. If the Borrower shall default in the payment of any tax, lien, assessment or charge levied or assessed against the Mortgaged Property; in the payment of any utility charge, whether public or private; in the payment of insurance premiums; in the procurement of insurance coverage and the delivery of the insurance policies required hereunder; or in the performance or observance of any other covenant, condition or term of this Mortgage, of the Note, of the Loan Documents, or of the Other Indebtedness Instruments, then the Lender, at its option, may perform or observe the same, and all payments made for costs or expenses incurred by the Lender in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by the Borrower to the Lender with interest thereon at the rate set forth in the Note plus two percent (2%). The Lender shall be the sole judge of the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium; of the necessity for any such actions and of the amount necessary to be paid in satisfaction thereof. The Lender is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Borrower or any person in possession holding under the Borrower.

1.14 Books and Records. The Borrower shall keep and maintain at all times full, true and accurate books of accounts and records, adequate to reflect correctly the results of the operation of the Mortgaged Property. Upon request of the Lender, the Borrower will furnish to the Lender within ninety (90) days after the end of the Borrower's fiscal year during the term of the Loan, a balance sheet and a statement of income and expenses, both in reasonable detail and form satisfactory to Lender and certified by a Certified Public Accountant, and a rent schedule of the Mortgaged Property, certified by the Borrower, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date and the rent paid. Such schedule shall also include the sales or gross revenue figures of each tenant required to disclose such information by the terms of its lease, and such other tenants' sales or gross revenue figures of which Borrower has knowledge.

1.15 Estoppel Affidavits. The Borrower within ten (10) days after written request from the Lender shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on the Note and whether or not any offsets or defenses exist against such principal and interest.

1.16 Alienation or Sale of Mortgaged Property. The Borrower shall not sell, assign, mortgage, encumber, or otherwise convey the Mortgaged Property without obtaining the express written consent of the Lender at least thirty (30) days prior to such conveyance. If Borrower should sell, assign, mortgage, encumber or convey all, or any part of, the Mortgaged Property without such consent by Lender, then, in such event, the entire balance of the principal sum secured by this Mortgage and all interest accrued thereon, and all Other Indebtedness secured hereby, shall without notice become due and payable forthwith at the option of the Lender.

## ARTICLE II

2.01 Event of Default. The term Event of Default, wherever used in this Mortgage, shall mean any one or more of the following events:

(a) Failure by the Borrower to pay within ten (10) days after the same becomes due and payable any installment of principal, interest or escrow deposit; or

(b) Failure by the Borrower to duly observe any other covenant, condition or agreement of this Mortgage, of the Note, of the Loan Documents, or of the Other Indebtedness Instruments for twenty (20) days or more; or

(c) The filing by the Borrower of a voluntary petition in bankruptcy or the Borrower's adjudication as a bankrupt or insolvent, or the filing by the Borrower of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the Borrower's seeking or consenting to or acquiescence in the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof, or the making of any general assignment for the benefit of creditors or the admission in writing of its inability to pay its debts generally as they become due; or

(d) The entry by a court of competent jurisdiction of any order, judgment, or decree approving a petition filed against the Borrower seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency, or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof without the consent or acquiescence of the Borrower which appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive).

(e) The interest of the Lender in the Mortgaged Property, real and personal, secured by this Mortgage becoming endangered by reason of the enforcement of any prior lien or encumbrance thereon, so as to endanger the security hereby given.

(f) Any other event of default set forth in the Loan Documents or the Other Indebtedness Instruments.

2.02 Acceleration of Maturity. If an Event of Default shall have occurred, then the entire principal amount of the indebtedness secured hereby with interest accrued thereon, and all Other Indebtedness secured hereby (or such parts as Lender may elect) shall, at the option of the Lender, become due and payable without notice or demand, time being of the essence; and any omission on the part of the Lender to exercise such option when entitled to do so shall not be considered as a waiver of such right.

### 2.03 Right of Lender to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, the Borrower, upon demand of the Lender, shall forthwith surrender to the Lender the actual possession of the Mortgaged Property, and if and to the extent

permitted by law, the Lender may enter and take possession of all the Mortgaged Property, and may exclude the Borrower and its agents and employees wholly therefrom.

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(b) Upon every such entering upon or taking of possession, the Lender may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Mortgaged Property insured; (iii) manage and operate the Mortgaged Property and exercise all the rights and powers of the Borrower in its name or otherwise, with respect to the same; (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted the Lender, all as the Lender from time to time may determine to be to its best advantage; and the Lender may collect and receive all the income, revenues, rents, issues and profits of the Mortgaged Property, including those past due as well as those accruing thereafter, and, after deducting (aa) all expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other charges prior to the lien of this Mortgage as the Lender may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of the Lender; shall apply the remainder of the moneys so received by the Lender, first to the payment of accrued interest under the Note; second to the payment of tax deposits required in Paragraph 1.04; third to the payment of any other sums required to be paid by Borrower under this Mortgage or under the Loan Documents; fourth to the payment of overdue installments of principal; fifth to the payment of any sums due under Other Indebtedness Instruments, whether principal, interest or otherwise; and the balance, if any, to the Borrower.

(c) Whenever all such Events of Default have been cured and satisfied, the Lender may, at its option, surrender possession of the Mortgaged Property to the Borrower, its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.04 Receiver. (a) If an Event of Default shall have occurred and be continuing, the Lender, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect the rents, profits, issues, and revenues thereof.

(b) The Borrower will pay to the Lender upon demand all expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to the provisions contained in this Paragraph 2.04; and all such expenses shall be secured by this Mortgage.

2.05 Lender's Power of Enforcement. If an Event of Default shall have occurred and be continuing, the Lender may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy (a) to enforce payment of the Note or the performance of any term thereof or any right; (b) to foreclose this Mortgage and to sell, as an entirety or in separate lots or parcels, the Mortgaged Property, as provided by law; and (c) to pursue any other remedy available to it, all as the Lender shall deem most effectual for such purposes.

2.06 Power of Sale. If an Event of Default shall have occurred Lender may sell the Mortgaged Property to the highest bidder at public auction in front of the Courthouse door in the county where the Mortgaged Property is located, either in person or by auctioneer, after having first given notice of the time, place and terms of sale, together with a description of the property to be sold, by publication once a week for three (3) successive weeks prior to said sale in some newspaper published in said county, and, upon payment of the purchase money, Lender or any person conducting the sale for Lender is



authorized to execute to the purchaser at said sale a deed to the Mortgaged Property so purchased. Lender may bid at said sale and purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. At the foreclosure sale the Mortgaged Property may be offered for sale and sold as a whole without first offering it in any other manner or may be offered for sale and sold in any other manner Lender may elect.

**2.07 Application of Foreclosure Proceeds.** The proceeds of any foreclosure sale pursuant to Paragraph 2.06 of Article II shall be applied as follows:

(a) First, to the expenses of making the sale, including a reasonable attorney's fee for such services as may be necessary in the collection of said indebtedness or the foreclosure of this Mortgage;

(b) Second, to the repayment of any money, with interest thereon, which Lender may have paid, or become liable to pay, or which it may then be necessary to pay for taxes, insurance, assessments or other charges, liens, or debts as hereinabove provided, and as may be provided in the Loan Documents;

(c) Third, to the payment and satisfaction of the indebtedness hereby specially secured with interest to date of sale, and to the payment of any and all Other Indebtedness, obligations and liabilities hereby secured, principal and interest, whether such Other Indebtedness, obligations and liabilities be then due or not;

(d) Fourth, the balance, if any, shall be paid to the party or parties appearing of record to be the owner of the Mortgaged Property at the time of the sale after deducting any expense of ascertaining who is such owner, or as may otherwise be provided by law.

**2.08 Lender's Option on Foreclosure.** At the option of the Lender, this Mortgage may be foreclosed as provided by law or in equity, in which event a reasonable attorney's fee shall, among other costs and expenses, be allowed and paid out of the proceeds of the sale. In the event Lender exercises its option to foreclose this Mortgage in equity, Lender may, at its option, foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make any such tenants parties defendants to any such foreclosure proceeding and to foreclose their rights will not be, nor be asserted to be by the Borrower, a defense to any proceedings instituted by the Lender to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

**2.09 Waiver of Exemption.** Borrower waives all rights of exemption pertaining to real or personal property as to any indebtedness secured by or that may be secured by this Mortgage, and Borrower waives the benefit of any statute regulating the obtaining of a deficiency judgment or requiring that the value of the Mortgaged Property be set off against any part of the indebtedness secured hereby.

**2.10 Suits to Protect the Mortgaged Property.** The Lender shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the income, revenues, rents and profits arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with, such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the Lender.

**2.11 Borrower to Pay the Note on any Default in Payment; Application of Moneys by Lender.** If default shall be made in the payment of any amount due under this Mortgage, the Note, the Loan Documents or the Other Indebtedness Instruments, then, upon demand of the Lender, the Borrower will pay to the Lender the whole amount due and payable under the Note and under all Other Indebtedness Instruments; and in case the Borrower shall fail to pay the same forthwith upon such demand, the Lender shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid together with costs, which shall include the reasonable compensation, expenses and disbursements of the Lender's agents and attorneys.

2.12 Delay or Omission No Waiver. No delay or omission of the Lender or of any holder of the Note to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by the Note, this Mortgage, the Loan Documents, or by the Other Indebtedness Instruments to the Lender may be exercised from time to time and as often as may be deemed expedient by the Lender.

2.13 No Waiver of One Default to Affect Another, etc. No waiver of any default hereunder, under the Loan Documents, or under the Other Indebtedness Instruments shall extend to or shall affect any subsequent or any other then existing default or shall impair any rights, powers or remedies consequent thereon.

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If the Lender (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein, in the Note, in the Loan Documents, or in the Other Indebtedness Instruments; (d) releases any part of the Mortgaged Property from the lien of this Mortgage or otherwise changes any of the terms of this Mortgage, the Note, the Loan Documents or the Other Indebtedness Instruments; (e) consents to the filing of any map, plat or replat thereof; (f) consents to the granting of any easement thereon; or (g) makes or consents to any agreement subordinating the lien or charge hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Mortgage, the Note, the Loan Documents, or the Other Indebtedness Instruments of the Borrower or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the Lender from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Lender shall the lien of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, the Lender, without notice to any person, corporation or other entity (except notice shall be given to Borrower so long as Borrower remains liable under the Note, this Mortgage or the Loan Documents) is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, or of the Loan Documents, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

2.14 Discontinuance of Proceedings -- Position of Parties, Restored. In case the Lender shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Lender, then and in every such case the Borrower and the Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been taken.

2.15 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to the Lender by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder, or under the Note, or under the Loan Documents, or now or hereafter existing at law or in equity or by statute.

### ARTICLE III

3.01 Successors and Assigns Included in Parties. Wherever in this Mortgage one of the parties hereto is named or referred to, the heirs, administrators, executors, successors and assigns of such party shall be included, and all covenants and agreements contained in this Mortgage by or on behalf of the Borrower or by or on behalf of Lender shall bind and inure to the benefit of their respective heirs, administrators, executors, successors and assigns, whether so expressed or not.

3.02 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience of reference only, are not

to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

3.03 Gender. Whenever the context so requires, the masculine includes the feminine and neuter, and the singular includes the plural.

3.04 Invalid Provisions to Affect No Others. In case any one or more of the covenants, agreements, terms or provisions contained in this Mortgage, in the Note, in the Loan Documents, or in the Other Indebtedness Instruments 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, the Loan Documents and the Other Indebtedness Instruments shall be in no way affected, prejudiced or disturbed thereby.

3.05 Lien on Personal Property. This Mortgage creates a lien on the personal property of the Borrower located on the Mortgaged Property and it shall constitute a security agreement under the Uniform Commercial Code of the state in which the Mortgaged Property is located, or other law applicable to the creation of liens on personal property. Borrower covenants and agrees to execute, file and refile such financing statements, continuation statements or other documents as Lender shall require from time to time with respect to such personal property. If an Event of Default occurs, the Lender shall have all rights and remedies of a secured party under the Uniform Commercial Code of such state.

3.06 Conflict in Loan Documents. In the event of conflict in the terms of any provision in this Mortgage, the Note, the Loan Documents, or the Other Indebtedness Instruments, the terms of the provision most favorable to the Lender shall apply.

3.07 Instrument Under Seal. This Mortgage is given under the seal of all parties hereto, and it is intended that this Mortgage is and shall constitute and have the effect of a sealed instrument according to law.

#### ARTICLE IV

4.01 Adjustable Rate Note and Mortgage. In addition to the covenants and agreements set forth above, Borrower hereby covenants and agrees with Lender as follows:

(a) Interest Rate Adjustments. The Note provides for an adjustable interest rate which will be increased or decreased on the Interest Adjustment Dates as described in the Note. Changes in the interest rate are determined by changes in the Index Rate. The Index Rate is the auction rate for United States Treasury Bills with maturities of 26 weeks as established at the most recent auction immediately prior to the date of the Note and each subsequent Interest Adjustment Date. There are no limitations on changes in the interest rate, except that the interest rate may be subject to a ceiling or floor rate.

(b) Monthly Payment Adjustments. If the rate of interest changes, the amount of Borrower's payment will change as provided in the Note. Any increase in Borrower's monthly payment amount will be limited to ten percent (10%) of the previously scheduled payment amount. The limitation on increases in Borrower's monthly payment amount does not apply at the time of the final payment adjustment, or if the balance due under the Note exceeds 115% of the original principal sum as set out in the Note. Borrower's monthly payment amount will decrease if the interest rate applicable to the Note decreases. However, Borrower's monthly payment amount will never decrease below the beginning monthly payment as set out in the Note.

(c) Increases in Principal Balance. The Note provides that the principal amount Borrower owes Lender may increase from time to time. In the event that Borrower makes a payment that is insufficient to pay all interest which has been earned since Borrower's last payment, Lender will advance an amount equal to the interest earned by Lender but unpaid after application of Borrower's payment. The amount advanced by Lender will be added to the principal of the Note and Borrower shall pay interest at the Note rate on the amount advanced. Lender may also add to the principal of the Note any advances made under the Mortgage, and Borrower shall also pay interest at the Note rate on those advances.

(d) Loan Charges. In the event a law which applies to the Note secured by the Mortgage and which sets maximum loan charges is interpreted so that the interest or other loan charges collected or to be collected in connection with the Note would exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower.

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed as of the day and year first above written.

Witness

Ted B. Watts  
Ted B. Watts

Witness

W. Milton Strickland  
W. Milton Strickland

STATE OF ALABAMA )

COUNTY OF MONTGOMERY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Ted B. Watts, whose name 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 the above and foregoing instrument, he executed the same voluntarily.

Given under my hand and official seal of office this 2nd day of January, 19 86.

J. Knolly  
Notary Public

My Commission expires: 8/7/89

STATE OF ALABAMA )

COUNTY OF Montgomery )

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that W. Milton Strickland, whose name 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 the above and foregoing instrument, he executed the same voluntarily.

Given under my hand and official seal of office this 2nd day of January, 19 86.

J. Knolly  
Notary Public

My Commission expires: 8/7/89

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# EXHIBIT "A"

## PARCEL I:

Commence at the N.W. corner of the N.W. 1/4 of the N.E. 1/4 of Section 5, T.S. 19S, R1W, Shelby County, Alabama and run thence Easterly along the North line of said quarter-quarter a distance of 333.60' to a point, thence turn an angle of 22 degrees 00' to the right and run a distance of 100.0' to the point of beginning of the property being described, thence continue along last described course a distance of 524.0' to a point, thence turn an angle of 95 degrees 25' 58" to the right and run Southwesterly a distance of 275.98' to a point, thence turn a angle of 84 degrees 34' 02" to the right and run Northwesterly a distance of 262.0' to a point, thence turn an angle of 95 degrees 25' 58" to the right and run Northerly a distance of 15.0' to a point, thence turn an angle of 95 degrees 25' 58" to the left and run Northwesterly a distance of 262.0' to a point, thence turn an angle of 95 degrees 25' 58" to the right and run Northwesterly a distance of 260.98' to the point of beginning.

## PARCEL II:

### NON-EXCLUSIVE EASEMENT

Commence at the N. W. corner of the N.W. 1/4 of the N.E. 1/4 of Section 5, Township 19 South, Range 1 West, Shelby County, Alabama, and run thence Easterly along the North line of said quarter quarter a distance of 333.60 feet to a point. Thence turn an angle of 22 degrees 00 minutes 00 seconds right and run a distance of 100.0 feet to a point, said point being the northwesterly corner of the said 3.215 acre parcel. Thence turn an angle of 95 degrees 25 minutes 58 seconds right and run Southwesterly a distance of 260.98 feet to the Southwesterly corner of said same parcel. Thence turn an angle of 95 degrees 25 minutes 58 seconds left and run a distance of 12.50 feet to the centerline point of beginning of the easement being described, said easement being 25.0 feet in width, 12.50 feet each side of centerline; thence turn an angle of 95 degrees 25 minutes 58 seconds right and run Southwesterly along said centerline of said proposed easement a distance of 83.54 feet to a point. Thence turn an angle of 14 degrees 44 minutes 02 seconds right and run southwesterly along centerline of same said proposed easement a distance of 170.95 feet to P.C. (point of curvature) of a curve to the right having a central angle of 29 degrees 18 minutes 00 seconds and a radius on centerline of 115.0 feet; thence continue along the arc of said curve on the centerline of same an arc distance of 58.81 feet to the P.T. (Point of Tangency); thence continue last described course along tangent of said curve a distance of 7.07 feet to the centerline intersection of the Robert Smith property line and the beginning of a 15.0 foot wide strip of land awarded to Robert Smith by Court decree as access to Highway 280, said centerline of easement being 7.50 feet each line of said 15.0 foot strip; thence continue along last described course a distance of 13.71 feet to the intersection of centerline of easement with the East right of way line of U.S. 280 Highway and the end of easement.

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

1986 JAN -8 PM 12: 20

*Thomas A. Swann, Jr.*  
JUDGE OF PROBATE

### RECORDING FEES

Mortgage Tax	\$ 952.50
Deed Tax	
Mineral Tax	
Recording Fee	32.50
Index Fee	1.00
<b>TOTAL</b>	<b>\$ 986.00</b>

