

STATE OF ALABAMA)

SHELBY COUNTY)

MORTGAGE AND SECURITY AGREEMENT

This instrument (hereinafter, with all amendments thereto, being referred to as "this Mortgage") is entered into as of October 1, 1986 by PELTOWN REALTY COMPANY, an Alabama general partnership (the "Lessee") and THE INDUSTRIAL DEVELOPMENT BOARD OF THE TOWN OF PELHAM, a public corporation under the laws of the State of Alabama (the "Board") (the Lessee and the Board being hereinafter sometimes referred to together as the "Mortgagors"), and FIRST NATIONAL BANK OF JASPER, a national banking association with its principal office in the City of Jasper, Alabama (the "Mortgagee").

Recitals

A. The Board intends to issue its Industrial Development Revenue Bonds (Peltown Project) dated October 1, 1986, in the aggregate principal amount of \$1,675,000 (the "Bonds") under and pursuant to a Mortgage and Indenture of Trust dated as of October 1, 1986 (the "Indenture") by and between the Board and First Commercial Bank (the "Trustee").

B. The proceeds derived from the issuance of the Bonds are to be applied to the acquisition, construction and equipping of certain facilities (the "Project") that will be leased by the Board to the Lessee pursuant to the terms of a Lease Agreement dated as of October 1, 1986 (the "Lease Agreement"), which facilities are to be constructed and installed on the real property hereinafter described.

C. The Lessee has guaranteed the payment of the Bonds under the terms of a Bond Guaranty Agreement dated as of October 1, 1986 between the Lessee and the Trustee (the "Bond Guaranty").

D. The proposed purchasers of the Bonds have stated that they are not willing to purchase the Bonds unless the Mortgagee issues to the Trustee as security for the Bonds the Mortgagee's letter of credit in an aggregate amount not exceeding \$1,942,767 (being hereinafter, together with all substitute letters of credit issued under the terms thereof, referred to as the "Letter of Credit"). In

connection with the issuance of the Letter of Credit, the Lessee and the Mortgagee have entered into a Reimbursement Agreement dated as of October 1, 1986 (the "Reimbursement Agreement"). All of the terms and conditions of the Reimbursement Agreement are hereby incorporated herein by reference as fully as if set out at length herein.

E. The Reimbursement Agreement requires as a condition precedent to the issuance of the Letter of Credit that, among other things, the Mortgagors execute and deliver this Mortgage to the Mortgagee.

F. By the execution and delivery to the Mortgagee of a Guaranty Agreement of even date herewith (the "Credit Guaranty"), Vulcan Threaded Products, Inc. and its three individual stockholders (the "Guarantors") have guaranteed the obligations of the Lessee under the Reimbursement Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and to induce the Mortgagee to enter into the Reimbursement Agreement and to issue the Letter of Credit, and to secure the prompt payment of the following (hereinafter sometimes collectively referred to as the "Obligations"):

(1) The obligation of the Lessee, under the terms of the Reimbursement Agreement, to reimburse the Mortgagee, with interest thereon, for all payments made by the Mortgagee pursuant to the Letter of Credit and all other obligations of the Lessee to the Mortgagee with respect to the Letter of Credit and the Reimbursement Agreement, whether now existing or hereafter incurred or arising and whether matured or unmatured, and all interest accrued and unpaid on such sums; and

(2) Any and all sums becoming due and payable by the Mortgagors or either of them to the Mortgagee under the terms of this Mortgage or the Reimbursement Agreement, including but not limited to advancements made by the Mortgagee pursuant to the terms and conditions of this Mortgage or the Reimbursement Agreement; and

(3) All renewals and extensions of any or all of the obligations of the Mortgagors or either of them described in (1) and (2) above, whether or not any renewal or extension agreement is executed in connection therewith;

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and also to secure the full and complete performance of each and every obligation, covenant, duty and agreement of the Mortgagors contained in this Mortgage and in the Reimbursement Agreement:

I. GRANTING CLAUSES

The Mortgagors have bargained and sold and do hereby grant, bargain, sell and convey to the Mortgagee, its successors and assigns, the property and interests in property described in the following Granting Clauses and have granted and do hereby grant to the Mortgagee a security interest in said property and interests in property:

A.

The following described real property (the "Project Site"), situated in the City of Pelham, Shelby County, Alabama:

A parcel of land situated in the North 1/2 of Section 12, Township 20 South, Range 3 West, Shelby County, Alabama, being more particularly described as follows:

Commence at the Southwest corner of the Southeast 1/4 of the Northwest 1/4 of said Section 12; thence Easterly along the South line of said 1/4-1/4 Section a distance of 1,091.42 feet to a point; thence left 69 degree 30 minutes 00 seconds in a Northeasterly direction a distance of 480.00 feet to an iron; thence right 1 degree 30 minutes 55 seconds a distance of 331.34 feet to an X in the end of the block wall and being the point of beginning; thence continue along last described course being along a block wall a distance of 109.72 feet to an X on wall; thence right 12 degrees 10 minutes 14 seconds and along wall in a Northeasterly direction a distance of 252.80 feet to a point on the Southerly right-of-way of Cross Creek Trail; thence left 124 degrees 10 minutes 04 seconds and along said right-of-way in a Westerly direction a distance of 103.25 feet to the P.C. a curve to the right having a central angle of 29 degrees 35 minutes 23 seconds and a radius of 662.59 feet; thence right and along said curve an arc distance of 342.19

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feet to the P.T. of said curve; thence left from tangent 27 degrees 07 minutes 43 seconds leaving the Southerly right of way of Cross Creek Trail in a Westerly direction a distance of 294.69 feet to a point; thence left 24 degrees 15 minutes 05 seconds and in a Southwesterly direction a distance of 278.57 feet to a point; thence left 70 degrees 27 minutes 20 seconds and in a Southerly direction a distance of 307.02 feet to a point; thence left 87 degrees 46 minutes 15 seconds in an Easterly direction a distance of 788.41 feet to the point of beginning.

B.

All buildings, structures and other improvements now or hereafter constructed or situated on or in the Project Site, all permits, easements, licenses, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Project Site, and all fixtures now or hereafter owned by the Mortgagors and installed on or in the Project Site or in any of the buildings, structures and improvements now or hereafter located on the Project Site;

C.

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All machinery, equipment and personal property acquired and installed on the Project Site or in or about the buildings, structures and other improvements thereon, pursuant to Article II of the Lease Agreement, including without limitation any machinery, equipment and personal property acquired with the proceeds from the sale of the Bonds and the machinery, equipment and personal property described in Exhibit A attached hereto and made a part hereof, and any machinery, equipment and personal property acquired in substitution therefor or as a renewal or replacement thereof pursuant to the terms of the Lease Agreement and the Indenture.

D.

All right, title and interest of the Mortgagors, or either of them, in and to any leases, subleases and agreements, written or oral, now existing or hereafter made, with respect to the use or occupancy of any portion of the property described in any of the preceding paragraphs A, B and C of these Granting Clauses, including but not limited to the Lease Agreement between the

Mortgagors and the sublease agreement of even date herewith between the Lessee and Vulcan Threaded Products, Inc.

E.

All of the right, title and interest of the Mortgagors in and to all contracts, agreements and other documents relating to the acquisition, construction and equipping of the Project (the "Contract Documents") including but not limited to that certain Standard Form of Agreement Between Owner and Contractor, dated August 14, 1986, made by the Mortgagors with Dunn Design/Build, Inc.

F.

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Mortgagee by the Mortgagors or either of them or by anyone on the part of the Mortgagors as additional security for the Obligations, or which pursuant to any of the provisions hereof may come into the possession or control of the Mortgagee as such additional security.

All of the property described in the foregoing Granting Clauses is herein sometimes together referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property, together with all the rights, privileges and appurtenances thereunto belonging, unto the Mortgagee, its successors and assigns, forever.

This Mortgage and all rights of the Mortgagee hereunder shall be subject and subordinate in all respects to the Indenture and the rights of the Trustee and the holders of the Bonds thereunder.

II. ASSIGNMENT OF CONDEMNATION AWARDS

As further security for the Obligations and the full and complete performance of each and every obligation, covenant, agreement and duty of the Mortgagors or either of them contained herein or in the Reimbursement Agreement, or both, and to the extent of the full amount of the Obligations secured hereby and of the costs and expenses (including attorneys' fees) reasonably incurred by the Mortgagee in the collection of any award or

payment, the Mortgagors hereby assign to the Mortgagee any and all awards or payments, including all interest thereon, together with the right to receive the same, that may be made to the Mortgagors or either of them with respect to the Mortgaged Property as a result of (A) the exercise of the right of eminent domain, (B) the alteration of the grade of any street or (C) any other injury to or decrease in value of the Mortgaged Property. All such damages, condemnation proceeds and consideration shall be paid directly to the Mortgagee, and after first applying said sums to the payment of all costs and expenses (including attorneys' fees) reasonably incurred by the Mortgagee in obtaining said sums, the Mortgagee may, at its option, apply the balance on the Obligations in any order and whether or not then due, or hold such balance as a reserve against the Obligations, or apply such balance to the restoration of the Mortgaged Property, or release the balance to the Mortgagors. Said application, holding in reserve or release shall not cure or waive any default of the Mortgagors.

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III. MORTGAGORS' REPRESENTATIONS AND WARRANTIES

To induce the Mortgagee to enter into the Reimbursement Agreement and to issue the Letter of Credit, the Mortgagors represent and warrant that:

A. Valid Title, etc. The Board is lawfully seized of an indefeasible estate in fee simple in and to, and good title to, the Mortgaged Property. The Lessee is lawfully seized of a valid leasehold estate, under the Lease Agreement, in the Mortgaged Property. The Mortgagors have a good right to sell and mortgage, and grant a security interest in, the Mortgaged Property. Except for the Indenture and the Permitted Encumbrances described therein, the Mortgaged Property is subject to no liens, encumbrances or security interests; and the Mortgagors will forever warrant and defend the title to the Mortgaged Property unto the Mortgagee against the claims of all persons whomsoever, except for those claiming under the Indenture and the Permitted Encumbrances.

B. Maintenance of Lien Priority. The Mortgagors shall take all steps necessary to preserve and protect the validity and priority of the lien on and security interests in the Mortgaged Property created hereby. The Mortgagors shall execute, acknowledge and deliver such additional instruments as the Mortgagee may deem necessary in order to preserve, protect, continue, extend or maintain the lien and security interests created hereby as

a lien on and security interest in the Mortgaged Property, except as otherwise permitted under the terms of this Mortgage. All costs and expenses incurred in connection with the protection, preservation, continuation, extension or maintaining of the liens and security interests hereby created shall be paid by the Lessee.

C. Compliance by Board with Indenture. The Board shall comply, fully and faithfully, with all of its obligations under the Indenture. If the Board shall fail or refuse to do so, the Mortgagee may, but shall not be required to, perform any or all of such obligations, including but not limited to the payment of any or all sums due from the Board under the Indenture. Any sums so paid by the Mortgagee shall constitute part of the Obligations and shall be secured hereby.

IV. COVENANTS OF LESSEE

The Lessee covenants and agrees that:

A. Payment of Taxes and Other Assessments. The Lessee will pay or cause to be paid all taxes, assessments and other governmental, municipal or other public dues, charges, fines or impositions imposed or levied upon the Mortgaged Property or on the interests created by this Mortgage or with respect to the filing of this Mortgage, and any tax or excise on rents or other tax, however described, assessed or levied by any state, federal or local taxing authority as a substitute, in whole or in part, for taxes assessed or imposed on the Mortgaged Property or on the lien and other interests created by this Mortgage, and at least ten days before said taxes, assessments and other governmental charges are due, the Lessee will deliver receipts therefor to the Mortgagee or, in the case of mortgage filing privilege taxes, pay to the Mortgagee an amount equal to the taxes. The Lessee may, at the Lessee's own expense, in good faith contest any such taxes, assessments and other governmental charges and, in the event of any such contest, may permit the taxes, assessments or other governmental charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that during such period enforcement of such contested items shall be effectively stayed. If any tax or assessment is levied, assessed or imposed by any governmental authority on the Mortgagee as a legal holder of any of the Obligations or any interest in this Mortgage (other than federal and state income taxes), then unless all such taxes and assessments are paid by the Lessee promptly after they become due and payable but in any event before they become

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delinquent (and in the opinion of counsel for the Mortgagee, such payment by the Lessee is lawful and does not place the Mortgagee in violation of any law), the Mortgagee may, at its option, declare the existence of an Event of Default under this Mortgage and the Reimbursement Agreement.

B. Insurance. The Lessee shall keep or cause to be kept the Mortgaged Property insured against loss or damage by fire, windstorm, extended coverage perils, vandalism, malicious mischief and such other hazards, casualties or other contingencies (including but not limited to builders' risk insurance during the construction of the Project) as from time to time may be required by the Mortgagee, in such amounts, in such manner and in such companies as the Mortgagee may reasonably approve. All such policies shall name the Mortgagee as named insured and provide that any losses payable thereunder shall (pursuant to loss payable clauses, in form and content acceptable to the Mortgagee, to be attached to each policy) be payable to the Mortgagee and provide that the insurance provided thereby, as to the interest of the Mortgagee, shall not be invalidated by any act or neglect of the Mortgagors, nor by the commencement of any proceedings by or against the Mortgagors or either of them in bankruptcy, insolvency, receivership or any other proceedings for the relief of a debtor, nor by any foreclosure, repossession or other proceedings relating to the property insured, nor by any occupation of such property or the use of such property for purposes more hazardous than permitted in the policy. The Lessee shall furnish to the Mortgagee insurance certificates, in form and substance satisfactory to the Mortgagee, evidencing compliance by the Lessee with the terms of this Subsection B and, upon the request of the Mortgagee at any time, the Lessee shall furnish the Mortgagee with photostatic copies of the policies required by the terms of this Subsection B. The Lessee will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to the Mortgagee) to give the Mortgagee at least 10 business days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. The Mortgagors agree that the Mortgagors will not take any action or fail to take any action which action or inaction would result in the invalidation of any insurance policy required hereunder. At least 10 days prior to the date the premiums on each such policy or policies shall become due and payable, the Lessee shall furnish to the Mortgagee evidence of the payment of such premiums.

With respect to all such insurance policies, the Mortgagee is hereby authorized, but not required, on behalf of the Mortgagors, to collect for, adjust or compromise any losses under any such insurance policies and to apply, at its option, the loss proceeds (less expenses of collection) on the Obligations, in any order and whether or not then due, or hold such proceeds as a reserve against the Obligations, or apply such proceeds to the restoration of the Mortgaged Property, or release the same to the Mortgagors; but any such application, holding in reserve or release shall not cure or waive any default by the Mortgagors. In case of a sale pursuant to the foreclosure provisions hereof, or any conveyance of all or any part of the Mortgaged Property in extinguishment of the Obligations, complete title to all insurance policies on the Mortgaged Property and the unearned premiums with respect thereto shall pass to and vest in the purchaser or grantee of the Mortgaged Property.

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C. Waste, Demolition, Alteration or Replacement. The Lessee will cause the Mortgaged Property and every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition, will not commit or permit waste thereon, will not remove, demolish or materially alter the design or structural character of any building now or hereafter erected on the Mortgaged Property without the express prior written consent of the Mortgagee, will comply with all laws and regulations of any governmental authority with reference to the Mortgaged property and the manner and use of the same, and will from time to time make all necessary and proper repairs, renewals, additions and restorations thereto so that the value and efficient use thereof shall be preserved and maintained. The Lessee agrees not to remove from the Project Site any of the fixtures or personal property included in the Mortgaged Property without the express prior written consent of the Mortgagee, except as otherwise permitted under the terms of the Indenture and the Lease Agreement.

D. Compliance by Lessee with Lease Agreement. The Lessee shall comply, fully and faithfully, with all of its obligations under the Lease Agreement. If the Lessee fails or refuses to do so, the Mortgagee may, but shall not be required to, perform any and all of such obligations, including but not limited to the payment of any or all rent and other sums due from the Lessee under the Lease Agreement. Any rent or other sums so paid by the Mortgagee shall constitute part of the Obligations and shall be secured hereby.

V. DEFEASANCE

If (i) the Mortgagors shall pay in full and discharge all of the Obligations; and (ii) the Mortgagors shall then have kept and performed each and every obligation, covenant, duty, condition and agreement herein or in the Reimbursement Agreement (or both) imposed on or agreed to by them; and (iii) the Letter of Credit shall then be no longer outstanding; then this Mortgage and the grants and conveyances contained herein shall become null and void, and the Mortgaged Property shall revert to the Mortgagors, and the entire estate, right, title and interest of the Mortgagee shall thereupon cease; and the Mortgagee shall, upon the request of the Mortgagors and at the Mortgagors' cost and expense, deliver to the Mortgagors proper instruments acknowledging satisfaction of this instrument and terminating all financing statements filed in connection herewith and shall pay to the Mortgagors any remaining balance of condemnation awards then held by the Bank under Article II; otherwise, this Mortgage shall remain in full force and effect.

VI. EVENTS OF DEFAULT

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

- (i) any representation or warranty made herein, in the Reimbursement Agreement or in the Credit Guaranty shall be, or shall prove to be, false or misleading in any material respect; or
- (ii) any report, certificate, financial statement or other instrument furnished in connection with this Mortgage, the Reimbursement Agreement or the Credit Guaranty shall prove to be false or misleading in any material respect; or
- (iii) default shall be made in the payment to the Mortgagee as and when due and payable, of (i) any letter of credit fee payable under the Reimbursement Agreement, (ii) the principal of or interest on any reimbursement due the Mortgagee on account of payments made by the Mortgagee under the Letter of Credit or (iii) any other sums due

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the Mortgagee under the Reimbursement Agreement or this Mortgage; or

- (iv) default shall be made with respect to any other indebtedness of the Lessee when due or the performance of any other obligation incurred in connection with any indebtedness for borrowed money of the Lessee, if the effect of such default is to accelerate the maturity of such indebtedness or to permit the holder thereof to cause such indebtedness to become due prior to its stated maturity, or any such indebtedness shall not be paid when due; or
- (v) default shall be made in the due observance or performance of any covenant, condition or agreement on the part of the Lessee to be observed or performed pursuant to the terms of the Reimbursement Agreement, or in the due observance or performance of any covenant, condition or agreement on the part of the Mortgagors to be observed or performed pursuant to the terms of this Mortgage, and such default shall continue unremedied for 10 days; or
- (vi) any event of default under the Credit Guaranty, Indenture, the Lease Agreement or the Bond Guaranty shall occur; or
- (vii) the Mortgagors or either of them or any of the Guarantors shall (a) apply for or consent to the appointment of a custodian, receiver, trustee or liquidator of itself, himself or herself or any of its, his or her properties or assets, (b) fail or admit in writing its, his or her inability to pay its, his or her debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or suffer or permit an order for relief to be entered against it or him in any proceeding under the federal Bankruptcy Code, or (e) commence voluntary proceedings in bankruptcy, or file any document seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute,

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or an answer admitting the material allegations of a petition filed against it, him or her in any proceeding under any such law, or if corporate action shall be taken by the Mortgagors or either of them or any of the Guarantors for the purpose of effecting any of the foregoing; or

- (viii) an order, judgment or decree shall be entered, without the application, approval or consent of the debtor, by any court of competent jurisdiction, approving a petition seeking reorganization of the Mortgagors or either of them or any of the Guarantors or of all or a substantial part of its, his or her properties or assets or appointing a custodian, receiver, trustee or liquidator of the Mortgagors or either of them or any of the Guarantors and such order, judgment or decree shall continue unstayed and in effect for any period of 60 days; or
- (ix) final judgment for the payment of money in excess of an aggregate of \$50,000 shall be rendered against the Mortgagors or either of them or any of the Guarantors and the same shall remain undischarged for a period of 30 days, during which period execution shall not be effectively stayed unless the liability of the Lessee or such Guarantor, as the case may be, under such judgment is fully covered by valid and collectible insurance; or
- (x) the interest of the Mortgagee in the Mortgaged Property shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon.

VII. RIGHTS OF MORTGAGEE UPON DEFAULT

If an Event of Default shall occur and be continuing:

A. Acceleration of Obligations, etc. The Mortgagee may notify the Trustee that an Event of Default under this Mortgage and under the Reimbursement Agreement has occurred and is continuing and may, by notice to the Mortgagors, effective upon dispatch, declare all of the Obligations, including but not limited to the obligation of the Lessee to reimburse the Mortgagee under the Reimbursement Agreement, to be forthwith due and payable,

whereupon all such Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Mortgagors, and the Mortgagee may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under this Mortgage and the Reimbursement Agreement.

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

C. Judicial Proceedings; Right to Receiver. The Mortgagee, in lieu of or in addition to exercising the power of sale hereinafter given, may proceed by suit for a foreclosure of its lien on and security interest in the Mortgaged Property, to sue the Lessee for damages on account of or arising out of said default or breach, or to sue the Mortgagors for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy, whether under this Mortgage, the Reimbursement Agreement or otherwise. The Mortgagee shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, to the appointment by any competent court or tribunal, without notice to the Mortgagors or any other party, of a receiver of the rents, issues and profits of the Mortgaged Property, with power to lease and control the Mortgaged Property and with such other powers as may be deemed necessary.

D. Foreclosure Sale. This Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Mortgagee shall be authorized, at its option, whether or not possession of the Mortgaged Property is taken, after giving 21 days' notice by publication once a week for three consecutive weeks of the time, place and terms of each such sale by

publication in some newspaper published in the county in which the Project Site is located, to sell the Mortgaged Property (or such part or parts thereof as the Mortgagee may from time to time elect to sell) in front of the courthouse door of such county, at public outcry, to the highest bidder for cash. The Mortgagee, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale any part or all of the Mortgaged Property, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Mortgagors hereby waiving the application of any doctrine of marshalling or like proceeding. If the Mortgagee, in the exercise of the power of sale herein given, elects to sell the Mortgaged Property in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Mortgaged Property not previously sold shall have been sold or all the Obligations shall have been paid in full.

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E. Personal Property and Fixtures. The Mortgagee shall have and may exercise with respect to any or all personal property and fixtures included in the Mortgaged Property ("Collateral"), all rights, remedies and powers of a secured party under the Alabama Uniform Commercial Code (and other applicable similar statutes in other jurisdictions) with reference to the Collateral or any other items in which a security interest has been granted herein, including without limitation the right and power to sell at public or private sale or sales or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner, to the fullest extent authorized or permitted under the Alabama Uniform Commercial Code after default hereunder, without regard to preservation of the Collateral or its value and without the necessity of a court order. The Mortgagee shall have, among other rights, the right to take possession of the Collateral and to enter upon any premises where the same may be situated for the purpose of repossessing the same without being guilty of trespass and without liability for damages occasioned thereby and to take any action deemed appropriate or desirable by the Mortgagee, at its option and its sole discretion, to repair, restore or otherwise prepare the Collateral for sale or lease or other use or

disposition. To the extent permitted by law, the Mortgagors expressly waive any notice of sale or disposition of the Collateral and any rights or remedies of the Mortgagee with respect to, and the formalities prescribed by law relative to, the sale or disposition of the Collateral or to the exercise of any other right or remedy of the Mortgagee existing after default. To the extent that such notice is required and cannot be waived, the Mortgagors agree that if such notice is given to the Mortgagors in accordance with the provisions of Subsection H of Article VIII below, at least five (5) days before the time of the sale or other disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving said notice.

The Mortgagee may sell or dispose of both the real and personal property comprising the Mortgaged Property in accordance with the rights and remedies granted under this Mortgage with respect to the real property covered hereby. The Mortgagors hereby grant the Mortgagee the right, at its option after the occurrence of an Event of Default and during the continuance thereof, to transfer at any time to itself or its nominee the Collateral or any part thereof and to receive the moneys, income, proceeds and benefits attributable to the same and to hold the same as Collateral or to apply it on, or as a reserve against, the Obligations in such order and manner as the Mortgagee may elect.

F. Conveyance After Sale. The Mortgagors hereby authorize and empower the Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Mortgagors, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

G. Application of Proceeds. All payments then held or thereafter received by the Mortgagee as proceeds of the Mortgaged Property, as well as any and all amounts realized by the Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage or the Reimbursement Agreement, shall be applied by the Mortgagee as follows:

(i) to reimburse the Mortgagee for any payments made by the Mortgagee under the Letter of Credit, to accrued but unpaid interest, fees and other amounts payable by the Lessee under the Reimbursement Agreement, and to the payment of all costs and expenses of any kind then or thereafter at any time reasonably incurred by the

Mortgagee in exercising its rights under this Mortgage and under the Reimbursement Agreement or otherwise reasonably incurred by the Mortgagee in collecting or enforcing payment of the Obligations, as well as to the payment of any other amount then or thereafter at any time owing by the Mortgagors or either of them, to the Mortgagee under the Reimbursement Agreement or under this Mortgage, all in such priority as among such principal, interest, costs, expenses and other amounts as the Mortgagee shall elect;

(ii) any balance remaining after payment in full of all amounts referred to in subsection (i) above shall be applied by the Mortgagee to any other Obligations then owing by the Mortgagors or either of them to the Mortgagee;

(iii) any balance remaining after payment in full of all amounts referred to in subsections (i) and (ii) above shall be held by the Mortgagee as a cash collateral reserve against the making of any payment under the Letter of Credit (if then outstanding), and the Mortgagee shall not be required to pay, or to account to anyone for, any interest or other earnings on any such reserve or any other reserve held by the Mortgagee under the terms of this Mortgage; and

(iv) any balance remaining after payment in full of all amounts referred to in subsections (i), (ii) and (iii) above shall be paid by the Mortgagee to the Mortgagors or to whoever else may then be legally entitled thereto.

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

I. Waiver of Stay and Redemption Laws. The Mortgagors waive, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for any extension of time for the enforcement of the collection of the Obligations or any creation or extension of a period of redemption from any sale made in collecting the Obligations (commonly known as stay laws and redemption laws).

J. Prerequisites of Sales. In case of any sale of the Mortgaged Property as authorized by this Article VII, all prerequisites to the sale shall be presumed to have been performed, and in any conveyance given hereunder all statements of facts, or other recitals therein made, as to the nonpayment of any of the Obligations or as to the advertisement of sale, or the time, place and manner of sale, or as to any other fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

VIII. MISCELLANEOUS PROVISIONS

A. Waiver, Election, etc. The exercise by the Mortgagee of any option given under the terms of this Mortgage shall not be considered as a waiver of the right to exercise any other option given herein, and the filing of a suit to foreclose the lien and security interest granted by this Mortgage, either on any matured portion of the Obligations or for the whole of the Obligations, shall not be considered an election so as to preclude foreclosure under power of sale after a dismissal of the suit; nor shall the publication of notices for foreclosure preclude the prosecution of a later suit thereon. No failure or delay on the part of the Mortgagee in exercising any right, power or remedy under this Mortgage shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder or thereunder. The remedies provided in this Mortgage and in the Reimbursement Agreement are cumulative and not exclusive of any remedies provided by law. No amendment, modification, termination or waiver of any provisions of this Mortgage or the Reimbursement Agreement, nor consent to any departure by the Mortgagors or either of them therefrom, shall be effective unless the same shall be in writing and signed by an executive officer of the Mortgagee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Mortgagors or either of them in any case shall

entitle the Mortgagors or either of them to any other or further notice or demand in similar or other circumstances.

B. Landlord-Tenant Relationship. Any sale of the Mortgaged Property under this Mortgage shall, without further notice, create the relationship of landlord and tenant at sufferance between the purchaser and the Mortgagors.

C. Enforceability. If any provision of this Mortgage is now or at any time hereafter becomes invalid or unenforceable, the other provisions hereof shall remain in full force and effect, and the remaining provisions hereof shall be construed in favor of the Mortgagee to effectuate the provisions hereof.

D. Application of Payments. If the lien or the security interest created by this Mortgage is invalid or unenforceable as to any part of the Obligations or is invalid or unenforceable as to any part of the Mortgaged Property, the unsecured or partially secured portion of the Obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the Obligations, and all payments made on the Obligations, whether voluntary or under foreclosure or other enforcement action or procedures, shall be considered to have been first paid on and applied to the full payment of that portion of the Obligations that is not secured or not fully secured by the lien or security interest created hereby.

E. Advances by Mortgagee. If the Mortgagors shall fail to comply with the provisions hereof with respect to the securing of insurance, the payment of taxes, assessments and other charges, the keeping of the Mortgaged Property in repair, or any other term or covenant herein contained, the Mortgagee may (but shall not be required to) make advances to perform the same, and where necessary enter the Mortgaged Property for the purpose of performing any such term or covenant. The Lessee agrees to repay all sums advanced upon demand, with interest from the date such advances are made, at the rate provided in Section 1.05 of the Reimbursement Agreement (to the fullest extent permitted by applicable law), and all sums so advanced, with interest, shall be secured hereby.

F. Release or Extension by Mortgagee. The Mortgagee, without notice, may release any part of the Mortgaged Property or any person liable for the Obligations without in any way affecting the rights of the

Mortgagee hereunder as to any part of the Mortgaged Property, or any person, not expressly released and may agree with any party with an interest in the Mortgaged Property to extend the time for payment of all or any part of the Obligations or to waive the prompt and full performance of any term, condition or covenant of this Mortgage or the Reimbursement Agreement.

G. Partial Payments. Acceptance by the Mortgagee of any payment of less than the amount due on the Obligations shall be deemed acceptance on account only, and the failure of the Mortgagors to pay the entire amount then due shall be and continue to constitute an Event of Default, and at any time thereafter and until the entire amount due on the Obligations has been paid, the Mortgagee shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the occurrence of an Event of Default.

H. Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing or by telex, telegram or cable and mailed or sent or delivered to the applicable party at the addresses indicated below or at such other address as shall be designated by such party in a written notice to the other parties thereto:

If to the Board:

City Hall
Pelham, Alabama 35124

If to the Lessee:

P. O. Box 10662
Birmingham, Alabama 35202

If to the Mortgagee:

P. O. Box 31
Jasper, Alabama 35502
Attention: Commercial Loan Department

I. Titles not to be Considered. All article, section, paragraph, subparagraph or other titles contained in this Mortgage are for reference purposes only, and this Mortgage shall be construed without reference to said titles.

J. Construction of Mortgage. This Mortgage may be construed as a mortgage, chattel mortgage, conveyance,

assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and security interest created hereby and the purposes and agreements herein set forth.

K. Liability of Board. No covenant or agreement contained in this Mortgage nor any obligation herein imposed upon the Board, or the breach thereof, shall constitute or give rise to or impose upon the Board a pecuniary liability or a charge upon its general credit or property other than the Mortgaged Property. All obligations incurred by the Board are payable solely from and are limited to the rentals, revenues and receipts derived from or in connection with the Mortgaged Property and the moneys received under the Lease Agreement, and nothing in this Mortgage shall be considered as pledging any other funds or assets of the Board. The City of Pelham, Alabama is not liable for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which is undertaken by the Board. No agreement of the Board shall be construed to constitute an indebtedness of the City of Pelham, Alabama within the meaning of any constitutional or statutory provision whatever.

IN WITNESS WHEREOF, each of the Mortgagors has executed this Mortgage as of October 1, 1986.

PELTOWN REALTY COMPANY

By



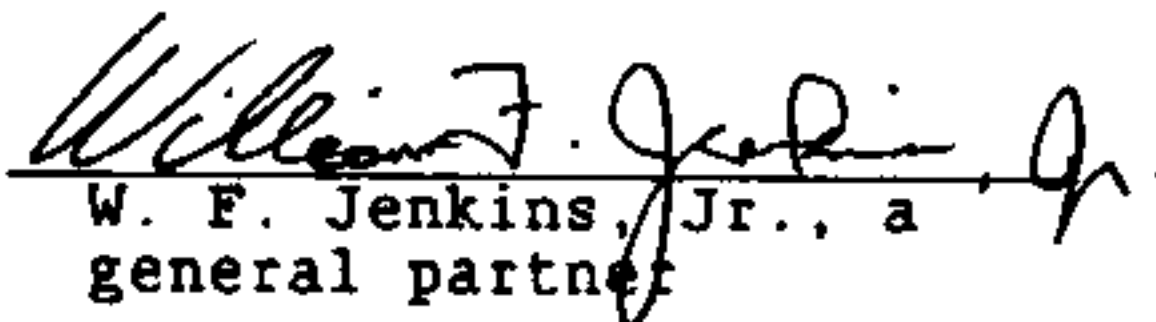
W. D. Upton, Sr., a
general partner

By



Kent A. Upton, a general
partner

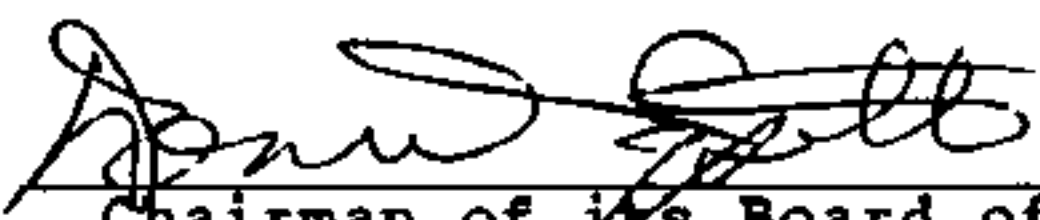
By



W. F. Jenkins, Jr., a
general partner

BOOK 100 PAGE 266

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE TOWN OF PELHAM

By 
Chairman of its Board of
Directors

S E A L

Attest: 
Its Secretary

BOOK 100 PAGE 267

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, Patricia P. Riley, a Notary Public in and for said County in said State, hereby certify that W. D. Upton, Jr., Kent A. Upton and W. F. Jenkins, Jr., whose names as general partners of Peltown Realty Company, an Alabama general partnership, are signed to the foregoing Mortgage and Security Agreement, and who are known to me, acknowledged before me on this day that, being informed of the contents of said Mortgage and Security Agreement, they as such partners and with full authority, executed the same voluntarily for and as the act of said general partnership.

Given under my hand and official seal this the
3rd day of November, 1986.



Patricia P. Riley
Notary Public

BOOK 100 PAGE 268

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Daniel M. Spitler, whose name as Chairman of the Board of Directors of The Industrial Development Board of the Town of Pelham, a public corporation, is signed to the foregoing Mortgage and Security Agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of said Mortgage and Security Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 3rd day of November, 1986.

Patricia P. Riley
Notary Public



My commission expires: February 19, 1989

This instrument prepared by:

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

BOOK 100 PAGE 269

EXHIBIT A
TO
MORTGAGE AND SECURITY AGREEMENT
DATED AS OF
OCTOBER 1, 1986
FROM
PELTOWN REALTY COMPANY AND THE
INDUSTRIAL DEVELOPMENT BOARD OF THE
TOWN OF PELHAM
TO
FIRST NATIONAL BANK OF JASPER

Computer
Forklift

BOOK 100 PAGE 270

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

1986 NOV 14 AM 9:23

Thomas A. Sherrill, Jr.
JUDGE OF PROBATE

RECORDING FEES
Recording Fee \$ 60.00
Index Fee 1.00
TOTAL \$ 61.00

