

1935

COUNTY OF Shelby )  
STATE OF ALABAMA)

PLEDGE AGREEMENT AND  
COLLATERAL ASSIGNMENT

Altus Bank, A Federal Savings Bank

(hereinafter "Secured Party") has loaned \$ 25,161.01  
to James Michael Kratz

(hereinafter "Debtor"). This loan is evidenced by a promissory note executed by Debtor on July 21, 1988. Secured Party requires, and the Debtor agrees to provide, security for this debt. Accordingly, through this Pledge Agreement and Collateral Assignment, Debtor agrees to do the following: (a) pledge all of its interest in the hereinafter described promissory note(s); and (b) assign as collateral all of its interest in the hereinafter described lien(s) on real property. In connection therewith the parties agree as follows:

I. Creation of Security Interest in a Note

Debtor pledges to Secured Party a security interest in the following promissory note: that certain note for Forty One Thousand Three Hundred Fifty and No/100 Dollars (\$ 41,350.00 ) dated the 19th day of October, 1987, made by Vadus L. Beard, Jr. and Mary T. Beard and being payable to James M. Kratz, or order.

II. Collateral Assignment of a Lien

Debtor assigns and delivers to Secured Party that certain mortgage from Vadus L. Beard, Jr. and wife, Mary T. Beard to James M. Kratz recorded in Real Book 156, Page 118 in the Probate Office of Shelby County, Alabama (the "Lien" or "Liens").

III. Obligations of Debtor

A. Obligation to Pay

(1) Debtor shall pay, in accordance with its note to Secured Party, the principal amount of \$ 25,161.01, plus interest.

(2) Debtor shall pay its entire unpaid indebtedness upon default or if Secured Party deems itself insecure.

(3) Debtor shall pay all expenses, including attorneys' fees, incurred by Secured Party while protecting and enforcing

*Larry R. Newman*

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its rights and remedies under this Pledge Agreement and Collateral Assignment.

B. Additional Obligations

Upon request by Secured Party, Debtor shall deliver additional collateral or perform any other act which Secured Party deems necessary to protect its rights and remedies under this Pledge Agreement and Collateral Assignment.

IV. Default. Debtor shall be in default under this Pledge Agreement and Collateral Assignment upon: (1) the making of a misstatement or false statement by the Debtor in connection with this agreement or any of Debtor's obligations to Secured Party; (2) the Debtor's failure to pay Secured Party in accordance with its note and this Pledge Agreement and Collateral Assignment; or (3) the death, dissolution, or insolvency of the Debtor, or the commencement of any proceeding under any bankruptcy laws, or other similar laws to afford protection from creditors, by or against the Debtor.

V. Rights of Secured Party Upon Default

A. Default of Debtor. Secured Party is given all rights and remedies provided by the Alabama Uniform Commercial Code and the real property laws of the State of Alabama, including the right to sell, assign, or deliver the collateral assigned hereby, at public or private sale, at the option of Secured Party or its successors or assigns, discharged from any right of redemption, or liability for conversion. The proceeds of such sale shall be applied as follows: first, to the payment of the expenses of making such sale, together with a reasonable attorney's fee; second, to the principal debt and interest thereon; and third, to the Debtor if there is any surplus.

B. Default of Mortgagor or Lienor. In the event the mortgagor or lienor defaults, Debtor is required to give Secured Party notification of such default within two weeks after such default. Thereupon, Secured Party shall have all rights and remedies provided by the real property laws of the State of Alabama.

VI. Nonwaiver of Default. The Secured Party may not waive any right or remedy under this Pledge Agreement and Collateral

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Assignment unless such waiver shall be in writing and signed by the Secured Party.

VII. Additional Agreements and Affirmations

A. Agreements and Affirmations of Debtor

(1) Demand, notice and protest of any action taken by Secured Party under this Pledge Agreement and Collateral Assignment are hereby waived.

(2) Debtor has the right to transfer its interest in the Collateral deposited with and/or transferred to the Secured Party and hereby affirms that the Collateral is not subject to the interest of any third person.

(3) Debtor will defend the Collateral and its proceeds against any claim by any third person.

(4) All financial or credit statements and the Collateral deposited with Secured Party, or hereinafter deposited, and all matters represented by Debtor to Secured Party in connection with this transaction are true, complete and genuine.

(5) Debtor warrants that all Collateral given to secure this loan, including all notes, instruments, mortgages and vendor's liens are in compliance with all applicable federal and state laws and regulations, including, but not limited to, the laws and regulations governing consumer loan transactions.

B. Mutual Agreements and Affirmations

(1) So long as the Debtor and the mortgagor or lienor are not in default under this Pledge Agreement and Collateral Assignment, Debtor shall have the right to collect payments made by the maker of the mortgage or lien assigned to Secured Party.

(2) Debtor shall not be entitled to collect any prepayments made by the mortgagor or lienor except with the prior written consent of Secured Party.

(3) Upon payment in full of all indebtedness owed by Debtor to Secured Party in connection with this Pledge Agreement and Collateral Assignment, Secured Party shall re-assign to Debtor the lien and interest assigned to Secured Party in Paragraphs I and II hereof.

(4) If more than one Debtor signs this Pledge Agreement and Collateral Assignment, the liability of each shall be joint and

several, and no one or more of them shall be an indispensable party to any action brought by Secured Party to enforce its rights hereunder.

(5) The laws of Alabama shall govern the construction and enforcement of this Pledge Agreement and Collateral Assignment, and the rights and interests of the parties thereto.

EXECUTED IN TRIPLICATE THIS 21st DAY OF July, 19 88.

Altus Bank, A Federal Savings Bank

By [Signature]

Secured Party

Post Office Box 160029

Mobile, Alabama 36616  
Address

[Signature]  
James M. Kratz

Debtor

Post Office 371

Chelsea, Alabama 35043  
Address

STATE OF ALABAMA)  
COUNTY OF ~~MOBILE~~ Jefferson )

I the undersigned Notary Public in and for said County and State, hereby certify that John K. Lillich, Sr. 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Altus Bank, A Federal Savings Bank.

Given under my hand and seal this 21 day of July, 19 88.

[Signature]  
Notary Public

(AFFIX NOTARIAL SEAL)

My Commission Expires:

1-2-92

STATE OF ALABAMA  
I CERTIFY THIS  
INSTRUMENT WAS FILED

88 JUL 27 PM 1:38

[Signature]  
JUDGE OF PROBATE

1. Deed Tax	
2. Mtg. Tax	<u>37.80</u>
3. Recording Fee	<u>10.00</u>
4. Indexing Fee	<u>1.00</u>
TOTAL	<u>48.80</u>

STATE OF ALABAMA)  
COUNTY OF ~~MOBILE~~ Jefferson )

I the undersigned Notary Public in and for said County and State, hereby certify that James M. Kratz whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of contents of said instruments, he executed the same voluntarily.

Given under my hand and seal this 21st day of July, 19 88.

[Signature]  
Notary Public Larry R. Newman

(AFFIX NOTARIAL SEAL)

My Commission Expires:

1-2-92

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