

STATE OF ALABAMA)

SHELBY COUNTY)

COLLATERAL ASSIGNMENT OF LEASEHOLD INTEREST

THIS COLLATERAL ASSIGNMENT OF LEASEHOLD INTEREST is made this the 31st day of December, 1990, by William H. Hill, Larry H. Hill, and Alva C. Hill (the "Assignors"), to First Alabama Bank, Birmingham, Alabama (the "Bank"), to secure an indebtedness owing by the Assignors to the Bank, as evidenced by that certain promissory note (the "Note") dated December 31, 1990, in the principal sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00), payable to the order of the Bank and executed by the Assignors, which indebtedness (the "Indebtedness") is described in a Loan Agreement (the "Loan Agreement") dated December 31, 1990, executed by the Assignors and the Bank. This Assignment of Leasehold Interest, the Loan Agreement, and all other instruments, including a mortgage (the "Mortgage") on certain property located in Shelby County, Alabama, executed by Assignors further securing the Indebtedness are hereinafter collectively referred to as the "Security Documents."

R E C I T A L S

A. The Industrial Development Board of the City of Hoover (the "Board") and the Assignors entered into a Lease Agreement dated as of June 1, 1981, as recorded in Real Volume 333, Page 327, in the Probate Office of Shelby County (the "Lease"), wherein the Board leased to the Assignors certain real property and buildings located in Shelby County, Alabama, as more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Project").

B. The Board issued its Industrial Development First Mortgage Revenue Bonds (Hill Dental Project), Series 1981, in the aggregate principal amount of \$550,000 (the "Bonds"), pursuant to a Mortgage and Trust Indenture, dated as of June 1, 1981 between the Board and First Alabama Bank as Trustee (the "Trustee"), as recorded in Real Volume 413, Page 262, in the Probate Office of Shelby County (the "Indenture"), for the purpose of acquiring and equipping the said facility.

C. The Assignors, along with Hill Dental Company, Inc., are guarantors of the Bonds and are stockholders in Hill Dental Company, Inc., which subleases the Project from the Assignors pursuant to a certain sublease agreement (the "Sublease").

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Assignors agree as follows:

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1. The Assignors do hereby grant, transfer and assign to the Bank the Lease and the leasehold interests of the Assignors in the Lease, including, but not limited to:
 - a. The Options in favor of Lessee, as provided in ARTICLE IX of the Lease, and in particular the Assignors's options to purchase the Project as provided in Sections 9.2 and 9.3 of the Lease.
 - b. The Assignors's rights to the payment of any balance remaining in the Bond Fund established in the Indenture.
 - c. The Assignors's right to any and all equity in the Project.

These rights are assigned as security and this assignment shall be null and void if the Indebtedness is paid in full.

2. The Assignors represent and warrant to the Bank that:
 - a. The Assignors have good title to the Lease and good right to assign its leasehold interest and the options in favor of Lessee as provided in Article IX of the Lease;
 - b. No other person, corporation or entity has any right, title or interest in the Lease (as Lessee) or in the options (as optionee) hereby assigned;
 - c. All and singular the terms, covenants, conditions and warranties of the Lease on the part of the Assignors thereunder have been duly and punctually performed, kept, and observed by the Assignors;
 - d. No previous sale, assignment, transfer, mortgage or pledge of the Lease or the options hereby assigned is superior to the assignment of the options in the Lease hereunder, except for the assignment of the Lease contained in the Indenture.
 - e. All of the terms and conditions of the Lease and the SubLease are in full force and effect.
 - f. The Assignors are not in default under the Lease, and Hill Dental Company, Inc. is not in default under the Sublease.

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3. To protect the security of this assignment, the Assignors covenant and agree:

- a. To observe, perform and discharge all obligations, covenants and warranties provided for under the terms of the Lease to be kept, observed and performed by the Assignors thereunder and to give prompt notice to the Bank in the event Assignors fail to observe, perform and discharge the same;
- b. To enforce or secure the performance of each and every obligation, term, covenant, condition and agreement to be performed by the Lessor under the terms of the Lease, and to enforce or secure the performance of each and every obligation, term, covenant, condition and agreement to be performed by Hill Dental Company, Inc. under the terms of the Sublease ;
- c. To appear in and defend any action or proceeding arising under, or occurring out of, or in any manner connected with the Lease or the obligations, duties or liabilities of the Assignors thereunder, and, upon request by the Bank, to do so in the name and on behalf of the Bank but at the expense of the Assignors, and to pay all costs and expenses of the Bank, including reasonable attorney's fees, in any action or proceeding in which the Bank may appear with regard to the Lease or the rights granted herein;
- d. Not to pledge, transfer, mortgage or otherwise encumber or assign the rights granted to the Bank hereunder during the term hereof.

4. It is a condition of the granting of these powers, benefits and privileges, and of the making of the Assignment, and the Bank by the acceptance of this Assignment so agrees that, until an act of default shall be made by the Assignors in the performance of any of the agreements, covenants and promises in the Note, the Mortgage, the Loan Agreement or any of the Security Documents, including the making of the payments as set out in said Note, the Assignors may, with the prior written consent of the Bank, exercise the options in Article IX of the Lease; provided, however, if any portion of the indebtedness evidenced by the Note is unpaid, the Assignors shall, immediately upon exercise of the option to purchase the Project, execute a first Mortgage in favor of Bank; but it is covenanted and agreed by the Assignors, for the consideration aforesaid, upon or at any time

after default in the payment of any Indebtedness secured hereby or in the observance or performance of any obligation, covenant or warranty set forth herein, in the Loan Agreement, the Mortgage, or in any Security Document, or the occurrence of any event of default under the terms of any of the Note, the Mortgage, the Loan Agreement, or any Security Document, the Bank, at its option, shall have the right, power and authority to exercise and enforce any or all of the following rights and remedies:

- a. to require the Assignors to exercise the Option to Purchase as set forth in Article IX of the Lease in favor of the Bank and to execute such documents as might be required in order to vest fee simple title to the Project in the Bank's name.
- b. to give proper receipts, releases and acquittance therefor, after deducting all necessary and reasonable costs and expenses of collection, including reasonable attorney's fees,
- c. to apply the net proceeds from the sale of the Project, together with any balance in the Bond Fund and any funds of the Assignors deposited with the Bank, upon any Indebtedness secured hereby, or by the Security Documents and in such order as the Bank may determine;
- d. and to declare all sums secured hereby immediately due and payable and, at its option, to exercise all of the rights and remedies provided for in the Note, in the Mortgage, in the Loan Agreement, in the Security Documents, or under the terms hereof.

5. This assignment shall remain in effect as long as any part of the Indebtedness remains unpaid and upon the payment in full of said Indebtedness the Bank shall execute a release of this assignment upon the written request and at the expense of the Assignors. This assignment shall run with the land described in Exhibit "A" attached hereto and shall inure to the benefit of and bind the parties hereto and their respective heirs, successors and assigns.

6. This assignment shall be governed by the laws of the State of Alabama.

7. This assignment may be executed in one or more counterparts, but all counterparts shall constitute but one instrument.

IN WITNESS WHEREOF, the Assignors have executed this document this the 31st day of December, 1990.

William H. Hill
William H. Hill

Larry H. Hill
Larry H. Hill

Alva C. Hill
Alva C. Hill

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned Notary Public, in and for said County in said State, hereby certify that William H. Hill, whose name, is signed to the foregoing Collateral Assignment of Leasehold Interest, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he executed the same voluntarily on the date the same bears date.

Given under my hand and official seal this the 31st day of December, 1990.

Rebecca V. Anderson
NOTARY PUBLIC

My Commission Expires: 6-29-94

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IN WITNESS WHEREOF, the Assignors have executed this document this the 31st day of December, 1990.

William H. Hill



Larry H. Hill



Alva C. Hill

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned Notary Public, in and for said County in said State, hereby certify that William H. Hill, whose name, is signed to the foregoing Collateral Assignment of Leasehold Interest, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he executed the same voluntarily on the date the same bears date.

Given under my hand and official seal this the 31st day of December, 1990.

NOTARY PUBLIC

My Commission Expires: _____

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STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned Notary Public, in and for said County in said State, hereby certify that Larry H. Hill, whose name, is signed to the foregoing Collateral Assignment of Leasehold Interest, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he executed the same voluntarily on the date the same bears date.

Given under my hand and official seal this the 31st day of December, 1990.


NOTARY PUBLIC

My Commission Expires: 9/13/93

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned Notary Public, in and for said County in said State, hereby certify that Alva C. Hill, whose name, is signed to the foregoing Collateral Assignment of Leasehold Interest, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he executed the same voluntarily on the date the same bears date.

Given under my hand and official seal this the 31st day of December, 1990.


NOTARY PUBLIC

My Commission Expires: 9/13/93

This Instrument Prepared By:

Joseph W. Mathews, Jr.
Lange, Simpson, Robinson & Somerville
1700 First Alabama Bank Building
Birmingham, Alabama 35203

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

91 JAN 18 AM 11:02


JUDGE OF PROBATE

FAB\00471\ASSILEAS 123190

1. Notary Fee	—	2.00
2. Notary Fee	—	2.00
3. Notary Fee	—	17.50
4. Notary Fee	—	3.00
5. Notary Fee	—	1.00
6. Certified Fee	—	1.00
Total	—	26.50

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