
MORTGAGE, ASSIGNMENT OF LEASES
AND SECURITY AGREEMENT

Dated November 1, 1993

from

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM

and

PELTOWN REALTY COMPANY

and

VULCAN THREADED PRODUCTS, INC.

to

FIRST COMMERCIAL BANK

This Mortgage, Assignment of Leases and Security Agreement was prepared by Edward J. Ashton of Walston, Stabler, Wells, Anderson & Bains, Financial Center, 505 North 20th Street, Suite 500, Birmingham, Alabama 35203

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STATE OF ALABAMA)
)
SHELBY COUNTY)

MORTGAGE, ASSIGNMENT OF LEASES
AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF LEASES AND SECURITY AGREEMENT dated November 1, 1993 is entered into by **THE INDUSTRIAL DEVELOPMENT BOARD OF THE TOWN OF PELHAM** a public corporation under the laws of Alabama (the "Issuer"), **PELTOWN REALTY COMPANY**, an Alabama partnership (the "Lessee") and **VULCAN THREADED PRODUCTS, INC.**, an Alabama corporation, (the "User") for the benefit of **FIRST COMMERCIAL BANK**, a state banking corporation, with its principal place of business in Birmingham, Alabama (the "Credit Obligor").

Recitals

The Issuer has duly authorized the creation, execution and delivery of \$1,450,000 the aggregate principal amount of Industrial Development Revenue Bonds (Peltown-Vulcan Second Project) dated November 1, 1993 (the "Bonds") pursuant to a Mortgage and Indenture of Trust dated as of November 1, 1993 (the "Indenture") from the Issuer to First Commercial Bank, as trustee (the "Trustee"). The proceeds of the Bonds shall be applied by the Issuer to pay the costs of acquiring, constructing and equipping additions to a manufacturing project on certain real estate owned by the Issuer (said real estate and additions and the machinery, equipment and related personal property to be used therein being hereinafter collectively referred to as the "Project").

Simultaneously with the issuance of the Bonds the Issuer and the Lessee will enter into a Lease Agreement dated November 1, 1993 (the "Lease Agreement"), whereby the Issuer will agree to lease the Project to the Lessee and the Lessee will agree to pay rentals to the Issuer at such times and in such amounts as shall be sufficient to pay when due the principal of, premium (if any) and interest ("Debt Service") on the Bonds.

The Lessee and the User will, in turn, enter into that certain Amendment Number One to Sublease Agreement dated November 1, 1993 (which Amendment amends that certain Sublease Agreement dated October 1, 1986 between the Lessee and the User), whereby the Lessee will agree to sublease the Project to the User and the User will agree to pay rentals to the Lessee at such times and in such amounts as shall be sufficient to pay when due all of the Lessee's obligations under the Lease.

The Bonds shall be limited obligations of the Issuer payable solely out of the rentals payable by the Lessee pursuant to the Lease Agreement and any other revenues, rentals or receipts derived by the Issuer from the leasing or sale of the Project (the "Lease Revenues").

As additional security for the payment of the Bonds, the User and the Lessee will cause First Commercial Bank, with its principal office in Birmingham, Alabama (in its capacity as issuer of the initial letter of credit referred to below, the "Credit Obligor") to issue an irrevocable letter of credit in favor of the Trustee in the amount of (i) the aggregate principal amount of the Bonds, to enable the Trustee to pay the principal amount of the Bonds when due, plus (ii) three percent (3%) of the principal amount of the Bonds to pay any premium that may come due on the Bonds, plus (iii) interest on the Bonds for a period of 195 days, to enable the Trustee to pay interest on the Bonds when due. The initial letter of credit to be delivered to the Trustee and any substitute letter of credit delivered to the Trustee pursuant to the Indenture are herein referred to as the "Letter of Credit".

The initial Letter of Credit will be issued by the Credit Obligor pursuant to a Reimbursement Agreement dated November 1, 1993 (the "Reimbursement Agreement") between the Credit Obligor and the Reimbursement Obligors, as hereinafter defined, whereby the Reimbursement Obligors will agree, among other things, to reimburse the Credit Obligor for all amounts drawn by the Trustee pursuant to the initial Letter of Credit.

As additional security for the Reimbursement Obligors' obligations under the Reimbursement Agreement and in satisfaction of a condition precedent in the Reimbursement Agreement to the issuance of the Letter of Credit, the User, the Lessee and the Issuer have executed this Mortgage, Assignment of Leases and Security Agreement dated November 1, 1993 (the "Mortgage") in favor of the Credit Obligor, whereby the Credit Obligor has been granted a mortgage, assignment and pledge of, and security interest in, the Project, the rights of the Issuer and the Lessee under the Lease Agreement, the rights of the Lessee and the User under the Sublease Agreement, the Lease Revenues, and certain other collateral.

NOW, THEREFORE, in consideration of the foregoing recitals and (a) to induce the Credit Obligor to enter into the Reimbursement Agreement and to issue the Letter of Credit, (b) to secure the prompt payment of all amounts due under the Reimbursement Agreement and this Mortgage, (c) to secure the full and complete performance of each and every obligation, covenant, duty and agreement of the Issuer, the Lessee and the User contained in this Mortgage and the Reimbursement Agreement and (d) to secure the prompt payment and performance of the Obligations, as hereinafter defined:

ARTICLE I

Definitions and Other Provisions of General Application

SECTION 1.01 Definitions

For all purposes of this Mortgage, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Article have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular and vice versa and words connoting one gender shall refer to all genders.

(2) All references in this instrument to designated "articles", "sections" and other subdivisions are to the designated articles, sections and subdivisions of this instrument as originally executed.

(3) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Mortgage as a whole and not to any particular article, section or other subdivision.

(4) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(5) Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Indenture.

Bonds shall mean the \$1,450,000 aggregate principal amount of Industrial Development Revenue Bonds (Peltown-Vulcan Second Project), issued by the Issuer pursuant to the Indenture.

Code means the Internal Revenue Code of 1986, and all amendments thereto.

Collateral shall mean all property and rights mortgaged, assigned, pledged or otherwise subject to the lien of this Mortgage.

Condemnation Awards shall have the meaning stated in the third Granting Clause of Article II.

Credit Amount shall mean the maximum amount available to be drawn under the Letter of Credit, as reduced from time to time and reinstated from time to time pursuant to the terms and conditions of the Letter of Credit.

Credit Guaranty Agreement shall mean that certain Credit Guaranty Agreement dated as of November 1, 1993 from W.D. Upton, Jr. in favor of the Bank as security for the Reimbursement Agreement.

Credit Obligor shall mean First Commercial Bank, a state banking corporation, with its principal place of business in Birmingham, Alabama, and its successors and assigns.

Event of Default shall have the meanings stated in Article VII. An Event of Default shall "exist" if an Event of Default shall have occurred and be continuing.

Financing Documents shall mean (1) the Indenture, (2) the Lease Agreement, (3) the Sublease Agreement, (4) the Reimbursement Agreement, (5) this Mortgage, (6) the Credit Guaranty Agreement, and (7) any other document, instrument or agreement evidencing, securing or in any way relating to the Bonds.

Indenture shall mean that certain Mortgage and Indenture of Trust dated November 1, 1993 between the Issuer and the Trustee, including any amendments or supplements to such instrument from time to time entered into pursuant to the applicable provisions thereof.

Issuer shall mean The Industrial Development Board of the Town of Pelham, a public corporation organized under the laws of the State of Alabama, and its successors and assigns.

Lease Agreement means the Lease Agreement between the Issuer and the Lessee dated as of November 1, 1993, and all amendments thereto.

Leases shall have the meaning stated in the fifth Granting Clause of Article II.

Lessee shall mean Peltown Realty Company.

Letter of Credit shall mean the letter of credit with respect to the Bonds to be issued by the Credit Obligor in favor of the Trustee pursuant to the Credit Agreement.

Mortgage shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more instruments entered into pursuant to the applicable provisions hereof.

Obligations shall mean:

(1) all letter of credit commissions, fees, charges and costs becoming due and payable under the Reimbursement Agreement in accordance with the terms thereof;

(2) all amounts becoming due and payable under the Reimbursement Agreement in accordance with the terms thereof as reimbursement of sums paid by the Credit Obligor under the Letter of Credit;

(3) all interest on late payments becoming due and payable under the Reimbursement Agreement in accordance with the terms thereof;

(4) all amounts becoming due and payable under the Reimbursement Agreement in accordance with the terms thereof upon the occurrence and continuance of an event of default, as therein defined, under the Reimbursement Agreement;

(5) all amounts payable by the Reimbursement Obligors under the Reimbursement Agreement as reimbursement of increased costs to the Credit Obligor caused by changes in laws or regulations or in the interpretation thereof;

(6) all other amounts payable by the Reimbursement Obligors under the Reimbursement Agreement;

(7) all amounts payable by the Reimbursement Obligors under the terms of this Mortgage (including but not limited to reimbursement for advancements made by the Credit Obligor under this Mortgage) and any other security agreements, bank mortgages or other documents now or hereafter evidencing or securing the Reimbursement Obligors' performance of its obligations under the Reimbursement Agreement; and

(8) all renewals and extensions of any or all the obligations of the Reimbursement Obligors described in paragraphs (1) through (7) above (including without limitation any renewal or extension of, and any substitute for, the Letter of Credit), whether or not any renewal or extension agreement is executed in connection therewith.

Permitted Encumbrances shall mean restrictions, exceptions, reservations, conditions, limitations, interests and other matters appearing of public record prior to the recordation of this Mortgage.

Personal Property and Fixtures shall mean all personal property and fixtures constituting part of the Collateral.

Project shall mean the Project Site, the Personal Property and Fixtures and all other property and rights referred to or intended so to be in Granting Clauses I and II.

Project Site shall have the meaning stated in the first Granting Clause of Article II.

Qualified Investments shall mean: (1) Federal Securities, (2) an interest in any trust or fund that invests solely in Federal Securities, (3) a certificate of deposit or time deposit issued by any bank organized under the laws of the United States or any state thereof (including without limitation the Trustee), provided that (i) such bank has capital, surplus and undivided profits of not less than \$10,000,000.00, (ii) such deposit is insured by the Federal Deposit Insurance Corporation, or (iii) such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the total amount of such deposit less the amount of such deposit insured by the Federal Deposit Insurance Corporation, and (4) a repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee free and clear of third-party liens.

Reimbursement Agreement shall mean that certain Reimbursement Agreement dated November 1, 1993 between the Reimbursement Obligors and the Credit Obligor, including any amendments or supplements to such instrument entered into pursuant to the applicable provisions thereof.

Reimbursement Obligors shall mean the Lessee and the User, jointly and severally.

Rents shall have the meaning stated in the fifth Granting Clause of Article II.

Special Funds shall mean all funds and accounts established pursuant to the Indenture.

Sublease Agreement shall mean Amendment Number One to Sublease Agreement between the Lessee and the User dated November 1, 1993.

Trustee shall mean First Commercial Bank and its successors and assigns under the Indenture.

User shall mean Vulcan Threaded Products, Inc.

SECTION 1.02 Effect of Headings and Table of Contents

The article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.03 Date of Mortgage

The date of this Mortgage is intended as and for a date for the convenient identification of this Mortgage and is not intended to indicate that this Mortgage was executed and delivered on said date.

SECTION 1.04 Separability Clause

If any provision in this Mortgage shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.05 Governing Law

This Mortgage shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 1.06 Counterparts

This Mortgage may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE II

Granting Clauses

The Issuer, the Lessee and the User have bargained and sold and hereby grant, bargain, sell, transfer, assign, set-over and convey to the Credit Obligor, its successors and assigns, the property and interests in property described in the following Granting Clauses, and the Lessee and the User have granted and do hereby grant to the Credit Obligor security title to and a continuing security interest in said property and interests in property and all proceeds and products thereof:

I.

(Project Site and Buildings)

The real property described on Exhibit A hereto and interests therein, together with all easements, permits, licenses, rights-of-way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to said real property and interests therein, together with all buildings, structures and improvements now or hereafter located on such real property (herein referred to as the "Project Site"):

II.

(Personal Property and Fixtures)

All personal property and fixtures described in Exhibit B attached hereto and all other personal property and fixtures (i) acquired by the Issuer, the Lessee or the User with proceeds of the Bonds or (ii) located on the Project Site in which the Issuer the Lessee or the User has any interest, including all accessions to and substitutions and replacements for such personal property and fixtures and the proceeds thereof.

III.

(Condemnation Awards and Insurance Proceeds)

All awards or payments, including all interest thereon, together with the right to receive the same, that may be made to the Issuer, the Lessee or the User with respect to the Collateral as a result of the exercise of the right of eminent domain, any damage to or destruction of the Collateral or any part thereof, or any other injury to or decrease in the value of the Collateral (herein referred to as "Condemnation Awards"), and all right, title and interest of the Issuer, the Lessee or the User in and to any policies of insurance (and the proceeds thereof) that insure against any damage to or destruction of the Collateral.

IV.

(Special Funds)

Money and investments from time to time on deposit in, or forming a part of, the funds and accounts established under the Indenture (herein referred to as the "Special Funds"), subject to the prior lien of the Indenture with respect to the Special Funds and the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

V.

(Leases and Rents)

(a) All written or oral leases, including without limitation the Lease Agreement and the Sublease Agreement, or other agreements for the use or occupancy of all or any portion of the Collateral with respect to which the Issuer, the Lessee or the User is the lessor and any and all extensions and renewals thereof, now or hereafter existing (collectively, the "Leases");

(b) Any and all guaranties of performance by lessees under the Leases;

(c) The immediate and continuing right to collect and receive all the rents, income, receipts, revenues, issues and profits now due or that may hereafter become due or to which the Issuer, the Lessee or the User may now be or may hereafter (including during the period of redemption, if any) become entitled to demand or claim, arising or issuing from or out of the Leases or from or out of the Collateral, or any part thereof, including but not limited to minimum rents, additional rents, percentage rents, common area maintenance charges, parking charges, tax and insurance premium contributions, liquidated damages upon default, the premium payable by any lessee upon the exercise of any cancellation privilege provided for in any of the Leases, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Collateral, together with any and all rights and claims of any kind that the Issuer, the Lessee or the User may have against any such lessee under the Leases or against any sublessees or occupants of the Collateral, all such moneys, rights and claims described in this subparagraph (c) being hereinafter referred to as the "Rents"; provided, however, that so long as no Event of Default has occurred under this Mortgage, the Issuer, the Lessee or the User, as the case may be, shall have the right under a license granted hereby (but limited as provided in Section 8.07 below) to collect, receive and retain the Rents (but not prior to accrual thereof); and

(d) Any award, dividend or other payment made hereafter to the Issuer, the Lessee or the User in any court procedure involving any of the lessees under the Leases in any bankruptcy, insolvency or reorganization proceeding in any state or federal court and any and all payments made by lessees in lieu of rent, the Issuers, the Lessee and the User hereby appointing the Credit Obligor as the User's irrevocable attorney-in-fact to appear in any action and collect any such award, dividend or other payment.

VI.

(Lease Agreement and Rights Thereunder)

The Lessee's leasehold estate and all other right, title and interest of the Lessee under and pursuant to the Lease Agreement and any other lease of the Project or any portion thereof, now existing or hereafter entered into, together with all the rights, privileges and options set forth therein, and the rights of the Issuer under and pursuant to the Lease Agreement and any such other lease, all lease rentals, revenues and receipts derived by the Issuer from the leasing or sale of the Project, including without limitation all rentals, revenues and receipts to be received by the Issuer under and pursuant to the Lease Agreement, subject, however, to the prior right of the Trustee to all such lease rentals, revenues and receipts so long as there is no Event of Default existing hereunder.

VII.

The User's leasehold estate and all other right, title and interest of the User under and pursuant to the Sublease Agreement and any other sublease of the Project or any portion thereof, now existing or hereafter entered into, together with all the rights, privileges and options set forth therein, and the rights of the Lessee under and pursuant to the Sublease Agreement and any such other sublease, all lease rentals, revenues and receipts derived by the Lessee from the subleasing or sale of its leasehold interest under the Lease Agreement, including without limitation all rentals, revenues and receipts to be received by the Lessee under and pursuant to the Sublease Agreement, subject, however, to the prior right of the Lessee to all such lease rentals, revenues and receipts so long as there is no Event of Default existing hereunder.

VIII.

(Other)

Any and all other real or personal property of every kind and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred to the Credit Obligor as and for additional security hereunder by the Issuer, the Lessee or the User or by anyone in the behalf of, or with the written consent of, the Issuer, the Lessee or the User.

All of the property described in the foregoing Granting Clauses I through VIII, both inclusive, is herein sometimes together referred to as the "Collateral."

TO HAVE AND TO HOLD the Collateral, together with all the rights, privileges and appurtenances thereunto belonging, unto the Credit Obligor, its successors and assigns, forever.

ARTICLE III

Representations and Warranties

(a) To induce the Credit Obligor to enter into the Credit Agreement and to issue the Letter of Credit, the Issuer represents and warrants that:

(1) Valid Title and Related Warranties. The Issuer is lawfully seized of an indefeasible estate in fee simple in and to, and good title to, the Project Site; the Issuer has a good right to sell and mortgage the Collateral; the Collateral is subject to no liens, encumbrances or security interests other than Permitted Encumbrances; and the Issuer will forever warrant and defend the title to the Collateral unto the Credit Obligor against the claims of all persons whomsoever, except those claiming under Permitted

Encumbrances. It is expressly understood and agreed that, with respect to the Special Funds, the lien created by this Mortgage is junior and subordinate to the lien created by the Indenture.

(2) Maintenance of Lien Priority. The Issuer shall take all steps necessary to preserve and protect the validity and priority of the liens on and security interests in the Collateral created hereby. The Issuer shall execute, acknowledge and deliver such additional instruments as the Credit Obligor may deem necessary in order to preserve, protect, continue, extend or maintain the lien and security interest created hereby as a lien on and security interest in the Collateral subject only to Permitted Encumbrances, except as otherwise permitted under the terms of this Mortgage. The Reimbursement Obligors agree to pay all costs and expenses incurred in connection with the protection, preservation, continuation, extension or maintaining of the liens and security interests hereby created.

(b) To induce the Credit Obligor to enter into the Credit Agreement and to issue the Letter of Credit, the Lessee and the User represent and warrant that:

(1) Valid Title and Related Warranties. The User and the Lessee each has a good right to sell and mortgage, the Collateral; the Collateral is subject to no liens, encumbrances or security interests other than Permitted Encumbrances; and the User and the Lessee will, jointly and severally, forever warrant and defend the title to the Collateral unto the Credit Obligor against the claims of all persons whomsoever, except those claiming under Permitted Encumbrances. It is expressly understood and agreed that, with respect to the Special Funds, the lien created by this Mortgage is junior and subordinate to the lien created by the Indenture.

(2) Maintenance of Lien Priority. The Reimbursement Obligors agree to take all steps necessary to preserve and protect the validity and priority of the liens on and security interests in the Collateral created hereby. The Reimbursement Obligors agree to execute, acknowledge and deliver such additional instruments as the Credit Obligor may deem necessary in order to preserve, protect, continue, extend or maintain the lien and security interest created hereby as a lien on and security interest in the Collateral subject only to Permitted Encumbrances, except as otherwise permitted under the terms of this Mortgage. The Reimbursement Obligors agree to pay all costs and expenses incurred in connection with the protection, preservation, continuation, extension or maintaining of the liens and security interests hereby created.

(3) Toxic or Hazardous Substances. No toxic or hazardous substances (including without limitation asbestos) have been located, stored or dumped on the Project Site, or used in connection with, or in the construction or operation of the Project, or any part thereof.

ARTICLE IV

Covenants

SECTION 4.01 Payment of Taxes and Other Assessments

The Reimbursement Obligors agree to 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 Collateral 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 Collateral or on the lien and other interests created by this Mortgage, and at least 10 days before said taxes, assessments and other governmental charges are due, the Reimbursement Obligors will deliver receipts therefor to the Credit Obligor or, in the case of mortgage filing privilege taxes, pay to the Credit Obligor an amount equal to the taxes. The Reimbursement Obligors may, at their 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 Credit Obligor 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 Reimbursement Obligors promptly after they become due and payable but in any event before they become delinquent (and in the opinion of counsel for the Credit Obligor, such payment by the Reimbursement Obligors is lawful and does not place the Credit Obligor in violation of any law), the Credit Obligor may, at its option, declare the existence of an Event of Default under this Mortgage.

SECTION 4.02 Insurance

(a) The Reimbursement Obligors agree to keep or cause to be kept the Collateral insured against loss or damage by fire, windstorm, extended coverage perils, vandalism, malicious mischief and such other hazards, casualties or other contingencies as from time to time may be required by the Credit Obligor (including but not limited to builder's risk during the period of construction or repair of the Project), in such amounts, in such manner and in such companies as the Credit Obligor may reasonably approve, including but not limited to all insurance required to be maintained under the terms of the Lease Agreement and the Sublease Agreement. All such policies shall name the Credit Obligor as a named insured and provide that any losses payable thereunder shall (pursuant to loss

payable clauses, in form and content acceptable to the Credit Obligor, to be attached to each policy) be payable to the Credit Obligor, and provide that the insurance provided thereby, as to the interest of the Credit Obligor, shall not be invalidated by any act or neglect of the User or the Lessee, nor by the commencing of any proceedings by or against the User or the Lessee 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 Reimbursement Obligors shall furnish to the Credit Obligor insurance certificates, in form and substance satisfactory to the Credit Obligor, evidencing compliance by the Reimbursement Obligors with the terms of this Section and, upon the request of the Credit Obligor at any time, the Reimbursement Obligors shall furnish the Credit Obligor with photostatic copies of the policies required by the terms of this Section. The Reimbursement Obligors will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to the Credit Obligor) to give the Credit Obligor at least 10 days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. The User and the Lessee agree that neither will 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 Reimbursement Obligors shall furnish to the Credit Obligor evidence of the payment of such premiums.

(b) If the Project or any part thereof is damaged or destroyed by fire or other casualty, the Reimbursement Obligors agree, as promptly as practicable, to repair, rebuild, restore or replace the property damaged or destroyed (herein referred to as the "Restoration Work"). If the amount of loss proceeds of insurance on the Project available to pay the costs of such Restoration Work is not sufficient for such purpose, the Reimbursement Obligors shall complete the Restoration Work at its own expense.

(c) If the loss proceeds from insurance payable with respect to any casualty are equal to or less than the lesser of (a) \$100,000 or (2) 15% of the principal amount of the Bonds then outstanding, such loss proceeds shall be payable to the User or the Lessee, whichever is doing the Restoration Work, and shall be applied by the User or the Lessee, as the case may be, either to pay the costs of the Restoration Work or to redeem Bonds.

(d) If the loss proceeds from insurance payable with respect to any casualty are greater than the lesser of (1) \$100,000 or (2) 15% of the principal amount of the Bonds then outstanding, such loss proceeds shall be paid to the Credit Obligor and, after first

applying such loss proceeds to the payment of all costs and expenses (including attorneys' fees) reasonably incurred by the Credit Obligor in obtaining such loss proceeds, shall, at the option of the Credit Obligor, be applied to pay the costs of the Restoration Work, or held as a reserve against the Obligations.

SECTION 4.03 Condemnation Awards

The entire proceeds of any Condemnation Award shall be paid to the Credit Obligor and, after first applying such award to the payment of all costs and expenses (including attorneys' fees) reasonably incurred by the Credit Obligor in the collection thereof, the Credit Obligor may, at its option, apply the balance to the payment of 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 or replacement of the Collateral, or release such balance to the Lessee. No such application, holding in reserve or release shall cure or waive any default of the User or the Lessee.

SECTION 4.04 Waste, Demolition, Alteration or Replacement

The User and the Lessee will cause the Collateral 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 Project Site without the express prior written consent of the Credit Obligor, will comply with all laws and regulations of any governmental authority with reference to the Collateral 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 User and the Lessee agree not to remove any of the fixtures or personal property included in the Collateral unless (i) the same is immediately replaced with like property of at least equal value and utility and (ii) if the book value of the fixtures or personal property to be removed, when added to the book value of all other fixtures or personal property removed in the same calendar year exceeds \$10,000, the User and the Lessee obtain the prior written consent of the Credit Obligor.

SECTION 4.05 Compliance by the Issuer, the User and the Lessee with Terms of Other Financing Documents

The Issuer, the User and the Lessee shall comply, fully and faithfully, with all of their respective obligations under the other Financing Documents. If the Issuer, the User or the Lessee fail or refuse to do so, the Credit Obligor may, but shall not be required to, perform any and all of such obligations under the other Financing Documents, including but not limited to the payment

of any or all sums due from the Issuer, the User or the Lessee thereunder. Any sums so paid by the Credit Obligor shall constitute part of the Obligations and shall be secured hereby.

SECTION 4.06 Environmental Compliance

(a) The User and the Lessee each agree that it shall (1) not, and shall not permit any other person to, bring any Hazardous Substances onto the Project Site except any such Hazardous Substances that are used in the ordinary course of the contemplated businesses as to be conducted on the Project Site and that are handled, stored, used and disposed of in accordance with applicable Environmental Laws; (2) if any other Hazardous Substances are brought or found on the Project Site, immediately remove and properly dispose of the same in accordance with applicable Environmental Laws; (3) cause the Project Site and the operations conducted thereon (including all operations conducted thereon by other persons) to comply with all Environmental Laws; (4) permit the Credit Obligor from time to time to inspect the Project Site and observe the operations thereon; (5) undertake any and all preventive, investigatory and remedial action (including emergency response, removal, clean up, containment and other remedial action) that is (A) required by any applicable Environmental Law or (B) necessary to prevent or minimize any property damage (including damage to any of the Project Site), personal injury, or harm to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Project Site or the operations on the Project Site; (6) promptly give notice to the Credit Obligor in writing if it should become aware of (A) any spill, release or disposal of any Hazardous Substances, or imminent threat thereof, at the Project Site, in connection with the operations on the Project Site, or at any adjacent property that could migrate to, through or under the Project Site, (B) any violation of Environmental Laws regarding the Project Site or operations on the Project Site, and (C) any investigation, claim or threatened claim under any Environmental Law, or any notice of violation under any Environmental Law, involving the User, the Lessee or the Project Site; and (7) deliver to the Credit Obligor, at the Credit Obligor's request, copies of any and all documents in its possession or to which it has access relating to Hazardous Substances or Environmental Laws and the Project Site, and the operations on the Project Site, including laboratory analyses, site assessments or studies, environmental audit reports and other environmental studies and reports.

(b) If the Credit Obligor at any time reasonably believes that the User and/or the Lessee is not complying with all applicable Environmental Laws or the requirements hereof regarding the same, or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Project Site, the Credit Obligor may require the Reimbursement Obligor to furnish to the Credit Obligor an environmental audit or site assessment

reasonably satisfactory to the Credit Obligor with respect to the matters of concern to the Credit Obligor. Such audit or assessment shall be performed at the Reimbursement Obligors' expense by a qualified consultant approved by the Credit Obligor.

(c) Anything herein to the contrary notwithstanding, the Reimbursement Obligors shall furnish to the Credit Obligor not less often than annually a certificate of the Alabama Department of Environmental Management in form and content satisfactory to the Credit Obligor and to the effect that the Project is in compliance with applicable Environmental Laws.

(d) The User and the Lessee hereby warrant that, to the best of their information, knowledge and belief (1) there are no civil, criminal or administrative environmental proceedings involving the Project Site that are pending or to the User's or Lessee's knowledge threatened; (2) neither the Lessee nor the User knows of any facts or circumstances that might give rise to such a proceeding in the future; (3) the Project Site is in compliance with all applicable federal, state and local statutory and regulatory environmental requirements; and (4) the Project Site is free from any and all Hazardous Substances.

(e) The Reimbursement Obligors agree to defend, indemnify and save harmless the Credit Obligor from and against any and all claims, causes of action, judgments, damages, fines, penalties, and other losses, costs and expense, including reasonable attorneys' fees and costs of investigation and litigation, asserted against or suffered by the Credit Obligor that are related to or arise out of or result from the presence of Hazardous Substances now or hereafter on or under or included in the Project Site, and any clean up or removal of, or other remedial action with respect to, any Hazardous Substances now or hereafter located on or under or included in the Project Site, or any part thereof, that may be required by any Environmental Law or Governmental Authority. The provisions of this Section 4.06 shall survive the payment of the Bonds in full and the termination, satisfaction, release (in whole or in part) and the foreclosure of this Mortgage with respect to claims and losses asserted against or suffered by the Credit Obligor.

For purposes of this Section 4.06 the following terms shall have the following meanings:

Environmental Law shall mean and include all laws, rules, regulations, ordinances, judgments, decrees, codes, orders, injunctions, notices and demand letters of any Governmental Authority applicable to the User, the Lessee or the Project Site (including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.) relating to pollution or protection of human health or the environment, including any relating to Hazardous Substances.

Governmental Authority shall mean any federal, state, county, municipal, or other government, domestic or foreign, and any agency, authority, department, commission, bureau, board, court or other instrumentality thereof.

Hazardous Substances shall mean and include all pollutants, contaminants, toxic or hazardous wastes and other substances (including asbestos, urea formaldehyde, foam insulation and materials containing either petroleum or any of the substances referenced in Section 101(14) of CERCLA), the removal of which is required or the manufacture, use, maintenance and handling of which is regulated, restricted, prohibited or penalized by an Environmental Law, or, even though not so regulated, restricted, prohibited or penalized, might pose a hazard to the health and safety of the public or the occupants of the property on which it is located or the occupants of the property adjacent thereto.

ARTICLE V

Transfer of, or Liens on, Collateral

The User and the Lessee each covenants and agrees that it will not, without the express prior written consent of the Credit Obligor, sell, transfer, convey or otherwise dispose of, or create, or permit or suffer to exist, any lien, security interest or other encumbrance (other than Permitted Encumbrances) on, all or any part of the Collateral (including but not limited to any Leases and Rents) or any interests therein, it being expressly understood and agreed that a violation by the User or the Lessee of the provisions of this Article V shall constitute an Event of Default under this Mortgage. Any sale, transfer, conveyance, other disposition or act of creating, permitting or suffering to exist any lien, security interest or other encumbrance in violation of this Article V shall be null, void and of no effect.

ARTICLE VI

Defeasance

If (i) all of the Obligations shall have been paid in full and fully discharged; and (ii) each of the Issuer, the Lessee and the User 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 it or any of them, as the case may be; and (iii) the Letter of Credit shall then be terminated; then this Mortgage and the grants and conveyances contained herein shall become null and void, and the Collateral shall revert to the party entitled to it, and the entire estate, right, title and interest of the Credit Obligor shall thereupon cease; and the Credit Obligor shall, upon the request of

the User or the Lessee and at the Reimbursement Obligors' cost and expense, deliver to the Issuer, the Lessee or the User, as appropriate, proper instruments acknowledging satisfaction of this instrument and terminating all financing statements filed in connection herewith; otherwise, this Mortgage shall remain in full force and effect. Notwithstanding anything to the contrary contained in this Article VI or elsewhere in this Mortgage, it is expressly understood and agreed that, although there may be from time to time occasions when no Obligations shall be outstanding, this Mortgage and the lien thereof and security interests created thereby shall nevertheless remain in full force and effect, and none of the estate, right, title and interest of the Credit Obligor passing by this Mortgage shall divest nor shall the Collateral revert to the Issuer, the Lessee or the User, so long as any one or more or all of the following circumstances exist:

- (1) the Credit Obligor has any obligation to issue the Letter of Credit; or
- (2) the Letter of Credit has been issued and is outstanding; or
- (3) any Obligations are outstanding.

ARTICLE VII

Events of Default

Any one or more of the following shall constitute an event of default (an "Event of Default") under this Mortgage (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (1) default in the performance, or breach, of any covenant, condition or agreement on the part of the Reimbursement Obligors contained in Sections 4.01 and 4.02 or Article V hereof; or
- (2) default in the performance, or breach, of any covenant or warranty of the Reimbursement Obligors, or either of them, (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically described), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Reimbursement Obligors, or either of them, as the case may be, by the Credit Obligor a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or

(3) the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the User or the Lessee under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; or

(4) any representation or warranty made by the Reimbursement Obligors, or either of them, herein or in any document, instrument or certificate furnished to the Credit Obligor in connection with the issuance of the Letter of Credit or the consummation of the transactions contemplated by the Financing Documents shall at any time prove to have been false or incorrect in any material respect as of the time made; or

(5) the occurrence of a default or an event of default, as therein defined, under any other Financing Document and the expiration of the applicable grace period, if any, specified therein; or

(6) the rendering against the User or the Lessee of a final judgment, decree or order for the payment of money in excess of \$100,000 and the continuance of such judgment, decree or order unsatisfied and in effect for any period of 30 consecutive days without a stay of execution; or

(7) a default under any bond, debenture, note or other evidence of indebtedness of the User or the Lessee in excess of \$100,000 or under any indenture or other instrument under which any such evidence of indebtedness has been issued or by which it is governed and the expiration of the applicable period of grace, if any, specified in such evidence of indebtedness, indenture or other instrument; provided, however, that, if such default under such evidence of indebtedness, indenture or other instrument shall be cured, or be waived by the holders of such indebtedness, in each case as may be permitted by such evidence of indebtedness, indenture or other instrument, then the Event of Default hereunder by reason of such default shall be deemed likewise to have been thereupon cured or waived; or

(8) the interest of the Credit Obligor in the Collateral shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon (other than Permitted Encumbrances or the lien of the Indenture with respect to the Special Funds); or

(9) the lien or 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 Collateral.

ARTICLE VIII

Rights of Credit Obligor Upon Default

SECTION 8.01 Acceleration of Indebtedness, etc.

If an Event of Default exists, the Credit Obligor may notify the Trustee that an event of default, as therein defined, under the Reimbursement Agreement has occurred and is continuing (it being understood that the occurrence of an Event of Default hereunder shall constitute an event of default under the Reimbursement Agreement) and may, by notice to the User and the Lessee, effective upon dispatch, declare all of the Obligations, including but not limited to the obligation of the Reimbursement Obligors to reimburse the Credit Obligor under the Reimbursement Agreement, to be forthwith due and payable, whereupon all the 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 User, the Issuer and the Lessee, and the Credit Obligor 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 and available at law or equity.

SECTION 8.02 Operation of Collateral by Credit Obligor

In addition to all other rights herein and in the Reimbursement Agreement conferred on the Credit Obligor, if an Event of Default exists, the Credit Obligor (or any person, firm or corporation designated by the Credit Obligor) may, but shall not be obligated to, enter upon and take possession of any or all of the Collateral, exclude the User therefrom, and hold, use, administer, manage and operate the same to the extent that the User, the Issuer or the Lessee could do so, without any liability to the User, the Issuer or the Lessee resulting therefrom; and the Credit Obligor 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 User, the Issuer or the Lessee with respect to the Collateral.

SECTION 8.03 Judicial Proceedings; Right to Receiver

If an Event of Default exists, the Credit Obligor, 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 Collateral, to sue the User and/or the Lessee for damages on account of or arising out of said default or breach, or to sue the User and/or the Lessee 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 Credit Obligor 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 User, the Lessee or the Issuer or any other party, of a receiver of the rents, issues and profits of the Collateral, with power to lease and control the Collateral and with such other powers as may be deemed necessary, subject to the rights of the Trustee under the Indenture.

SECTION 8.04 Foreclosure Sale

Upon the occurrence of an Event of Default, or at any time thereafter, this Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Credit Obligor shall be authorized, at its option, whether or not possession of the Collateral is taken, after giving twenty-one 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 wherein the Project Site or any part thereof is located, to sell the Collateral (or such part or parts thereof as the Credit Obligor may from time to time elect to sell) in front of such county's courthouse door, at public outcry, to the highest bidder for cash. The Credit Obligor, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Collateral, 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 Collateral, 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 Issuer, the Lessee and the User each hereby waiving the application of any doctrine of marshalling or like proceeding. In case the Credit Obligor, in the exercise of the power of sale herein given, elects to sell the Collateral 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 Collateral not previously sold shall have been sold or all the Obligations shall have been paid in full.

SECTION 8.05 Personal Property and Fixtures

(a) The Credit Obligor shall have and may exercise with respect to any or all of the Personal Property and Fixtures all rights, remedies and powers of a mortgagee under Alabama law or a secured party under the Alabama Uniform Commercial Code with reference to the Personal Property and Fixtures 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

Personal Property and Fixtures 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 Personal Property and Fixtures or their value and without the necessity of a court order. The Credit Obligor shall have, among other rights, the right to take possession of the Personal Property and Fixtures 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 Credit Obligor, at its option and in its sole discretion, to repair, restore or otherwise prepare the Personal Property and Fixtures for sale or lease or other use or disposition. To the extent permitted by law, the User, the Issuer and the Lessee expressly waive any notice of sale or any other disposition of the Personal Property and Fixtures and any rights or remedies of the Credit Obligor with respect to, and the formalities prescribed by law relative to, the sale or disposition of the Personal Property and Fixtures or to the exercise of any other right or remedy of the Credit Obligor existing after default. To the extent that such notice is required and cannot be waived, the User, the Issuer and the Lessee agree that if such notice is given to the User in accordance with the provisions of Section 9.08 below, at least 10 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.

(b) The Issuer, the Lessee and the User agree that the Credit Obligor may sell or dispose of the Personal Property and Fixtures in accordance with the rights and remedies granted under this Mortgage with respect to the real property covered hereby. The User, the Issuer and the Lessee hereby grant to the Credit Obligor the right, at its option after an Event of Default has occurred, to transfer at any time to itself or its nominee the Personal Property and Fixtures or any part thereof and to receive the monies, income, proceeds and benefits attributable to the same and to hold the same as additional Collateral or to apply it on the Obligations in such order and manner as the Credit Obligor may elect. The User, the Issuer and the Lessee covenant and agree that all recitals in any instrument transferring, assigning, leasing or making other disposition of the Personal Property and Fixtures or any part thereof shall be full proof of the matters stated therein, and no other proof shall be required to establish the legal propriety of the sale or other action taken by the Credit Obligor and that all prerequisites of sale shall be presumed conclusively to have been performed or to have occurred.

SECTION 8.06 Conveyance After Sale

The Issuer, the Lessee and the User hereby authorize and empower the Credit Obligor or the auctioneer at any foreclosure

sale had hereunder, for and in the name of the Issuer, the Lessee and/or the User, as appropriate, to execute and deliver to the purchaser or purchasers of any of the Collateral sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

SECTION 8.07 Rents and Leases

(a) If an Event of Default exists, the Credit Obligor, at its option, shall have the right, power and authority to exercise and enforce any or all of the following rights and remedies with respect to Rents and Leases):

(1) to terminate the license granted to the Issuer, the Lessee and the User in Article II hereof to collect the Rents, and, without taking possession, in the Credit Obligor's own name to demand, collect, receive, sue for, attach and levy the Rents, to give proper receipts, releases and acquittances therefor, and after deducting all necessary and reasonable costs and expenses of collection, including reasonable attorney's fees, to apply the net proceeds thereof to the Obligations in such order and amounts as the Credit Obligor may choose (or hold the same in a reserve as security for the Obligations);

(2) without regard to the adequacy of the security, with or without any action or proceeding, through any person or by agent, or by a receiver to be appointed by court, to enter upon, take possession of, manage and operate the Collateral or any part thereof for the account of the User, make, modify, enforce, cancel or accept surrender of any Sublease, remove and evict any sublessee, increase or reduce rents, decorate, clean and make repairs, and otherwise do any act or incur any cost or expenses the Credit Obligor shall deem proper to protect the security hereof, as fully and to the same extent as the Issuer, the Lessee or the User could do if in possession, and in such event to apply any funds so collected to the operation and management of the Collateral (including payment of reasonable management, brokerage and attorney's fees) and payment of the Obligations in such order and amounts as the Credit Obligor may choose (or hold the same in reserve as security for the Obligations);

(3) to take whatever legal proceedings may appear necessary or desirable to enforce any obligation or covenant or agreement of the Issuer, the Lessee or the User under this Mortgage.

(b) The collection of the Rents and application thereof (or holding thereof in reserve) as aforesaid or the entry upon and taking possession of the Collateral or both shall not cure or waive any default or waive, modify or affect any notice of default under

this Mortgage, or invalidate any act done pursuant to such notice, and the enforcement of such right or remedy by the Credit Obligor, once exercised, shall continue for so long as the Credit Obligor shall elect, notwithstanding that the collection and application aforesaid of the Rents may have cured the original default. If the Credit Obligor shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy hereunder may be reasserted at any time and from time to time following any subsequent default.

SECTION 8.08 Application of Proceeds

All payments then held or thereafter received by the Credit Obligor as proceeds of the Collateral, as well as any and all amounts realized by the Credit Obligor in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Credit Obligor as follows:

(1) to reimburse the Credit Obligor for any payments made by the Credit Obligor under the Letter of Credit, to accrued but unpaid commissions, fees, costs and charges 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 Credit Obligor in exercising its rights under this Mortgage and under the Reimbursement Agreement or otherwise reasonably incurred by the Credit Obligor 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 Issuer, the Lessee or the User to the Credit Obligor under the Reimbursement Agreement or under this Mortgage, all in such priority as among such principal, interest, costs, fees, expenses and other amounts as the Credit Obligor shall elect;

(2) any balance remaining after payment in full of all amounts referred to in paragraph (1) above shall be applied by the Credit Obligor to any other Obligations then owing by the Issuer, the Lessee or the User to the Credit Obligor;

(3) any balance remaining after payment in full of all amounts referred to in paragraphs (1) and (2) above shall be held by the Credit Obligor as a cash collateral reserve against the making of any payment under the Letter of Credit (if then outstanding); and

(4) any balance remaining after payment in full of all amounts referred to in paragraphs (1), (2) and (3) above shall be paid by the Credit Obligor to whomever may then be legally entitled thereto.

SECTION 8.09 Multiple Sales

The Credit Obligor 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 Section. Several sales may be made under the provisions of this Section 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 Collateral for any matured part of the Obligations without exhausting any power of foreclosure and the power to sell the Collateral for any other part of the Obligations, whether matured at the time or subsequently maturing.

SECTION 8.10 Waiver of Appraisement Laws

The Issuer, the Lessee and the User waive, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (i) any appraisement before sale of any portion of the Collateral (commonly known as appraisement laws) or (ii) 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).

ARTICLE IX

Miscellaneous Provisions

SECTION 9.01 Waiver, Election, etc.

The exercise by the Credit Obligor of any option given under the terms of this Mortgage shall not be considered 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 Credit Obligor 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 the Reimbursement Agreement, and in the other Financing Documents

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 User therefrom, shall be effective unless the same shall be in writing and signed by an executive officer of the Credit Obligor, and then such waiver of consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Issuer, the Lessee or the User in any case shall entitle it to any other or further notice or demand in similar or other circumstances.

SECTION 9.02 Landlord-Tenant Relationship

Any sale of the Collateral under this Mortgage shall, without further notice, create the relationship of landlord and tenant at sufferance between the purchaser and the Issuer, the Lessee or the User, as the case may be.

SECTION 9.03 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 Credit Obligor to effectuate the provisions hereof.

SECTION 9.04 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 Collateral, 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.

SECTION 9.05 Advances by Credit Obligor

If the Reimbursement Obligors, or either of them, 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 Collateral in repair, or any other term or covenant herein contained, the Credit Obligor may (but shall not be required to) make advances to perform the same, and where necessary enter or take possession of the Collateral for the purpose of performing any such term or covenant. The Reimbursement Obligors agree to repay all sums advanced upon demand, with interest from the date such advances are made, at the rate provided in Section

2.06 of the Reimbursement Agreement (to the fullest extent permitted by applicable law), and all sums so advanced, with interest, shall be secured hereby.

SECTION 9.06 Release or Extension by Credit Obligor

The Credit Obligor, without notice, may release any part of the Collateral or any person liable for the Obligations without in any way affecting the rights of the Credit Obligor hereunder as to any part of the Collateral not expressly released and may agree with any party with an interest in the Collateral 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.

SECTION 9.07 Partial Payments

Acceptance by the Credit Obligor of any payment of less than the amount due on the Obligations shall be deemed acceptance on account only, and the failure of the Reimbursement Obligors, or either of them, as the case may be, 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 Credit Obligor shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the existence of an Event of Default.

SECTION 9.08 Addresses for Notices

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Mortgage to be made upon, given or furnished to, or filed with, the Issuer, the Lessee, the User or the Credit Obligor shall be sufficient for every purpose hereunder if in writing and (except as otherwise provided in this Mortgage) either (i) delivered personally to the party or, if such party is not an individual, to an officer, or other legal representative of the party to whom the same is directed, or (ii) mailed by certified mail, postage prepaid and addressed as follows:

(1) if to the User, at #10 Crosscreek Trail, P.O. Box 509, Pelham, Alabama 35124;

(2) If to the Lessee, at #10 Crosscreek Trail, P.O. Box 509, Pelham, Alabama 35124;

(3) If to the Issuer at City Hall, P.O. Box 277, Pelham, Alabama 35124; and

(4) if to the Credit Obligor, at 2000 Southbridge Parkway, Birmingham, P.O. Box 11746, Birmingham, Alabama 35202.

Each of the parties identified in this Section may specify a different address for the receipt of such documents by giving notice of the change in address to the other parties.

(b) Any such notice or other document shall be deemed to be received (i) as of the date delivered, if delivered personally in accordance with subsection (a) of this Section, or (ii) as of 3 days after the date deposited in the mail, if mailed in accordance with subsection (a) of this Section.

SECTION 9.09 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.

SECTION 9.10 Limitation of Rights

No recourse shall be had for the payment of the principal of, premium (if any), or interest on the Bonds or for any claims based thereon or upon any obligation, covenant or agreement herein contained, against any incorporator of the Issuer, or against any past, present or future officer, employee or member of the board of directors of the Issuer or any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, employees or directors of the Issuer as such is hereby expressly waived and released as a condition of and in consideration for the execution of this instrument and the issuance of the Bonds.

SECTION 9.11 Cooperation with User

The Issuer will cooperate with the Lessee and the User to the end that the Project may be sub-leased by the Lessee and the User in the most successful and productive manner possible.

SECTION 9.12 Collection and Disposition of Revenues and Receipts

The Issuer will promptly collect or cause to be collected all revenues and receipts derived from the leasing or sale of the Project by the Issuer as the same become due and will cause all such revenues and receipts as collected to be paid over to and deposited with the Trustee for disposition in accordance with and as provided in the Indenture and this Mortgage.

SECTION 9.13 Issuer to Keep Project Leased

The Issuer will keep the Project leased to tenants qualified under the Enabling Law at all times for a rent sufficient to pay the installments of principal and interest on the Bonds as the same mature and come due, and also, unless leased under an agreement requiring the lessee to take out, maintain and pay for adequate and proper insurance of the Project and requiring the lessee to keep and maintain the Project in good repair and operating condition, sufficient also to pay the cost of such insurance and such maintenance and repair. Should there be a default under the Lease Agreement with the result that the right of possession of the Project under the Lease Agreement is returned to the Issuer, the Issuer shall fully cooperate with the Credit Obligor and shall diligently proceed in good faith and use its best efforts to secure another qualified tenant or tenants for the Project to the end that at all times sufficient revenues and receipts will be derived from the Project promptly to meet and pay the installments of principal and interest on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein, however, shall be construed as requiring the Issuer to operate the Project.

IN WITNESS WHEREOF, the Issuer, the Lessee and the User have each caused this instrument to be executed in its name and its corporate seal to be hereunto affixed and attested, respectively, all by its duly authorized officers, and the parties have caused this instrument to be dated as of November 1, 1993.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE TOWN OF PELHAM

By *Donald S. Chenn*
Title: *Chairman*

S E A L

Attest: *Tillman T. Egan*
Title: *Secretary*

Peltown Realty Company

By *W. H. L.*
Title: *Gen Partner*

By *William F. Jenkins*
Title: *General Partner*

By *W. H. L.*
Title: *General Partner*

VULCAN THREADED PRODUCTS, INC.

By *W. H. L.*
Title: *President*

S E A L

Attest: *William F. Jenkins*
Title: *Secretary*

STATE OF ALABAMA
SHELBY COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Daniel M. Spith, Jr. and William J. Eason, whose names as Chairman and Secretary, respectively, of The Industrial Development Board of the Town of Pelham, a public corporation, are signed to the foregoing Mortgage, Assignment of Leases and Security Agreement and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said public corporation.

Given under my hand and seal this the 20th day of January, 1994.

Robert H. Martin

Notary Public

NOTARIAL SEAL

My commission expires: 12-30-94

STATE OF ALABAMA
Jefferson COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that W.D. Upton, Jr., whose name as General Partner Peltown Realty Company, an Alabama partnership, is signed to the foregoing Mortgage, Assignment of Leases and Security Agreement, 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 such corporation.

Given under my hand and seal this the 14th day of December, 1993.

Edward J. Ashton

Notary Public

NOTARIAL SEAL

My commission expires: 9-20-97

STATE OF ALABAMA
Jefferson COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that William T. Jenkins, whose name as General Partner Peltown Realty Company, an Alabama partnership, is signed to the foregoing Mortgage, Assignment of Leases and Security Agreement, 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 such corporation.

Given under my hand and seal this the 14th day of December, 1993.

Edward G. Ashton
Notary Public

NOTARIAL SEAL

My commission expires: 9-20-97

STATE OF ALABAMA
Jefferson COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Kent A. Upton, whose name as General Partner Peltown Realty Company, an Alabama partnership, is signed to the foregoing Mortgage, Assignment of Leases and Security Agreement, 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 such corporation.

Given under my hand and seal this the 14th day of December, 1993.

Edward G. Ashton
Notary Public

NOTARIAL SEAL

My commission expires: 9-20-97

STATE OF ALABAMA
Jefferson COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that W.D. Upton, Jr., whose name as President of Vulcan Threaded Products, Inc. an Alabama corporation, is signed to the foregoing Mortgage, Assignment of Leases and Security Agreement, 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 such corporation.

Given under my hand and seal this the 14th day of December, 1993.

Edward J. Ashton
Notary Public

NOTARIAL SEAL

My commission expires: ~~June 19, 1996~~ 9-20-99

EXHIBIT A

PARCEL ONE

Commence at the southwest corner of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 12, Township 20 south, Range 3 west, Pelham, Shelby County, Alabama and run thence easterly along the south line of said quarter-quarter section a distance of 1,091.42' to a point; Thence turn 69°30'00" left and run northeasterly a distance of 480.00' to an iron (steel) pin; Thence turn 1°30'55" right and continue northeasterly a distance of 331.34' to an "X" in a concrete retaining wall marking the southeastern corner of subject property and the point of beginning of the parcel being described; Thence continue along last described course a distance of 109.72' to a point; Thence turn 12°10'14" right and run a distance of 252.80' to a point on the southerly margin of Crosscreek Trail, a public street in the City of Pelham, Alabama; Thence turn 124°10'04" left and run westerly along said margin of said street a distance of 103.25' to the P.C. (Point of Curvature) of a street curve to the right having a central angle of 29°41'30" and a radius of 662.59'; Thence run along the arc of said curve an arc distance of 343.37' to a point; Thence left 27°18'10" from tangent and run westerly 293.74' to a point; Thence turn 24°15'05" left and run Southwesterly a distance of 278.61' to a point; Thence turn 69°05'03" left and run southerly a distance of 306.66' to a point; Thence turn 89°04'12" left and run easterly a distance of 795.38' to the point of beginning, containing 7.40 acres. Property is marked on each corner with a steel pin, pipe, monument or "X" in concrete.

PARCEL TWO

Commence at the southwest corner of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 12, Township 20 south, Range 3 west, Pelham, Shelby County, Alabama and run thence easterly along the south line of said quarter-quarter section a distance of 1,091.42' to a point; Thence turn 69°30'00" left and run northeasterly a distance of 480.00' to an iron (steel) pin; Thence turn 1°30'55" right and continue northeasterly a distance of 331.34' to a point; Thence turn 112°00'50" left and run westerly a distance of 795.38' to the point of beginning of the parcel being described; Thence turn 89°04'12" right and run northerly a distance of 306.66' to a point; Thence turn 1°18'02" left and continue northerly a distance of 90.51' to a point in the centerline of Bishop Creek; Thence turn 54°48'16" left and run northwesterly along centerline of said creek 30.91' to a point; Thence turn 15°24'04" right and run northwesterly along centerline of said creek 185.97' to a point; Thence turn 11°32'36" left and continue northwesterly along centerline of said creek 91.57' to a point; Thence turn 87°36'20" left and run southwesterly 536.95' to a point; Thence turn 129°35'19" left and run easterly 174.53' to a point; Thence turn 40°30'57" right and run southeasterly 299.32' to a point; Thence turn 40°38'40" left and

run easterly 172.26' to the point of beginning, containing 4.51 acres. Property is marked on each corner with a steel pin, pipe, monument or axle (except those points that fall in the centerline of creek).

ALSO, a non-exclusive easement for ingress and egress, being more particularly described as follows:

Commence at the southwest corner of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 12, Township 20 south, Range 3 west, Pelham, Shelby County, Alabama and run thence easterly along the south line of said quarter-quarter section 1,091.42' to a point; Thence turn 69°30'00" left and run northeasterly 480.00' to a point; Thence turn 1°30'55" right and continue northeasterly 331.34' to a point; Thence turn 112°00'50" left and turn westerly 795.38' to a point; Thence turn 89°04'12" right and run northerly 306.66' to a point; Thence 1°18'02" left and run northerly 16.06' to the point of beginning, on the centerline of a thirty foot wide access easement, the centerline being fifteen feet from each side of subject easement; Thence turn 69°05'03" right and run northeasterly 216.88' to a point; Thence turn 15°54'01" left and run northeasterly 219.50' to the southerly margin of Crosscreek Trail, a public road, and the end of easement.

All situated in Shelby County, Alabama.

- 1 Videx Vas-20-BH Specialty Bolt Machine
- 3 Tesker Model 320 Thread Rolling Machines Max 3"
Ser. #93611-93613
- 1 Ruja Eagle 1-1/2" - 1-1/4" Single End Threader
- 3 Nissan C504 188" Triple Mast/54" Forklifts
- 2 486 Computer Systems
- 2 Tesker Model 35 Thread Rolling Machines

Inst # 1994-02579

EXHIBIT B

Inst # 1994-02579

01/24/1994-02579
04:00 PM CERTIFIED

SHELBY COUNTY JUDGE OF PROBATE
039 KCD 104.50