

REAL ESTATE MORTGAGE AND

SECURITY AGREEMENT

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Loan No. : 778553
Name : George Wesley Pugh
Association : FLBA OF NORTH ALABAMA
Branch : TALLADEGA

Borrower's Initials G W P

STATE OF ALABAMA

COUNTY OF SHELBY

WHEREAS,

George Wesley Pugh, a single person

(whether one or more, hereinafter referred to as "Borrower") is/are indebted to the Farm Credit Bank of Texas, a corporation and federally chartered instrumentality of the United States, (hereinafter referred to as "Mortgagee") in the principal sum of ONE HUNDRED SIXTY EIGHT THOUSAND DOLLARS (\$ 168,000.00), together with interest thereon, as evidenced by a promissory note, payable to the order of the Farm Credit Bank of Texas, which bears interest and is payable according to the terms of said note, and which has a final maturity date of January 01, 2016, which may be extended by the parties hereto.

NOW, THEREFORE, in consideration of the premises and in order to secure the payment of said indebtedness, and any future advance(s), additional advance(s), and/or readvance(s), and/or any renewal(s), extension(s), modification(s), restructuring(s), reamortization(s), and/or any other loan treatment(s) thereof, or any part thereof, and the interest thereon, and any and all other indebtedness(es) now or hereafter owed by any of the undersigned and/or borrower to Mortgagee, whether such indebtedness is primary or secondary, direct or indirect, contingent or absolute, matured or unmatured, joint or several, and otherwise secured or not, and to secure the faithful performance of and compliance with all the terms, agreements, provisions, obligations, covenants, conditions, warranties, representations and stipulations herein made or made in any Loan Agreement or in any other document related to the promissory note described herein,

George Wesley Pugh, a single person

(whether one or more, hereinafter referred to as "Grantor") do hereby grant, bargain, sell, assign, and convey unto said Mortgagee, its successors and assigns, all right, title and interest of whatsoever kind and nature in and to the following described real property situated in

SHELBY, County(ies), Alabama;
to wit:

SEE ATTACHED EXHIBIT "A".

Together with all rents, leases, profits, income and revenues thereof and all rights, privileges, easements, hereditaments, tenements, interests, improvements, and appurtenances thereunto belonging or in anywise appertaining, including any after-acquired title and easements and all rights, title and interest now or hereafter owned by Grantor in and to all timber, crops, buildings, equipment and/or fixtures now or hereafter attached or appertaining to said premises, all of which shall be deemed to be real property and conveyed by this instrument, and which hereinafter shall be referred to as "property".

It is expressly understood and agreed that, as a part of the consideration for the loan made to the undersigned and secured by the premises hereinabove described, this instrument covers and includes all surface and/or mineral estate ownership now or after-acquired by the undersigned in the above property and whether or not expressly excepted from the description to the above security premises, any provisions herein to the contrary being of no force and effect.

TO HAVE AND TO HOLD the same and every part thereof unto said Mortgagee, its successors and assigns forever.

AND FOR THE CONSIDERATION AFORESAID, and as further security for the payment of said indebtedness, future advance(s), additional advance(s), and/or readvance(s), and/or any renewal(s), extension(s), restructuring(s), reamortization(s), and/or any other loan treatment(s) thereof, or any part thereof, and the interest thereon, and any and all other indebtedness(es) now or hereafter owed by any of the undersigned to Mortgagee, whether such indebtedness is primary or secondary, direct or indirect, contingent or absolute, matured or unmatured, joint or several, and otherwise secured or not, and to secure the faithful performance and compliance with all the terms, agreements, provisions, obligations, covenants, conditions, warranties, representations and stipulations herein made or made in any Loan Agreement or in any other document related to the promissory note described herein, said Grantor does hereby assign, pledge, and transfer to Mortgagee, and grant to Mortgagee a security interest in and to, the following described property and interests to wit: (1) all timber of all kind, character and description planted and/or growing, or to be planted and/or grown, on the hereinabove described property; (2) all crops and/or acreage allotments, quotas, set aside, P.I.K. and/or similar programs of every kind, character and description presently allotted or assigned to, and/or hereafter allotted or assigned to, Grantor or the real property hereinabove described; (3) all rents, profits, issues, income, royalties, bonuses and revenues of the said real property, or any part or interest therein, from time to time accruing, whether under leases or tenancies now existing or hereafter created; (4) each and every policy of hazard insurance, or the like, now or hereafter in effect which insures said real property or any buildings, fixtures and/or improvements thereon, or any part thereof, together with all the right, title and interest of the Grantor in and to such policy, including but not limited to any premiums paid (or rights to return premiums) and all proceeds or payments thereunder; (5) all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property, or any part thereof, under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property or any part thereof, or to any rights appurtenant thereto; (6) all building material, equipment, fixtures and fittings of all kind, character and description used in connection with or relating to said property and/or any buildings, fixtures or improvements thereon; and/or without limiting the foregoing; (7) all tangible and/or intangible property specifically described as follows, to wit:

and products and proceeds of any or all of the above described property.

FOR THE CONSIDERATION AFORESAID and the purpose of further securing the payment of the above referenced debt(s) and obligation(s), Grantor further warrants, covenants, represents, and agrees as follows:

1. Grantor agrees and warrants that this instrument is a valid first lien against all the property described above and

Inst # 1995-30218

Inst # 1995-30218

10/20/1995-30218
04:12 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
006 MCD 22.00

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improvements offered and appraised as security for any and all debts and/or obligations secured hereby; that Grantor is the owner of and lawfully seized in fee and possessed of the hereinabove described property and has a good and lawful right to sell, transfer, mortgage and convey same; that said property is now free from and clear of any and all other liens and encumbrances, except as otherwise set forth herein, and that Grantor will warrant and forever defend the title thereto against all claims or demands of any parties. If the validity of this instrument, or if the Grantor's title to any of said property or improvements is questioned in any manner, or if any part of such property or improvements is not properly described herein, or if any terms contained in this instrument, the above referenced note(s) and/or any other instruments related hereto shall be determined to be incomplete or incorrect, Grantor agrees to fully cooperate with Mortgagee and to execute any corrective instruments as required by Mortgagee.

2. Grantor shall separately assess said property for taxation and shall completely satisfy before they become delinquent, all taxes, liens, judgments or assessments recorded, imposed or assessed against said property and, if required by Mortgagee, promptly furnish Mortgagee with evidence of such complete satisfaction.

3. Grantor shall insure and keep insured the property hereinabove described, including but not limited to buildings, fixtures and improvements now on, or which may hereafter be placed upon, any of said property, against loss or damage by fire (including extended coverage), theft, wind and such other hazards, casualties and contingencies (including flood and water damage) or other contingencies covered by an "all risk" or "all perils" endorsement in such manner, in such amounts and with such companies as may be satisfactory to Mortgagee, which insurance shall be maintained for the benefit of Mortgagee with a standard mortgage clause, with loss, if any, payable to the Mortgagee as its interests may appear, which insurance shall be in an amount at least equal to the full insurable value of the property hereinabove described and all buildings, fixtures and improvements thereon and providing for immediate notice to Mortgagee of any lapse, cancellation or other impairment of such insurance. Grantor shall give immediate notice in writing to Mortgagee of any loss or damage to said property from any cause whatsoever and the proceeds of such insurance shall be paid by the Insurer directly to Mortgagee, which is hereby granted full power to settle and compromise claims under all policies, to endorse in the name of Grantor any check or draft representing the proceeds of any such insurance, and to demand, receive and give receipt in the name of Grantor for all sums coming due thereunder; which insurance proceeds may, at the election of the Mortgagee and subject to general regulations of the Farm Credit Administration, be credited on the debt(s) and/or obligation(s) secured by this instrument on the date of actual receipt by Mortgagee, less costs of collection and other expenses, or may be used, in whole or in part, to repair or reconstruct said property and proceeds used for such repair or reconstruction of said property shall not act to reduce the debt(s) and/or obligation(s) referred to herein.

4. At the option of Mortgagee and subject to general regulations of the Farm Credit Administration, Grantor shall obtain and carry credit life insurance (mortgage protection insurance) on the life of Grantor, and/or assign the benefits (both cash value and/or death benefits) of any existing insurance on the life of the Grantor in favor of Mortgagee; when and if such insurance is so required by Mortgagee, any policy evidencing such insurance shall be deposited with, and/or any loss hereunder shall be payable to, Mortgagee as its interest may appear; if Grantor fails to obtain said insurance as may be required, then, at the option of Mortgagee and without notice to any person, the Mortgagee may, but shall not be obligated to, obtain and carry said insurance for its own benefit and/or for Grantor in compliance hereof.

5. Grantor shall properly care for and keep in good repair said property and improvements hereinabove described and shall not permit or commit waste, impairment, removal, damage or deterioration of the same; and if a farm, Grantor shall cultivate said property in an appropriate and reasonable manner and maintain and continue said farming operations; Grantor shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property, and permit Mortgagee or any person acting on its behalf to enter and inspect the property hereinabove described, and the buildings, improvements and timber thereon or affected hereby, at such time(s) as Mortgagee desires; Grantor agrees, as to the property herein described and the timber thereon and affected hereby, to follow a good and approved forestry practice that will minimize fire risks, avoid depreciation, protect young timber and maintain forest production; it being intended and agreed, however, that no timber now or hereafter affected hereby will be cut, removed, damaged or turpentine (except such as is customarily used on the property for fuel, fencing and repairs) without the prior written consent of Mortgagee, and then only upon compliance with such terms and conditions as shall be established by Mortgagee.

6. Grantor agrees that this instrument is given and accepted upon the express provision that, except where prohibited by law or where same is accomplished by inheritance by Grantor's heirs, the property hereinabove described, or any part thereof, or any interest therein, shall not be further mortgaged, sold, agreed to be sold, conveyed, alienated, or optioned, whether voluntarily, involuntarily or by operation of law or by transfer through the enforcement of a subordinate lien or mortgage, or otherwise, without the prior written consent of the Mortgagee, in each and every instance; subsequent acceptance of any payment hereunder by Mortgagee shall not be deemed to be implied consent or a waiver of this provision, regardless of Mortgagee's knowledge of such mortgage, sale, agreement to sell, conveyance, alienation, or option at the time of acceptance of such payment; if all or any part of the property hereinabove described becomes vested in any party other than Grantor, Mortgagee may, without notice to Grantor, deal with such successor in interest with reference to this instrument and the debt(s) and obligation(s) hereby secured in the same manner as with the Grantor, without in any way releasing, vitiating or discharging the Grantor's liability hereunder or for the debt(s) and obligation(s) hereby secured, and extension(s) of time for payment or other loan treatment(s) described herein given or permitted by Mortgagee shall not operate to release, vitiate, or discharge the liability of the Grantor herein, either in whole or in part.

7. Grantor agrees and warrants that any and all representations and statements made in connection with any loan(s), debt(s), or other obligation(s) secured hereby and with any and all future advance(s), additional advance(s), readvance(s), renewal(s), extension(s), restructuring(s), reamortization(s) and/or any other loan treatment(s) thereof, or any part thereof, and with any releases of personal liability and/or of security granted or permitted by the Mortgagee are true and correct, and that any loan proceeds or other advances made to or on behalf of Grantor will be used solely for the purposes specified in the loan application and/or commitment, and that Grantor will continuously comply with any and all requirements and/or conditions imposed by said Mortgagee, including but not limited to the execution and delivery of any security instrument(s), mortgage(s), note(s), financial statement(s) or other writing(s) or document(s) required by Mortgagee now or in the future to create, preserve, protect and/or enforce Mortgagee's rights or interests.

8. Grantor agrees and warrants (1) that the loan secured hereby, if on a farm, has been based not only upon the value of the raw lands, improvements, and other collateral stated herein, but also on the value of said lands as used for raising various crops as permitted under government acreage allotments or quotas and/or for the value of set aside, P.I.K. or similar programs now existing or which are established from time to time during the term of this loan, (2) to perform any and all acts necessary to maintain, pursuant to applicable government rules and regulations as are from time to time established, all such allotments, quotas, and other benefits as are associated herewith or established for use in conjunction with the property herein described, (3) that any failure to so perform or any transfer or attempt to transfer such allotments, quotas, payments or other benefits, or any portions thereof, shall not be made without the written consent of the Mortgagee, and (4) in the event of the foreclosure or other enforcement of this instrument, the Grantor agrees to perform all acts necessary, if any, to vest the Mortgagee, its successor(s) or any purchaser(s) of any of the property hereinabove described, as the case may be, with all of the Grantor's right, title and interest in the allotments, quotas and/or benefits required to be maintained hereunder.

9. Grantor agrees that, notwithstanding any taking by eminent domain or other injury to or decrease in value of the premises by any private, public or quasi-public authority or corporation, any reduction in the principal sum resulting from the applications by the Mortgagee of any award or payment shall be deemed to take effect only on the date of actual receipt by Mortgagee; said award or payment may, at the option of the Mortgagee, be retained and applied by the Mortgagee wholly or in part toward payment of any debt(s) and/or obligation(s) secured by this instrument, or be paid over wholly or in part to the Grantor, who assumes full and sole responsibility to apply said funds for the purpose of altering, repairing and/or reconstructing any part of the premises which may have been altered, removed, damaged or destroyed as a result of any such taking or other injury to the premises, or for any other purpose or object approved in writing by the Mortgagee; that, if prior to the receipt by the Mortgagee of such award or payment the premises have been sold by foreclosure of this instrument, the Mortgagee shall have the right to receive said award or payment to the extent of any deficiency found to be due upon such sale and/or any debt(s) and/or obligation(s) secured by this instrument, with

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interest thereon, at the rate herein described.

10. Grantor agrees that Mortgagee may, at its option, proceed to collect and receive the rents, royalties, bonuses, revenues, income and profits from the herein described property and all rights and interests therein, and Mortgagee may notify the lessee(s) or other payor(s) thereof of the existence of this instrument and any other assignment, mortgage or other instrument and/or to make payments directly to Mortgagee; any and all sums received by the Mortgagee from lessee(s) or other payor(s) shall be applied first to the reimbursement of the Mortgagee for any sums advanced in payment of taxes, insurance, assessments, or for other fees, costs and/or expenses as provided herein, together with interest thereon, and/or to the payment of the debt(s) and/or other obligation(s) secured hereby or said Mortgagee may, at its option, turn over and deliver to Grantor or any other party entitled thereto, either in whole or in part, any or all such sums(s), without prejudice to Mortgagee's right to take and retain any future sum(s) and without prejudice to, or waiver of, any of Mortgagee's other rights under this instrument.

11. Grantor agrees that this instrument and the debt(s) and/or obligation(s) secured hereby or in any way connected herewith are subject to the Farm Credit Act of 1971 and all Acts amendatory or supplementary thereto, to all regulations promulgated pursuant thereto, and the laws of the State of Alabama not inconsistent therewith.

12. Grantor warrants that Grantor's hereinafter referenced address is true and correct and that Grantor shall keep Mortgagee informed at all times of their correct residence address and correct mailing address, and any changes thereto.

13. Grantor agrees that Mortgagee may at any time, without notice, (1) release all or any part of the property described herein, (2) grant future advance(s), additional advance(s), readvance(s), renewal(s), extension(s), modification(s), restructuring(s), reamortization(s), any other loan treatment(s) and/or deferment(s) of the debt(s) and/or obligation(s) secured hereby, or any part thereof, or of time of payment thereof, (3) release from liability any one or more party(ies) who are or may become liable for the payment of all or any part of said debt(s) and/or obligation(s), and/or (4) grant any other loan treatment as said Mortgagee deems appropriate, without affecting the priority of this instrument and without operating to release, discharge, modify, change or affect the liability of the Grantor or any other party liable or who may become liable for the said debt(s) and/or obligation(s).

14. Grantor agrees that all the terms, provisions, covenants and agreements contained herein shall extend to and bind their respective heirs, executors, administrators, personal representatives, receivers, successors and assigns and that the terms, provisions, covenants and agreements and all options, rights, privileges and powers herein given, granted or secured to Mortgagee shall inure to the benefit of its successors and assigns.

15. Grantor agrees that, Mortgagee may, at Mortgagee's option, appoint a receiver and/or auctioneer, as provided under Alabama law.

16. Grantor shall pay and discharge, when the same become due, any and all debt(s), indebtedness(es), obligation(s), future advance(s), additional advance(s), and/or readvance(s), and/or any renewal(s), extension(s), restructuring(s), reamortization(s), and/or any other loan treatment(s) thereof, secured hereby and/or by any other instrument(s) related hereto, or any part thereof, and the interest thereon.

17. Grantor agrees that in the event Mortgagee in good faith deems itself insecure and/or deems that the prospect of payment or performance hereunder is impaired, Grantor shall, at the option of Mortgagee, pay the whole of the debt(s) and obligation(s) secured hereby, with interest thereon, or provide Mortgagee with sufficient and satisfactory collateral and/or additional collateral, as required by Mortgagee.

18. Grantor agrees that Mortgagee, at Mortgagee's option and without any obligation to do so, (1) may employ attorneys, experts, arbitrators, investigators, contractors, repairmen, appraisers and surveyors, (2) may incur costs, expenses and fees and/or (3) may appear in any suit, administrative, arbitral or regulatory hearing and litigate any matters, whether as a party plaintiff, defendant, intervenor or otherwise, including but not limited to eminent domain proceedings, bankruptcy proceedings, partition suits or any other legal proceedings affecting the property described herein, this instrument and/or any instruments relating thereto, or the interests, rights, or obligations of the Grantor and/or Mortgagee associated herewith in order to maintain, enforce and ensure compliance with any and all provisions of this instrument and/or any instruments relating hereto and/or in order to preserve, protect and maintain the herein described property and/or the rights or interests of the Mortgagee therewith and/or in order to collect or attempt to collect the debt(s) and/or obligation(s) associated herewith or relating hereto.

19. Grantor agrees to immediately pay and satisfy, when incurred by either Grantor or Mortgagee, any and all costs, expenses and fees expended in order to maintain, enforce and ensure compliance with any and all provisions of this instrument and/or any instruments relating hereto, including but not limited to costs, expenses and fees for taxes, insurance, attorneys, experts, arbitrators, investigators, contractors, repairmen, witnesses, appraisers, surveyors, recordation, repairs, assessments, liens, judgments or encumbrances.

20. Grantor agrees that if Grantor fails to pay any costs, expenses or fees, whether incurred by Grantor or Mortgagee, pursuant to the terms and provisions of this instrument and/or any instrument relating hereto, Mortgagee may, at its option and without any obligation to do so, make, pay or advance such fees, costs and/or expenses and upon such payment or advances by Mortgagee, the amounts thereof, together with interest thereon at the past due rate as herein provided, shall be immediately due and payable by Grantor and secured hereby.

21. Grantor agrees that in the event that any payment(s) of principal, interest, costs, expenses, fees and/or other charges under the terms and provisions of this instrument and/or any instruments relating hereto are not paid when due, such past due payment(s) shall bear interest from the due date until paid at the rate in effect during the period of said non-payment as set forth in the promissory note(s) secured hereby, plus an additional four percent(4%) per annum.

22. Grantor agrees that any delay, forbearance or failure of Mortgagee in exercising any right, remedy or option hereunder or otherwise afforded by applicable law shall not be a waiver of or preclude the enforcement of any right, remedy or option hereunder as to past, present or future noncompliance or nonperformance hereunder. The payment of costs, expenses, fees and/or other charges hereunder by Mortgagee or the acceptance of any payment(s) shall not be a waiver of Mortgagee's right to accelerate the maturity of the debt(s) and/or other obligation(s) secured by this instrument and/or any other instrument(s) related hereto and shall not be a waiver of Mortgagee's right of foreclosure.

23. Grantor agrees that Grantor waives and relinquishes any and all rights of homestead exemptions and/or personal exemptions to which Grantor is or may be entitled to under the Constitution and laws of the State of Alabama and/or the United States of America.

24. Grantor agrees that each and every term, condition and provision contained in this instrument and any other instruments related hereto is declared to be separate, distinct, and severable; accordingly, if any such term, condition or provision is declared null, void or unenforceable by a Court of competent jurisdiction for any reason(s), all other terms, conditions and provisions shall not be affected thereby and shall remain in full force and effect between the parties hereto, their successors, heirs, legal representatives and assigns. Further, as applicable, each plural noun, pronoun and verb may be read as singular and each singular noun, pronoun and verb may be read as plural and gender may be read as masculine, feminine or neuter.

25. Grantor agrees to pay when due all community water system assessment and meter fees, if any, applicable to said property, and in the event of foreclosure, hereby does transfer and assign to the purchaser all of Grantor's interest and membership, if any, in said community water system applicable to said property, and agrees to execute such documents as are necessary to effectuate such transfer.

26. Grantor agrees to furnish the Bank, upon request, a financial statement and income statement attested by Grantor or verified by a public accountant.

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UPON CONDITION, HOWEVER, that if Grantor shall well and truly pay and discharge all the debt(s) and obligation(s) hereby secured and any future advance(s), additional advance(s), readvance(s), renewal(s), extension(s), restructuring(s), reamortization(s) and/or any other loan treatment(s) thereof, or any part thereof, and the interest thereon, and any and all other indebtedness(es) now or hereafter owed by Grantor to Mortgagee as the same shall become due and payable and if Grantor shall perform and fulfill all of the terms, agreements, obligations, covenants, conditions and stipulations of this instrument or any instrument(s) relating hereto, then this conveyance shall be null and void: BUT IF: (1) default be made in the payment of any debt(s) or other obligation(s) hereby secured or any future advance(s), additional advance(s), readvance(s), renewal(s), extension(s), restructuring(s), reamortization(s) and/or any other loan treatment(s) thereof, or any part thereof, and the interest thereon; (2) default be made in the payment of any other debt(s) or other obligation(s) now or hereafter owed by any of the Grantors to Mortgagee; (3) default is made in the payment by Grantor to the Mortgagee of any costs, expenses, fees or charges paid by Mortgagee under the authority of any term or provision of this instrument; (4) any warranty, representation or statement made in this instrument is breached or proves false in any material respect; (5) default is made in the due performance of any term, agreement, provision, obligation, covenant, condition, warranty, representation or stipulation of the Grantor under this instrument; (6) any interest of the Mortgagee in the property described hereinabove becomes endangered by reason of the enforcement of any prior or subsequent mortgage, lien or encumbrance thereon; (7) any part or all of the property described hereinabove is attached, repossessed, levied or foreclosed upon by any person, partnership, corporation, association, entity, government or political subdivision claiming a right thereto prior or subsequent to Mortgagee; (8) any claim or statement of lien is filed or enforced against the property described hereinabove; (9) a petition to condemn any part of the property hereinabove described is filed by any authority, person or entity having power of eminent domain; (10) any law, statute or ordinance is passed imposing or authorizing the imposition of a specific tax upon this instrument or the debt(s) or obligation(s) hereby secured or the deduction of such tax from the principal or interest secured by this instrument or by virtue of which any such tax or assessment shall be charged against the holder or owner of this instrument; (11) any of the terms or provisions contained in this instrument is declared invalid or inoperative by any court of competent jurisdiction; (12) Grantor fails to do and perform any other act, obligation or thing herein required or agreed to be done; (13) Grantor or any one of them (a) shall apply for or consent to the appointment of a receiver, trustee or liquidator thereof or of the property hereinabove described or of all or a substantial part of such Grantor's assets, (b) be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy, (c) fail, or admit in writing such Grantor's inability generally, to pay such Grantor's debts as they come due, (d) make a general assignment for the benefit of creditors, (e) file a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law, or (f) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against such Grantor in any bankruptcy, reorganization or insolvency proceedings; (14) an order for relief or other judgment or decree shall be entered by any court of competent jurisdiction, approving a proceeding liquidation or reorganization of the Grantor, or any of them if more than one, or appointing a receiver, trustee or liquidator of any Grantor or of the property hereinabove described or of all or a substantial part of the assets of any Grantor; (15) any Grantor is a corporation and any owner(s) of 50% or more, aggregate, of the voting stock of said corporation sells or otherwise transfers 50% or more of the voting stock of such corporation to any other person or entity; or (16) any Grantor is a partnership and/or limited partnership and any partner and/or general partner, excluding limited partners, dies, resigns, and/or withdraws from said partnership; THEN, upon the happening of any one or more of said events, at the option of the Mortgagee, without demand or notice to Grantor, the whole of the debt(s) and obligation(s) hereby secured as set forth hereinabove, or any portion or part thereof, with interest thereon, shall at once become due and payable and this instrument shall be subject to foreclosure and may be foreclosed as now provided by law in case of past-due mortgages; notice of the exercise of such option being hereby expressly waived by Grantor; and the Mortgagee shall be authorized to enter upon and to take possession of the property described hereinabove and, after or without taking such possession, the Mortgagee shall have the right to sell said property or such portion thereof as Mortgagee may from time to time elect to sell, before the courthouse door of any county (or the division thereof) where said property, or any substantial portion of said property, is located, at a public outcry, to the highest bidder for cash, after first giving notice of the time, place and terms of such sale by publication once a week for three consecutive weeks prior to said sale in some newspaper published in the county of which said property (or any portion thereof to be sold) is located, if no newspaper is then published in said county, publication in a newspaper having general circulation in said county shall suffice; the Mortgagee, its successors and assigns, is hereby authorized to bid on, and, if the highest bidder, to purchase the said property, or any part thereof, as if a stranger to this conveyance; and upon payment of the purchase price, Mortgagee or its agent or attorney is hereby authorized and empowered to execute to the purchaser for and on behalf of the Grantor and/or Mortgagee a good and sufficient deed to the property sold. At any foreclosure sale, any portion or all of the Property, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Mortgagee hereby waiving the application of any doctrine of marshalling or like proceeding. In case the Mortgagee, in the exercise of the power of sale herein given, elects to sell the Property in portions 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 Property not previously sold shall have been sold or all the Debt secured hereby shall have been paid in full. Upon the occurrence of any one or more of the hereinabove described events, Mortgagee shall have the rights and remedies of a secured party after default under the Alabama Uniform Commercial Code, as may be amended from time to time, including but not limited to the right to take possession of any of the personal property, if any, herein transferred and to sell the same at one or more public or private sales, at the election of Mortgagee; at Mortgagee's request, Grantor agrees to assemble such property and to make the same available to Mortgagee at such place as Mortgagee shall reasonably designate; Grantor agrees that any notice required hereunder shall be sufficient if delivered or mailed to Grantor at such address as Grantor has furnished to Mortgagee; Mortgagee shall apply the proceeds of said sale or sales under this instrument as follows: First, to the expenses of collection, advertising, selling and conveying, including a reasonable attorney's fee (including attorney's fees incurred by Mortgagee in connection with any proceeding seeking to enjoin the foreclosure of this instrument or otherwise challenging the right of Mortgagee to foreclose this instrument); second, to the payment of any amounts that may have been expended or incurred under the terms or provisions of this instrument and/or that may then be necessary to expend in paying expenses for repairs, insurance, taxes and other encumbrances, with interest thereon; third, to the payment of the debt(s) and obligation(s) hereby secured and interest thereon in such order as Mortgagee may elect, whether such debts shall or shall not have fully matured at the date of said sale; and fourth, the balance, if any, to a cash allotment reserve fund for any debt owed by Grantor and/or borrower not yet due, or if no such debt exists, to be paid over to Grantor or to whomsoever then appears of record to be the owner of Grantor's interest in said property; Grantor hereby waives any requirement that the property be sold in separate parcels or tracts and agrees that Mortgagee may, at its option, sell said property en masse regardless of the number of parcels or tracts hereby conveyed.

All riders, appendages, exhibits, erasures, corrections and interlineations, if any, have been made and approved before the signing hereof.

IN WITNESS WHEREOF, the undersigned Grantor(s) has/have executed this instrument on this 20th day of October, 1995.

George Wesley Pugh
George Wesley Pugh

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SECURITY AGREEMENT

Loan No. : 778553
Name : George Wesley Pugh
Association : FLBA OF NORTH ALABAMA
Branch : TALLADEGA

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Borrower's Initials G W P

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned authority, a Notary Public in and for said County, in said State,
do hereby certify that

George Wesley Pugh

whose name is signed to the foregoing conveyance and who is known to me, acknowledged
before me on this day that, being informed of the contents of the conveyance, (he)(she)
executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 20th day of October,
1995.

NOTARIAL SEAL)

Notary Public

My Commission Expires: 10-16-96

Grantor(s) (Name and Address):

George Wesley Pugh
562 Woodmere Creek Way, Birmingham, AL, ALABAMA 35226

This instrument was prepared by:

MARTHA BRIDGES FOR FARM CREDIT BANK OF TEXAS
P. O. BOX 15919; AUSTIN, TEXAS 78761-5919
(512) 465-0400

MORTGAGEE: FARM CREDIT BANK OF TEXAS, BOX 15919, AUSTIN, TEXAS 78761

STATE OF ALABAMA

COUNTY OF SHELBY

I hereby certify that the foregoing instrument was filed for record in this office on the 20th day of
October 1995, at 4:12 o'clock, P m., and duly recorded in Mortgage Book 1995-

at Page 30218

Patricia L. Schmitt
JUDGE OF PROBATE

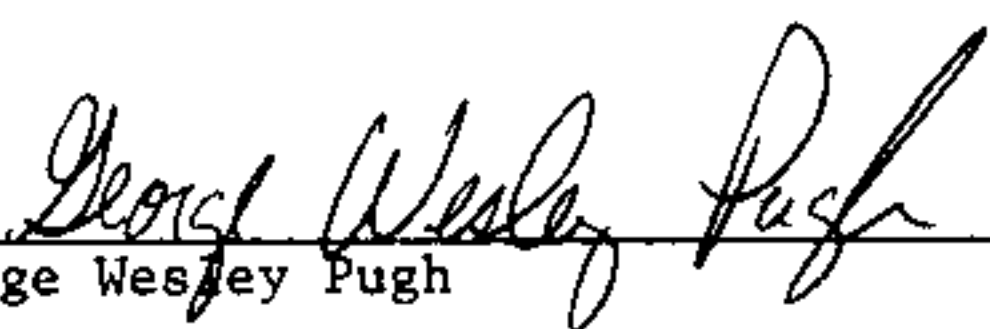
AFTER RECORDING RETURN TO:

FLBA OF NORTH ALABAMA
TALLADEGA
P O DRAWER 6070
35651 ALABAMA HWY 21
TALLADEGA, AL 35160-6070
(205) 362-0507

EXHIBIT "A"
LEGAL DESCRIPTION

Beginning at the Northwest corner of the NW 1/4 of the SE 1/4 of Section 30, Township 18 South, Range 2 East, Shelby County, Alabama, and run thence Southerly along the West line of the said NW 1/4 of the SE 1/4 and the SW 1/4 of the SE 1/4 of said Section 30 a distance of 2,630.92 feet to a point marking the Southwest corner of said SW 1/4 of the SE 1/4; thence turn 91 degrees 05 minutes 54 seconds left and run Easterly 861.51 feet to a point in the centerline of the Gum Branch; thence continue along the centerline of said branch for the following 36 calls: 57 degrees 08 minutes 55 seconds left, 51.61 feet; 82 degrees 08 minutes 06 seconds left 47.37 feet; 74 degrees 18 minutes 40 seconds right 78.21 feet; 36 degrees 50 minutes 20 seconds right 64.21 feet; 29 degrees 32 minutes 17 seconds left, 40.04 feet; 51 degrees 26 minutes 50 seconds right 121.26 feet; 33 degrees 08 minutes 35 seconds left, 31.10 feet; 26 degrees 23 minutes 10 seconds left 247.13 feet; 55 degrees 23 minutes 56 seconds left, 95.54 feet; 27 degrees 18 minutes 07 seconds right 27.18 feet; 53 degrees 43 minutes 50 seconds right, 60.78 feet; 21 degrees 28 minutes 51 seconds right 62.21 feet; 47 degrees 33 minutes 57 seconds right, 57.13 feet; 8 degrees 53 minutes 55 seconds left, 108.22 feet; 40 degrees 23 minutes 29 seconds left, 95.00 feet; 51 degrees 00 minutes 09 seconds right, 24.35 feet; 44 degrees 40 minutes 41 seconds left, 33.95 feet; 71 degrees 46 minutes 50 seconds left, 120.32 feet; 35 degrees 38 minutes 56 seconds right, 34.68 feet; 73 degrees 36 minutes 14 seconds right, 31.85 feet; 22 degrees 10 minutes 11 seconds right, 27.09 feet; 59 degrees 39 minutes 30 seconds left, 18.50 feet; 43 degrees 44 minutes 18 seconds left, 41.13 feet; 26 degrees 04 minutes 16 seconds left 154.59 feet; 20 degrees 30 minutes 43 seconds left, 30.59 feet; 44 degrees 18 minutes 46 seconds right, 44.43 feet; 45 degrees 38 minutes 56 seconds left, 63.39 feet; 60 degrees 10 minutes 26 seconds right 35.50 feet; 21 degrees 26 minutes 05 seconds right, 26.75 feet; 24 degrees 38 minutes 29 seconds left, 92.82 feet; 41 degrees 17 minutes 28 seconds left, 38.20 feet; 22 degrees 48 minutes 00 seconds left 65.44 feet; 29 degrees 02 minutes 19 seconds right, 23.15 feet; 108 degrees 57 minutes 50 seconds right, 29.88 feet; 25 degrees 26 minutes 56 seconds left 59.48 feet; 23 degrees 15 minutes 10 seconds right, 28.96 feet to a point on the Westerly right of way line of Highway No. 25; thence turn 156 degrees 53 minutes 22 seconds left and run Northwesterly along said highway right of way 328.14 feet to the P.C. of a curve to the left having a central angle of 28 degrees 59 minutes 27 seconds and a radius of 585.04 feet; thence run along the arc of said curve an arc distance of 296.02 feet to the P.T. of said curve; thence continue along the tangent of last curve a tangent distance of 167.31 feet to the P.C. of a curve to the right having a central angle of 47 degrees 40 minutes 30 seconds and a radius of 638.22 feet; thence run along the arc of said curve an arc distance of 531.05 feet to the P.T. of said curve; thence continue along the tangent of last curve a tangent distance of 207.27 feet to the P.C. of a curve to the left, having a central angle of 3 degrees 26 minutes 58 seconds and a radius of 6,022.66 feet; thence run along the arc of said curve an arc distance of 362.83 feet to a point on the North line of the NW 1/4 of the SE 1/4 of said Section 30; thence turn 63 degrees 58 minutes 46 seconds left and run Westerly along said North line of said Quarter-Quarter a distance of 581.52 feet to the point of beginning.

SIGN FOR IDENTIFICATION:


George Wesley Pugh

Inst # 1995-30218

10/20/1995-30218
04:12 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
006 MCD 22.00

Inst # 1995-30218