

PRIOR LIENHOLDER'S AGREEMENT

This PRIOR LIENHOLDER'S AGREEMENT is by and between FIRST ALABAMA BANK (the "Prior Lienholder") and SOUTHERN DEVELOPMENT COUNCIL, INC. (hereinafter along with its successors and assigns, the "CDC").

RECITALS

WHEREAS, HOMELAND ASSISTED LIVING FACILITY, L.L.C., TIMOTHY H. HICKS AND DEBRA L. HICKS (the "Borrower") is the owner of the real estate described on the attached Exhibit A (the "Real Estate"). Prior Lienholder has made a loan in the original principal amount of \$372,600.00 (the "Prior Loan"). The Prior Loan is secured by a first Mortgage dated December 1, 1995 and recorded as Instrument #1995-35457 and a first mortgage (Parcel I) dated July 29, 1996 and recorded as Instrument #1996-24602, in the Office of the Judge of Probate of Shelby County, Alabama (the "Prior Mortgages").

WHEREAS, CDC has agreed to make a loan in the amount of \$171,000.00 (the "504 Loan") to Borrower. The 504 Loan will be secured by a mortgage (the "504 Mortgage") to be recorded in the Office of the Judge of Probate of Shelby County, Alabama, contemporaneously with this agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing recitals, the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Balance of the Prior Loan. Following the funding of the 504 Loan, Prior Lienholder will receive \$163,200.00 from CDC in accordance with instruction given to CDC by Borrower. Such \$163,200.00 will reduce the note secured by the Prior Mortgage and Life Insurance, and the principal balance of the Prior Loan will upon such reduction be no more than \$209,400.00, and will be the only obligation superior to Borrower's obligations to CDC which are secured by the Mortgage.

2. Subordination of Future Advances. Except for liens arising from advances under the Prior Mortgage intended to preserve the Real Estate and made pursuant to the Prior Mortgage, any lien securing any sum advanced to Borrower by Prior Lienholder after the date of this Agreement will be subordinate to the lien created by the 504 Mortgage in favor of CDC.

Inst # 1996-32062

Prior-L.Agr 9/2/96 9:35pm

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09:08 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
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Inst # 1996-32062

3. Waiver of Enforcement of Covenant Not to Encumber the Real Estate. If the Prior Mortgage or any document evidencing the Prior Loan contains any provision prohibiting Borrower from further encumbering the Real Estate, Prior Lienholder waives its right to enforce any such provision as it might apply to the lien arising from the 504 Mortgage securing or any document evidencing the 504 Loan.

4. Notice of Default Under the Prior Loan. If an event of default occurs under the Prior Mortgage or any document evidencing the Prior Loan, Prior Lienholder will give CDC and the U.S. Small Business Administration (the SBA) written notice of the event of default within thirty (30) days after the occurrence of the event of default. After an event of default, Prior Lienholder will not sell all or any portion of the Real Estate without giving CDC and the SBA at least sixty (60) days' prior written notice of its intent to sell the Real Estate or any portion thereof. Notice under this Section shall be deemed to have been given when sent by certified or registered mail, return receipt requested, addressed, as the case may be, to CDC, SOUTHERN DEVELOPMENT COUNCIL, INC. at 4101-C Wall Street, Montgomery, AL 36106, and to the SBA at its Birmingham District Office, Suite 200, 2121 Eighth Avenue North, Birmingham, Alabama 35203-2398, Attention: District Counsel.

5. Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective parties to this Agreement and their successors and assigns.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 3rd day of September, 1996.

FIRST ALABAMA BANK

By

(its

ACKNOWLEDGED AND CONSENTED TO:

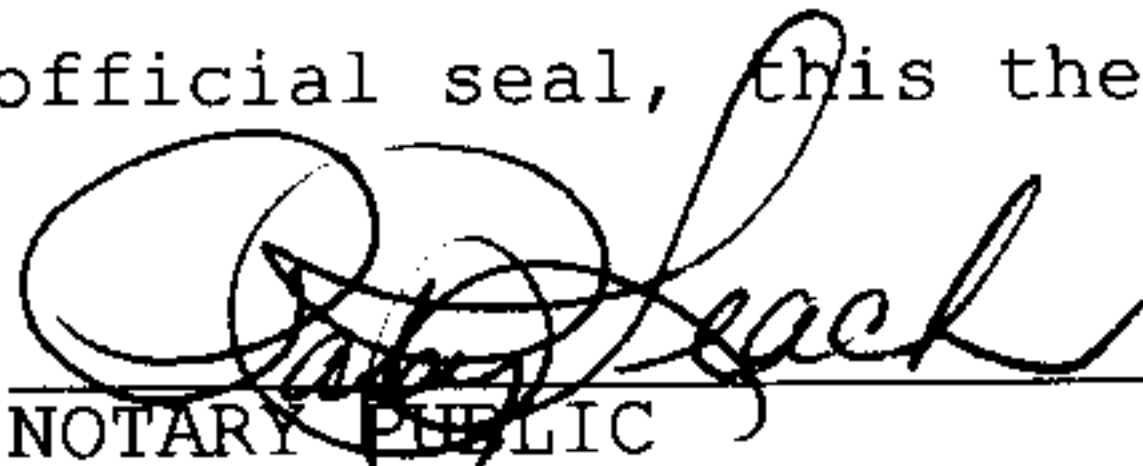
Timothy H. Hicks
TIMOTHY H. HICKS

Debra L. Hicks
DEBRA L. HICKS

STATE OF ALABAMA)
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Anthony J. Holmes, whose name as Executive Vice President of FIRST ALABAMA BANK, a corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he/she, as such officer, and with full authority, executed the same voluntarily, as an act of said corporation, acting in his/her capacity as aforesaid.

Given under my hand and official seal, this the 3rd day of September, 1996.



NOTARY PUBLIC

My Commission Expires: _____

MY COMMISSION EXPIRES DECEMBER 28, 1998

THIS INSTRUMENT PREPARED BY:

Tamara Y. Lee
Southern Development Council, Inc.
4101-C Wall Street
Montgomery, AL 36106
(334) 244-1801

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL I:

Lot 12, Block 4, according to the Map of Nickerson Scott Survey, being a subdivision of a part of the East 1/2 of the SE 1/4 of Section 35, and part of the NW 1/4 of the SW 1/4 of Section 36, all in Township 20 South, Range 3 West, Shelby County, Alabama, as recorded in Map Book 3, Page 34, in the Probate Office of Shelby County, Alabama.
Situating in Shelby County, Alabama.

PARCEL II:

Lots 13, 14, 15, and 16, Block 4, according to the Map of Nickerson Scott Survey, being a subdivision of a part of the East 1/2 of the SE 1/4 of Section 35, and part of the NW 1/4 of the SW 1/4 of Section 36, all in Township 20 South, Range 3 West, Shelby County, Alabama, as recorded in Map Book 3, Page 34, in the Probate Office of Shelby County, Alabama.

LESS AND EXCEPT the North 20 feet of the above described property as shown by instrument recorded in Real Book 76, Page 635, in Probate Office of Shelby County, Alabama.

Situating in Shelby County, Alabama.

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