

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, ABH ENTERPRISES, L.L.C. d/b/a Maplewood Lane Residential Assisted Living (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 \$419,625.00 (the "Prior Loan"). The Prior Loan is secured by a first Mortgage dated May 19, 1995 and recorded as Instrument #1995-13838 in the Office of the Judge of Probate of Shelby County, Alabama (the "Prior Mortgage").

WHEREAS, CDC has agreed to make a loan in the amount of \$195,000.00 (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, and a security interest in the Equipment.

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 \$186,500.00 from CDC in accordance with instruction given to CDC by Borrower. Such \$186,500.00 will reduce the note secured by the Prior Mortgage, Security Interest, and Life Insurance, and the principal balance of the Prior Loan will upon such reduction be no more than \$233,125.00, and will be the only obligation superior to Borrower's obligations to CDC which are secured by the Mortgage, and the Security Interest.

2. Subordination of Future Advances. Except for liens arising from advances under the Prior Mortgage or Security Interest intended to preserve the Real Estate or Equipment and made pursuant to the Prior Mortgage or Security Interest, 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 and the security interest in favor of CDC in the Equipment.

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, Alabama 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 5th day of November, 1996.

FIRST ALABAMA BANK

By: 

(Its Executive V.P.)

ACKNOWLEDGED AND CONSENTED TO:

ABH ENTERPRISES, L.L.C. d/b/a
Maplewood Lane Residential Assisted Living

By: 

Rebecca J. Harris, Member

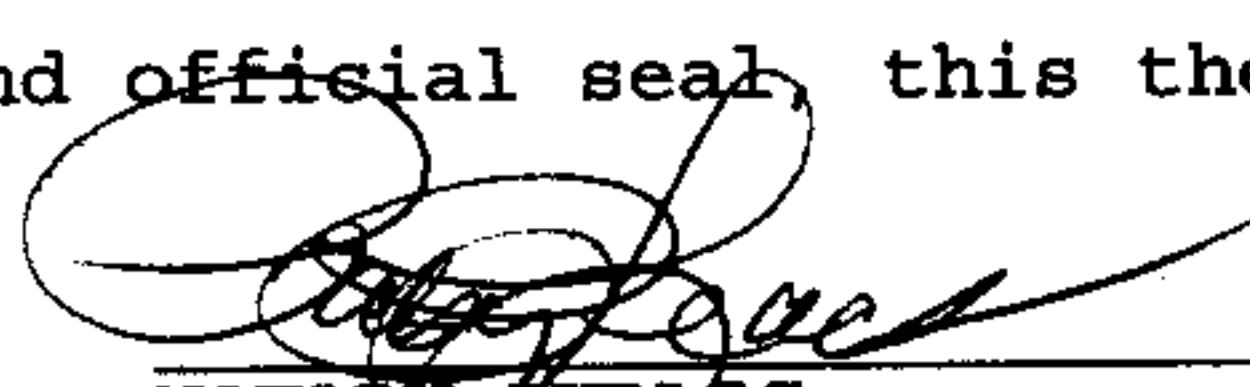
By: 

Alvin Harris, Member

STATE OF ALABAMA)
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Tony 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, as such officer, and with full authority, executed the same voluntarily, as an act of said corporation, acting in his capacity as aforesaid.

Given under my hand and official seal, this the 6th day of November, 1996.



NOTARY PUBLIC

My Commission Expires: _____

MY COMMISSION EXPIRES DECEMBER 28, 1996

THIS INSTRUMENT PREPARED BY:

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

EXHIBIT "A"

TO

MORTGAGE
LIEN AFFIDAVIT
PRIOR LIENHOLDER'S AGREEMENT
HAZARDOUS SUBSTANCE INDEMNIFICATION AND WARRANTY AGREEMENT

BORROWER: ABH ENTERPRISES, L.L.C. d/b/a Maplewood Lane
Residential Assisted Living

LENDER: SOUTHERN DEVELOPMENT COUNCIL, INC.

Commence at the SW corner of the SE 1/4 of the SW 1/4 of Section 15, Township 20 South, Range 3 West, thence run easterly along the southerly line of said 1/4-1/4 section a distance of 355.00 feet to a point on the easterly right-of-way line of an unnamed road (40 foot R.O.W.); thence left 86 degrees 55 minutes 16 seconds along said right-of-way line a distance of 174.00 feet to the Point of Beginning; thence right 86 degrees 55 minutes 16 seconds and leaving said right-of-way line a distance of 200.50 feet; thence left 86 degrees 45 minutes 51 seconds a distance of 174.03 feet; thence left 93 degrees 14 minutes 09 seconds a distance of 200.98 to a point on the easterly line of said right-of-way; thence left 86 degrees 55 minutes 16 seconds along said right-of-way line a distance of 174.00 feet to the Point of Beginning. Situated in Shelby County, Alabama.

Inst # 1996-40663

Ex.a 11/2/96 2:49pm

12/10/1996-40663
11:33 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 MEL 16.00