

PRIOR LIENHOLDER'S AGREEMENT

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

RECITALS

WHEREAS, LORRIE M. P'POOL (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 \$407,700.00 (the "Prior Loan"). The Prior Loan is secured by a first Mortgage dated December 7, 1997 and recorded in Instrument No. 1998-01248 in the Office of the Judge of Probate of Calhoun County, Alabama (the "Prior Mortgage"). The Prior Loan is further secured by a security interest in the equipment and machinery (the "Equipment") owned by Borrower (the "Security Interest") and such Security Interest is evidenced by UCC-1 Financing Statement recorded with the Secretary of State of Alabama.

WHEREAS, CDC has agreed to make a loan in the amount of \$173,000.00 (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 Calhoun 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 \$165,200.00 from CDC in accordance with instruction given to CDC by Borrower. Such \$165,200.00 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 \$242,500.00, 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, 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 7th day of January, 1998

REGIONS BANK

By

(Its VP)

SOUTHERN DEVELOPMENT COUNCIL, INC.

By

(Its President)

ACKNOWLEDGED AND CONSENTED TO:

Lorrie M. P'Pool
Lorrie M. P'Pool

EXHIBIT "A"

A parcel of land in the South half of the NE 1/4 of the NW 1/4 of Section 13, Township 20 South, Range 3 West, Shelby County, Alabama, described as follows:

Commence at the Northeast corner of the South Half of said 1/4-1/4 line thence run North 82° 58' 11" West along the north 1/4-1/4 line 612.32 feet; thence run South 32° 31' 18" West, 717.12 feet; thence run North 83° 47' 56" West, 140.31 feet to the point of beginning. Thence continue last course 154.29 feet; thence run North 32° 38' 52" East, 273.61 feet to a point on the Southwest right of way line of Canyon Park Drive (50' right of way), said point being on a counter-clockwise curve having a delta angle of 32° 53' 52" and a radius of 219.50 feet; thence turn right 121° 46' 02" to the tangent of said curve and run Southeast along the arc of said curve 126.03 feet; thence turn right 85° 04' 24" from the tangent of said curve and run South 26° 35' 27" West, 173.01 feet to the point of beginning.

STATE OF ALABAMA)
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Anthony F. Holmes, whose name as Executive V. P. of REGIONS 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 7th day of January, 1998.

Audria Burrey
NOTARY PUBLIC

My Commission Expires: 2/26/2001

STATE OF ALABAMA)
MONTGOMERY COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that M.D. Bedford, whose name as President of SOUTHERN DEVELOPMENT COUNCIL, INC., 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, she, as such officer, and with full authority, executed the same voluntarily, as an act of said corporation, acting in her capacity as aforesaid.

Given under my hand and official seal, this the 7th day of January, 1998.

Audria Burrey
NOTARY PUBLIC

My Commission Expires: 2/26/2001

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

Inst # 1998-03629

Prior-L.Agr 1/6/98 11:47am

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02/04/1998-03629
09:27 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 MCD 16.00