

This Instrument Prepared by:

Felton W. Smith
Balch & Bingham LLP
P. O. Box 306
Birmingham, Alabama 35233

STATE OF ALABAMA

SHELBY COUNTY

LOAN MODIFICATION AGREEMENT AND MORTGAGE AMENDMENT

THIS LOAN MODIFICATION AGREEMENT AND MORTGAGE AMENDMENT is entered into as of the 27th day of May, 1998, by and between **COMPASS BANK**, an Alabama banking corporation ("Lender"), and **REAMER DEVELOPMENT CORP.**, an Alabama corporation ("Borrower"), and **JOHN G. REAMER, JR.**, an individual, and **REAMER BUILDING & DEVELOPMENT CORPORATION**, an Alabama corporation (individually and collectively, jointly and severally, "Guarantors").

WITNESSETH:

WHEREAS, on July 25, 1997, Lender extended a land acquisition loan to Borrower in the amount of \$640,000.00, which is evidenced by a Promissory Note in the amount of \$640,000.00 and dated July 25, 1997 and secured by that certain Future Advance Mortgage, Assignment of Rents and Leases and Security Agreement in the amount of \$640,000.00, which was recorded as Instrument #1997-23617 in the Office of the Judge of Probate of Shelby County, Alabama, (the "Mortgage"), and other documents executed in connection therewith; and

WHEREAS, the Mortgage provides that the Mortgage secures all future obligations and liabilities of Borrower to Lender until actual cancellation of the Mortgage on the probate records of Jefferson County, Alabama; and

WHEREAS, the Mortgage has not been so cancelled; and

WHEREAS, Borrower has requested that Lender refinance the outstanding balance under said Promissory Note in the amount of Six Hundred Forty Thousand and No/100 Dollars (\$640,000.00) and advance additional funds in the amount of One Million Six Hundred Ten Thousand and No/100 Dollars (\$1,610,000.00) to Borrower (such refinanced amount together with such additional funds being referred to herein as the "Loan") for the purpose of developing the property subject to the Mortgage (the "Mortgaged Property") into a 75 estate lot residential subdivision; and

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WHEREAS, Lender has agreed to extend the Loan in accordance with the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender, Borrower and the Guarantors hereby agree as follows:

A. Execution of Note Modification Agreement. The Loan shall be evidenced by said Promissory Note and a Note Modification Agreement increasing the amount of the Note to Two Million Two Hundred Fifty Thousand and No/100 Dollars (\$2,250,000.00), said Note Modification Agreement being dated of even date herewith (as so modified, the "Note"). The Loan and Note shall be secured by, and be entitled to all the benefits of, the Mortgage, the Loan Agreement and the other Loan Documents (as defined below).

B. Execution of Loan Agreement. The Loan shall be made pursuant to, and governed by, the terms and conditions of the Construction Loan Agreement entered into by and between Lender and Borrower as of even date herewith (the "Loan Agreement"), the Note, the Mortgage and other documents evidencing, securing, guaranteeing, or otherwise in any way relating to the Loan, as any of the foregoing are hereby or in the future may be amended, modified, extended or renewed (collectively, the "Loan Documents").

C. Amendment of Mortgage. The Mortgage is hereby amended as follows:

1. On page one, in the first "Whereas" clause, the phrase "Six Hundred Forty Thousand and No/100 Dollars (\$640,000.00)" is hereby deleted and the following inserted in lieu thereof: "Two Million Two Hundred Fifty Thousand and No/100 Dollars (\$2,250,000.00)."

2. On page one, in the first "Whereas" clause, after the phrase "as evidenced by a promissory note dated July 25, 1997" insert the following: "as amended by a Note Modification Agreement dated May 21, 1998."

3. All references in the Mortgage to the "Project", "Loan", "Loan Amount", "Loan Documents", "Collateral", "Mortgaged Property", "Construction Budget" and any other defined or capitalized term contained therein shall be deemed to be references to the same as may be amended or modified by this Agreement and as may be set forth in the Note and/or Loan Agreement.

4. The Mortgage, as amended above, is hereby restated, republished and affirmed by Borrower in its entirety, including without limitation, each and every representation, warranty, covenant and agreement made by Borrower therein.

D. Representations and Warranties. Each and every representation, warranty, covenant and agreement contained in the Loan Documents is hereby reaffirmed as of the date hereof. Borrower hereby represents, warrants and certifies to Lender that no Event of Default nor any condition nor any event that with notice or lapse of time or both would constitute an Event of Default, has occurred and is continuing under any of the Loan Documents or the Loan, and that Borrower has no offsets or claims against Lender arising under, related to, or connected with the Loan, the Loan Agreement or any of the other Loan Documents.

E. Expenses. Borrower shall pay any recording and all other expenses incurred by Lender and Borrower in connection with the modification of the Loan and amendment of the Loan Documents and any other transactions contemplated hereby, including without limitation, title or other insurance premiums, survey costs, legal expenses, and recording fees and taxes.

F. Effect on Loan Documents. Each of the Loan Documents shall be deemed amended as set forth hereinabove and to the extent necessary to carry out the intent of this Agreement and, except as hereby amended, all of the Loan Documents shall remain in full force and effect in accordance with their respective terms and shall continue to evidence, secure, guarantee or relate to, as the case may be, the Loan.

G. Execution by Guarantors. The Guarantors have executed this Agreement to acknowledge and evidence their consent to the transactions contemplated hereby, including the extension and acceptance of the Loan and execution and delivery of the Note, the Loan Agreement and the amendments to the Mortgage as described herein, and to acknowledge and affirm the continuing effect of their respective guaranty agreements executed on behalf of Borrower in favor of Lender and the obligations contained therein.

H. Severability. In case any one or more of the covenants, agreements, terms or provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity and enforceability of the remaining covenants, agreements, terms or provisions contained herein shall in no way be prejudiced, diminished or otherwise affected thereby.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be duly and properly executed as of the date first set forth above.


BORROWER:

REAMER DEVELOPMENT CORP.

WITNESS:



By:


John G. Reamer, Jr.
Its President

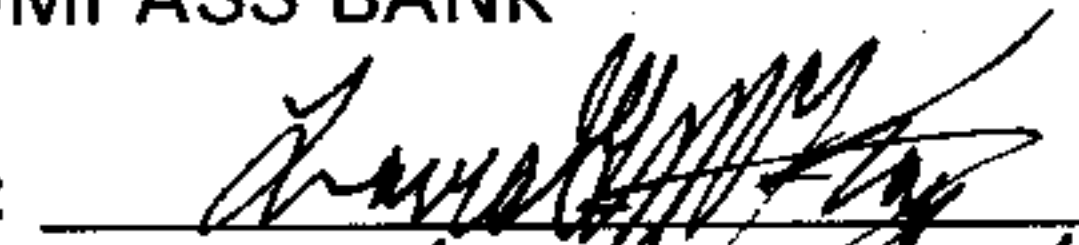
LENDER:

COMPASS BANK

WITNESS:

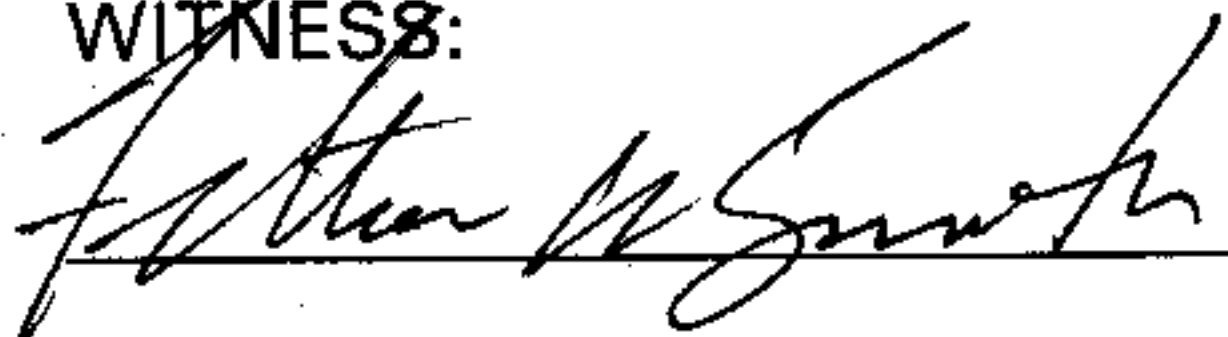


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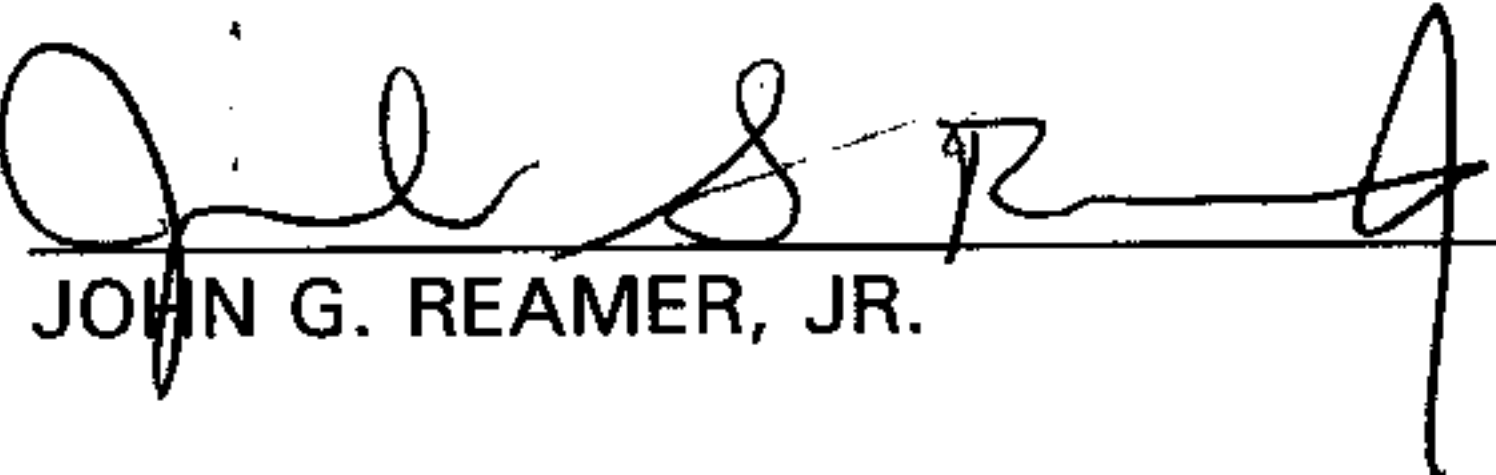

Its: Vice President

GUARANTORS:

WITNESS:



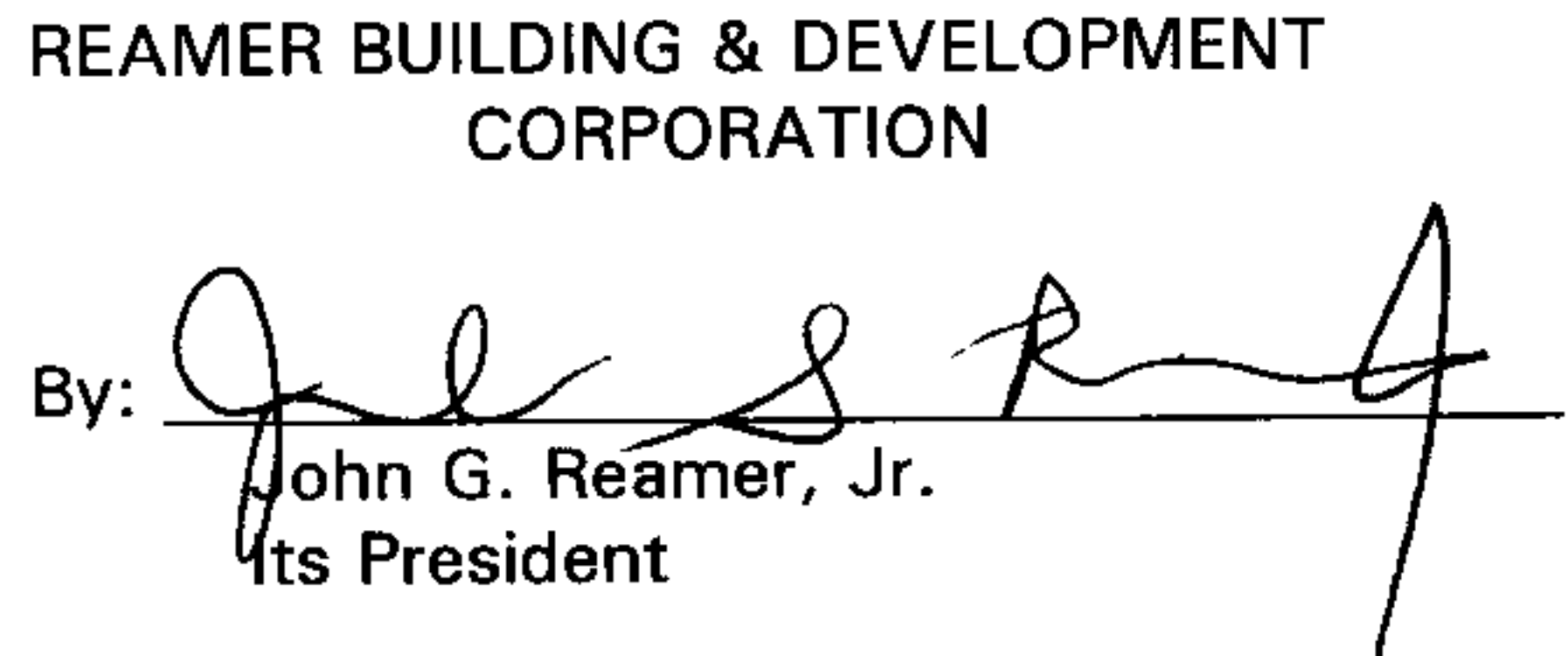
By:


JOHN G. REAMER, JR.

WITNESS:



By:


John G. Reamer, Jr.
Its President

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, Lisa R. Ezell, a notary public in and for said county in said state, hereby certify that JOHN G. REAMER, JR., as President of REAMER DEVELOPMENT CORP., an Alabama 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 such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 27th day of May, 1998.

Lisa R. Ezell
Notary Public
My Commission Expires: 7/2/99

[Notarial Seal]

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, Lisa R. Ezell, a notary public in and for said county in said state, hereby certify that Travis McKay, whose name as Vice President of COMPASS 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 such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 27th day of May, 1998.

Lisa R. Ezell
Notary Public
My Commission Expires: 7/2/99

[Notarial Seal]

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, Lisa R. Ezell, a notary public in and for said county in said state, hereby certify that JOHN G. REAMER, JR., whose name 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 such instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 27th day of May, 1998.

[Notarial Seal]

Lisa R. Ezell
Notary Public

My Commission Expires: 7/2/99

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, Lisa R. Ezell, a notary public in and for said county in said state, hereby certify that JOHN G. REAMER, JR., as President of REAMER BUILDING & DEVELOPMENT CORPORATION, an Alabama 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 such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 27th day of May, 1998.

[Notarial Seal]

Lisa R. Ezell
Notary Public

My Commission Expires: 7/2/99

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