

ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT OF RENTS AND LEASES, dated as of July 29, 1998, is made by Royal Construction & Development Co., Inc., (the "Assignor") and Aliant Bank (the "Assignee").

Recitals

Pursuant to a Note and Security Agreement of even date herewith, the Assignee has agreed to lend the Assignor \$155,000.00. As part of the inducements to the Assignee to make the loan, the Assignor has agreed to execute and deliver to the Assignee this Assignment.

Agreement

NOW THEREFORE, in consideration of the Recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Assignee agrees with the Assignor as follows:

The Assignor does hereby sell, assign, transfer and set over to the Assignee, its successors and assigns, and does hereby grant to the Assignee, its successors and assigns, the following:

(a) All leases and subleases, written or oral, and all agreements for use or occupancy of any portion of the Real Property described on Exhibit A attached hereto, and any improvements, buildings, structures and fixtures now or hereafter located thereon, with respect to which the Assignor is the lessor or sublessor, including the existing leases, if any, described on Exhibit B, attached hereto and made a part hereof, any and all extensions or renewals of said leases and agreements and any and all further leases or agreements, now existing or hereafter made, including subleases thereunder, upon or covering the occupancy or use of all or any part of the land or the improvements, all such leases, subleases, agreements and tenancies heretofore mentioned, including the existing leases;

(b) any and all guaranties of the lessee's and any sublessee's performance under any of the leases;

(c) the immediate and continuing right to collect and receive all rents, income, receipts, revenues, issues and profits now due or which may become due or to which the Assignor may now or shall hereafter become entitled or may demand or claim, issuing from or out of the leases or from or out of the land or improvements or any part thereof; provided, however, so long as no Event of Default, as defined in the Loan Agreement, exists, the Assignor shall have the right under a license granted hereby to collect, receive and retain the rents, but no rents shall be collected more than one (1) month in advance of the due date thereof.

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(d) If an event of default, as defined in the Note and Security Agreement exists, the Assignee at its option, shall have the right, power, and authority without the need to take possession of the real property to obtain the appointment of a receiver, to exercise and enforce any or all of the following rights and remedies with respect to rents and leases:

(a) to terminate the license granted to the Assignor, to collect rents, to notify the tenants under the leases or any other parties in possession of any of the real property to pay all rents directly to the Assignee and, without taking possession, in the Assignee's own name to demand, collect, receive, sue for, attach or levy the rents, to give proper receipts, releases, and acquittances therefor;

(b) with or without any action or proceeding, through any person or by agent, or by a receiver to be appointed by court, to enter upon, take possession of, manage and operate the real property or any part thereof for the account of the Assignor, to make, modify, enforce, cancel or accept surrender of any Lease, to remove and evict any lessee or sublessee, to increase or reduce rents, to decorate, clean and make repairs, and otherwise to do any act or incur any costs or expenses the Assignee shall deem proper to protect the security hereof, as fully and to the same extent as the Assignor could if in possession; and

(c) to take whatever legal proceedings may appear necessary or desirable to enforce any obligation of the Assignor under this agreement.

The Assignor waives, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (1) any appraisal before disposition of any portion of the property, or (2) any creation or extension of a period of redemption from any disposition of the property. The Assignor also waives any and all rights the Assignor may have to a hearing before any court or other governmental authority prior to the exercise by the Assignee of any of its rights or remedies under the Agreement and applicable law.


The Assignor shall promptly on demand pay all costs and expenses, including the fees and disbursements of counsel to the Assignee, incurred by the Assignee in connection with enforcement of this agreement, the custody and preservation of the property, the protection or perfection of the Assignee's rights and interests under this agreement, the exercise by or on behalf of the Assignee or any of its rights, powers, or remedies under this agreement, and the prosecution or defense of any action or proceeding by or against the Assignee or Assignor, concerning any matter related to this agreement in which the Assignee is the prevailing party.

When the liabilities, as defined in the Note and Security Agreement, are paid in full and such payment is evidenced by a recorded written instrument of satisfaction of the Mortgage, the

Assignee shall, upon written request of the Assignor, transfer, assign, and set over to the Assignor all of the Assignee's right, title and interest in, to and under the property.

IN WITNESS WHEREOF, the undersigned ROYAL CONSTRUCTION & DEVELOPMENT CO., INC., by its President, Nathan E. Gilbert, has executed this agreement on the date first written above.

ROYAL CONSTRUCTION & DEVELOPMENT, CO., INC.

By: 
NATHAN E. GILBERT, President

STATE OF ALABAMA)
COUNTY OF SHELBY)

ACKNOWLEDGEMENT

I, Robert S. Padu, a Notary Public, in and for said County in said State, hereby certify that NATHAN E. GILBERT whose name as President of ROYAL CONSTRUCTION & DEVELOPMENT CO., INC., an Alabama corporation, 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, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation.

Given under my hand this 29th day of July, 1998.


Notary Public

EXHIBIT "A"

A PART OF THE NW 1/4 OF NW 1/4 OF SECTION 31, TOWNSHIP 18 SOUTH, RANGE 1 WEST, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

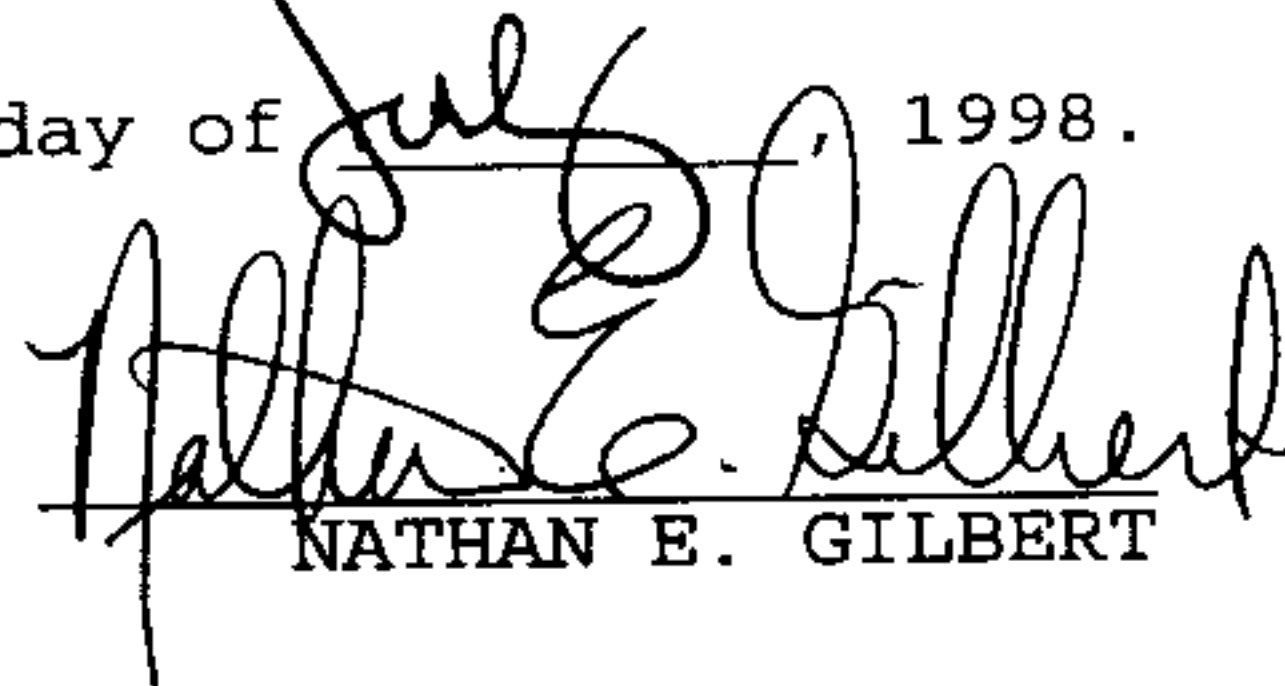
COMMENCING AT THE SOUTHEAST CORNER OF SAID FORTY ACRES AND RUN NORTHERLY ALONG THE EAST BOUNDARY OF SAID FORTY ACRES 660 FEET; THENCE RUN WEST TO POINT ON THE WEST MARGIN OF THE CAHABA BEACH ROAD, FOR THE POINT OF BEGINNING OF LOT HEREIN DESCRIBED FROM SAID POINT OF BEGINNING, CONTINUE WEST 264 FEET TO A POINT; THENCE IN A NORTHERLY DIRECTION 165 FEET; THENCE EAST 264 FEET, MORE OR LESS, TO WEST BOUNDARY OF SAID CAHABA ROAD; THENCE IN A SOUTHERLY DIRECTION ALONG THE WEST BOUNDARY OF SAID CAHABA BEACH ROAD 165 FEET TO POINT OF BEGINNING.

STATE OF ALABAMA)
COUNTY OF SHELBY)

ASSIGNMENT OF REAL ESTATE LEASE

FOR VALUE RECEIVED, the undersigned, NATHAN E. GILBERT, a single person, does hereby grant, sell, convey, assign and deliver unto ROYAL CONSTRUCTION & DEVELOPMENT CO., INC., its successors and assigns, his interest in that certain REAL ESTATE LEASE executed by PAUL F. GILBERT, dated MAY 1, 1996, for that certain real estate whose address is 3656 CAHABA BEACH ROAD, BIRMINGHAM, AL 35242.

IN WITNESS WHEREOF, the said NATHAN E. GILBERT has executed this instrument on this the ^{ASP 29}~~30~~th day of July, 1998.


NATHAN E. GILBERT

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that NATHAN E. GILBERT, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this date that, being informed of the contents of the conveyance, he executed the same voluntarily on the day same bears date.

Given under my hand and seal of office this ²⁹~~30~~th day of July, 1998.


Notary Public

My commission expires: 7/11/02

REAL ESTATE LEASE

This Lease Agreement (this "Lease") is made effective as of May 1, 1996, by and between NATHAN EARL GILBERT, ("Landlord"); and PAUL F. GILBERT, ("Tenant"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant BUILDING AND GROUNDS (the "Premises") located at 3656 CAHABA BEACH ROAD, BIRMINGHAM, ALABAMA 35242.

OCCUPANTS. The Premises may not be occupied by more than 3 person(s), consisting of 2 adult(s) and 1 child(ren) under the age of 0 years, unless the prior written consent of the Landlord is obtained.

TERM. The lease term will begin on May 1, 1996 and will terminate on April 30, 2006.

RENEWAL TERMS. This Lease shall automatically renew for an additional period of ten years per renewal term, unless either party gives written notice of the termination no later than 120 days prior to the end of the term or renewal term. The lease terms during any such renewal term shall be the same as those contained in this Lease.

HOLDOVER. If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord a lease payment for the Holdover Period based on 100.00 % of the normal payment rate set forth in the following Lease Payments paragraph. Such holdover shall constitute a month to month extension of this Lease.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly payments of \$ 1,975.00 per month, payable in advance on the first day of each month, for a total annual lease payment of \$ 23,700.00. Lease payments shall be made to the Landlord at 132 WINDSOR CIRCLE PELHAM, ALABAMA 35124, which may be changed from time to time by Landlord.

LATE PAYMENTS. Tenant shall pay a late fee equal to \$ 100.00 for each payment that is not paid within 10 days after the due date for such late payment.

NON-SUFFICIENT FUNDS. Tenant shall be charged \$ 20.00 for each check that is returned to Landlord for lack of sufficient funds.

SECURITY DEPOSIT. At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit of \$ 1,975.00 to be held and disbursed for Tenant damages to the Premises (if any) as provided by law.

POSSESSION. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.

USE OF PREMISES/ABSENCES. Tenant shall occupy and use the Premises as a dwelling unit. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

REMODELING OR STRUCTURAL IMPROVEMENTS. Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

MAINTENANCE. Tenant shall have the responsibility to maintain the Premises in good repair at all times.

ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.

UTILITIES AND SERVICES. Tenant shall be responsible for all utilities and services in connection with the Premises.

PROPERTY INSURANCE. Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

Real Estate Taxes. Landlord shall pay all real estate taxes and assessments for the Premises.

Personal Taxes. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises.

DEFAULTS. Tenant shall be in default of this Lease, if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 14 days (or any other obligation within 14 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice, and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent".

HABITABILITY. Tenant has inspected the Premises and fixtures (or has had the Premises inspected on behalf of Tenant), and acknowledges that the Premises are in a reasonable and acceptable condition of habitability for their intended use, and the agreed lease payments are fair

and reasonable. If the condition changes so that, in Tenant's opinion, the habitability and rental value of the Premises are adversely affected, Tenant shall promptly provide reasonable notice to Landlord.

PETS. Pets shall not be allowed without the prior written consent of the Landlord. At the time of signing this Lease, Tenant shall pay to Landlord, in trust, a deposit of \$ 200.00, to be held and disbursed for pet damages to the Premises (if any) as provided by law. This deposit is in addition to any other security deposit stated in this Lease.

ASSIGNABILITY/SUBLETTING. Tenant may not assign or sublease any interest in the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld.

TERMINATION UPON SALE OF PREMISES. Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon 30 days written notice to Tenant that the Premises have been sold.

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

Name: NATHAN EARL GILBERT
Address: 132 WINDSOR CIRCLE
PELHAM, ALABAMA
35124

TENANT:

Name: PAUL F. GILBERT
Address: 3656 CAHABA BEACH ROAD
BIRMINGHAM, ALABAMA
35242

Such addresses may be changed from time to time by either party by providing notice as set forth above.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

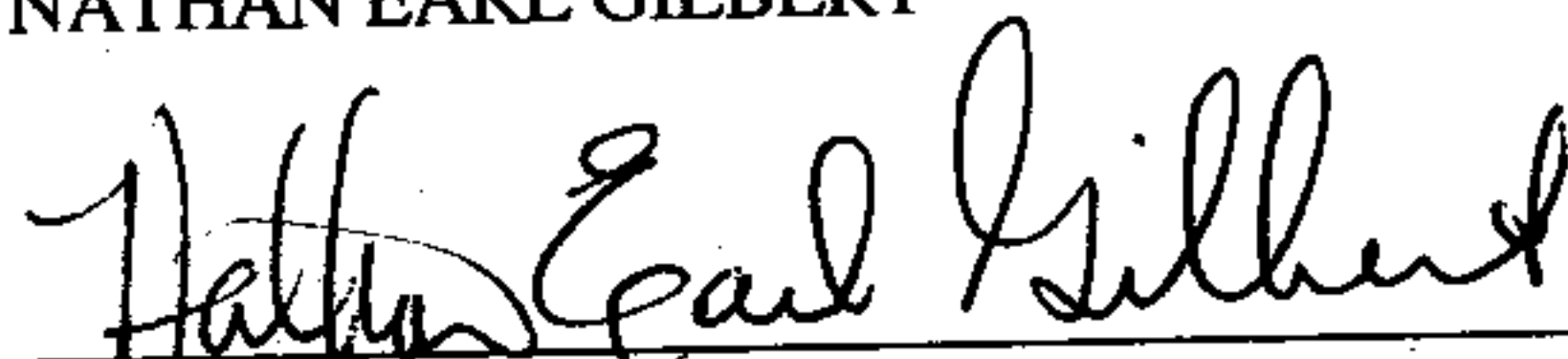
CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of ALABAMA.

SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

LANDLORD: ,

NATHAN EARL GILBERT


NATHAN EARL GILBERT

TENANT:

PAUL F. GILBERT


PAUL F. GILBERT

Inst # 1998-32864