

PRIOR LIENHOLDER'S AGREEMENT

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

RECITALS

WHEREAS, PATRICK-OLIVER GROUP, L.L.C. and APARTMENT HUNTERS, INC. (doing business as AHI CORPORATE HOUSING) (the "Borrower") are 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 \$1,077,510.00 (the "Prior Loan"). The Prior Loan is secured by a first Mortgage dated June 18, 1998 and recorded in Instrument 1998/23037 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 \$498,000.00 (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 \$481,260.00 from CDC in accordance with instruction given to CDC by Borrower. Such \$481,260.00 will reduce the note secured by the Prior Mortgage, and the principal balance of the Prior Loan will upon such reduction be no more than \$596,250.00, and will be the only obligation superior to Borrower's obligations to CDC which are secured by the Mortgage.

2. Subordination of Future Advances, Prepayment Fees, Late Fees, and Increased Post-Default Interest Fees. 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, any prepayment fees, any late fees, and any increased post-default interest fees will be subordinate to the lien created by the 504 Mortgage.

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, ALABAMA COMMUNITY DEVELOPMENT CORPORATION at Suite 300, #3 Office Park Circle, Birmingham, Alabama, 35223, 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 21 day of July, 1999.

PINNACLE BANK

By: Edmund A. Daniels
(Its Bham Regional President)

ACKNOWLEDGED AND CONSENTED TO:

PATRICK-OLIVER GROUP, L.L.C.

By: APARTMENT HUNTERS, L.L.C.
(Its Sole Member)

By: Ralph P. Moore
Ralph P. Moore (Its Member)

APARTMENT HUNTERS, INC. (doing business as AHI CORPORATE HOUSING)

By: John O. Hendrix
John O. Hendrix (Its President)

(Acknowledgments on Attached Page)

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Ed Davidson, whose name as President of PINNACLE 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/her capacity as aforesaid.

Given under my hand and official seal, this the 21 day of July, 1999.


NOTARY PUBLIC
My Commission Expires: 6/9/03

THIS INSTRUMENT PREPARED BY:
William B. Hairston III
ENGEL HAIRSTON & JOHANSON, P.C.
4th Floor 109 North 20th Street
P.O. Box 370027
Birmingham, Alabama, 35237-0027
(205) 328-4600

EXHIBIT "A"

TO

**MORTGAGE
LESSOR'S AGREEMENT
AFFIDAVIT AND AGREEMENT
ASSIGNMENT OF LEASE
FINANCING STATEMENT (UCC-1)
PRIOR LIENHOLDER'S AGREEMENT
ASSIGNMENT OF LEASES AND RENTS
ESTOPPEL CERTIFICATE AND ATTORNEY AGREEMENT
HAZARDOUS SUBSTANCE INDEMNIFICATION AND WARRANTY AGREEMENT**

BORROWER: PATRICK-OLIVER GROUP, L.L.C. and APARTMENT
HUNTERS, INC. (doing business as AHI CORPORATE
HOUSING)

LENDER: ALABAMA COMMUNITY DEVELOPMENT CORPORATION

Parcel I

Lots 9 and 10, according to the Survey of Valleydale Estates, as recorded in Map Book 4, page 90, in the Probate Office of Shelby County, Alabama.

Parcel II

Also: A part of the SW ¼ of the NE ¼ of Section 36, Township 19 South, Range 3 West, recorded in Deed Book 107, page 385 in the Probate Office of Shelby County, Alabama and described as follows:

Begin at the Northwest corner of the Southwest ¼ of the NE ¼ of Section 36, Township 19 South, Range 3 West, Shelby County, Alabama; Thence run in an Easterly direction along the North line of said ¼ - ¼ a distance of 181.41 feet to its intersection with the Northwesterly right of way line of Valley Dale Road; Thence turn an angle to the right of 132 degrees 07 minutes 22 seconds and run in a Southwesterly direction along said Northwesterly right of way line of Valley Dale Road a distance of 266.81 feet to its intersection with the west line of said ¼ - ¼; Thence turn an angle to the right of 137 degrees 10 minutes and run in a Northerly direction along the West line of said ¼ - ¼ a distance of 197.92 feet to the point of beginning.

Less and except any part of said land lying in the public road right of way.

Ex.a 7/15/99 7:57AM

Inst # 1999-33471

08/10/1999-33471
08:30 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 CRH 16.00