

✓ *This Instrument Prepared By:*
James W. Fuhrmeister
ALLISON, MAY, ALVIS, FUHRMEISTER,
KIMBROUGH & SHARP, L. L. C.
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Birmingham, AL 35238
(205) 991-6367

NEGATIVE PLEDGE AND TRANSFER AGREEMENT

This Negative Pledge and Transfer Agreement is made as of the 17th day of July, 2002, by **THE WATERWORKS BOARD OF THE TOWN OF COLUMBIANA**, a public corporation ("Borrower").

WITNESSETH

WHEREAS, Borrower made that certain Bond (the "Bond") to **REGIONS BANK** ("Lender"), dated July 17, 2002, in the principal amount of \$450,000.00 plus interest.

WHEREAS, Borrower is the owner of that certain property in Shelby County, Alabama as more particularly described in Exhibit "A" hereto (hereinafter the "Property").

WHEREAS, as a condition to the making of the loan to Borrower by Lender as evidenced by the Bond, Lender requested and Borrower agreed to execute this Negative Pledge and Transfer Agreement.

NOW, THEREFORE, in consideration of the extension of credit to Borrower by Lender and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower hereby states, and agrees as follows:

1. Borrower warrants and represents that until the Bond, including all extensions, renewals, modifications and replacements thereof, has been repaid in full, Borrower shall not in any manner, shape or form: (i) place, make, cause to be made, or permit any lien of any nature, including any mortgage, deed of trust, or judgment lien, against, affecting or with respect to the Property, or (ii) convey, assign, transfer, deed over, or lease all or any portion of the Property.
2. Borrower represents and warrants that the Property is not the subject of any negative pledge agreement, agreement not to mortgage, encumber, sell, transfer or convey any interest in the Property, or any similar agreement other than this one.
3. Borrower further agrees that if: (a) any payment due to be made pursuant to the Bond is not paid as and when due, (b) any lien is filed against or established on the Property after the date of this agreement, (c) Borrower executes any negative pledge agreement, agreement not

to mortgage, encumber, sell, transfer or convey any interest in the Property, or any similar agreement after the date of this agreement, or (d) Lender, in good faith, determines that the Bond should be secured, the Borrower will forthwith execute a mortgage in favor of Lender, conveying to Lender a valid lien in and to the Property in order to secure all amounts payable under the Bond and any interest then due or to become due thereon.

4. Neither any failure nor any delay on the part of Lender in exercising any right, power or privilege hereunder or under the Bond shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. Nothing contained herein shall be construed to limit any right or remedy which Lender shall have under the Bond or under applicable law upon the occurrence of any event of default under the Bond, including, without limitation, failure to pay a payment when and as due.
5. Borrower agrees that Lender may record this Agreement in the Land records where the Property is located.

BORROWER:

**THE WATERWORKS BOARD OF THE TOWN OF
COLUMBIANA, A PUBLIC CORPORATION**

By: 
TRUITT C. RAY
Its: President

SEAL

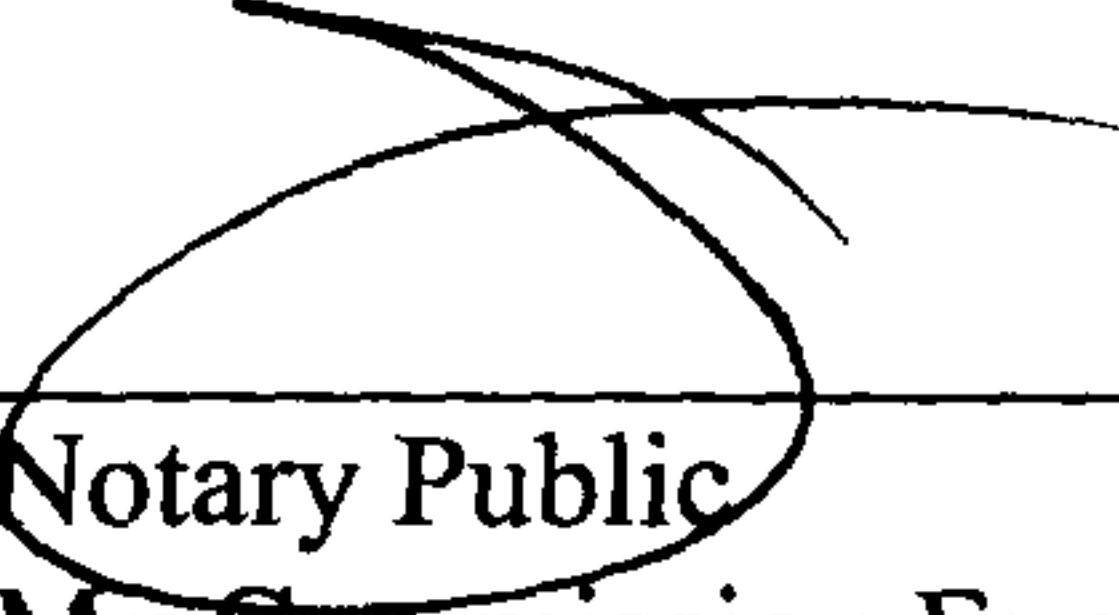
Attest: 
JOHN H. FARR, JR.
Secretary

STATE OF ALABAMA)
)
COUNTY OF SHELBY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify

that **Truitt C. Ray**, whose name as Chairman and **John H. Farr, Jr.**, whose name as Secretary of **THE WATERWORKS BOARD OF THE TOWN OF COLUMBIANA**, a public corporation, is signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 17th day of July, 2002.



Notary Public
My Commission Expires: 8/21/03

Exhibit A

Commence at the NE corner of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 26, Township 21 South, Range 1 West; then run South along the East line of said $\frac{1}{4}$ - $\frac{1}{4}$ for 690.90 feet; then 83° 00' 30" right and run 328.01 feet to the West line of Shelby Road and the Point of Beginning; then 84° 43' right and run along the West line of said road for 101.78 feet; then 2° 16' 00" right and continue along the West line of said road for 468.27 feet to the South line of Water Works Street; then 83° 42' 30" left and run along the South line of said street for 153.02 feet; thence 93° 42' left and run 265.32 feet; then 87° 10' right and run 164.54 feet to the Easterly R/W of L&N Railroad; then 100° 18' 30" left and run Southeasterly along said R/W for 311.76 feet; then 76° 26' left and run 275.90 feet to the Point of Beginning. According to the survey of Thomas E. Simmons, LS# 12945, dated October 16, 1987.