

*This instrument prepared by:*

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## **MORTGAGE AND SECURITY AGREEMENT**

**THIS MORTGAGE AND SECURITY AGREEMENT** (this "Mortgage") is made and entered into by and between **E. R. DEVELOPMENT, INC.**, an Alabama corporation ("Mortgagor"), whose address is 3800 Corporate Woods Drive, Suite 100, Birmingham, Alabama 35242, and **FIRST COMMERCIAL BANK**, an Alabama banking corporation ("Mortgagee"), whose address is 800 Shades Creek Parkway, Birmingham, Alabama 35209 on or as of the 25<sup>th</sup> day of March, 2004.

### **RECITALS:**

A. Pursuant to the terms of a Development and Construction Loan Agreement (the "Loan Agreement") dated of even date herewith, Mortgagee has made to Mortgagor a development loan in the amount of \$2,200,000 and a construction loan in the amount of \$1,250,000 (together, the "Loans"). The proceeds of the Loans shall be used by Mortgagor solely to acquire the Mortgaged Property (as defined below) and to construct certain improvements thereon.

B. As security for the Loans, Mortgagee has required, among other things, that Mortgagor grant Mortgagee a first priority mortgage lien on the Mortgaged Property.

**NOW, THEREFORE**, for and in consideration of the Loan and for other good and valuable consideration, Mortgagor hereby **GRANTS, BARGAINS, SELLS, CONVEYS, MORTGAGES, GRANTS A SECURITY INTEREST IN** and **WARRANTS** to its successors and assigns, forever, all and singular, all of the property described under (1) through (12) below (the "Mortgaged Property"), subject to the matters set forth on **Schedule B** (the "Permitted Encumbrances") attached hereto and made a part hereof:

(1) All of Mortgagor's right, title and interest in and to certain real property (the "Real Estate") more particularly described in **Schedule A** attached hereto and made a part hereof;

(2) All of Mortgagor's title and interest in and to any and all buildings, constructions and improvements now or hereafter erected in or on the Real Estate, including the fixtures and those attachments, appliances, equipment, machinery and other articles that are attached to said buildings, constructions and improvements, all of which shall be deemed and construed to be a part of the realty;

(3) All right, title and interest of Mortgagor in and to all of the items incorporated as part of or attributed or affixed to any of the Real Estate or any other interest of Mortgagor,

whether now owned or hereafter acquired, in, to or relating to the Real Estate, in such a manner that such items are no longer personal property under the law of the state where the property is situated;

(4) All personal property including, without limitation, all supplies, equipment, tools, furniture, furnishings, fixtures, machinery and construction materials that Mortgagor now or hereafter owns or in which Mortgagor now or hereafter acquires an interest or right and that are now or hereafter located on or affixed to the Real Estate or used or useful in the operation, use or occupancy of the Real Estate or the construction of any improvement on the Real Estate, including any interest of Mortgagor in and to personal property that is leased or subject to any superior security interest and including all heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and/or compacting plants, systems, fixtures and equipment, elevators, escalators, sprinkler systems and other fire prevention and extinguishing apparatus and materials, vacuum cleaners, office furniture, telephones and telecommunication equipment, compartment safes, carpeting, window coverings and all proceeds of and substitutions and replacements for any such items;

(5) All rents, issues, profits, royalties, fees, income and other benefits derived from the Real Estate (collectively, the "Rents"), now or hereafter existing or entered into;

(6) All interests, estates or other claims, both in law and in equity, that Mortgagor now has or may hereafter acquire in the Real Estate including, but not limited to all of Mortgagor's interest in any and all options to purchase the Real Estate that Mortgagor may have or may hereafter acquire;

(7) All easements, rights-of-way and rights now owned or hereafter acquired by Mortgagor used in connection with or as a means of access to the Real Estate including all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances of and to such easements rights-of-way and rights, and all water and water rights and shares of stock evidencing the same;

(8) All interests of Mortgagor as lessor or sublessor (and similar interests) in and to all leases or subleases covering all or any portion of the Real Estate, now or hereafter existing or entered into, and all right, title and interest of Mortgagor under such leases and subleases, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

(9) All right, title and interest now owned or hereafter acquired by Mortgagor in and to any greater estate in the Real Estate;

(10) All right, title and interest now owned or hereafter acquired by Mortgagor in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Estate, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Estate;



(11) All rights and interests of Mortgagor in, to and under all plans, specifications, maps, surveys, studies, reports, permits, licenses, architectural, engineering and construction contracts, books of account, insurance policies and other documents, of whatever kind or character, relating to use, construction upon, occupancy, leasing, sale or operation of the Real Estate; and

(12) All of the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance, that Mortgagor now has or may hereafter acquire in the Real Estate, and other proceeds from sale or disposition of real or personal property hereby secured that Mortgagor now has or may hereafter acquire and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu of eminent domain, of the whole or any part of the Real Estate, including any award resulting from a change of grade of streets and any award for severance damages.

**TO HAVE AND TO HOLD**, said Mortgaged Property unto Mortgagee, its successors and assigns forever.

This Mortgage is made to secure and enforce the following described indebtedness, obligations and liabilities (herein called the "Secured Indebtedness"):

(a) Payment and performance of all obligations of Mortgagor under that certain (i) promissory note in the principal sum of Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000) of even date herewith, and (ii) promissory note in the principal sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000) (together, the "Note"), executed by Mortgagor, payable to the order of Mortgagee, bearing interest as provided in the Note, and any and all renewals, extensions, modifications, substitutions or increases of the Note, or any part thereof;

(b) Complete and full performance of each and every obligation, covenant, duty and agreement of Mortgagor contained in this Mortgage;

(c) Performance of all obligations of Mortgagor under the Loan Agreement and under any other instrument evidencing, securing or pertaining to the Loans, or evidencing any renewal or extension or modification or increase of the Loans, or any part thereof, and further, Mortgagor's punctual and proper performance of all of Mortgagor's covenants, obligations and liabilities under any other security agreement, mortgage, deed of trust, collateral pledge agreement, contract, assignment, loan agreement or any other instrument or agreement of any kind now or hereafter existing as security for, executed in connection with or related to the Loans, or any part thereof (such instruments and agreements are hereinafter sometimes collectively referred to as the "Loan Documents");

(d) Payment of all funds hereafter advanced by Mortgagee to or for the benefit of Mortgagor, as contemplated by any covenant or provision herein contained or contained in the Loan Agreement or in any instrument or agreement securing the Loans.

All of the Secured Indebtedness shall be payable to Mortgagee at Mortgagee's address

specified above, or at such other address as may be designated by Mortgagee from time to time; and, unless otherwise provided in the instrument evidencing or creating such indebtedness, shall bear interest at the same rate per annum as the Note bears, from the date of accrual of such indebtedness until paid. If any Secured Indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after maturity, whether matured by the expiration of time or by any option given to Mortgagee to mature same, Mortgagor agrees to pay Mortgagee's reasonable attorneys' and collection fees, whether suit be brought or not, and such fees shall be a part of the Secured Indebtedness. This Mortgage shall also secure all renewals, extensions, modifications, substitutions and increases of any of the Secured Indebtedness.

This instrument is intended to operate and is to be construed as a Mortgage and Security Agreement and is made under those provisions of existing laws of the State of Alabama.

This instrument is intended by Mortgagor and Mortgagee to serve as a fixture filing with respect to all goods and collaterals comprising part of the Mortgaged Property which are or are to become fixtures related to the Real Estate.

And for the purpose of further securing the payment of said Secured Indebtedness Mortgagor covenants and agrees as follows:

(1) Mortgagor's Warranties of Title and Related Matters. Mortgagor covenants, represents and warrants to Mortgagee with respect to the Mortgaged Property that Mortgagor is lawfully seized in fee and possessed of the Mortgaged Property and has a good right to convey the same as aforesaid, that Mortgagor will warrant and forever defend the title against the lawful claims of all persons whomsoever, and that the Mortgaged Property is free and clear of all encumbrances, easements and restrictions, except the Permitted Encumbrances.

(2) Payment and Performance. Mortgagor will pay all of the Secured Indebtedness, together with the interest thereon, when the same shall become due, in accordance with the terms of the Loan Documents.

(3) Mortgagee's Right to Perform. Upon Mortgagor's failure to make any payment or perform any act required by the Note or the Loan Documents, then at any time thereafter, and without notice to or demand upon Mortgagor, Mortgagee may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Mortgagor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon as Mortgagee may deem necessary or appropriate subject, however, to the rights of tenants.

(4) Organization and Power and restriction on Change of Interests in Mortgagor. Mortgagor is a duly organized, validly existing corporation under the laws of the State of Alabama and the transaction contemplated hereby is within Mortgagor's powers, has been duly authorized by all requisite directors and/or shareholder action and is not in contravention of the charter or by-laws of Mortgagor.



(5) Existence of Mortgagor. Mortgagor will preserve and keep in full force and effect its existence, rights, franchises, and trade names.

(6) Insurance. Mortgagor shall keep or cause to be kept the Mortgaged Property insured against loss or damage by fire, extended coverage perils, vandalism, malicious mischief, comprehensive general liability insurance, workmen's compensation coverage, and any such other hazards, casualties, or other contingencies as from time to time may be required by Mortgagee in such manner and in such companies and amounts as required in the Loan Agreement. All such policies shall name Mortgagee as a named insured and provide that any losses payable thereunder shall (pursuant to loss payable clauses, in form and content acceptable to Mortgagee, to be attached to each policy) be payable to Mortgagee to the extent the Secured Indebtedness, and provide that the insurance provided thereby, as to the interest of Mortgagee, shall not be invalidated by any act or neglect of Mortgagor, nor by the commencement of any proceedings by or against Mortgagor in bankruptcy, insolvency, receivership or any other proceeding for the relief of a debtor, nor by any foreclosure, repossession or other proceedings relating to the property insured, nor by any occupation of such property or the use of such property for purposes more hazardous than permitted in the policy. All such insurance shall be replacement cost coverage rather than actual cash value coverage. Mortgagor shall cause duplicate originals of any and all such insurance policies to be deposited with Mortgagee. At least thirty (30) days prior to the date the premiums on each such policy or policies shall become due and payable, Mortgagor shall furnish to Mortgagee evidence of the payment of such premiums. Mortgagor will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to Mortgagee) to give Mortgagee at least thirty (30) days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. Mortgagor agrees that Mortgagor will not take any action or fail to take any action, which action or inaction would result in the invalidation of any insurance policy required hereunder. Mortgagor shall give immediate notice in writing to Mortgagee of any loss or damages to the Mortgaged Property caused by any casualty. If Mortgagor fails to keep the Mortgaged Property insured as above specified, Mortgagee may at its option and sole discretion, insure the Mortgaged Property for its insurable value against loss by fire, wind and other hazards as specified above for the sole benefit of Mortgagee and may procure such insurance at Mortgagor's expense.

Mortgagee is hereby authorized, but not required, on behalf of Mortgagor, to collect for, adjust or compromise any losses under any such insurance policies and to apply, at its option, the loss proceeds (less expenses of collection) on the Secured Indebtedness, in any order and amount, and whether or not due, or hold such proceeds as a cash collateral reserve against the Secured Indebtedness or apply such proceeds to the restoration of the Mortgaged Property, or to release the same to Mortgagor, but no such application, holding in reserve or release shall cure or waive any default by Mortgagor. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment of the Secured Indebtedness, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. If the Mortgaged Property or any part thereof is located within an area that has been, or should such area at any time be, designated or identified as an area having special flood hazards by any governmental authority having jurisdiction, then Mortgagor will obtain such insurance as is required by such governmental authority in amounts required by Mortgagee.

(7) Taxes and Assessments. Mortgagor will pay all taxes and assessments against or affecting the Mortgaged Property as the same shall become due and payable, and, if Mortgagor fails to do so, Mortgagee may, but shall not be obligated to, pay them, together with all costs and penalties thereon, at Mortgagor's expense; provided, however, that Mortgagor may in good faith, in lieu of paying such taxes and assessments as they become due and payable, by appropriate proceedings, contest the validity thereof, and pending such contest Mortgagor shall not be deemed in default hereunder because of such nonpayment, if prior to delinquency of the asserted tax or assessment, Mortgagor furnishes Mortgagee an indemnity bond, conditioned that such tax or assessment with interest, cost and penalties be paid as herein stipulated secured by a deposit in cash, or security acceptable to Mortgagee, or with surety acceptable to Mortgagee, in the amount of the tax or assessment being contested by Mortgagor, and a reasonable additional sum to pay all possible costs, interest and penalties imposed or incurred in connection therewith, and if Mortgagor promptly pays any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, before such judgment becomes final; and provided further, that in any event, each such contest shall be concluded and the tax, assessment, penalties, interest and costs shall be paid prior to the date such judgment becomes final or any writ or order is issued under which the Mortgaged Property may be sold pursuant to such judgment.

(8) Condemnation. All judgments, decrees and awards for injury or damage to the Mortgaged Property, and all awards pursuant to proceedings for condemnation thereof, are hereby assigned in their entirety to Mortgagee, who may apply the same to the Secured Indebtedness in such manner as it may elect; and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. Immediately upon its obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of the Mortgaged Property, Mortgagor shall notify Mortgagee of such fact. Mortgagor shall then, if requested by Mortgagee, file or defend its claim thereunder and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over to Mortgagee for disposition pursuant to the terms of this Mortgage. Mortgagee shall be entitled to participate in and to control same and to be represented therein by counsel of its own choice, and Mortgagor will deliver, or cause to be delivered, to Mortgagee such instruments as may be requested by it from time to time to permit such participation. In the event Mortgagee, as a result of any such judgment, decree, or award, believes that the payment or performance of any obligation secured by this Mortgage is impaired, Mortgagee may, upon providing ninety (90) days prior written notice to Mortgagor, declare all of the Secured Indebtedness immediately due and payable.

(9) Mortgagor's Interest in the Mortgaged Property. If, while this Mortgage is in force, the interest of Mortgagor or the lien or security interest of Mortgagee in the Mortgaged Property hereby conveyed or any part thereof, shall be endangered or shall be attacked directly or indirectly, and if Mortgagor is not defending said attacks or otherwise protecting the lien or security interest of this Mortgage, Mortgagor hereby authorizes Mortgagee, without obligation and at Mortgagor's expense, to take all necessary and proper steps for the defense of such interest, including the employment of counsel, the prosecution or defense of litigation and the compromise or discharge of claims made against such interest.



(10) Taxes on Note or Mortgage. If at any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Mortgage, or upon any rights, titles, liens or security interests created hereby, or upon the Note, or any part thereof, Mortgagor shall immediately pay all such taxes; provided that, in the alternative, Mortgagor may, in the event of the enactment of such a law, and must, if it is unlawful for Mortgagor to pay such taxes and Mortgagor cannot legally reimburse Mortgagee for payment of such taxes, prepay the Note within one hundred twenty (120) days after demand for such prepayment by Mortgagee.

(11) Statements by Mortgagor. Mortgagor shall, at any time and from time to time, furnish promptly, upon request, a written statement or affidavit, in such form as may be required by Mortgagee, stating the unpaid balance of the Note and that there are no offsets or defenses against full payment of the Note, or if there are any such offsets and defenses, specifying them. Mortgagor waives any claim against Mortgagee for such offsets or defenses if not specified as provided herein and agrees to hold Mortgagee harmless therefor.

(12) Mortgagee's Expenses. If, in pursuance of any covenant or agreement contained herein or in any other instrument executed in connection with the loan evidenced by the Note or in connection with any other Secured Indebtedness, Mortgagee shall expend any money chargeable to Mortgagor or subject to reimbursement by Mortgagor under the terms of such covenant or agreement, Mortgagor will repay the same to Mortgagee immediately at the place where the Note or other Secured Indebtedness is payable, together with interest thereon at the rate of interest payable on account of the Note or such other Secured Indebtedness in the event of a default thereunder from and after the date of Mortgagee's making such payment. The sum of each such payment shall be added to the Secured Indebtedness and thereafter shall form a part of the same, and it shall be secured by this Mortgage and by subrogation to all the rights of the person or entity receiving such payment. Mortgagee may make advances, but shall not be obligated to do so, for any of the following: insurance, payment of taxes or any part thereof, repair, maintenance and preservation of the Mortgaged Property, or of any buildings or other structures thereon, including fixtures, for the discharge of any liens or encumbrances on the Mortgaged Property, for perfecting the title thereto, for enforcing collection of the Secured Indebtedness, for any water, gas or electric charge imposed for any services rendered to the Mortgaged Property, for the protecting or preserving of any use being made of the Mortgaged Property, for advances to any trustee or receiver of the Mortgaged Property, and for any additions or improvements to the Mortgaged Property or to any buildings or other structures thereon, including fixtures, considered necessary by Mortgagee while it or any receiver or trustee is in possession thereof. Mortgagee may make and is hereby authorized to pay any payment herein, according to any bill, statement or estimate without inquiry into the accuracy of the bill, statement or estimate or into the validity thereof. Mortgagee in making any payment herein authorized, relating to any apparent or threatened adverse title, lien, statement or lien, encumbrance, mortgage, claim or charge, shall be the sole judge of the legality or validity of same.

(13) Waste, Demolition, Alteration, Replacement or Repair of Mortgaged Property. Mortgagor shall cause the Mortgaged Property and every part thereof to be maintained, preserved, kept safe and in good repair, and in good working condition. Mortgagor shall not commit or permit waste thereon; provided, however, that Mortgagee acknowledges that the Real

Estate will be improved by a multi-tenant retain facility, and Mortgagor may from time to time demolish and reconstruct interior improvements for new tenants. Mortgagor shall not remove, demolish or alter the design or structural character of the Mortgaged Property now or hereafter erected on the Real Estate without the express prior written consent of Mortgagee, which consent shall not be unreasonably withheld or conditioned. Mortgagor shall comply with all laws and regulations of any governmental authority with reference to the Mortgaged Property and the manner and use of the same, and shall from time to time make all necessary and proper repairs, renewals, additions and restorations thereto so that the value and efficient use thereof shall be fully preserved and maintained. Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property. Mortgagor agrees not to remove any of the fixtures or personal property included in the Mortgaged Property without the express prior written consent of Mortgagee and unless the same is immediately replaced with like property of at least equal value and utility.

Mortgagee and other persons authorized by Mortgagee shall have access to and the right to enter and inspect the Mortgaged Property at all reasonable times, subject to the rights of tenants and upon reasonable notice to Mortgagor, including monthly inspections if deemed necessary by Mortgagee. In the event Mortgagee finds that Mortgagor is not maintaining the Mortgaged Property as referenced herein, Mortgagee shall notify Mortgagor in writing of the needed repairs and Mortgagor shall have ten (10) business days to make satisfactory arrangements to bring the Mortgaged Property back to good condition. If after such time, satisfactory arrangements have not been made to bring the Mortgaged Property back to good condition as determined by the sole discretion of Mortgagee, Mortgagee shall have the right to make the repairs required at the expense of Mortgagor as previously enunciated in this Mortgage, or shall have the right, but not the obligation, to declare the Secured Indebtedness to be at once due and payable under the terms of this Mortgage.

(14) Impairment. Mortgagor will not do, or omit to do, any act or thing which would impair the security of this Mortgage.

(15) Sale of Mortgaged Property. It shall be a default hereunder if all or any part of the Mortgaged Property (other than items of personalty which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value equal to or greater than the replaced items when new) shall become vested in any party other than Mortgagor, whether by operation of law or otherwise without the prior written consent of Mortgagee. If Mortgagee should consent to any sale or conveyance of the Mortgaged Property (except goods and inventory in the ordinary course of business), Mortgagor will not sell all or any portion of the Mortgaged Property unless the purchaser, as a part of the consideration, shall either expressly agree to assume the payment of the Secured Indebtedness or expressly agree that the title and rights of such purchaser are and shall remain unconditionally subject to all of the terms of this Mortgage for the complete fulfillment of all obligations of Mortgagor hereunder, and unless also, the deed shall expressly set forth such agreement of the purchaser. As a condition to its consent to any sale, transfer, conveyance, lease, assignment or other disposition of the Mortgaged Property, Mortgagee may, at its option, charge a transfer fee not to exceed one percent (1%) of the then outstanding principal balance of the Note. Mortgagor shall



also not grant any easement whatever with respect to any of the Mortgaged Property without the consent and joinder therein of Mortgagee, which shall not be unreasonably withheld or conditioned. The provisions of this Paragraph shall apply to any and all sales, transfers, conveyances, exchanges, leases, assignments or other dispositions by Mortgagor, its successors and assigns, and any subsequent owners of the Mortgaged Property, or any part thereof.

(16) Successors. If the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the Secured Indebtedness in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the Secured Indebtedness. No sale of the Mortgaged Property, and no forbearance on the part of Mortgagee, and no extension of the time for the payment of the Secured Indebtedness, given by Mortgagee, shall operate to release, discharge, modify, change or affect the original liability of Mortgagor or the liability of any guarantors or sureties of Mortgagor, either in whole or in part.

(17) Subsequent Easements. The purchaser at any foreclosure sale hereunder may disaffirm any easement granted, or rental, lease or other contract hereafter made, without the express written consent of Mortgagee or in violation of any provision of this Mortgage, and may take immediate possession of the Mortgaged Property free from, and despite the terms of, such grant of easement and rental or lease contract.

(18) Subordinate Mortgages. Mortgagor shall not execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Mortgaged Property without first obtaining the prior written consent of Mortgagee.

(19) Payment of Prior Lien. To the extent that proceeds of the Note are used to pay any outstanding lien, charge or encumbrance against or affecting the Mortgaged Property, such proceeds have been advanced by Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to all rights, interests and liens owned or held by any owner or holder of such outstanding liens, charges or encumbrances, irrespective of whether such liens, charges or encumbrances are released of record.

(20) Limitation on Interest. All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Mortgagee for the use, forbearance, or detention of the money to be loaned pursuant to the Note or otherwise or for the performance or payment of any covenant or obligation contained herein, exceed the maximum amount permissible under applicable law (state or federal). If from any circumstance whatsoever fulfillment of any provision thereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance Mortgagee shall ever receive anything of value as interest, or deemed interest under applicable law, under the Note or this Mortgage or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Note or on account of the other

Secured Indebtedness and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Note and such other Secured Indebtedness, such excess shall be refunded to Mortgagor. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Secured Indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full term of such indebtedness until payment in full to the end that the rate of interest on account of such indebtedness never exceeds the maximum lawful rate at any time in effect and applicable to such indebtedness.

(21) Security Agreement and Financing Statement. With respect to any portion of the Mortgaged Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the State of Alabama (hereinafter called the "Code"), this Mortgage shall constitute a security agreement between Mortgagor, as the Debtor, and Mortgagee, as the Secured Party, and Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Property, including any proceeds thereof. Cumulative of all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the Code. Mortgagor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee. Mortgagor hereby authorizes Mortgagee to execute and file, without Mortgagor's joinder, any and all financing statements or continuation statements necessary or desirable to perfect or maintain the validity and priority of Mortgagee's security interest. Mortgagor agrees that a copy of this Mortgage may be filed as a financing statement in any public office. Mortgagee may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Mortgagee should proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Mortgagee may at its option dispose of such property in accordance with Mortgagee's rights and remedies with respect to the Real Estate pursuant to the provisions of this Mortgage, in lieu of proceeding under the Code.

Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any Mortgaged Property described or referred to herein.

Some of the items of Mortgaged Property described herein are goods that are or are to become fixtures related to the Real Estate, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated above. The mailing address of Mortgagor, as debtor, is as stated above.



(22) Financial Statements. Mortgagor shall deliver to Mortgagee such financial statements as are required in the Loan Agreement.

(23) Notice of Litigation. Mortgagor consents and agrees that it will give notice to Mortgagee of any litigation which Mortgagor becomes involved in and will continue to thereafter provide to Mortgagee periodic statements of the status and progress of such litigation as may be requested by Mortgagee.

(24) Change of Zoning. Mortgagor covenants and agrees not to request or consent to any change in the zoning of or restrictive covenants affecting the Mortgaged Property without the prior written consent of Mortgagee.

(25) Compliance with Laws. The Mortgaged Property, and the use thereof by Mortgagor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, the Mortgaged Property, and its use, and Mortgagor shall pay all fees or charges of any kind in connection therewith. Mortgagor will not use or occupy or allow the use or occupancy of the Mortgaged Property in any manner which violates any applicable law, rule, regulation or order or which constitutes a public or private nuisance or which makes void, voidable or subject to cancellation any insurance then in force with respect thereto.

(26) Hold Harmless. Mortgagor will defend, at its sole cost and expense, and hold Mortgagee harmless from, any proceeding or claim affecting the Mortgaged Property. All costs and expenses incurred by Mortgagor in protecting its interests hereunder, including all court costs and reasonable attorneys' fees, shall be borne by Mortgagor.

(27) Further Assurances. Mortgagor, upon the request of Mortgagee, will execute, acknowledge, deliver and record such further instruments and do such further acts as may be necessary, desirable or proper to carry out the purposes of any of the Note, Mortgage, Loan Agreement and Loan Documents and to subject to the liens and security interests created thereby any property intended by the terms thereof to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, improvements, or appurtenances to the Mortgaged Property.

(28) Consent. In any instance hereunder where Mortgagee's approval or consent is required or the exercise of Mortgagee's judgment is required, unless otherwise provided herein, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner; provided, however, that Mortgagee agrees to consider such requests and otherwise exercise its judgment in a reasonable manner.

(29) No Partnership. Nothing contained herein is intended to create any partnership, joint venture or association between Mortgagor and Mortgagee, or in any way make Mortgagee a co-principal with Mortgagor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

(30) No Pledge or Change of Ownership Interest. There may be no pledge or change in the ownership interest in Mortgagor unless Mortgagor has given prior written notice of same to Mortgagee and Mortgagee has consent in writing thereto.

(31) Notices by Governmental Authority, Fire and Casualty Losses, Etc. Mortgagor shall timely comply with and promptly furnish to Mortgagee true and complete copies of any official notice or claim by any governmental authority pertaining to the Mortgaged Property. Mortgagor shall promptly notify Mortgagee of any fire or other casualty or any notice or taking of eminent domain action or proceeding affecting the Mortgaged Property.

(32) Trade Names. At the request of Mortgagee, Mortgagor shall execute a certificate in form satisfactory to Mortgagee listing the trade names under which Mortgagor intends to operate the Mortgaged Property, and representing and warranting that Mortgagor does business under no other trade names with respect to the Mortgaged Property. Mortgagor shall immediately notify Mortgagee in writing of any change in said trade names, and will, upon request of Mortgagee, execute any additional financing statements and other certificates required to reflect the change in trade names and will execute and file any assumed name certificate required by applicable laws.

(33) Recording and Filing. This Mortgage and all applicable Loan Documents and all amendments, supplements and extensions thereto and substitutions therefor shall be recorded, filed, rerecorded and refiled in such manner and in such places as Mortgagee shall reasonably request, and Mortgagor will pay all such recording, filing, rerecording and refiling fees, title insurance premiums, and other charges.

(34) Mineral Rights. Subject to existing rights of other parties holding mineral interests, without written consent of Mortgagee there shall be no drilling or exploring for, or extraction, removal or production of minerals from the surface or subsurface of the Mortgaged Property. The term "minerals" as used herein shall include, without limiting the generality of such term, oil, gas, casinghead gas, coal, lignite hydrocarbons, methane, carbon dioxide, helium, uranium and all other natural elements, compounds and substances, including sand and gravel.

(35) Defeasance. If Mortgagor shall: pay in full all of the Secured Indebtedness including but not limited to all sums (principal, interest and charges) payable under the Note and any and all extensions and renewals of the same; and all sums becoming due and payable by Mortgagor under the terms of this Mortgage and Loan Agreement and Loan Documents, including but not limited to advances made by Mortgagee pursuant to the terms and conditions of this Mortgage; and have kept and performed each and every obligation, covenant, duty, condition and agreement herein imposed on or agreed to by Mortgagor; then this conveyance and the grants and conveyances contained herein shall become null and void, and the Mortgaged Property shall revert to Mortgagor, and the entire estate, right, title and interest of Mortgagee will thereupon cease; and Mortgagee in such case shall, upon the request of Mortgagor and at Mortgagor's cost and expense, deliver to Mortgagor proper instruments acknowledging satisfaction of this Mortgage; otherwise, this Mortgage shall remain in full force and effect.



(36) Events of Default. The happening of any of the following events or conditions, or the happening of any other event of default as defined elsewhere in this Mortgage (hereinafter collectively referred to as “Events of Default”) shall constitute a default under this Mortgage:

(i) the occurrence of any “Event of Default” under the Loan Agreement, the Note or any other Loan Document; or

(ii) the interest of Mortgagee in the Mortgaged Property shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon; or

(iii) if Mortgagor shall fail to reimburse Mortgagee within fifteen (15) days after demand for repayment of any advances for insurance, maintenance, repairs, taxes, liens, inspections, assessments or any other advances made by Mortgagee that are called for under this Mortgage; or

(iv) if title to all or any part of the Mortgaged Property (other than obsolete or worn personal property replaced by adequate substitutes equal or greater in value than the replaced items when new and inventory and goods in the ordinary course of business) shall become vested in any party other than Mortgagor, except as permitted herein, whether by operation of law or otherwise without the prior written consent of Mortgagee, which may be withheld arbitrarily in Mortgagee’s sole discretion; or

(v) if the holder of any lien or security interest on the Mortgaged Property institutes foreclosure or other proceedings for the enforcement of its remedies and such proceeding is not dismissed within ten (10) days thereafter; or

(vi) default shall be made in the due observance or performance of any other covenant, condition or agreement on the part of Mortgagor to be observed or performed hereunder and such default shall not be cured within thirty (30) days after Mortgage has provided Mortgagor with written notice thereof.

(37) Remedies of Mortgagee Upon Default.

(a) Acceleration of Indebtedness. Upon occurrence of an Event of Default, or at any time thereafter, Mortgagee may at its option and without demand or notice to Mortgagor, declare all or any part of the Secured Indebtedness immediately due and payable whereupon all such Secured Indebtedness shall forthwith become due and payable without presentment, demand, protest, notice of intent to accelerate maturity, notice of acceleration of maturity or further notice of any kind, all of which are hereby expressly waived by Mortgagor and Mortgagee may immediately enforce payment of all such amounts and may exercise any or all of its rights and remedies under this Mortgage, the Note, the Loan Agreement, and any of the other Loan Documents and applicable law.

(b) Operation of Property by Mortgagee. Upon the occurrence of an Event of Default, or at any time thereafter, in addition to all other rights herein conferred on Mortgagee, Mortgagee (or any person, firm or corporation designated by Mortgagee) may, but shall not be

obligated to, enter upon and take possession of any or all of the Mortgaged Property, exclude Mortgagor therefrom, and, subject to the rights of tenants, hold, use, administer, manage and operate the same to the extent that Mortgagor could do so, without any liability to Mortgagor resulting therefrom; and Mortgagee may collect, receive and receipt for all proceeds accruing from such operation and management, make repairs and purchase needed additional property, and exercise every power, right and privilege of Mortgagor with respect to the Mortgaged Property.

(c) Judicial Proceedings; Right to Receiver. Upon the occurrence of an Event of Default, or at any time thereafter, Mortgagee, in lieu of or in addition to exercising the power of sale hereinafter given, may proceed by suit to foreclose its lien on, security interest in, and assignment of, the Mortgaged Property, to sue Mortgagor for damages on account of or arising out of said default or breach, or for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy. Mortgagee shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, to the appointment by any competent court or tribunal, without notice to Mortgagor or any other party, of a receiver of the rents, issues and profits of the Mortgaged Property, with power to lease and control the Mortgaged Property and with such other powers as may be deemed necessary.

(d) Foreclosure Sale. Upon the occurrence of any Event of Default, or at any time thereafter, this Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and Mortgagee shall be authorized, at its option, whether or not possession of the Mortgaged Property is taken, after giving notice by publication once a week for three (3) consecutive weeks of the time, place and terms of each such sale, together with a description of the Mortgaged Property, by publication in a newspaper published in the county or counties wherein the Mortgaged Property is located, to sell the Mortgaged Property (or such part or parts thereof as Mortgagee may from time to time elect to sell) in front of such county's main or front courthouse door, at public outcry, to the highest bidder for cash. Mortgagee, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale, any part or all of the Mortgaged Property, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, Mortgagor hereby waiving the application of any doctrine of marshalling or like proceeding. In case Mortgagee, in the exercise of the power of sale herein given, elects to sell the Mortgaged Property in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Mortgaged Property not previously sold shall have been sold or all the Secured Indebtedness shall have been paid in full.

(e) Personal Property and Fixtures. Upon the occurrence of any Event of Default, or at any time thereafter, Mortgagee shall have and may exercise with respect to the personal property and fixtures included in the Mortgaged Property (sometimes referred to as the "Collateral") all rights, remedies and powers of a secured party under the Code with reference to



the Collateral or any other items in which a security interest has been granted herein, including without limitation the right and power to sell at public or private sale or sales or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner to the fullest extent authorized or permitted under the Code after default hereunder, without regard to preservation of the Collateral or its value and without the necessity of a court order. Mortgagee shall have, among other rights, the right to take possession of the Collateral and to enter upon any premises where the same may be situated for the purpose of repossessing the same without being guilty of trespass and without liability for damages occasioned thereby and to take any action deemed appropriate or desirable by Mortgagee, at its option and its sole discretion, to repair, restore or otherwise prepare the Collateral for sale, lease or other use or disposition. At Mortgagee's request, Mortgagor shall assemble the Collateral and make the Collateral available to Mortgagee at any place designated by Mortgagee. To the extent permitted by law, Mortgagor expressly waives any notice of sale or any other disposition of the Collateral and any rights or remedies of Mortgagee with respect to, and the formalities prescribed by law relative to, the sale or disposition of the Collateral or to the exercise of any other right or remedy of Mortgagee existing after default. To the extent that such notice is required and cannot be waived, Mortgagor agrees that if such notice is given to Mortgagor in accordance with the provisions of Paragraph below, at least ten (10) days before the time of the sale or other disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving said notice.

Mortgagor agrees that Mortgagee may proceed to sell or dispose of both the real and personal property comprising the Mortgaged Property in accordance with the rights and remedies granted under this Mortgage with respect to the Real Estate covered hereby. Mortgagor hereby grants Mortgagee the right, at its option after default hereunder, to transfer at any time to itself or its nominee the Collateral or any part thereof and to receive the monies, income, proceeds and benefits attributable to the same and to hold the same as Collateral or to apply it on the Secured Indebtedness in such order and amounts and manner as Mortgagee may elect. Mortgagor covenants and agrees that all recitals in any instrument transferring, assigning, leasing or making other disposition of the Collateral or any part thereof shall be full proof of the matters stated therein and no other proof shall be required to establish the legal propriety of the sale or other action taken by Mortgagee and that all prerequisites of sale shall be presumed conclusively to have been performed or to have occurred.

(f) Assignment of Leases and Rents. All of the rents, royalties, issues, profits, revenue, fees, income and other benefits derived from the Mortgaged Property or arising from the use or enjoyment of any portion thereof or from any lease or agreement pertaining thereto (hereinafter called the "Rents and Profits") are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Mortgagee to be applied by Mortgagee in payment of all proper charges and expenses including the just and reasonable compensation for the services of Mortgagee, its attorneys, agents, and others employed by Mortgagee in connection with the operation, management and control of the Mortgaged Property and the conduct of the business thereof, and such further sums as may be sufficient to indemnify Mortgagee from and against any liability, loss or damage on account of any matter or thing done in good faith in pursuance of the rights and powers of Mortgagee hereunder. Mortgagee may, at its option, credit the remainder of the payment of the principal and interest and all other sums payable on the Note and other Secured Indebtedness. Prior to the occurrence of any default hereunder, Mortgagor

shall collect and receive all Rents and Profits for the benefit of Mortgagee and Mortgagor, and Mortgagor shall apply the funds so collected first to the payment of accrued unpaid interest and then to principal and all other sums payable on the Note and in payment of all other Secured Indebtedness and thereafter, so long as no default hereunder has occurred, the balance shall be distributed to the account of Mortgagor. Mortgagor will not execute an assignment of any of its rights, title or interest in the Rents and Profits, or except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any lease by Mortgagor of the Mortgaged Property or any part thereof, now or hereafter existing, having an unexpired term of one year or more except that any lease may be cancelled, provided that promptly after the cancellation or surrender thereof a new lease is entered into with a new lessee having a credit standing, in the judgment of Mortgagee, at least equivalent to that of the lessee whose lease was cancelled, on substantially the same terms as the terminated or cancelled lease, or modify any lease of the Mortgaged Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the rent payable thereunder, or accept prepayments of any installments of rent to become due under any of such leases in excess of one month, except prepayments in the nature of security for the performance of the lessee thereunder, or in any other manner impair the value of the Mortgaged Property or the security of this Mortgage. Mortgagor will not execute any lease of all or any substantial portion of the Mortgaged Property except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, each covenant, condition and agreement contained in each lease of the Mortgaged Property now or hereafter existing, on the part of lessor thereunder to be kept and performed. Mortgagor shall furnish to Mortgagee, within ten (10) business days after a request by Mortgagee to do so, a written statement containing the names of all lessees of the Mortgaged Property, the terms of their respective leases, the spaces occupied and the rentals payable thereunder.

(g) Foreclosure Deeds. Mortgagor hereby authorizes and empowers Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of Mortgagor, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

(h) Application of Proceeds. All payments received by Mortgagee as proceeds of the Mortgaged Property, or any part thereof, as well as any and all amounts realized by Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by Mortgagee as follows: to the payment of all necessary expenses incident to the execution of any foreclosure sale or sales or other remedies under this Mortgage, including reasonable attorneys' fees as provided herein, to the payment in full of any of the Secured Indebtedness that is then due and payable (including without limitation principal, accrued interest, advances and all other sums secured hereby) and to the payment of attorneys' fees as provided herein and in the Note, any other sums that might be due under this Mortgage, the Note, the Loan Agreement, or the Loan Documents, which have not otherwise been contemplated in Paragraphs and above, and the remainder, if any, shall be paid to Mortgagor or such other person or persons as may be entitled thereto by law, after deducting therefrom the cost of ascertaining their identity.



(i) Multiple Sales. Upon the occurrence of any Event of Default or at any time thereafter, Mortgagee shall have the option to proceed with foreclosure, either through the courts or by proceeding with foreclosure as provided for in this Mortgage, but without declaring the whole Secured Indebtedness due. Any such sale may be made subject to the unmatured part of the Secured Indebtedness, and such sale, if so made, shall not in any manner affect the unmatured part of the Secured Indebtedness, but as to such unmatured part of the Secured Indebtedness shall remain in full force and effect as though no sale had been made under the provisions of this paragraph. Several sales may be made under the provisions of this paragraph without exhausting the right of sale for any remaining part of the Secured Indebtedness whether then matured or unmatured, the purpose hereof being to provide for a foreclosure and sale of the Mortgaged Property for any matured part of the Secured Indebtedness without exhausting any power of foreclosure and the power to sell the Mortgaged property for any other part of the Secured Indebtedness, whether matured at the time or subsequently maturing.

(j) Waiver of Appraisement Laws. Mortgagor waives, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for any appraisement before sale of any portion of the Mortgaged Property (commonly known as appraisement laws), or any extension of time for the enforcement of the collection of the Secured Indebtedness or any creation or extension of a period of redemption from any sale made in collecting the Secured Indebtedness (commonly known as stay laws and redemption laws)\

(k) Prerequisites of Sales. In case of any sale of the Mortgaged Property as authorized by this Paragraph, all prerequisites to the sale shall be presumed to have been performed, and in any conveyance given hereunder all statements of facts, or other recitals therein made, as to the non-payment of any of the Secured Indebtedness or as to the advertisement of sale, or the time, place and manner of sale, or as to any other fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

(38) Environmental Protection. Mortgagor does further represent, warrant and covenant as follows:

(a) To the best of Mortgagor's knowledge and subject to the information contained in that certain report prepared by Bhate Environmental Associates, Inc. dated March 18, 2004 (the "Environmental Report"), no Hazardous Materials (as hereinafter defined) have been, are, or will be while any part of the indebtedness secured by this Mortgage remains unpaid, contained in, treated, stored, handled, located on, discharged from, or disposed of on, or constitute a part of, the Mortgaged Property, except as set forth in said Environmental Report. As used herein, the term "Hazardous Materials" include without limitation, any asbestos, urea formaldehyde foam insulation, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related or unrelated substances or materials defined, regulated, controlled, limited or prohibited in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Sections 1251, et seq.), the Clean Air Act, as

amended (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), and in the rules and regulations adopted and publications promulgated pursuant thereto, and in the rules and regulations of the Occupational Safety and Health Administration (OSHA) pertaining to occupational exposure to asbestos, as amended, or in any other federal, state or local environmental law, ordinance, rule, or regulation now or hereafter in effect;

(b) To the best of Mortgagor's knowledge, no underground storage tanks, whether in use or not in use, are located in, on or under any part of the Mortgaged Property, except as set forth in said Environmental Report;

(c) To the best of Mortgagor's knowledge, all of the Mortgaged Property complies and will comply in all respects with applicable environmental laws, rules, regulations, and court or administrative orders, except as set forth in said Environmental Report;

(d) There are no pending claims or, to the best of Borrower's knowledge, threats of claims by private or governmental or administrative authorities relating to environmental impairment, conditions, or regulatory requirements with respect to the Mortgaged Property, except as set forth in said Environmental Report;

(e) Mortgagor, at Mortgagor's expense, promptly upon the written request of Mortgagee from time to time, shall provide Mortgagee with an environmental audit report, or an update of such report, all in scope, form and content satisfactory to Mortgagee;

(f) In the event of any spill or disposal of Hazardous Materials on the Mortgaged Property, whether or not the same originates or emanates from the Mortgaged Property or any such contiguous real estate, and/or if Mortgagor shall fail to comply with any environmental law or regulation, Mortgagee may, at its election, but without the obligation so to do, give such notices as may be required by law and/or cause any remedial work that may be necessary to be performed at the Mortgaged Property and/or take any and all other actions as Mortgagee shall deem necessary or advisable in order to remedy said spill or disposal of Hazardous Materials or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon from the date of payment by Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee and until paid shall be added to and become a part of the indebtedness secured hereby and shall have the benefit of the lien hereby created as a part thereof; and

(g) Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from all loss, cost, damage, claim and expense incurred by Mortgagee on account of the violation of any representation, warranty or covenant set forth in this Paragraph, Mortgagor's failure to perform any obligations of this Paragraph, Mortgagor's or the Mortgaged Property's failure to fully comply with all environmental laws, rules and regulations, or with all occupational health and safety laws, rules and regulations, or any other matter related to environmental conditions on, under or affecting the Mortgaged Property. This indemnification shall survive payment of the indebtedness secured by this Mortgage, the exercise of any right or remedy hereunder or under any other loan document securing or evidencing said indebtedness, any subsequent sale or transfer of the Mortgaged Property, and all similar or related events or occurrences. Mortgagor



shall give immediate oral and written notice to Mortgagee of its receipt of any notice of a violation of any law, rule or regulation covered by this Paragraph or of any notice or other claim relating to the environmental condition of the Mortgaged Property, or of its discovery of any matter which would make the representations, warranties and/or covenants herein to be inaccurate or misleading in any respect.

(39) Notice and Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or hand delivered to the applicable party at its address indicated on the first page of this Mortgage or at such other address as shall be designated by such party in a written notice to the other party thereto. Any such notice shall be deemed received five (5) days after properly posting and addressing and depositing said letter in the United States Mail, certified, return receipt requested.

(40) Partial Release and Additional Security. Any part of the Mortgaged Property may be released by Mortgagee without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the same indebtedness or any part thereof. The taking of additional security, or the extension or renewal of the Secured Indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser, guarantor or surety, or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the Secured Indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the obligations and Secured Indebtedness are completely paid, performed and discharged.

(41) Waiver. To the extent that Mortgagor may lawfully do so, Mortgagor agrees that Mortgagor shall not assert and hereby expressly waives, any right under any statute or rule of law pertaining to the marshalling of assets, valuation and appraisement, the exemption of business or residential homestead, the administration of estates of decedents, dower and curtesy, the rights and remedies of sureties or other matter whatever to defeat, reduce or affect the right of Mortgagee, under the terms of this Mortgage, to sell the Mortgaged Property for the collection of the Secured Indebtedness (without any prior or different resort for collection) or the right of Mortgagee, under the terms of this Mortgage, to the payment of such Secured Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other person and claimant whatever (only reasonable expenses of such sale being first deducted).

(42) No Waiver and Severability. No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the Secured Indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. If any provision of this Mortgage is held to be illegal, invalid or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the

remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable. If any of the liens, security interests or assignment of rents created by this Mortgage shall be invalid or unenforceable, the unsecured portion of the Secured Indebtedness shall be completely paid prior to the payment of the remaining and secured portion of the Secured Indebtedness and all payments made on account of such indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of such indebtedness. Acceptance by Mortgagee of any payment of less than the full amount due on the Secured Indebtedness shall be deemed acceptance on account only, and the failure of Mortgagor to pay the entire amount then due shall be and continue to constitute an Event of Default, and at any time thereafter and until the entire amount due on the Secured Indebtedness has been paid, Mortgagee shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the occurrence of an Event of Default.

(43) Remedies Cumulative. In addition to and notwithstanding and without modifying the other remedies provided herein and without limiting the rights of Mortgagee to exercise such remedies, Mortgagee is given the additional right to enforce the covenants, agreements, and obligations of Mortgagor hereunder, by the securing of equitable remedies, including that of temporary and permanent injunction and specific performance, without the necessity of Mortgagee filing any bond or other security which would otherwise be required by the statutes of the State of Alabama or the Alabama Rules of Civil Procedure, as amended, in seeking such equitable remedies, the requirement for filing of any such bond or other security being hereby expressly waived.

(44) Amendments. No amendment, modification or cancellation of this Mortgage shall be valid unless in writing and signed by the party against whom enforcement is sought.

(45) Headings. The Paragraph and Subparagraph headings hereof are inserted for convenience and reference only and shall not alter, define, or be used in construing the text of such Paragraphs or Subparagraphs.

(46) Governing Law. This Mortgage shall be governed and construed under the laws of the State of Alabama except to the extent any law, rule or regulation of the federal government of the United States of America may be applicable, in which case such federal law, rule or regulation shall control.

(47) Copies. Mortgagor acknowledges receipt of a true and correct copy of this Mortgage.

(48) Meaning of Particular Terms. Whenever used, the singular number shall include the plural and the plural the singular, and pronouns of one gender shall include all genders; and the words "Mortgagor" (without limiting Mortgagee's rights or Mortgagor's obligations to secure approval or consent) and "Mortgagee" shall include their respective heirs, personal representatives, successors and assigns. The term "Mortgagor" as used in this Mortgage refers to



each of the undersigned, jointly and severally, whether one or more natural persons, partnerships, corporations, associations, trusts or other entities or organizations.

(49) Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on the parties hereto, notwithstanding that all parties are not signatories to the original or to the same counterpart.

(50) Restoration and Repair of Property Damaged or Taken. Notwithstanding the provisions of Paragraphs (6) and (8) hereof, Mortgagee agrees that it shall allow Mortgagor to apply the net proceeds of insurance or condemnation (after payment of costs and expenses pursuant to Paragraphs (6) and (8)) to repair or restoration of the Mortgaged Property on the following terms and subject to Mortgagor's satisfaction of the following conditions:

(a) At the time of such loss of damage and at all times thereafter while Mortgagee is holding any portion of such proceeds, there shall exist no uncured event, which, but for expiration of any applicable grace period, would constitute a default or an Event of Default on the part of Mortgagor under this instrument, the Note or under any other Loan Document;

(b) The property, buildings, improvements and fixtures for which a loss or damage has resulted shall be capable of being restored to their pre-existing condition and utility with a value equal to or greater than prior to such loss or damage and shall be capable of being completed prior to the maturity of the note, and evidence thereof satisfactory to Mortgagee shall have been provided to Mortgagor;

(c) Within thirty (30) days from the date of such loss or damage, Mortgagor shall have given Mortgagee a written notice electing to have the proceeds applied for such purpose;

(d) Within sixty (60) days following the date of notice under the preceding subparagraph and prior to any proceeds being disbursed to Mortgagor, Mortgagor shall have provided to Mortgagee all of the following:

(i) complete plans and specifications for restoration of the property, buildings, improvements and fixtures damaged or taken to the condition and utility prior to such loss or damage;

(ii) if loss or damage exceeds \$50,000, fixed-price or guaranteed maximum cost bonded construction contracts for completion of the repair and restoration work in accordance with such plans and specifications;

(iii) builder's risk insurance for the full cost of construction with Mortgagee named under a standard loss-payable clause;

(iv) such additional funds as in Mortgagee's opinion are necessary to complete the repair and restoration; and

(A) Copies of all permits and licenses necessary to complete the work in accordance with the plans and specifications.

(B) Mortgagee may, at Mortgagor's expense, retain an independent inspecting engineer to review plans and specifications and completed construction and to certify all requests for disbursement;

(C) No portion of such proceeds shall be made available by Mortgagee for architectural reviews or for any other purposes which are not directly attributable to the cost of reconstructing those portions of the property for which a loss or damage has occurred;

(e) Mortgagor shall commence such work within one hundred twenty (120) days of such loss or damage and shall diligently pursue such work to completion;

(f) Each disbursement by Mortgagee of such proceeds and deposits shall be funded in accordance with disbursement procedures set forth in a construction loan agreement to be executed by Mortgagor and Mortgagee in form and content acceptable to Mortgagee (which Mortgagee shall waive if the amount disbursed is less than \$25,000);

(g) Mortgagor shall grant to Mortgagee a first lien and security interest in all building materials and completed repair and restoration work and in all fixtures and equipment acquired with such proceeds, and Mortgagor shall execute and deliver such mortgages, security agreements, financing statements and other instruments as Mortgagee shall request to create, evidence, or perfect such lien and security interest;

(h) In the event and to the extent such proceeds are not required or used for the repair and restoration of the damaged property, buildings, improvements or fixtures, or in the event Mortgagor fails to timely make such election or having made such election fails to timely comply with the terms and conditions set forth herein, Mortgagee shall be entitled without notice to or consent from Mortgagor to apply such proceeds or the balance thereof at Mortgagee's option either (i) to the full or partial payment or prepayment of the indebtedness under the Note (principal, interest, and prepayment premium, if any), or (ii) to the repair and/or restoration of the property, buildings, improvements or fixtures damaged or taken.

(51) Partial Release. Mortgagee agrees to release from the lien of this Mortgage any portion of the Mortgaged Property which has been subdivided into a separate lot provided that each of the following requirements and conditions are met:

(a) With respect to any subdivision created after the date hereof, Mortgagee has approved in writing the size, configuration, location and all other aspects and characteristics of such lot and the impact that the creation thereof has on the remainder of the Mortgaged Property;

(b) Such lot has been legally created and the subdivision therefore approved by Mortgagee and all applicable governmental authorities and has been recorded in the Office of the Judge of Probate of Shelby County, Alabama;



(c) No Event of Default shall have occurred and be continuing under this Mortgage, the Note, the Loan Agreement or any of the other Loan Documents; and

(d) Such lot has been sold to a bona fide purchaser and Mortgagee receives the following: (i) if the Mortgagee is not financing the construction of a house thereon, the Mortgagee shall have received the greater of the sum of \$55,000.00 or the net sales proceeds payable to Mortgagor, or (ii) if Mortgagee is financing the construction of a house thereon, Mortgagee shall have received the greater of (a) the allocated amount of the Project Note (as defined in the Loan Agreement), for such house plus all accrued but unpaid interest thereon, or (b) the net sales proceeds payable to Mortgagor from the sale thereof.

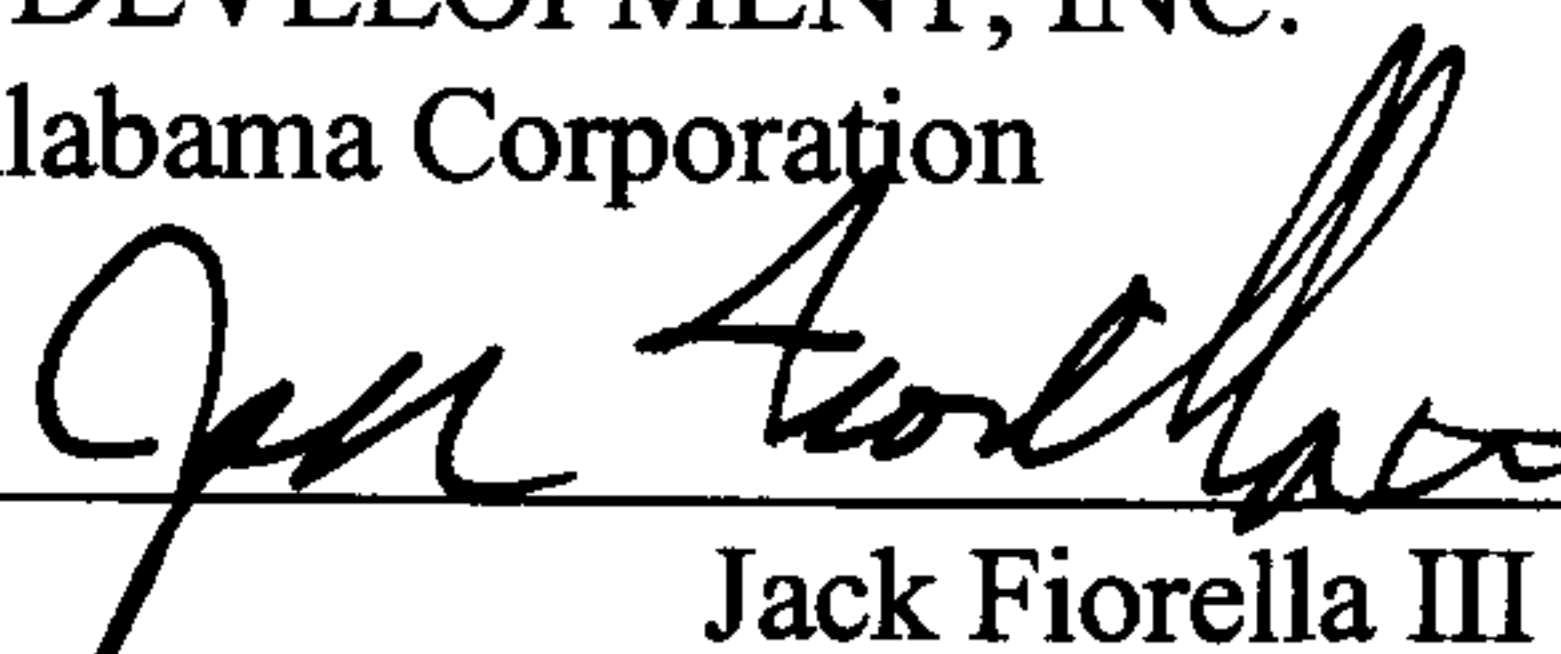
*[The remainder of this page left blank intentionally.]*

**IN WITNESS WHEREOF**, Mortgagor has executed this instrument on or as of the date first above written.

**MORTGAGOR:**

E. R. DEVELOPMENT, INC.  
An Alabama Corporation

By: \_\_\_\_\_



Jack Fiorella III  
Its President

STATE OF ALABAMA

)

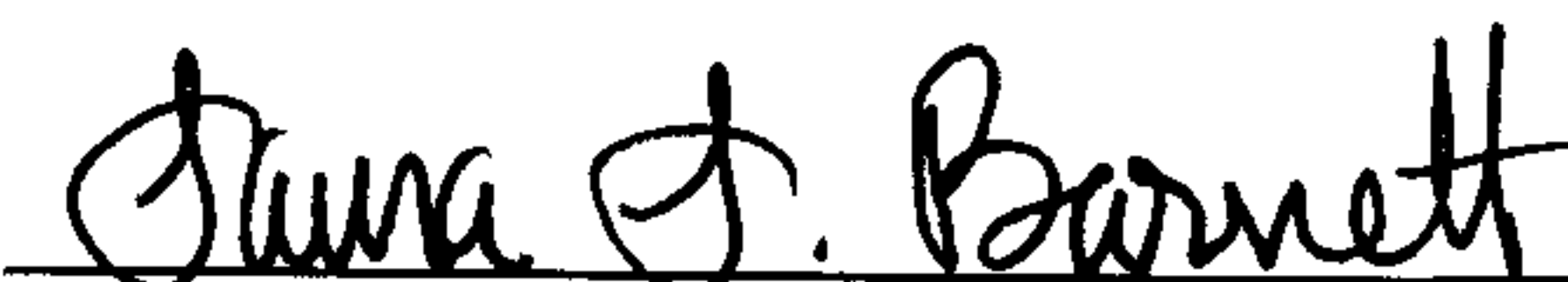
:

JEFFERSON COUNTY

)

I, the undersigned, a notary public in and for said county in said state, hereby certify that Jack Fiorella III, whose name as President of E. R. Development, Inc., 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 the 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 the 23rd day of March, 2004.



Notary Public

[NOTARIAL SEAL]

My commission expires: 1/15/06



**SCHEDULE A  
TO  
MORTGAGE AND SECURITY AGREEMENT  
LEGAL DESCRIPTION**

## LEGAL DESCRIPTION

### Parcel I

Commence at the Southwest corner of the Southwest quarter of the Northwest quarter of Section 32, Township 20 South, Range 2 West, Shelby County, Alabama; thence run Southerly along the West line of said Section 32 for a distance of 140.25 feet; thence turn a deflection angle to the right of 91 degrees 59 minutes 56 seconds and run Westerly for a distance of 159.28 feet to the Northeast corner of Lot 2710, Weatherly Highlands Club Drive – Sector 27 (Map Book 27, Page 98) in the Office of the Judge of Probate of Shelby County, Alabama and the POINT OF BEGINNING; thence run Southwest for a distance of 100.11 feet; thence turn a deflection angle of 74 degrees 07 minutes 00 seconds to the left for a distance of 236.01 feet to the Southwest corner of said Lot 2710; thence turn a deflection angle of 16 degrees 19 minutes 11 seconds to the right along the West line of said subdivision for a distance of 1018.15 feet; thence turn a deflection angle of 04 degrees 17 minutes 53 seconds to the right along the West line of said subdivision for a distance of 241.34 feet to the Northeast corner of Lot 2617, Weatherly Highlands the Ledges – Sector 26, Phase One as recorded in Map Book 26, Page 145, in the Office of the Judge of Probate of Shelby County; thence turn a deflection angle of 82 degrees 36 minutes 57 seconds to the right along the North line of said Lot 2617 for a distance of 269.70 feet to a point on the Western – most right of way line of Oxford Way (60 foot right of way), said point also being on a curve to the right, said curve having a radius of 2197.00 feet, a central angle of 00 degrees 58 minutes 37 seconds, a deflection angle left of 88 degrees 44 minutes 42 seconds to the chord of said curve, and a chord distance of 37.45 feet; thence run along the arc of said curve and along said right of way line for an arc length of 37.46 feet; thence leaving said right of way line turn a deflection angle of 94 degrees 10 minutes 33 seconds to the right from the chord of said curve for a distance of 366.44 feet to the Northwest corner of Lot 2616, Weatherly Highlands the Ledges – Sector 26, Phase One as recorded in Map Book 26, Page 145; thence turn a deflection angle of 90 degrees 15 minutes 27 seconds to the right for a distance of 56.29 feet to the Southeast corner of Lot 1331, Amended Map of Weatherly Wixford Forest – Sector 13, Map Book 22, Page 23 A and B, thence turn a deflection angle of 02 degrees 56 minutes 14 seconds to the right and run Northerly along the East line of said subdivision for a distance of 1075.00 feet to the Northeast corner of Lot 1336, of said subdivision; thence turn a deflection angle of 01 degrees 59 minutes 42 seconds to the right along the East line of Weatherly Windsor Sector 11, as recorded in Map Book 18, Page 80, in the Office of the Judge of Probate, of Shelby County, Alabama, for a distance of 490.01 feet; thence turn a deflection angle of 11 degrees 54 minutes 26 seconds to the left for a distance of 1379.24 feet to a point on the East line of a Resurvey of Lots 41, 42 & 43 Weatherly Windsor Sector 11, as recorded in Map Book 18, Page 84, in the Office of the Judge of Probate of Shelby County, Alabama; thence turn a deflection angle of 29 degrees 59 minutes 17 seconds to the left for a distance of 141.95 feet; thence turn an deflection angle of 89 degrees 47 minutes 54 seconds to the right for a distance of 155.20 feet; thence turn a deflection angle of 89 degrees 51 minutes 27 seconds to the left for a distance of 1315.15 feet to a point on the South line of Weatherly Oxford Sector 10, as recorded in Map Book 19, Page 38, in the Office of the Judge of Probate of



Shelby County, Alabama; thence turn a deflection angle of 97 degrees 01 minutes 34 seconds to the right and run Easterly along the South line of said subdivision for a distance of 684.10 feet; thence turn a deflection angle of 00 degrees 21 minutes 21 seconds to the left for a distance of 483.99 feet to a point on the West line of Weatherly Highlands The Cove Sector 28 Phase I as recorded in Map Book 27, Page 99 in the Office of the Judge of Probate of Shelby County, Alabama; thence turn a deflection angle of 113 degrees 58 minutes 40 seconds to the right for a distance of 1214.66 feet; thence turn a deflection angle of 10 degrees 11 minutes 56 seconds to the left for a distance of 144.87 feet; thence turn a deflection angle of 14 degrees 10 minutes 58 seconds to the right for a distance of 542.87 feet; thence turn a deflection angle of 34 degrees 14 minutes 26 seconds to the left for a distance of 515.62 feet to a point on the Western-most right of way line of Weatherly Club Drive (60 foot right of way); thence turn a deflection angle of 71 degrees 47 minutes 35 seconds to the right and run Southwesterly along said right of way line for a distance of 164.19 feet to a point on a curve to the left, said curve having a radius of 664.44 feet, a central angle of 20 degrees 19 minutes 34 seconds, thence run along the arc of said curve and along said right of way for an arc length of 235.72 feet to the point of compound curve to the left, said curve having a radius of 699.12 feet, a central angle of 49 degrees 35 minutes 20 seconds; thence run along the arc of said curve and along said right of way line for an arc length of 605.08 feet to the point of beginning.

#### Parcel II

Lots 2600, 2601, 2602, 2604, 2605, 2608, 2609, 2610, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, according to the Survey of Weatherly Highlands The Ledges – Sector 26 – Phase One, as recorded in Map Book 26, Page 145, in the Probate Office of Shelby County, Alabama.

Together with certain rights and benefits under the Declaration of Protective Covenants for Weatherly Highlands, the Ledges – Sector 26 – Phase I dated May 4, 2000 and filed of record as Inst. No. 2000-14750, in the Probate Office of Shelby County, Alabama, including, without limitation, the rights and benefits of the insured as successor in interest to Weatherly Partners, L.L.C. under the Covenants.

#### Parcel III

Lots 2702, 2719 and 2720, according to the survey of Weatherly Highlands Club Drive – Sector 27, as recorded in Map Book 27, Page 98, in the Probate Office of Shelby County, Alabama.

Together with certain rights and benefits under the Declaration of Protective Covenants for Weatherly Highlands, the Ledges – Sector 27 dated November 9, 2000 and filed of record as Inst. No. 2000-38937, in the Probate Office of Shelby County, Alabama, including, without limitation, the rights and benefits of the insured as successor in interest to Weatherly Partners, L.L.C. under the Covenants.

**SCHEDULE B  
TO  
MORTGAGE AND SECURITY AGREEMENT**

**PERMITTED ENCUMBRANCES**

1. Ad valorem taxes for the year 2004 and subsequent years.
2. Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities relating thereto.
3. Easement for Egress/Ingress and Public Utilities as set forth in Instrument No. 1999-47153 in the Office of the Judge of Probate of Shelby County, Alabama.
4. Restrictions appearing of record in Instrument No. 2000-14750 in said Probate Office (Parcel II).
5. Restrictions appearing of record in Instrument No. 2000-38937 in said Probate Office (Parcel III)