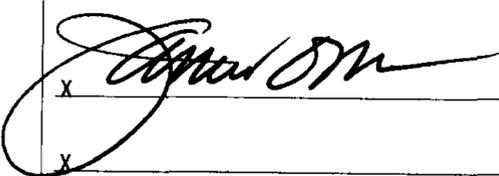




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**COMMERCIAL REAL ESTATE MORTGAGE AND
 ASSIGNMENT OF LEASES AND RENTS**

NAME(S) / ADDRESS(ES) OF MORTGAGOR(S) ("Mortgagor")		NAME / ADDRESS OF LENDER ("Lender")	
PREMIERE HOMES INC 100 CANYON PK ST B PELHAM AL, 35124		COLONIAL BANK, N.A. 2501 20TH PLACE SOUTH BIRMINGHAM, AL 35223	
DATE OF MORTGAGE			
Apr. 19, 2004			
MAXIMUM PRINCIPAL AMOUNT	Fifty One Thousand And 00/100 Dollars		
			\$51,000.00
PROPERTY DESCRIPTION (Include legal description, street address and sidwell/tax item number):			
LOT 632, ACCORDING TO THE FINAL PLAT RIVERWOODS SIXTH SECTOR, AS RECORDED IN MAP BOOK 32, PAGE 140, IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA.			
This mortgage is made on this date between the parties listed above. The Mortgagor in consideration of the maximum principal amount shown above and for other valuable consideration, the receipt of which is acknowledged, hereby mortgages and warrants to the Lender, its successors and assigns, forever, the land and property described above, together with the privileges, improvements, rents and profits, easements, hereditaments, appurtenances, equipment, and other personal goods of whatsoever description which may now or hereafter be located, situated or affixed on and used in connection therewith (hereinafter called the Property). Mortgagor covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, convey and assign the Property (and, if this mortgage is on a leasehold, that the ground lease is in full force and effect without modification except as noted above and without default on the part of either lessor or lessee thereunder), that the Property is unencumbered, and that Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.			
SIGNATURE(S)			
By signing this Mortgage, each Mortgagor acknowledges that all provisions have been read and understood, including those on pages two, three, and four. Signed and sealed by Mortgagor:			
X		(Seal)	4/19/04
			Date
X		(Seal)	
			Date
WITNESSED BY			
X			S.V.P.
X			
WHEN RECORDED RETURN TO:		DRAFTED BY / ADDRESS	
COLONIAL BANK PO BOX 1887 BIRMINGHAM, AL 35201-		CYNTHIA ALLISON 2501 20TH PLACE SOUTH SUITE 201 BIRMINGHAM, AL 35223	

The Mortgagor Covenants and Agrees With the Lender as Follows:

1. This mortgage secures the maximum principal amount shown on page one as may be evidenced by a promissory note or notes of even, prior or subsequent date hereto, including future advances and every other indebtedness of any and every kind now or hereafter owing from Mortgagor to Lender howsoever created or arising, whether primary, secondary or contingent, together with any interest or charges provided in or arising out of such indebtedness, as well as the agreements and covenants of this mortgage, any promissory note or of any other mortgage, assignment of leases or rents, security agreement, loan agreement, or any other agreement of whatsoever nature, whether written or oral, now existing or hereafter arising between the Mortgagor and the Lender (hereinafter all referred to as the Indebtedness).
2. The Mortgagor promises to pay the Indebtedness in accordance with the terms thereof and to perform all of the terms and conditions from which the Indebtedness may arise.
3. Lender may apply all payments received from the Mortgagor in any order Lender deems appropriate.
4. The Mortgagor promises at all times to preserve and to maintain the Property and every part thereof in good repair, working order, and condition, and will from time to time, make all needful and proper repairs so that the value of the Property shall not in any way be impaired. Mortgagor certifies that as to any real estate which has been, is now, or will be in the future owned or occupied by Mortgagor, that such real estate has not in the past, nor will now or in the future be allowed in any manner to be exposed to or contain hazardous or environmentally harmful substances as may be defined or regulated by any state or federal law or regulation which impacts, in any way, such substances, except to the extent the existence of such substances has been presently disclosed in writing to Lender, and Mortgagor will immediately notify Lender in writing of any assertion made by any party to the contrary. Mortgagor indemnifies and holds Lender and Lender's directors, officers, employees, and agents harmless from any liability or expense of whatsoever nature, including reasonable attorney fees, incurred directly or indirectly as a result of Mortgagor's involvement with hazardous or environmentally harmful substances as may be defined or regulated as such under any state or federal law or regulation. The Mortgagor certifies that the Property is and will be used and maintained in a manner that complies with all aspects of the Federal Americans with Disabilities Act. The Lender shall have the right and access to inspect the Property at all reasonable times and if the Property, or any part thereof, shall require inspection, repair, or maintenance which the Mortgagor has failed to provide, the Lender, after reasonable notice, may enter upon the Property to effect such obligation; and the cost thereof shall be added to the Indebtedness and paid on the Lender's demand by the Mortgagor.
5. The Mortgagor promises to pay and to discharge liens, encumbrances, taxes, assessments, and governmental charges at any time levied or assessed against the Mortgagor or the Property, and the Mortgagor will not do or permit to be done any act of whatsoever nature which would impair the lien of this mortgage; provided, however, that the Mortgagor shall not be required to pay any tax, assessment, or governmental charge so long as the Mortgagor in good faith disputes the validity thereof and provides for payment in a manner satisfactory to Lender in the event the Mortgagor fails in the dispute.
6. The Mortgagor promises to keep the Property insured against such risks, in such form and with such carriers as may within the sole discretion of the Lender be acceptable, causing the Lender to be named as loss payee or alternatively if requested by Lender, Mortgagee, in such form and manner as prescribed by the Lender. The Mortgagor hereby directs each and every insurer of the Property to make payment of loss to the Lender with the proceeds to be applied, only at the Lender's option, to the repair and replacement of the damage or loss or to be applied to the Indebtedness with the surplus, if any, to be paid by the Lender to the Mortgagor.
7. The Mortgagor hereby assigns to the Lender all judgments, decrees, and awards for injury, damage, or condemnation of or to the Property and authorizes the Lender, at its sole option, to apply the proceeds thereof to the payment of the Indebtedness in such manner as the Lender may elect.
8. The Mortgagor promises to abstain from the commission of any waste on the Property and to comply with all present and future statutes, regulations, and rules of any governmental authority governing the Property or in any way concerning the use and occupancy thereof.
9. The Mortgagor promises not to remove any part of the Property from its present location, except for replacement, maintenance and relocation in the ordinary course of business, nor to sell, further encumber, or otherwise dispose of, except as herein provided, any or all of its interest in any part of or all of the Property without first obtaining the written consent of the Lender.
10. At any time, upon a request of the Lender, the Mortgagor will execute and deliver to the Lender, and if appropriate, cause to be recorded, such further mortgages, assignments, assignments of leases and rents, security agreements, pledges, financing statements, or such other document as the Lender may require, in the Lender's sole discretion, to effectuate, complete, and to perfect as well as to continue to preserve the Indebtedness, or the lien or security interest created by this mortgage. In the event the Mortgagor shall fail or refuse to execute and deliver any such document to the Lender, the Mortgagor hereby irrevocably constitutes and appoints the Lender, or any of its officers or employees, as the Mortgagor's

true and lawful attorney-in-fact to do so, and the expenses thereof shall be added to the Indebtedness and paid by the Mortgagor upon demand by the Lender. This power of attorney shall not be affected by the disability of Mortgagor.

11. The Mortgagor agrees to supply the Lender such financial and other information concerning its affairs and the status of any of its assets as the Lender, from time to time, may reasonably request. The Mortgagor further agrees to permit the Lender, its employees and agents, to have access to the Property for the purpose of inspecting it, together with all of the Mortgagor's other physical assets, if any, and to permit the Lender, from time to time, to verify accounts as well as to inspect, copy and to examine the books, records and files of the Mortgagor.

12. At Lender's request, Mortgagor will supply Lender with an acknowledged estoppel certificate which shall reflect the Indebtedness and any and all rights of setoff, counterclaims or defenses which exist against the Indebtedness.

13. Mortgagor will comply with the provisions of any Construction Loan Agreement, which if one exists, is incorporated by reference and shall become a part of this Mortgage.

Any advances or disbursements made by Lender under such Construction Loan Agreement shall become a part of the Indebtedness hereunder and shall bear interest at the rate stated in the Note from the date of advance or disbursement, provided such calculation of interest shall not be in conflict with applicable law, in which case, Lender shall calculate interest at the highest allowable rate.

Any default under the terms of the Construction Loan Agreement will constitute a default under the provisions of this Mortgage and Lender shall be entitled to the rights and remedies as herein provided, and/or as may be provided by law.

14. Mortgagor agrees to comply with the provisions of any ground lease related to the Property and will give Lender notice of any default on the part of the Lessor. If an option to renew or extend the ground lease occurs during the duration of this Indebtedness, Mortgagor agrees to exercise such option and to submit evidence of same to Lender. Mortgagor hereby assigns its rights in any such ground lease to Lender; however, Lender shall not be liable or responsible for any of the covenants or promises stated therein.

Mortgagor promises not to alter or amend any such ground lease nor to cancel, terminate or surrender its interest in such ground lease without first obtaining the written consent of the Lender.

15. As additional security for the Indebtedness and the performance of all of the Mortgagor's covenants hereunder, the Mortgagor:

(a) hereby grants to the Lender a security interest in any personal property or fixtures which may now or hereafter constitute any part of the Property, in all personal property in possession of the Lender but belonging to the Mortgagor, and in any balance of deposit account with the Lender which may be applied by the Lender upon the Indebtedness in the event of default hereunder; and

(b) hereby (pursuant to any statute now or hereafter existing and applicable) sells, assigns, transfers and sets over to the Lender all of the rents, profits, and income under any lease or leases of the Property, including any extensions, amendments, or renewals thereof, whether due or to become due, including all such leases in existence or coming into existence during the period this mortgage is in effect. This assignment of rents shall run with the land and be good and valid as against the Mortgagor or those claiming by, under, or through the Mortgagor, from the date of the recording of this instrument. This assignment shall continue to be operative during the period of any foreclosure or other action to enforce this mortgage, during any receivership created hereunder, and during the period of redemption, including the period of deficiency in the repayment of the Indebtedness. The Mortgagor acknowledges that this assignment is given as collateral security only and shall not be construed as obligating the Lender to perform any of the covenants or undertakings required to be performed by the Mortgagor contained in any such assigned leases. In the event of surrender or the taking of possession of the Property by the Lender upon the Mortgagor's default, the Lender may thereafter collect the rents and income therefrom, rent or lease the Property or any portion thereof upon such terms as the Lender may deem, in its sole discretion, advisable, and apply all proceeds derived therefrom to (i) preservation of the Property; (ii) payment of taxes; (iii) payment of insurance premiums; (iv) payment of interest or principal due on the Indebtedness.

16. The following shall constitute default of this mortgage and any note or other agreement it secures:

(a) the failure to pay either the interest or principal upon the Indebtedness when due;

(b) the failure to perform or keep any of the covenants of this mortgage or any agreement, oral or written, out

By initialing, I acknowledge this is page 2 of 4 of the
Commercial Real Estate Mortgage and Assignment of Leases and Rents.

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Initials Initials Initials Initials

real estate to prevent or delay, by any means, the exercise of said power of sale on the foreclosure of this mortgage: (b) to the payment of whatever sum or sums Mortgagee may have paid out or become liable to pay, in carrying out the provisions of this mortgage, together with interest thereon: (c) to the payment and satisfaction of said indebtedness(es) and interest thereon specifically referred to hereinabove to the day of sale and any other indebtedness(es) secured by this mortgage: and (d) the balance, if any, shall be paid over to Mortgagor, or Mortgagor's successors or assigns. In any event, the purchaser under any foreclosure sale, as provided herein, shall be under no obligation to see to the proper application of the purchase money.

15. That in the event of the enactment of any law by the State of Alabama, after the date of this mortgage, deducting from the value of the real estate for the purpose of taxation any lien thereon, or imposing any liability upon Mortgagee, in respect of the indebtedness(es) secured hereby, or changing in any way the laws now in force for the taxation of mortgages, or debts secured by mortgages, or the manner of collection of any such taxes, so as to affect this mortgage. Mortgagor shall pay any such obligation imposed on Mortgagee thereby, and in the event Mortgagor fails to pay such obligation or is prohibited by law from making such payment, the whole of the principal sum secured by this mortgage, together with the interest due thereon shall, at the option of Mortgagee, without notice to any party, become immediately due and payable.

16. That should Mortgagor become insolvent or bankrupt; or should a receiver of Mortgagor's property be appointed; or should Mortgagor intentionally damage or attempt to remove any improvements upon said mortgaged real estate: or should it be discovered after the execution and delivery of this instrument that there is a defect in the title to or a lien or encumbrance of any nature on the real estate prior to the lien hereof; or in case of an error or defect in the above described note or this instrument or in the execution or the acknowledgment thereof; or if a homestead claim be set up to the real estate or any part thereof adverse to this mortgage and if the said Mortgagor shall fail for thirty (30) days after demand by the Mortgagee, or other holder or holders of said indebtedness(es), to correct such defects in the title or to remove any such lien or encumbrance or

homestead claim, or to correct any error in said note or this instrument or its execution, then, upon any such default, failure or contingency, the Mortgagee, or other holder or holders of said indebtedness(es), or any part thereof, shall have the option or right, without notice or demand, to declare all of said indebtedness(es) then remaining unpaid immediately due and payable, and may immediately or at any time thereafter foreclose this mortgage by the power of sale herein contained or by suit, as such Mortgagee, or other holder or holders of said indebtedness(es), may elect.

17. That no right, title or interest in or to the mortgaged real estate, or any part thereof, shall be sold, transferred, assigned, conveyed, mortgaged or encumbered by a lien at any time prior to the payment in full of the indebtedness(es) secured hereby without first obtaining the prior written consent and approval of Mortgagee which consent and approval shall be within Mortgagee's sole discretion; that in the event of any violation of this provision, the entire unpaid balance of the indebtedness(es) secured hereby, together with all interest thereon, shall become due and payable immediately at the option of Mortgagee without notice to Mortgagor, and shall be recoverable by Mortgagee forthwith or at any time thereafter without stay of execution or other process and failure of Mortgagor to pay all monies to Mortgagee secured by this mortgage shall be an act of default entitling Mortgagee to foreclose this mortgage in accordance with the terms hereof.

18. That it is the intent of the Mortgagor and Mortgagee to secure any and all indebtedness(es) of said Mortgagor to Mortgagee, now existing or hereafter arising, due or to become due, absolute or contingent, liquidated or unliquidated, direct or indirect, and this mortgage is intended and does secure, not only the indebtedness hereinabove specifically referred to, but also any and all other debts, obligations and liabilities of said Mortgagor to said Mortgagee, whether now existing or hereafter arising, and any and all extensions or renewals of same, or any part thereof, at any time before actual satisfaction and cancellation of this mortgage in the Probate Office where recorded, and whether the same be evidenced by promissory note, open account, endorsement, guaranty agreement, pledge agreement, or otherwise; that it is expressly agreed that any indebtedness at any time secured hereby may be extended, rearranged or renewed and that any part of the security herein described may be waived or released without in anywise altering, varying or diminishing the force, effect or lien of this mortgage; and this mortgage shall continue as a first lien on all of the real estate and other property and rights covered hereby and not expressly released until all sums with interest and charges hereby secured are fully paid, and no other security now existing or hereafter taken to secure the payment of said indebtedness(es) or any part thereof shall in any manner be impaired or affected by the execution of this mortgage; and no security subsequently taken by Mortgagee or other holder or holders of said indebtedness(es) shall in any manner impair or affect the security given by this mortgage; and all security for the payment of said indebtedness(es) or any part thereof shall be taken, considered and held as cumulative.

19. That Mortgagor agrees for itself and any and all persons or concerns claiming by, through or under Mortgagor, that if it or any one or more of them shall hold possession of the above described real estate or any part thereof subsequent to foreclosure hereunder, it or the parties so holding possession shall become and be considered as tenants at will of the purchaser or purchasers at such foreclosure sale; and any such tenant failing or refusing to surrender possession upon demand shall be guilty of forcible detainer and shall be liable to such purchaser or purchasers for reasonable rental of the real estate, and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages which may be sustained by any such tenant as a result thereof being hereby expressly waived.

20. That Mortgagor agrees to faithfully perform all the covenants of the lessor or landlord under present and future leases affecting the mortgaged real estate, and neither do nor neglect, nor permit to be done, anything which may diminish or impair their value, or the rents provided for therein, or the interest of the lessor or of the Mortgagee therein or thereunder.

21. That Mortgagor shall furnish to Mortgagee within () days after the close of each fiscal year of Mortgagor, such financial records as the holder of this mortgage may require including, but not limited to, an annual statement of the operation of the real estate which shall include annual statements itemizing the income and expenses, an itemized rent roll, together with a complete financial statement of Mortgagor's assets and liabilities and its profit and loss statement. Such statement shall be prepared by certified public accountant acceptable to Mortgagee or at Mortgagee's discretion be supported by the affidavit of Mortgagor. Said information shall be given to Mortgagee at no expense to Mortgagee.

22. That if the indebtedness evidenced by the note specifically referred to hereinabove is being advanced by Mortgagee to Mortgagor under the terms and provisions and in accordance with a loan agreement or construction loan agreement ("agreement"), the terms and provisions of said agreement are hereby incorporated by reference as part of this mortgage as if fully set out herein, and any default in the performance of the provisions thereof, or any contract or agreement between Mortgagor and Mortgagee, shall constitute a default hereunder entitling Mortgagee to exercise the remedies provided herein, including the right to foreclose this mortgage in accordance with the terms hereof; that each FUTURE ADVANCE advanced by Mortgagee to Mortgagor is being advanced in accordance with an agreement dated and is secured by this mortgage.

23. That in the event this mortgage is second and subordinate to any prior mortgage(s) and in the event the Mortgagor should fail to make any payments which become due on said prior mortgage(s), or should default in any of the other terms, provisions and conditions of said prior mortgage(s) occur, then such default under the prior mortgage(s) shall constitute an event of default under the terms and provisions of this mortgage, and the Mortgagee herein may, at its option, declare the entire indebtedness(es) secured by this mortgage immediately due and payable and if payment is not promptly made, then declare this mortgage in default and subject to foreclosure, provided that the Mortgagee herein may, at its option, make, on behalf of Mortgagor, any such payments which become due on said prior mortgage(s), or incur any such expense or obligations on behalf of Mortgagor, in connection with the said prior mortgage(s), in order to prevent the foreclosure of said prior mortgage(s), and all such amounts so expended by the within Mortgagee on behalf of said Mortgagor shall become a debt to the Mortgagee and shall be secured by this mortgage and shall bear interest from the date of payment at the maximum legal rate of interest from time to time permitted by the laws of the State of Alabama, and shall be at once due and payable, entitling the Mortgagee to all of the rights and remedies provided herein, including, at Mortgagee's option, the right to foreclose this mortgage.

24. That provided always that if Mortgagor pays the indebtedness(es) secured by this mortgage, and reimburses Mortgagee, its successors and assigns, for any amount it may have expended pursuant to the authorization of this mortgage, including without limitation, sums spent in payment of taxes, assessments, insurance or other liens and interest thereon, and shall do and perform all other acts and things herein agreed to be done, this conveyance shall be null and void; otherwise it shall remain in full force and effect.

25. That any promise made by Mortgagor herein to pay money may be enforced by a suit at law, and the security of this mortgage shall not be waived thereby, and as to such debts the Mortgagor waives all rights of exemption under the laws and Constitution of the State of Alabama and agrees to pay as permitted by law a reasonable attorney's fee for the collection thereof.

26. That no delay or failure of Mortgagee to exercise any option herein given or reserved shall constitute a waiver of such option or estop Mortgagee from afterwards exercising same or any other option at any time, and the payment, or contracting to pay, by Mortgagee of anything Mortgagor has herein agreed to pay shall not constitute a waiver of default of Mortgagor in failing to make said payments and shall not estop Mortgagee from foreclosing this mortgage on account of such failure of Mortgagor.

27. That wherever and whenever in this mortgage it shall be required or permitted that notice or demand be given or served by any party, such notice or demand shall be given or served, and shall not be deemed to have been given or served unless in writing and forwarded by registered or certified mail, return receipt requested, addressed as follows:

To Mortgagor:

PREMIERE HOMES INC

100 CANYON PK ST B

PELHAM, AL 35124

To Mortgagee:

Colonial Bank, N.A.

