

ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT OF LEASES AND RENTS (the "Assignment"), made effective as of the 30th day of December, 2004, by and between **SHELBY RIDGE PROPERTIES, LLC**, an Alabama limited liability company ("Shelby Ridge Properties"), the mailing address of which is 100 Perry Hill Road, Montgomery, Alabama 36109, and **COLONIAL BANK, N.A.**, a national banking association (the "Bank"), the mailing address of which is 671 South Perry Street, Montgomery, Alabama 36109.

WITNESSETH:

FOR VALUE RECEIVED, Shelby Ridge Properties hereby grants, transfers and assigns to the Bank, its successors and assigns, all right, title and interest of Shelby Ridge Properties in and to all leases now or hereafter in effect with respect that real property located in Shelby County, Alabama described in Exhibit "A" attached hereto (the "Real Property") together with any extensions, modifications or renewals thereof, together with any and all security deposits received by Shelby Ridge Properties or any agent of Shelby Ridge Properties in connection therewith (whether one or more, the "Leases"), for the purpose of securing the following (collectively, the "Obligations"):

(a) the payment of all sums now or hereafter due the Bank under those two promissory notes of even date executed by Shelby Ridge Properties and Shelby Ridge Acquisition Corporation, an Alabama corporation (singularly, "Borrower" and, collectively, "Borrowers") to the order of the Bank in the aggregate principal amount of Six Million Two Hundred Ninety-seven Thousand Seven Hundred Fifty and No/100 Dollars (\$6,297,750.00) (collectively, the "Notes"); and,

(b) the performance and discharge of each obligation, covenant and agreement of Christopher Schmidt and Patti Wallace, individually and as Trustee of the Patti W. Turenne Revocable Trust dated December 4, 2000, (collectively, "Guarantors") and Borrowers contained or referred to in that certain Loan Agreement dated of even date herewith among Borrowers, the Guarantors and the Bank (the "Loan Agreement"), and any other instruments now or hereafter evidencing, securing or otherwise relating to the Loan Agreement (collectively, the "Loan Documents").

This Assignment is intended to be an absolute, present assignment from Shelby Ridge Properties to the Bank. All rents, issues and profits of the Real Property and all other sums now or hereafter due or held by Shelby Ridge Properties under any of the Leases, including security

This document prepared by:
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deposits (the "Rents") are hereby assigned absolutely by Shelby Ridge Properties to the Bank, contingent only upon the occurrence of a Default as defined hereinbelow.

ARTICLE I

1.01. Warranties of Shelby Ridge Properties. Shelby Ridge Properties hereby warrants and represents to the Bank that:

(a) Shelby Ridge Properties is the sole owner of landlord's interest under the Leases, is entitled to receive the Rents, and has good right to sell, assign, transfer and set over the same and to grant to and confer upon the Bank the rights, interests, powers and authorities herein granted and conferred.

(b) Shelby Ridge Properties has neither made nor permitted to be made any assignment other than this Assignment of any of Shelby Ridge Properties' rights under the Leases.

(c) Shelby Ridge Properties has not done any act or omitted to do any act which might prevent the Bank from, or limit the Bank in, acting under any of the provisions of this Assignment.

(d) Shelby Ridge Properties is not prohibited under any agreement with any other person or entity or under any judgment or decree from the execution and delivery of this Assignment or of the Leases, from the performance of each and every covenant of Shelby Ridge Properties hereunder and under the Leases, or from the meeting of each and every condition contained herein or in the Leases.

(e) No action has been brought or threatened which in any way would interfere with the right of Shelby Ridge Properties to execute this Assignment and perform all of Shelby Ridge Properties' obligations herein contained.

(f) There are no Leases or other rights of possession affecting the Real Property in force now or committed to by Shelby Ridge Properties, other than those specified in Exhibit "B" attached hereto.

1.02. Covenants of Shelby Ridge Properties. Shelby Ridge Properties hereby covenants and agrees with the Bank as follows:

(a) Shelby Ridge Properties shall (i) fulfill, perform and observe each and every condition and covenant of Shelby Ridge Properties contained in the Leases; (ii) at the sole cost and expense of Shelby Ridge Properties, diligently seek to enforce the performance and observance of each and every covenant and condition of the Leases to be performed or observed by the tenants thereunder; and (iii) appear in and defend any action growing out of, or in any manner connection with, any of the Leases or the obligations or liabilities of Shelby Ridge Properties, as landlord thereunder,

(b) Shelby Ridge Properties shall not without the prior written consent of the Bank (i) execute, terminate, modify or accept surrender of any Leases, or (ii) give any consent to any assignment by any tenant under any of the Leases or consent to any sublease of any part or portion of the Real Property.

(c) Shelby Ridge Properties agrees to indemnify and hold the Bank harmless from and against any and all liability, loss or damage which the Bank may incur under any of the

Leases or under or by reason of this Assignment and from and against all claims and demands whatsoever which may be asserted against it by reason of an act of the Bank under this Assignment or under any of the Leases.

(d) Shelby Ridge Properties hereby authorizes and directs any holder of a leasehold interest under any of the Leases to make payment and otherwise perform under any Leases directly to the Bank upon written notification to do so from the Bank to the holder of said leasehold interest, without any further authorization of Shelby Ridge Properties. This authorization and instruction is irrevocable by Shelby Ridge Properties without the Bank's written consent.

(e) Shelby Ridge Properties shall not execute any Leases in addition to those specified in Exhibit "B" without the Bank's prior written consent.

1.03. Limited License to Receive. Although this Assignment constitutes a present and current assignment of the Rents, so long as there shall exist no Default as defined herein or in the Loan Agreement, Shelby Ridge Properties shall have the right to:

(a) to collect, but not more than thirty (30) days prior to accrual (except as approved in writing by the Bank), the Rents, as trustee for the benefit of the Bank, to apply the Rents so collected to the then due Obligations; and,

(b) to maintain the security deposits in a separate, identifiable account maintained at the Bank.

1.04 Feasance and Defeasance. Upon the payment and performance in full of all of the Obligations by Borrowers and the Guarantors, as evidenced by the recording or filing of an instrument of satisfaction or full release of the mortgage of even date by Shelby Ridge Properties to the Bank (the "Mortgage") without the recording of another mortgage in favor of the Bank affecting the Real Property, this Assignment shall become and be void and of no further effect; otherwise to remain in full force and effect.

ARTICLE II

2.01. Default. The occurrence of any one or more of the following events shall constitute a "Default" hereunder:

(a) Lease Defaults. A default by Shelby Ridge Properties under any of the Leases, which default is not cured within any applicable cure periods set forth in such Lease;

(b) Assignment Defaults. The breach by Shelby Ridge Properties of any warranty, covenant, or other undertaking under this Assignment or if any warranty or representation is false or materially misleading;

(c) Nonpayment or Non-Performance by Borrowers or Guarantors. The failure of either Borrower or any Guarantor to pay or otherwise perform any and all Obligations which it is required to pay or otherwise perform under any of the Loan Documents as and when required of it, subject only to the expiration of any applicable cure period (if any) provided in the Loan Documents; or,

(d) Other Defaults. The occurrence of any "Event of Default" or "Default" under, and as defined in, any Loan Documents.

Notwithstanding anything in this Article, all requirements of notice shall be deemed inapplicable if the Bank is prevented from giving such notice by bankruptcy or other applicable law. In such event, the cure period, if any, shall then run from the occurrence of the event or condition of default rather than from the date of notice.

2.02. Remedies. Upon the occurrence of any Default, the Bank may at its option, with or without notice or demand of any kind (except as may be provided in any of the Loan Documents), exercise any or all of the following remedies:

- (a) Declare any part or all of the Obligations to be due and payable;
- (b) Perform any and all obligations of Shelby Ridge Properties under any or all of the Leases or this Assignment and exercise any and all rights of Shelby Ridge Properties herein or therein as fully as Shelby Ridge Properties itself could do, including, without limiting the generality of the foregoing: enforcing, modifying, extending or terminating any or all of the Leases; collecting, modifying, compromising, waiving or increasing any or all of the Rents; and obtaining new tenants and entering into new leases on the Real Property on any terms and conditions deemed desirable by the Bank, and, to the extent the Bank shall incur any costs in connection with the performance of any such obligations (or enforcement of the rights) of Shelby Ridge Properties, including costs of litigation, then all such costs shall become a part of the Obligations, shall bear interest from the incurring thereof at the Interest Rate specified in the Loan Agreement, and shall be due and payable on demand. If there is more than one Interest Rate in the Loan Agreement, then the highest one shall apply;
- (c) In Shelby Ridge Properties' or the Bank's name, institute any legal or equitable action which the Bank in its sole discretion deems desirable to collect and receive any or all of the Rents; or
- (d) Collect the Rents, and apply the same in such order as the Bank in its sole discretion may elect to pay in accordance with the terms of the Loan Documents, provided, however, from and after the occurrence of any Default as described herein, and in consequence thereof the Bank elects to accelerate the payment of any of the Notes, then the Bank may apply such payments to the any expenses incurred by the Bank which the Bank may be entitled to recoup under any of the Loan Documents (including reasonable attorneys fees) and the balance, if any, to late charges, then to interest, then to principal under the Notes, and lastly to any other of the Obligations that remain unpaid.
- (e) Exercise any other remedies available to the Bank in the Loan Documents, or in equity or at law.

Entry upon, and taking possession of, the Real Property and the collection of the Rents and the application thereof as aforesaid shall not operate to cure or waive any Default hereunder or under any other of the Loan Documents, or prohibit the taking of any other action by the Bank under any of the Loan Documents or at law or in equity to enforce the payment of the Obligations or to realize on any other security. The Bank shall have the full right to exercise any or all of the foregoing remedies without regard to the adequacy of security for any or all of the Obligations, and with or without the commencement of any legal or equitable action or the appointment of any receiver or trustee, and shall have the full right to enter upon, take possession of, use and operate all or any portion of the Real Property which the Bank in its sole discretion deems desirable to effectuate any or all of the foregoing remedies. In no event shall the Bank be liable

to any tenant under any of the Leases for the return of any security deposit in any amount in excess of the amount of the deposit of such Tenant delivered to the Bank by Shelby Ridge Properties.

ARTICLE III

3.01. Successors and Assigns. This Assignment shall inure to the benefit of and be binding upon Shelby Ridge Properties and the Bank and their respective successors, heirs and assigns. Whenever a reference is made in this Assignment to "Shelby Ridge Properties" such reference shall be deemed to include a reference to Shelby Ridge Properties and the successors and assigns thereof.

3.02. Terminology and Capitalized Terms. All personal pronouns used in this Assignment, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa. Any capitalized term not defined herein shall have the meaning ascribed to it in the Loan Agreement. Titles of articles are for convenience only and neither limit, expand nor amplify the provisions of this Assignment.

3.03. Severability. If any provision of this Assignment or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Assignment and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.04. No Third Party Beneficiaries. This Assignment is made solely for the benefit of the Bank. No tenant under any of the Leases nor any other person shall have standing to bring any action against the Bank as the result of this Assignment, or to assume that the Bank will exercise any remedies provided herein, and no person other than the Bank shall under any circumstances be deemed to be a beneficiary of any provision of this Assignment.

3.05. No Oral Modifications. Neither this Assignment nor any provisions hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

3.06. Cumulative Remedies. The remedies herein provided shall be in addition to and not in substitution for the rights and remedies vested in the Bank in any of the Loan Documents or in law or equity, all of which rights and remedies are specifically reserved by the Bank. The remedies herein provided or otherwise available to the Bank shall be cumulative and may be exercised concurrently. The failure to exercise any of the remedies herein provided shall not constitute waiver thereof, nor shall use of any of the remedies herein provided prevent the subsequent or concurrent resort to any other remedy or remedies. It is intended that this Article shall be broadly construed so that all remedies herein provided or otherwise available to the Bank shall continue and be each and all available to the Bank until the Obligations have been satisfied in full.

3.07. Loan Agreement. This Assignment is subject to, and shall be read in conjunction with, the provisions of the Loan Agreement. In the event of a conflict between this Assignment and the Loan Agreement, the provisions of the Loan Agreement shall control.

3.08. Further Assurances. At any time and from time to time, upon request by the Bank, Shelby Ridge Properties will make, execute and deliver, or cause to be made, executed and delivered, to the Bank and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or re-filed at such time and in such offices and places as shall be deemed desirable by the Bank, any and all such other and further assignments, deeds to secure debt, mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of the Bank, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a) the obligations of Shelby Ridge Properties under this Assignment and (b) the security interest created by this Assignment as a first and prior security interest upon the Leases and the Rents. Upon any failure by Shelby Ridge Properties so to do, the Bank may make, execute, record, file, rerecord and/or re-file any and all such assignments, deeds to secure debt, mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of Shelby Ridge Properties, and Shelby Ridge Properties hereby irrevocably appoints the Bank the agent and attorney-in-fact of Shelby Ridge Properties so to do.

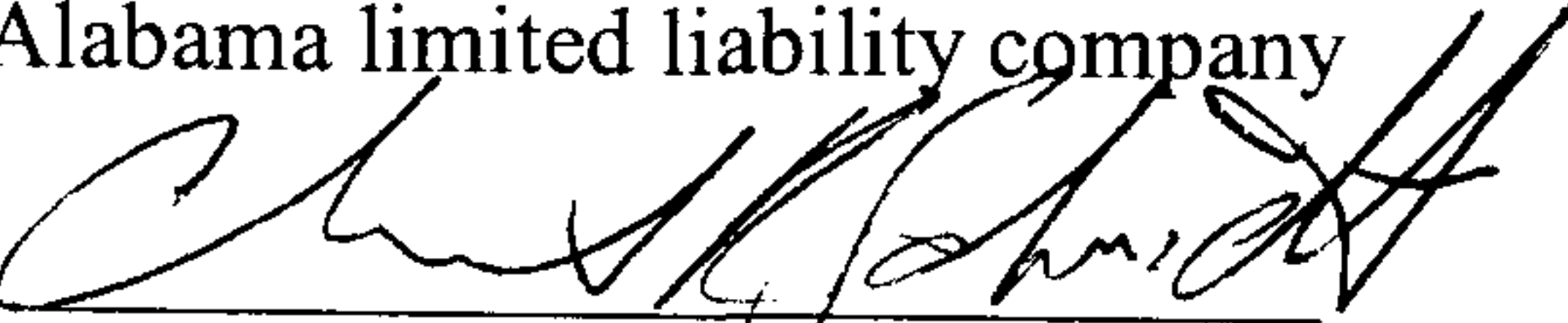
3.09. Notices. Any and all notices, elections or demands permitted or required to be made under this Assignment shall be made in accordance with the provisions relating to notice set forth in the Loan Agreement.

3.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall compromise but a single instrument.

3.11. Applicable Law. This Agreement shall be governed by the laws and decisions of the State of Alabama.

IN WITNESS WHEREOF, Shelby Ridge Properties has caused this Assignment to be executed, effective as of the day and year first above written.

SHELBY RIDGE PROPERTIES, LLC,
an Alabama limited liability company

By: 

Christopher Schmidt

Its: Manager

STATE OF ALABAMA
COUNTY OF MONTGOMERY

I, the undersigned, a Notary Public in and for the State of Alabama at Large, hereby certify that Christopher Schmidt, whose name as Manager of Shelby Ridge Properties, LLC, an Alabama limited liability company, and who is known to me, acknowledged before me on this day, that, being informed of the contents of said instrument, he, in such capacity and with full authority, executed the same voluntarily for and as the act of said limited liability company.

GIVEN under my hand and official seal on this the 30th of December, 2004.



NOTARY PUBLIC
My Commission Expires: 1/22/06

(S E A L)

EXHIBIT “A”

The Property

The following real property situated in Shelby County, Alabama:

Lot 1, according to the Final Plat of Shelby Ridge Nursing Home Survey, as recorded in Map Book 34, page 60, in the Probate Office of Shelby County, Alabama.

EXHIBIT "B"
The Leases

1. That lease between Shelby Ridge Properties, as landlord, and Shelby Ridge Acquisition Corporation as tenant, dated effective January 1, 2005.