

## **FORBEARANCE AGREEMENT**

**THIS FORBEARANCE AGREEMENT** is entered into this 1st day of April, 2005 (the "Effective Date"), by and between FIRST NATIONAL BANK OF SHELBY COUNTY ("FNBSC" or "bank"), WOOD DISCOUNT PHARMACY, INC. ("Borrower"), WILLIAM WOOD ("Guarantor"), and PAMELA WOOD. ("Guarantor") Collectively, WILLIAM WOOD and PAMELA WOOD are referred to as "Guarantors."

### **Recitals**

A. The bank has three loans outstanding to Borrower that are encompassed by this agreement. Loan I (#95-804308) is in the name of Wood Discount Pharmacy, Inc. and has a current balance of \$1,723,969.64. (This is a Participation Loan with 1<sup>st</sup> Financial Bank in which FNBSC is the lead bank.) Loan II (#81-759355) is in the name of Wood Discount Pharmacy, Inc. and has a current balance of \$67,423.40. Loan III (#95-732528) is in the name of Wood Discount Pharmacy, Inc. and has a current balance of \$99,996.27. These balances do not include attorney fees. Collectively, these loans make up the "Indebtedness" for purposes of this agreement. William Wood and Pamela Wood personally guarantee repayment of all of the Indebtedness to FNBSC. Currently, Borrower is in default in the payment and the terms and conditions of its Indebtedness to FNBSC. As a result of said defaults, Loans I and III have been accelerated and are due and payable in full.

B. The Borrower has requested that FNBSC enter into a Forbearance Agreement in order to allow Borrower time to payoff its Indebtedness at the bank. FNBSC is willing to forbear allowing the Borrower additional time to payoff its Indebtedness but only upon strict compliance with the terms and conditions contained herein.

### **Agreement**

**NOW THEREFORE**, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the parties agree as follows:

1. **Acknowledgement of Indebtedness.** The Borrower acknowledges that it is indebted to FNBSC for repayment of the Indebtedness, plus all accruing interest, costs, attorney fees and any other expenses related to the Indebtedness. The Borrower hereby reaffirms the Notes, Construction Loan Agreement, and other related Security Documents, and acknowledges that they are strictly enforceable in accordance with their terms.

2. **Acknowledgement of Lack of Defenses.** The Borrower acknowledges that it has no defense, counterclaim, offset, cross complaint, claim or demand of any kind or nature whatsoever (collectively, the "Claims") that can be asserted to reduce or eliminate all or any part of Borrower's liability to repay the Indebtedness to FNBSC or to seek affirmative relief for damages of any kind or nature from FNBSC, which Claims

FNBSC



arise out of or are related to the Indebtedness. To the extent that any such Claim exists, it is fully, forever and irrevocably released as provided in Paragraph 6, hereof.

3. **Forbearance.** Based on FNBSC (1) receiving a fully executed copy of this agreement on or before 4/13/05, (2) receiving monthly interest payments on both Loan I and Loan III with the first payments due on 5/1/05 and continuing on the 1<sup>st</sup> day of each month thereafter, (3) the Borrower continuing to make the payments on Loan II according to the terms and conditions of the note and (4) provided there is no other default by the Borrower under the notes or other financing documents, including without limitation this agreement, then FNBSC will extend the maturity date on Loans I and III to and until June 17, 2005 with the balances due on June 17, 2005. FNBSC further agrees to advance to Borrower the sum of \$225,000.00 as needed during the Forbearance Period as long as the Borrower is working with a qualified builder that is approved by the bank and said builder has adequate bank approved plans to finish the construction of the drug store in Alabaster, Alabama and obtain a certificate of occupancy. Such approval of the builder and his/her plans to complete the construction will not be unreasonably withheld by FNBSC. The distributions will be advanced in accordance with the percentage of work completed on the store as reasonably determined by FNBSC. The draws on the \$225,000.00 will be made payable to Borrower and the applicable subcontractor with the subcontractor being required to sign a lien waiver simultaneously with receiving payment. The indebtedness of Borrower to FNBSC is due and payable in full upon the maturity of this agreement on June 17, 2005.

4. **Legal Fees.** Borrower will pay all legal fees incurred by FNBSC in connection with the collection of the Indebtedness and the preparation of this agreement.

5. **Default.** Should the Borrower default in its obligations under the terms of this Agreement, the Notes, Construction Loan Agreement, or other financing documents, the terms of which are incorporated by reference herein and made a material part of this Agreement (except as modified herein), the Notes shall become immediately due and payable in full. Also, a default rate of interest of 8.5% in excess of the Prime Rate of FNBSC will immediately become effective in the event Borrower defaults in any of its obligations under the terms of this Agreement, the Notes, the Construction Loan Agreement or other financing documents. The Borrower must return a fully executed and acknowledged copy of this Agreement to the bank on or before 4/13/05.

6. **Release By the Borrower and Guarantors.** The Borrower and Guarantors, for their successors, heirs and assigns, affiliates, subsidiaries, officers, agents, and employees do hereby release and forever discharge FNBSC, its successors and assigns, officers, agents, employees, inspectors, participating banks, correspondent lenders and attorneys from any and all claims, demands, actions, causes of actions, suits, damages, and loss, of whatsoever kind and nature, for or on account of anything that has heretofore occurred up to and including the date of this Agreement.

7. **Integration.** This Agreement constitutes the entire agreement of the




parties pertaining to the subject matter hereof and all prior negotiations and representations relating thereto are merged herein. This Agreement is not intended to modify and does not modify the obligations of the Borrower pursuant to any loan, and/or security agreement, construction loan agreement, guaranty or debt instrument, except to the extent expressly set forth herein. This Agreement shall inure to the benefit of, and be binding upon, the representatives, successors and assigns of the parties thereto, respectively. The parties each acknowledge that they have read and understood this Agreement, that they have had the ability to consult with an attorney of their own choosing, and that they execute this Agreement voluntarily. This Agreement may be executed in whole or in counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one agreement.

8. **Correction Agreement.** The undersigned Borrower, for and in consideration of FNBSC agrees, if requested by the bank or closing agent for the bank, to fully cooperate and adjust for clerical errors on any or all of the loan closing documentation including but not limited to this agreement if deemed necessary at the reasonable discretion of FNBSC. The undersigned Borrower hereby so agrees and covenants in order to assure among other things that the loan documentation will reflect the agreement of the parties and that the loan documentation will also be acceptable in the market place in the instance of sale, transfer, or conveyance by FNBSC of its interest in said loan documentation. The undersigned Borrower agrees that the failure of Borrower to cooperate, adjust, and/or replace any such loan documentation as provided herein, upon the reasonable request of FNBSC, will constitute a default under the loan documentation.

9. **Course of Dealing.** No course of dealing between the bank and Borrower shall be effective to amend, modify or change any provision of this Agreement. This Agreement may not be amended, modified or changed in any respect except by agreement in writing signed by all parties hereto.

10. **Cross-Default.** In the event of the failure of Borrower to make the payments when due as called for in this Agreement or the failure of the Borrower to make the payments on any of its other obligations to FNBSC ("Obligations" meaning thereby these notes and any and all renewals and extensions thereof and all other liabilities of the Borrower to the bank, now existing or hereafter incurred or arising, direct or indirect, and however incurred), FNBSC shall have the right at its election to declare all obligations of the Borrower immediately due and payable in full.

11. **Acknowledgment By Guarantors.** Guarantors expressly acknowledge that the guaranty agreements they executed in favor of FNBSC with regard to the Indebtedness encompasses and contemplates repayment, among other things, of all debt and related obligations arising from the indebtedness referenced in paragraph 1 hereof, and, although the Guarantors' consent is not required, Guarantors specifically consent to Borrower's execution of this Forbearance Agreement, with its resulting obligations.

  
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12. **Cross-Collateralization.** The collateral of Borrower and Guarantors in which FNBSC has a security interest in secures the principal and interest up to an unlimited amount on all the Indebtedness, obligations (including obligations of performance), and liabilities of Borrower and the Guarantors to FNBSC of every kind and description whatsoever, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, contracted or arising, or acquired by FNBSC from any source, joint or several, liquidated or unliquidated, regardless of how they arise and/or were incurred or by what agreement or instrument they may be evidenced or whether they are evidenced by agreement or instrument, and whether incurred as maker, endorser, surety, guarantor, or otherwise, and any and all extensions, forbearances, or renewals of any of the same, including without limitation any reimbursement obligations incurred in connection with the issuance of a letter of credit.

13. **Arbitration.** All disputes shall be resolved by binding arbitration in accordance with Title 9 of the U.S. Code and the Arbitration Rules for Commercial Financial Disputes of the American Arbitration Association. All defenses, including those defenses based on statutes of limitation, estoppel, waiver, laches and similar doctrines, that would otherwise be applicable to an action brought by a party, shall be applicable in such arbitration proceeding. Notwithstanding the foregoing, Borrower and Guarantors agree that FNBSC shall have the right, but not the obligation, to submit and pursue in a court of law any claim against Borrower and/or Guarantors for a debt due. No provision of, nor the exercise of any rights under this section, shall limit the bank's right to foreclose against any real or personal property by exercise of a power of sale under a mortgage, to exercise self-help remedies such as repossession or set-off, or to obtain provisional or ancillary remedies such as injunctive relief, attachment or the appointment of a receiver from a court having jurisdiction either before, during or after the pendency of any arbitration. The arbitrator may not award punitive damages, treble damages, penalties, or attorney's fees.

14. **State Law of Alabama.** This agreement shall be governed by and construed in accordance with the laws of the State of Alabama. Whenever possible, each provision of this agreement shall be interpreted in such a manner to be effective and valid under applicable law. If any provision shall be deemed ineffective and/or invalid, this will not invalidate the remainder of this agreement.

**IN WITNESS WHEREOF**, the parties have hereunto set their names and seals, all as of the day and year first above written.

**FIRST NATIONAL BANK OF SHELBY COUNTY**

By

*[Signature]*  
Its Senior Vice President

STATE OF ALABAMA

COUNTY OF

Shelby



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SWORN TO AND SUBSCRIBED before me this the 12<sup>th</sup> day of  
April, 2005.

Donna Shannon

Notary Public

MY COMMISSION EXPIRES JUNE 20, 2007

My Commission expires: \_\_\_\_\_

**WOOD DISCOUNT PHARMACY, INC.**

By William G. Wood  
Its President

STATE OF ALABAMA

COUNTY OF Shelby

SWORN TO AND SUBSCRIBED before me this the 8<sup>th</sup> day of  
April, 2005.

Denise M. Hausen

Notary Public

My Commission expires: \_\_\_\_\_

**DENISE M. HAUSEN**  
Notary Public, State of Alabama  
My Commission Expires 3/4/09

William G. Wood  
**WILLIAM G. WOOD**

STATE OF ALABAMA

COUNTY OF Shelby


SWORN TO AND SUBSCRIBED before me this the 8<sup>th</sup> day of  
April, 2005.

Denise M. Hausen

Notary Public

My Commission expires: \_\_\_\_\_

**DENISE M. HAUSEN**  
Notary Public, State of Alabama  
My Commission Expires 3/4/09

  
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Pamela S. Wood  
PAMELA WOOD

STATE OF ALABAMA


COUNTY OF Shelby

SWORN TO AND SUBSCRIBED before me this the 8th day of  
April, 2005.

Denise M. Hausen  
Notary Public

My Commission expires: \_\_\_\_\_

**DENISE M. HAUSEN**  
Notary Public, State of Alabama  
My Commission Expires 3/4/09

  
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