UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

20060616000289340 1/4 $167.00
Shelby Cnty Judge of Probate, AL
06/16/2006 02:42:43PM FILED/CERT

A. NAME & PHONE OF CONTACT AT FILER [optional]
LOAN OPERATIONS 662-289-5121

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

MERCHANTS & FARMERS BANK
POST OFFICE BOX 520
KOSCIUSKO, MS 39090

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
LOMAX PULPWOOD & LUMBER CO., INC.

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
P. O. BOX 833	COLUMBIANA	AL	35051	SHELBY

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		CORPORATION	AL	[X] NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				[ ] NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
MERCHANTS & FARMERS BANK

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
POST OFFICE BOX 520	KOSCIUSKO	MS	39090	ATTALA

4. This FINANCING STATEMENT covers the following collateral:

ALL DEBTOR'S INVENTORIES OF LOGS AND TIMBER HARVESTED FROM THE LANDS DESCRIBED IN TIMBER DEED BETWEEN MERCHANTS & FARMERS BANK AND DEBTOR, DATED 06/12/2006, TOGETHER WITH ALL ACCOUNTS AND CONTRACT RIGHTS ARISING FROM OR PERTAINING TO THE HARVESTING OR SALE OF TIMBER INVENTORY AND ALL RETURNED OR REPOSSESSED PROPERTY WHICH IS STANDING, LYING OR BEING ON THE LAND DESCRIBED AS FOLLOWS, SAID LAND BEING OWNED BY LOMAX PULPWOOD & LUMBER CO., INC.

SEE ATTACHED EXHIBIT "A" FOR COMPLETE LEGAL DESCRIPTION.

SEE ATTACHED ADDENDUM

5. ALTERNATIVE DESIGNATION [if applicable]: [ ] LESSEE/LESSOR [ ] CONSIGNEE/CONSIGNOR [ ] BAILEE/BAILOR [ ] SELLER/BUYER [ ] AG. LIEN [ ] NON-UCC FILING

6. [X] This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] [ ] All Debtors [ ] Debtor 1 [ ] Debtor 2

8. OPTIONAL FILER REFERENCE DATA

NOTE #1801195

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INSTRUCTIONS
1. Remove Secured Party and Debtor copies and send other 3 copies to the filing officer.
2. At the time of the original filing, filing officer will return the third (3rd) copy as an acknowledgment.
3. When filling out this form be sure to indicate state name in appropriate space.
4. Be sure to file this form with original financing statement.

ADDENDUM TO UNIFORM COMMERCIAL CODE FINANCING STATEMENTS

STATE OF...ALABAMA..... TOTAL NUMBER OF SHEETS ...2.....

The Financing Statement to which this addendum is attached covers the types (and items) of property indicated below that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the property is or will be located, and all proceeds and products of the property (including, but not limited to, all parts, accessories, repairs, replacements, improvements, and accessions to the property):

☐ **Accounts and Other Rights to Payment:** All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.

☐ **Inventory:** All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.

☐ **Equipment:** All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create or perfect a valid security interest in all of Debtor's equipment.

☐ **Instruments and Chattel Paper:** All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.

☐ **General Intangibles:** All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.

☐ **Documents:** All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.

☒ **Farm Products and Supplies:** All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.

☐ **Government Payments and Programs:** All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.

☐ **Investment Property:** All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.

☐ **Deposit Accounts:** All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.

LOMAX PULPWOOD & LUMBER CO., INC.	MERCHANTS & FARMERS BANK	2
DEBTOR	SECURED PARTY	SHEET No.

(1) FILING OFFICER COPY - ALPHABETICAL

Expere ©1989, 2000 Bankers Systems, Inc., St. Cloud, MN Form UCC-ADD-LAZ 1/23/2001

This instrument prepared by:
Lomax Pulpwood & Lumber Co., Inc.
4030 7th St. North
Clanton, AL 35045

20060616000289340 3/4 $167.00
Shelby Cnty Judge of Probate,AL
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STATE OF ALABAMA

COUNTY OF SHELBY

DEED

> **TIMBER**

This indenture made this 16th day of June, 2006, between
James R. Cates, a married man
Jeffrey C. Cates, a married man
John H. Cates, a single man

of the State of Alabama , and County of Shelby, hereinafter called

First Party, and Lomax Pulpwood Lumber Company, Inc. hereinafter called Second Party.

WITNESSETH, that First Party, for and in consideration of the sum of $90,000 Dollars, in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell, convey, and confirm unto Second Party all of the following described property, rights and privileges:

All of the following described timber and trees, including saplings and tops suitable for pulpwood purposes, to-wit:

ALL PINE TREES

The above described timber and trees are standing, growing, or fallen on the following described land, to-wit:

All of the SE¼ of the SW¼; All of the SW¼ of the SE¼ of the SE¼; All of the NW¼ of the SE¼; All of the S½ of the NE¼ of the NE¼; That part of the SE¼ of the NE¼ and that part of the NE¼ of the SE¼, lying North and West of the Southern Railroad right of way in Section 13, Township 21 South, Range 1 West, Shelby County, Alabama.

Also the right of ingress and egress over said lands and any adjacent lands of First Party for the purpose of cutting and removing said trees and timber, which rights may also be exercised by Second Party's independent contractors, their servants, agents, and workmen, in, through, over, and upon the said lands; also the privilege of adequate roads and rights of way as may be needed and the right to use and improve existing roads upon the lands described herein and, where necessary, to construct haul roads and to obtain borrow material for such purpose close to the area where such material is needed; also the right to go upon said lands with men, cars, trucks, and other vehicles for the purpose of cutting, harvesting, logging, and sawing the trees and timber and removing therefrom the trees and timber; to stack and pile lumber and logs thereon; and all other logging rights and privileges usually given and not hereinabove mentioned.

The term of t his contract shall be 18 months from the date hereof and Second Party is to have the above granted property, rights and privileges for said length of time.

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And it is expressly agreed between the parties hereto that this conveyance and sale embraces not only the trees and timber, including pulpwood saplings and trees within the description herein contained at the date hereof but all that may grow to the measure of such description during the term of this contract.

$90,000.00 cash advance. Advance is to be deleted weekly, as timber is cut. Once the advance has been completely deleted, the buyer will make weekly payments for the balance of timber that is cut and removed. The stumpage rates for the various timber products are as follows:

- pine saw timber: $40.00 per ton
- pine chip-n-saw: $22.00 per ton
- pine pulpwood: $3.00 per ton

TO HAVE AND TO HOLD the said bargained trees, timber, and pulpwood rights to Second Party as above set out; and the title to the said property and the privileges the said First Party will warrant and defend against the lawful claims of all persons whomsoever.

All agreements, covenants, duties, rights, privileges, and powers herein made, imposed, granted, or mentioned, which are binding upon or applicable to either or both of the parties hereto, shall also be binding upon and applicable to the heirs, legal representatives, successors and assigns of such party or parties.

IN WITNESS WHEREOF, First Party has signed, sealed, and delivered these presents, the day and year first above written.

James R Cates (L.S.)
James R. Cates

(L.S.)
Jeffrey C. Cates

(L.S.)
John H. Cates

STATE OF ALABAMA

SHELBY COUNTY >

I, THE UNDERSIGNED AUTHORITY, a Notary Public in and for said County, in said State, hereby certify that James R. Cates, ~~Jeffrey C. Cates~~, and John H. Cates whose names are signed to the foregoing conveyance, and who are known to me, acknowledged before me on this day, that, being informed of the contents of the conveyance executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 16th day of June A.D., 2006

AMANDA BAILEY
Notary Public, Shelby County
Alabama State At Large
My Commission Expires
September 20, 2008

Amanda Bailey
Notary Public.

I, Amanda Bailey, a notary Public in and for the said county,in said State, hereby that certify that Jeffrey C. Cates whose names are signed to the foregoing conveyance and who known to me, acknowledge before me on this day, that, being informed of the contents of the conveyance ____ executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 16th day of June, 2006

AMANDA BAILEY
Notary Public, Shelby County
Alabama State At Large
My Commission Expires
September 20, 2008

Notary Public

Amanda Bailey