



**FUTURE ADVANCE MORTGAGE,
ASSIGNMENT OF RENTS AND LEASES
AND SECURITY AGREEMENT
(ALABAMA)**

STATE OF ALABAMA

COUNTY OF SHELBY

THIS INDENTURE (herein this “**Mortgage**”) made this 28th day of December, 2006, between **THE VILLAGE AT HIGHLAND LAKES IMPROVEMENT DISTRICT**, an Alabama corporation (hereinafter called the “**Borrower**,” whether one or more), **THE VILLAGE AT HIGHLAND LAKES, INC.**, an Alabama corporation (the “**Mortgagor**”), **Mortgagor**, and **COMPASS MORTGAGE CORPORATION** (hereinafter called “**Bank**”), **Mortgagee**.

THIS MORTGAGE IS FILED AS AND SHALL CONSTITUTE A FIXTURE FILING IN ACCORDANCE WITH THE PROVISIONS OF SECTION 7-9A-502(c) OF THE CODE OF ALABAMA.

THIS MORTGAGE IS A “CONSTRUCTION MORTGAGE” AS DEFINED IN SECTION 7-9A-334 OF THE CODE OF ALABAMA AND SECURES, AMONG OTHER OBLIGATIONS, AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN IMPROVEMENT ON LAND.

WITNESSETH:

WHEREAS, Borrower and Mortgagor are justly indebted to Bank on a loan made to Borrower (the “**Loan**”) in the principal sum of TWENTY FOUR MILLION TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS (\$24,215,000.00), or so much as may from time to time be disbursed thereunder (Borrower’s obligation being evidenced by a Revenue Note Series 2006 executed by Borrower in favor of Lender and dated December 28, 2006, payable to Bank with interest thereon (the “**Note**”), and Mortgagor’s obligation to repay the Note being evidenced by that certain Note Repayment Agreement between Mortgagor and Bank dated December 28, 2006 (the “**Note Repayment Agreement**”), in each case payable on demand or as otherwise provided therein; and

WHEREAS, Borrower or Mortgagor may hereafter become indebted to Bank or to a subsequent holder of this Mortgage on loans or otherwise (the Bank and any subsequent holder of this Mortgage being referred to herein as “**Lender**”); and

WHEREAS, the parties desire to secure the principal amount of the Note (including but not limited to Mortgagor’s obligation to repay the Note pursuant to the Note Repayment Agreement) with interest, and all renewals, extensions and modifications thereof, and all refinancings of any part of the Note and any and all other additional indebtedness of Borrower or Mortgagor to Lender, now existing or hereafter arising, whether joint or several, due or to become due, absolute or contingent, direct or indirect, liquidated or unliquidated, and any renewals, extensions, modifications and refinancings thereof, and whether incurred or given as maker, endorser, guarantor or otherwise, and whether the same be evidenced by note, open account, assignment, endorsement, guaranty, pledge or otherwise, including all obligations incurred by the Borrower or Mortgagor under any agreement between Borrower and/or Mortgagor and Lender or any affiliate of Lender, whether now existing or hereafter entered into, which provides for an interest rate currency, equity, credit or commodity swap, cap, floor or collar, spot or foreign currency exchange transaction, cross currency rate swap, currency option, any combination of, or option with respect to, any of the foregoing or similar transactions, for the purpose of hedging the

**THIS INSTRUMENT
PREPARED BY:**

John D. Pickering
Balch & Bingham, LLP
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Borrower's and/or Mortgagor's exposure to fluctuations in interest rates, exchange rates, currency, stock, portfolio or loan valuations or commodity prices (herein "**Other Indebtedness**").

NOW, THEREFORE, the Mortgagor, in consideration of Lender's making the Loan, and to secure the prompt payment of same, with the interest thereon, and any extensions, renewals, modifications and refinancings of same, and any charges herein incurred by Lender on account of Borrower or Mortgagor, including but not limited to attorneys' fees, and any and all Other Indebtedness as set forth above, and further to secure the performance of the covenants, conditions and agreements hereinafter set forth and set forth in the Note and the Note Repayment Agreement and set forth in all other documents evidencing, securing or executed in connection with the Loan (this Mortgage, the Note, the Note Repayment Agreement and such other documents are sometimes referred to herein as the "**Loan Documents**"), and as may be set forth in instruments evidencing or securing Other Indebtedness (the "**Other Indebtedness Instruments**") has bargained and sold and does hereby grant, bargain, sell, alien and convey unto the Lender, its successors and assigns, the following described land, real estate, estates, buildings, improvements, fixtures, furniture, and personal property (which together with any additional such property in the possession of the Lender or hereafter acquired by the Mortgagor and subject to the lien of this Mortgage, or intended to be so, as the same may be constituted from time to time is hereinafter sometimes referred to as the "**Mortgaged Property**") to-wit:

- (a) All that tract or parcel or parcels of land and estates particularly described on Exhibit A attached hereto and made a part hereof (the "Land");
- (b) All buildings, structures, and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures, fittings, building materials, machinery, equipment, furniture and furnishings and personal property of every nature whatsoever now or hereafter owned by the Mortgagor and used or intended to be used in connection with or with the operation of said property, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals, substitutions, replacements and accessions to any of the foregoing, whether such fixtures, fittings, building materials, machinery, equipment, furniture, furnishings and personal property actually are located on or adjacent to the Land or not, and whether in storage or otherwise, and wheresoever the same may be located (the "Improvements");
- (c) All accounts, general intangibles, contracts and contract rights relating to the Land and Improvements, whether now owned or existing or hereafter created, acquired or arising, including without limitation, all construction contracts, architectural services contracts, management contracts, leasing agent contracts, purchase and sales contracts, put or other option contracts, and all other contracts and agreements relating to the construction of improvements on, or the operation, management and sale of all or any part of the Land and Improvements;
- (d) Together with all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, leases, subleases, licenses, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property hereinabove described, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Mortgagor, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Mortgagor of, in and to the same, including but not limited to:
 - All rents, royalties, profits, issues and revenues of the Land and Improvements from time to time accruing, whether under leases or tenancies now existing or hereafter created; and
 - All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Land and Improvements or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Land and Improvements or any part thereof, or to any rights appurtenant thereto, including any award for change of grade or streets. Lender hereby is authorized on behalf of and in the name of Mortgagor to execute and deliver valid acquittances for, and appeal from, any such judgments or awards.

Lender may apply all such sums or any part thereof so received, after the payment of all its expenses, including costs and attorneys' fees, on any of the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount or any part thereof so received may be released;

- (e) Any and all licenses, development permits, building permits, utility supply agreements, sewer and water discharge permits and agreements, and other licenses, permits and agreements relating to the use, development, construction, occupancy and operation of the Land and Improvements, whether now or hereafter issued or executed, and all modifications, amendments, replacements or re-issuances of the foregoing;
- (f) All cash and non-cash proceeds and all products of any of the foregoing items or types of property described in (a), (b), (c), (d) or (e) above, including, but not limited to, all insurance, contract and tort proceeds and claims, and including all inventory, accounts, chattel paper, documents, instruments, equipment, fixtures, consumer goods and general intangibles acquired with cash proceeds of any of the foregoing items or types of property described in (a), (b), (c), (d) or (e) above.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the Lender, its successors and assigns forever, subject, however, to the terms and conditions herein;

PROVIDED, HOWEVER, that these presents are upon the condition that, (i) if the Borrower or Mortgagor shall fully pay or cause to be fully paid to the Lender the principal and interest payable with respect of the Loan and the Note, and any extensions, renewals, modifications and refinancings of same, at the times and in the manner stipulated therein and herein, all without any deduction or credit for taxes or other similar charges paid by the Borrower or Mortgagor, and shall pay all charges incurred herein by Lender on account of Borrower and Mortgagor, including, but not limited to, attorneys' fees, and shall pay any and all Other Indebtedness, and shall keep, perform and observe all and singular the covenants, conditions and agreements in this Mortgage, in the Note, in the Note Repayment Agreement, in the other Loan Documents, and in the Other Indebtedness Instruments expressed to be kept, performed, and observed by or on the part of the Borrower or Mortgagor, all without fraud or delay, and (ii) the Lender shall have no further commitment or agreement to make advances, incur obligations or give value under the Loan, the Note, the Note Repayment Agreement, any other Loan Document or any Other Indebtedness Instrument (including without limitation advances, obligations or value relating to future advances, open-end, revolving or other lines of credit or letters of credit), then this Mortgage, and all the properties, interests and rights hereby granted, bargained, sold and conveyed shall cease, terminate and be void, but shall otherwise remain in full force and effect.

AND the Mortgagor further represents, warrants, covenants and agrees with the Lender as follows:

ARTICLE I

GENERAL

1.1 Performance of Mortgage, Note Repayment Agreement and Loan Documents. The Mortgagor shall perform, observe and comply with all provisions hereof, of the Note Repayment Agreement, of the other Loan Documents, and of the Other Indebtedness Instruments, and shall duly and punctually pay to the Lender the sum of money expressed in the Note Repayment Agreement, with interest thereon, and all other sums required to be paid by the Mortgagor pursuant to the provisions of this Mortgage, of the Note Repayment Agreement, of the other Loan Documents, and of the Other Indebtedness Instruments, all without any deductions or credit for taxes or other similar charges paid by the Mortgagor.

1.2 Warranty of Title. Subject only to the exceptions shown on the title insurance policy issued in connection with this mortgage by Cahaba Title, Inc., Mortgagor hereby warrants that it is lawfully seized of an indefeasible estate in fee simple in the land and real property hereby mortgaged, or is lawfully seized of such other estate or interest as is described on **Exhibit A** hereto, and has good and absolute title to all existing personal property hereby granted as security, and has good right, full power and lawful authority to sell, convey, mortgage and grant a security interest in the same in the manner and form aforesaid; that the same is free and clear of all grants, reservations, security interests, liens, charges, and encumbrances whatsoever, including, as to the personal property and fixtures, conditional sales contracts, chattel mortgages, security agreements, financing statements, and anything of a similar nature, and that Mortgagor shall and will warrant and forever

defend the title thereto and the quiet use and enjoyment thereof unto the Lender, its successors and assigns, against the lawful claims of all persons whomsoever.

1.3 Future Advances, Revolving and Open-End Loans, and Other Debts. It is expressly understood that this Mortgage is intended to and does secure not only the Loan, but also future advances and any and all Other Indebtedness, obligations and liabilities, direct or contingent, of the Mortgagor and of the Borrower to the Lender, whether now existing or hereafter arising, and any and all extensions, renewals, modifications and refinancings of same, or any part thereof, existing at any time before actual cancellation of this instrument on the probate records of the county or counties where the Mortgaged Property is located, and whether the same be evidenced by note, open account, assignment, endorsement, guaranty, pledge or otherwise. The Loan and the Other Indebtedness may, if provided in the applicable loan instruments, provide for revolving or open-end loans and advances, all of which shall be secured by this Mortgage.

1.4 Monthly Tax Deposit. If required by Lender, Mortgagor shall pay on the first day of each month one-twelfth (1/12) of the yearly taxes on the Mortgaged Property, as estimated by Lender, in addition to each regular installment of principal and interest. Such sums shall not draw interest and shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Lender. Mortgagor agrees to pay Lender the amount of any deficiency necessary to enable Lender to pay such taxes when due. Such sums may be applied by the Lender to the reduction of the indebtedness secured hereby in any manner selected by Lender if an Event of Default shall occur under this Mortgage or under the Note Repayment Agreement, any of the other Loan Documents, or any of the Other Indebtedness Instruments, but, unless otherwise agreed by the Lender in writing, no application of tax deposits to the Note Repayment Agreement, to Other Indebtedness, or to other obligations secured hereby, shall delay, reduce, alter or otherwise affect any regularly scheduled payment with respect to the Loan, the Note Repayment Agreement, the Other Indebtedness, or any such other obligations.

1.5 Other Taxes, Utilities and Liens.

- (a) The Mortgagor shall pay promptly, when and as due, and, if requested, will exhibit promptly to the Lender receipts for the payment of all taxes, assessments, water rates, utility charges, dues, charges, fines, penalties, costs and other expenses incurred, and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Mortgaged Property or any part thereof or upon the revenues, rents, issues and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof, or upon the interest of the Lender in the Mortgaged Property (other than any of the same for which provision has been made in Paragraph 1.04 of this Article I), or any charge which, if unpaid, would become a lien or charge upon the Mortgaged Property.
- (b) The Mortgagor promptly shall pay and shall not suffer any mechanic's, laborer's, statutory or other lien to be created or to remain outstanding upon any of the Mortgaged Property.
- (c) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes, then Mortgagor immediately shall pay any increased taxes if allowed by law, and if Mortgagor fails to pay such additional taxes, or if Mortgagor is prohibited from paying such taxes, or if Lender in any way is adversely affected by such law, order, rule or regulation, then in any of such events, all indebtedness secured by this Mortgage and all interest accrued thereon shall without notice become due and payable forthwith at the option of the Lender.

1.6 Insurance.

- (a) The Mortgagor shall procure for, deliver to, and maintain for the benefit of the Lender during the term of this Mortgage insurance policies in such amounts as the Lender shall require, insuring the Mortgaged Property against fire, extended coverage, war damage (if available), and such other insurable hazards, casualties and contingencies as the Lender may require. The form of such policies and the companies issuing them shall be acceptable to the Lender, and, unless otherwise agreed by the Lender in writing, shall provide for coverage without coinsurance or deductibles. All policies shall contain a New York standard, non-contributory mortgagee endorsement making losses payable to the Lender, as mortgagee. At least fifteen (15) days prior to the expiration date of all such policies, renewals thereof satisfactory to the Lender

shall be delivered to the Lender. The Mortgagor shall deliver to the Lender receipts evidencing the payment of all such insurance policies and renewals. In the event of the foreclosure of this Mortgage or any transfer of title to the Mortgaged Property in partial or full extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor, or its assigns, in and to all insurance policies then in force shall pass to the purchaser or grantee.

- (b) The Lender hereby is authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company hereby is authorized and directed to make payment for all such losses directly to the Lender instead of to the Mortgagor and Lender jointly. After deducting from said insurance proceeds any expenses incurred by Lender in the collection or handling of said funds, the Lender may apply the net proceeds, at its option, either toward repairing or restoring the improvements on the Mortgaged Property, or as a credit on any portion of the Mortgagor's or Borrower's indebtedness selected by Lender, whether then matured or to mature in the future, or at the option of the Lender, such sums either wholly or in part may be used to repair such improvements, or to build new improvements in their place or for any other purpose and in a manner satisfactory to the Lender, all without affecting the lien of this Mortgage for the full amount secured hereby before such payment took place.
- (c) If required by the Lender, the Mortgagor shall pay on the first day of each month, in addition to any regular installment of principal and interest and other charges with respect to indebtedness secured hereby, and the monthly tax deposit provided for in Paragraph 1.04 hereof, one-twelfth (1/12) of the yearly premiums for insurance maintained pursuant to the provisions of this Paragraph 1.06. Such amount shall be used by Lender to pay such insurance premiums when due. Such added payments shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the Lender, and no interest shall be payable in respect thereof. Upon demand of the Lender, the Mortgagor agrees to deliver to the Lender such additional moneys as are necessary to make up any deficiencies in the amounts deposited by Mortgagor with Lender pursuant to this Paragraph 1.06 to enable the Lender to pay such insurance premiums when due. In the event of an Event of Default hereunder or of a default by Mortgagor under the Note Repayment Agreement, any other Loan Documents, or any Other Indebtedness Instruments, the Lender may apply such sums to the reduction of the indebtedness secured hereby in any manner selected by Lender, but, unless otherwise agreed by the Lender in writing, no application of insurance proceeds to the Loan, the Note Repayment Agreement obligations, to Other Indebtedness, or to other obligations secured hereby, shall delay, reduce, alter or otherwise affect any regularly scheduled payment with respect to the Loan, the Note Repayment Agreement obligations, the Other Indebtedness, or any such other obligations.

1.7 Condemnation. If all or any part of the Mortgaged Property shall be damaged or taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any governmental or private authority, and any transfer by private sale in lieu thereof), either temporarily or permanently, the entire indebtedness secured hereby shall at the option of the Lender become immediately due and payable. The Lender shall be entitled to all compensation, awards, and other payments or relief for any condemnation and hereby is authorized, at its option, to commence, appear in and prosecute, in its own or the Mortgagor's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by the Borrower to the Lender. Lender, after deducting therefrom all its expenses, including attorneys' fees, may release any moneys so received by it without affecting the lien of this Mortgage or may apply the same in such manner as the Lender shall determine to the reduction of the indebtedness secured hereby, and any balance of such moneys then remaining shall be paid to the Borrower. The Mortgagor agrees to execute such further assignments of any compensations, awards, damages, claims, rights of action and proceeds as the Lender may require. The Mortgagor promptly shall notify the Lender in the event of the institution of any condemnation or eminent domain proceeding or in the event of any threat thereof. The Lender shall be entitled to retain, at the expense of the Mortgagor, its own legal counsel in connection with any such proceedings or threatened proceedings. Lender shall be under no obligation to the Mortgagor or to any other person to determine the sufficiency or legality of any condemnation award and may accept any such award without question or further inquiry.

1.8 Care of the Property.

- (a) The Mortgagor will preserve and maintain the Mortgaged Property in good condition and repair, and shall not commit or suffer any waste and shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.
- (b) Except as otherwise provided herein, no buildings, fixtures, personal property, or other part of the Mortgaged Property shall be removed, demolished or substantially altered without the prior written consent of the Lender. The Mortgagor may sell or otherwise dispose of, free from the lien of this Mortgage, furniture, furnishings, equipment, tools, appliances, machinery or appurtenances, subject to the lien hereof which may become worn out, undesirable, obsolete, disused or unnecessary for use in the operation of the Mortgaged Property, not exceeding in value at the time of disposition thereof Five Thousand Dollars (\$5,000.00) for any single transaction, or a total of Twenty Thousand Dollars (\$20,000.00) in any one year, upon replacing the same with, or substituting for the same, free and clear of all liens and security interests except those created by the Loan Documents or Other Indebtedness Instruments, other furniture, furnishings, equipment, tools, appliances, machinery or appurtenances not necessarily of the same character, but of at least equal value and of equal or greater utility in the operation of the Mortgaged Property, and costing not less than the amount realized from the property sold or otherwise disposed of. Such substitute furniture, furnishings, equipment, tools, appliances, machinery and appurtenances shall forthwith become, without further action, subject to the provisions of this Mortgage.
- (c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, the Mortgagor shall give immediate written notice of the same to the Lender.
- (d) The Lender hereby is authorized to enter upon and inspect the Mortgaged Property, and to inspect the Mortgagor's or Mortgagor's agent's records with respect to the ownership, use, management and operation of the Mortgaged Property, at any time during normal business hours.
- (e) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, the Mortgagor promptly shall restore the Mortgaged Property to the equivalent of its original condition, regardless of whether or not there shall be any insurance proceeds therefor; provided, however, that if there are insurance proceeds, the Mortgagor shall not be required to restore the Mortgaged Property as aforesaid unless the Lender shall apply any net proceeds from the casualty in question and held by Lender, as allowed under Paragraph 1.06, toward restoring the damaged improvements. If a part of the Mortgaged Property shall be physically damaged through condemnation, the Mortgagor promptly shall restore, repair or alter the remaining property in a manner satisfactory to the Lender; provided, however, that if there are condemnation proceeds or awards, the Mortgagor shall not be required to restore the Mortgaged Property as aforesaid unless the Lender shall apply any net proceeds or awards from the condemnation and held by Lender, as provided in Paragraph 1.07, toward restoring the damaged improvements.

1.9 Further Assurances; After-Acquired Property.

- (a) At any time, and from time to time, upon request by the Lender, the Mortgagor, at Mortgagor's expense, will make, execute and deliver or cause to be made, executed and delivered to the Lender and, where appropriate, to cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Lender any and all such other and further mortgages, instruments of further assurance, certificates and other documents as may, in the opinion of the Lender, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve the obligation of the Mortgagor under the Note Repayment Agreement and this Mortgage, and the priority of this Mortgage as a first and prior lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by the Mortgagor. Upon any failure by the Mortgagor so to do, the Lender may make, execute, and record any and all such mortgages, instruments, certificates, and documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Lender the agent and attorney-in-fact of the Mortgagor so to do. The lien and rights hereunder automatically will attach, without further act, to all after-acquired property (except consumer goods, other than accessions, not acquired within ten (10) days after the Lender has given value under the Note) attached to and/or used in the operation of the Mortgaged Property or any part thereof.

- (b) Without limitation to the generality of the other provisions of this Mortgage, including subparagraph (a) of this Paragraph 1.09, it hereby expressly is covenanted, agreed and acknowledged that the lien and rights hereunder automatically will attach to any further, greater, additional, or different estate, rights, titles or interests in or to any of the Mortgaged Property at any time acquired by the Mortgagor by whatsoever means, including that in the event the Mortgagor is the owner of an estate or interest in the Mortgaged Property or any part thereof (such as, for example, as the lessee or tenant) other than as the fee simple owner thereof, and prior to the satisfaction of record of this Mortgage the Mortgagor obtains or otherwise acquires such fee simple or other estate, then such further, greater, additional, or different estate in the Mortgaged Property, or a part thereof, shall automatically, and without any further action or filing or recording on the part of the Mortgagor or the Lender or any other person or entity, be and become subject to this Mortgage and the lien hereof. In consideration of Lender's making the Loan as aforesaid, and to secure the Loan, the Other Indebtedness and obligations set forth above, Mortgagor hereby grants, bargains, sells and conveys to Lender, on the same terms as set forth in this Mortgage and intended to be a part hereof, all such after-acquired property and estates.

1.10 Additional Security. The Lender also shall have and hereby is granted a security interest in all monies, securities and other property of the Mortgagor, now or hereafter assigned, held, received, or coming into the possession, control, or custody of the Lender by or for the account of the Mortgagor (including indebtedness due from the Lender to the Mortgagor, and any and all claims of Mortgagor against Lender, at any time existing) whether expressly as collateral security, custody, pledge, transmission, collection or for any other purpose, and also upon any and all deposit balances, including any dividends declared, or interest accruing thereon, and proceeds thereof. On an Event of Default, the Lender may, in addition to any other rights provided by this Mortgage or any of the other Loan Documents, but shall not be obligated to, apply to the payment of the Loan or Other Indebtedness secured hereby, and in such manner as the Lender may determine, any such monies, securities or other property held or controlled by the Lender. No such application of funds shall, unless otherwise expressly agreed by the Lender in writing, reduce, alter, delay or otherwise affect any regularly scheduled payment with respect to the Loan or such Other Indebtedness or obligations.

1.11 Leases Affecting Mortgaged Property. The Mortgagor shall comply with and observe its obligations as landlord or tenant under all leases affecting the Mortgaged Property or any part thereof. If requested by Lender, Mortgagor shall furnish Lender with executed copies of all leases now or hereafter existing on the Mortgaged Property; and all leases now or hereafter entered into will be in form and substance subject to the approval of Lender. Mortgagor shall not accept payment of rent more than one (1) month in advance without the express written consent of Lender. If requested by the Lender, the Mortgagor shall execute and deliver to Lender, as additional security, such other documents as may be requested by Lender to evidence further the assignment to Lender hereunder, and to assign any and all such leases whether now existing or hereafter created, including, without limitation, all rents, royalties, issues and profits of the Mortgaged Property from time to time accruing. The Mortgagor shall not cancel, surrender or modify any lease affecting the Mortgaged Property or any part thereof without the written consent of the Lender except in the ordinary course of the business of residential apartment leasing.

1.12 Expenses. The Mortgagor shall pay or reimburse the Lender for all reasonable attorneys' fees, costs and expenses incurred by the Lender in connection with the collection of the indebtedness secured hereby or the enforcement of any rights or remedies provided for in this Mortgage, in any of the other Loan Documents or the Other Indebtedness Instruments, or as may otherwise be provided by law, or incurred by Lender in any proceeding involving the estate of a decedent or an insolvent, or in any action, proceeding or dispute of any kind in which the Lender is made a party, or appears as party plaintiff or defendant, affecting this Mortgage, the Note, the Note Repayment Agreement, any of the other Loan Documents, any of the Other Indebtedness Instruments, Mortgagor or the Mortgaged Property, including but not limited to the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, any environmental condition of or affecting the Mortgaged Property, or any action to protect the security hereof; and any such amounts paid or incurred by the Lender shall be added to the indebtedness secured hereby and shall be further secured by this Mortgage.

1.13 Performance by Lender of Defaults by Mortgagor. If the Mortgagor shall default in the payment of any tax, lien, assessment or charge levied or assessed against the Mortgaged Property, or otherwise described in Paragraphs 1.4 and 1.5 hereof; in the payment of any utility charge, whether public or private; in the payment of insurance premiums; in the procurement of insurance coverage and the delivery of the insurance policies required hereunder; or in the performance or observance of any other covenant, condition or term of this Mortgage, of the Note, of the Note Repayment Agreement, of any of the other Loan Documents, or of any of the Other Indebtedness Instruments, then the Lender, at its option, may perform or

observe the same; and all payments made for costs or expenses incurred by the Lender in connection therewith shall be secured hereby and shall be, without demand, immediately repaid by the Mortgagor to the Lender with interest thereon calculated in the manner set forth in the Note, and at the default interest rate specified in the Note, or, if no default interest rate is specified, then at the rate set forth in the Note, plus two percentage points (2%). The Lender shall be the sole judge of the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium, of the necessity for any such actions and of the amount necessary to be paid in satisfaction thereof. The Lender hereby is empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Mortgagor or any person in possession holding under the Mortgagor for trespass or otherwise.

1.14 Books and Records. The Mortgagor shall keep and maintain at all times full, true and accurate books of accounts and records, adequate to reflect correctly the results of the operation of the Mortgaged Property. Upon request of the Lender, the Mortgagor shall furnish to the Lender (i) within ninety (90) days after the end of the Mortgagor's fiscal year a balance sheet and a statement of income and expenses, both in reasonable detail and form satisfactory to Lender and certified by a Certified Public Accountant, and (ii) within ten (10) days after request therefor from Lender, a rent schedule of the Mortgaged Property, certified by the Mortgagor, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date and the rent paid.

1.15 Estoppel Affidavits. The Mortgagor within ten (10) days after written request from the Lender shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of and interest on the Loan and Other Indebtedness and whether or not any offsets or defenses exist against any principal and interest.

1.16 Alienation or Sale of Mortgaged Property. The Mortgagor shall not sell, assign, mortgage, encumber, grant a security interest in or otherwise convey all or any part of the Mortgaged Property without obtaining the express written consent of the Lender at least thirty (30) days prior to such conveyance. If Mortgagor should sell, assign, mortgage, encumber, grant a security interest in or convey all, or any part, of the Mortgaged Property without such consent by Lender, then, in such event, the entire balance of the indebtedness (including the Loan and all Other Indebtedness) secured by this Mortgage and all interest accrued thereon (or such parts as Lender may elect) shall without notice become due and payable forthwith at the option of the Lender.

1.17 Environmental and Compliance Matters. Mortgagor represents, warrants and covenants as follows:

- (a) No Hazardous Materials (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, generated, located on, discharged from, or disposed of on, or constitute a part of, the Mortgaged Property. As used herein, the term "**Hazardous Materials**" includes, 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**") (42 U.S.C. Sections 9601, *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. Sections 1801, *et seq.*), the Resource Conservation and Recovery Act ("**RCRA**") (42 U.S.C. Sections 6901, *et seq.*), the Clean Water Act (33 U.S.C. Sections 1251, *et seq.*), the Clean Air Act (42 U.S.C. Sections 7401, *et seq.*), the Toxic Substances Control Act (15 U.S.C. Sections 2601, *et seq.*), each such Act as amended from time to time, 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 from time to time, or in any other federal, state or local environmental law, ordinance, rule, or regulation now or hereafter in effect;
- (b) No underground storage tanks, whether in use or not in use, are located in, on or under any part of the Mortgaged Property;
- (c) All of the Mortgaged Property complies and will comply in all respects with **applicable** environmental laws, rules, regulations, and court or administrative orders;

- (d) There are no pending claims or threats of claims by private or **governmental** or administrative authorities relating to environmental impairment, conditions, or regulatory requirements with respect to the Mortgaged Property;
- (e) The Mortgagor promptly shall comply with all present and future laws, ordinances, rules, regulations, orders and decrees of any governmental authority affecting the Mortgaged Property or any part thereof. Without limiting the foregoing, the Mortgagor represents and covenants that the Mortgaged Property is in present compliance with, and in the future shall comply with, as applicable, the Americans With Disabilities Act of 1990, ("ADA") (42 U.S.C. Sections 12101, *et seq.*) and the Rehabilitation Act of 1973 ("Rehabilitation Act") (29 U.S.C. Sections 749, *et seq.*), each such Act as amended from time to time, and in the rules and regulations adopted and publications promulgated pursuant thereto.
- (f) Mortgagor shall give immediate oral and written notice to Lender of its receipt of any notice of a violation of any law, rule or regulation covered by this Paragraph 1.17, or of any notice of other claim relating to the environmental or physical 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.

Mortgagor agrees to and does hereby indemnify and hold Lender harmless from all loss, cost, damage, claim and expense incurred by Lender on account of (i) the violation of any representation or warranty set forth in this Paragraph 1.17, (ii) Mortgagor's failure to perform any obligations of this Paragraph 1.17, (iii) Mortgagor's or the Mortgaged Property's failure to fully comply with all environmental laws, rules and regulations, with all occupational health and safety laws, rules and regulations, with the ADA or the Rehabilitation Act, as applicable, or (iv) any other matter related to environmental or physical conditions on, under or affecting the Mortgaged Property. This indemnification shall survive the closing of the Loan, payment of the Loan, the exercise of any right or remedy under any Loan Document, and any subsequent sale or transfer of the Mortgaged Property, and all similar or related events or occurrences. However, this indemnification shall not apply to any new Hazardous Materials first stored, generated or placed on the Mortgaged Property after the acquisition of title to the Mortgaged Property by Lender through foreclosure or deed in lieu of foreclosure or purchase from a third party after the Loan has been paid in full.

1.18 Inspection Rights and Easements. In addition to other inspection rights of Lender, the Mortgagor shall and hereby does grant and convey to the Lender, its agents, representatives, contractors, and employees, to be exercised by Lender following an Event of Default hereunder or under any of the other Loan Documents, an easement and license to enter on the Mortgaged Property at any time and from time to time for the purpose of making such audits, tests, inspections, and examinations, including, without limitation, inspection of buildings and improvements, subsurface exploration and testing and groundwater testing (herein "**Inspections**"), as the Lender, in its sole discretion, deems necessary, convenient, or proper to determine the condition and use of the Mortgaged Property, to make an inventory of the Mortgaged Property, and to determine whether the ownership, use and operation of the Mortgaged Property are in compliance with all federal, state, and local laws, ordinances, rules, and regulations, including, without limitation, environmental laws, health and public accommodation laws, the ADA and the Rehabilitation Act, as applicable, and ordinances, rules and regulations relating thereto. Notwithstanding the grant of the above easement and license to the Lender, the Lender shall have no obligation to perform any such Inspections, or to take any remedial action. All the costs and expenses incurred by the Lender with respect to any Inspections which the Lender may conduct or take pursuant to this Paragraph 1.18, including, without limitation, the fees of any engineers, laboratories, and contractors, shall be repaid by the Mortgagor, with interest, and shall be secured by this Mortgage and the other Loan Documents.

1.19 Use, Governmental Compliance, etc. The Mortgagor shall: (a) use the Mortgaged Property solely for the uses provided for in the Loan Agreement or Construction Loan Agreement executed by Mortgagor and Lender in connection with the Loan, or otherwise as permitted in writing by the Lender; (b) maintain all material certificates, licenses, authorizations, registrations, permits and other approvals of Governmental Authorities necessary for (i) compliance with the environmental laws, rules and regulations referenced in Paragraph 1.17(a) hereof or as otherwise may be applicable to the Mortgaged Property from time to time, (ii) the use of the Mortgaged Property and the conduct of any business or activity on the Mortgaged Property, and (iii) the construction, completion and occupancy of the improvements constructed or to be constructed on the Mortgaged Property, including all required zoning, building, land use, environmental, wetlands, coastal development, endangered species, cultural resources, storm water discharge, liquor, occupancy, fire and utility approvals; (c) comply with all Governmental Requirements now or hereafter affecting the Mortgaged Property or any business or activity

conducted thereon; and (d) not permit any act to be done on the Mortgaged Property in violation of any Governmental Requirements or that constitutes a public or private nuisance, or that makes void or cancelable, or increases the premium of, any insurance then in force with respect thereto. For the purposes hereof, (a) a **"Governmental Authority"** means any national, state, county, municipal or other government, domestic or foreign, and any agency, authority, department, commission, bureau, board, court or other instrumentality thereof having jurisdiction over or with respect to all or any part of the Mortgaged Property, and (b) **"Governmental Requirements"** means all laws, rules, regulations, ordinances, judgments, decrees, codes, order, injunctions, notices and demand letters of any Governmental Authority.

ARTICLE II

ASSIGNMENT OF RENTS AND LEASES

2.1 Assignment. Mortgagor, in consideration of Lender's making the Loan as aforesaid and for other good and valuable consideration, and to secure the prompt payment of same, with the interest thereon, and any extensions, renewals, modifications and refinancings of same, and any charges herein incurred by Lender on account of Mortgagor, including but not limited to attorneys' fees, and any and all Other Indebtedness, and further to secure the performance of the covenants, conditions and agreements hereinafter set forth and set forth in the Note, in the Note Repayment Agreement, in the other Loan Documents, and in the Other Indebtedness Instruments, does hereby sell, assign and transfer unto the Lender all leases, subleases and lease guaranties of or relating to all or part of the Mortgaged Property, whether now existing or hereafter created or arising, including without limitation those certain leases, if any, specifically described on an exhibit to this Mortgage, and all the rents, issues and profits now due and which may hereafter become due under or by virtue of any such lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the Mortgaged Property or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by the Lender under the powers herein granted, it being the intention of the parties to hereby establish an absolute transfer and assignment of all the said leases, subleases, lease guaranties and agreements, and all the avails thereof, to the Lender, and the Mortgagor does hereby appoint irrevocably the Lender its true and lawful attorney in its name and stead (with or without taking possession of the aforesaid Mortgaged Property as hereinafter provided), to rent, lease or let all or any portion of the Mortgaged Property to any party or parties at such rental and upon such term, in its discretion as it may determine, and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due, or that may hereafter become due under each and all of the leases, subleases, lease guaranties and agreements, written or verbal, or other tenancy existing or which may hereafter exist on the Mortgaged Property, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as the Lender would have upon taking possession of the Mortgaged Property pursuant to the provisions hereinafter set forth.

2.2 Prepayment of Rent. The Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Mortgaged Property for more than one installment in advance and that the payment of none of the rents to accrue for any portion of said Mortgaged Property has been or will be waived, released, reduced, or discounted, or otherwise discharged or compromised by the Mortgagor. The Mortgagor waives any right of setoff against any person in possession of any portion of the Mortgaged Property. The Mortgagor agrees that it will not assign any of the rents or profits except to the purchaser or grantee of the Mortgaged Property.

2.3 Not Mortgagee in Possession; No Liability. Nothing herein contained shall be construed as constituting the Lender as "mortgagee in possession" in the absence of the taking of actual possession of the Mortgaged Property by the Lender pursuant to the provisions hereinafter contained. In the exercise of the powers herein granted the Lender, no liability shall be asserted or enforced against the Lender, all such liability being expressly waived and released by the Mortgagor.

2.4 Present Assignment. It is the intention of the parties that this assignment of rents and leases shall be a present assignment; however, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagor shall have the right to collect the rents so long as there exists no Event of Default under this Mortgage, and provided further, that Mortgagor's right to collect such rents shall terminate and cease automatically upon the occurrence of any such Event of Default without the necessity of any notice or other action whatsoever by Lender.

2.5 No Obligation of Lender Under Leases. The Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases, subleases or rental agreements relating to the Mortgaged Property, and the Mortgagor shall and does hereby agree to indemnify and hold the Lender harmless of and from any and all liability, loss or damage which it may or might incur under any leases, subleases or

agreements or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases, subleases or agreements. Should the Lender incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands asserted against the Lender in connection with any one or more of said leases, subleases or agreements, the Mortgagor agrees to reimburse the Lender for the amount thereof, including costs, expenses and reasonable attorneys' fees immediately upon demand, and until the same are fully reimbursed by the Mortgagor, all such costs, expenses and attorneys' fees shall be secured by the assignment hereunder and by this Mortgage.

2.6 Instruction to Lessees. The Mortgagor does further specifically authorize and instruct each and every present and future lessee, tenant, sublessee or subtenant of the whole or any part of the Mortgaged Property to pay all unpaid rental agreed upon in any lease, sublease or tenancy to the Lender upon receipt of demand from said Lender to pay the same.

2.7 Default (Assignment). Upon the occurrence of any Event of Default, as described in Paragraph 4.01 of this Mortgage, then, in addition to the right to demand and collect directly from tenants rents accruing from leases of the Mortgaged Property, Lender shall have all rights and remedies set forth in Article IV or elsewhere in this Mortgage.

ARTICLE III

SECURITY AGREEMENT

3.1 Grant of Security Interest. Mortgagor (the "debtor" for purposes of the Uniform Commercial Code), in consideration of Lender's (the "secured party" for purposes of the Uniform Commercial Code) making the Loan as aforesaid and for other good and valuable consideration, and to secure the prompt payment of same, with the interest thereon, and any extensions, renewals, modifications and refinancings of same, and any charges herein incurred by Lender on account of Mortgagor, including but not limited to attorneys' fees, and any and all Other Indebtedness, and further to secure the performance of the covenants, conditions and agreements hereinafter set forth and set forth in the Note, in the Note Repayment Agreement, in the other Loan Documents, and in the Other Indebtedness Instruments, does hereby assign and grant to Lender title to and a security interest in such portions of the Mortgaged Property the security interest in and disposition of which is governed by the Uniform Commercial Code (the "Collateral").

3.2 Definitions. All terms used herein which are defined in the Alabama Uniform Commercial Code (the "Uniform Commercial Code") shall have the same meaning herein as in the Uniform Commercial Code unless otherwise indicated herein.

3.3 Financing Statements. No financing statement covering any Collateral or any proceeds thereof is on file in any public office, except for financing statements specifically set forth on an addendum attached hereto, if any, and except for the financing statements executed by Mortgagor and Lender. At the Lender's request, the Mortgagor will join with Lender in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to the Lender, and will pay the cost of filing the same in all public offices wherever filing is deemed by the Lender to be necessary or desirable. The Mortgagor authorizes the Lender to prepare and to file financing statements covering the Collateral signed only by the Lender and to sign the Mortgagor's signature to such financing statements in jurisdictions where Mortgagor's signature is required. The Mortgagor promises to pay to the Lender the fees incurred in filing the financing statements, including but not limited to mortgage recording taxes payable in connection with filings on fixtures, which fees shall become part of the indebtedness secured hereby.

3.4 Representations of Mortgagor (Collateral). With respect to all of the Collateral, Mortgagor represents and warrants that:

- (a) The Collateral is used or bought primarily for business purposes;
- (b) If the Loan is a construction loan, the Collateral is being acquired and/or installed with the proceeds of the Note which Lender may disburse directly to the seller, contractor, or subcontractor;

- (c) All the Collateral will be kept at the address of Mortgagor shown in Paragraph 5.07(a) or, if not, at the real property described in **Exhibit A** hereto. Mortgagor promptly shall notify Lender of any change in the location of the Collateral. Except for transactions in the ordinary course of Mortgagor's business, Mortgagor, its agents or employees, will not remove the Collateral from said location without the prior written consent of the Lender;
- (d) If certificates of title are issued or outstanding with respect to any of the Collateral, the Mortgagor shall cause the Lender's interest to be properly noted thereon; and
- (e) Mortgagor's name has always been as set forth on the first page of this Mortgage, except as otherwise disclosed in writing to the Lender. Mortgagor promptly shall advise the Lender in writing of any change in Mortgagor's name.

3.5 Assignment of Liabilities. If at any time or times by sale, assignment, negotiation, pledge, or otherwise, Lender transfers any or all of the indebtedness or instruments secured hereby, such transfer shall, unless otherwise specified in writing, carry with it Lender's rights and remedies hereunder with respect to such indebtedness or instruments transferred, and the transferee shall become vested with such rights and remedies whether or not they are specifically referred to in the transfer. If and to the extent Lender retains any of such indebtedness or instruments, Lender shall continue to have the rights and remedies herein set forth with respect thereto.

3.6 No Obligation of Lender Under Assigned Contracts. The Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any contracts or agreements relating to the Mortgaged Property, and the Mortgagor shall and does hereby agree to indemnify and hold the Lender harmless of and from any and all liability, loss or damage which it may or might incur under any such contracts or agreements or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said contracts or agreements. Should the Lender incur any such liability, loss or damage, under said contracts or agreements or under or by reason of the assignment thereof, or in the defense of any claims or demands asserted against the Lender in connection with any one or more of said contracts or agreements, the Mortgagor agrees to reimburse the Lender for the amount thereof, including costs, expenses and reasonable attorneys' fees immediately upon demand, and until the same are fully reimbursed by the Mortgagor, all such costs, expenses and attorneys' fees shall be secured by the assignment hereunder and by this Mortgage.

3.7 Default (Security Agreement). Upon the occurrence of any Event of Default, as described in Paragraph 4.1 of this Mortgage, the Lender shall have all rights and remedies set forth in Article IV or elsewhere in this Mortgage.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

4.1 Event of Default. The term "Event of Default," wherever used in this Mortgage, shall mean the occurrence or existence of any one or more of the following events or circumstances:

- (a) Failure by the Borrower to pay within ten (10) days of the date due and payable any installment of principal, interest or escrow deposit, or other charge payable under the Note or under any other Loan Document; or
- (b) Failure by the Mortgagor to pay within ten (10) days of the date due any payable any installment of principal, interest or escrow deposit, or other charge payable under the Note Repayment Agreement, this Mortgage, or under any other Loan Document.
- (c) Failure by the Mortgagor to duly observe any other covenant, condition or agreement of this Mortgage, of the Note, of the Note Repayment Agreement, of any of the other Loan Documents, or of any of the Other Indebtedness Instruments, and the continuance of such failure for thirty (30) days after written notice

thereof is given to the Mortgagor, or the occurrence of any other Event of Default under any of the other Loan Documents or Other Indebtedness Instruments; or

- (d) The filing by the Mortgagor or any guarantor of any indebtedness secured hereby or of any of Mortgagor's obligations hereunder, of a voluntary petition in bankruptcy or the Mortgagor's or any such guarantor's adjudication as a bankrupt or insolvent, or the filing by the Mortgagor or any such guarantor of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the Mortgagor's or any such guarantor's seeking or consenting to or acquiescence in the appointment of any trustee, receiver or liquidator of the Mortgagor or any such guarantor or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof, or of any interest or estate therein, or the making of any general assignment for the benefit of creditors or the admission in writing of its inability to pay its debts generally as they become due; or
- (e) The entry by a court of competent jurisdiction or any order, judgment, or decree approving a petition filed against the Mortgagor or any guarantor of any of the indebtedness secured hereby or of any of Mortgagor's obligations hereunder, seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of the Mortgagor or any such guarantor or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof, or of any interest or estate therein, without the consent or acquiescence of the Mortgagor and/or any such guarantor which appointment shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive); or
- (f) The filing or enforcement of any other mortgage, lien or encumbrance on the Mortgaged Property or any part thereof, or of any interest or estate therein; or
- (g) If any portion of the Mortgaged Property is a leasehold estate, the occurrence of a default under such lease or other instrument creating the estate.

4.2 Acceleration of Maturity. If an Event of Default shall have occurred, then the entire balance of the indebtedness (including but not limited to the Loan and the Other Indebtedness) secured hereby (or such parts as Lender may elect) with interest accrued thereon (or such parts as Lender may elect) shall, at the option of the Lender, become due and payable without notice or demand, time being of the essence. Any omission on the part of the Lender to exercise such option when entitled to do so shall not be considered as a waiver of such right.

4.3 Right of Lender to Enter and Take Possession.

- (a) If an Event of Default shall have occurred and be continuing beyond any applicable notice and/or cure period, the Mortgagor, upon demand of the Lender, shall forthwith surrender to the Lender the actual possession of the Mortgaged Property, and if and to the extent permitted by law, the Lender or its agents may enter and take and maintain possession of all the Mortgaged Property, together with all the documents, books, records, papers and accounts of the Mortgagor or then owner of the Mortgaged Property relating thereto, and may exclude the Mortgagor and its agents and employees wholly therefrom.
- (b) Upon every such entering upon or taking of possession, the Lender, as attorney-in-fact or agent of the Mortgagor, or in its own name as mortgagee and under the powers herein granted, may hold, store, use, operate, manage and control the Mortgaged Property (or any portion thereof selected by Lender) and conduct the business thereof either personally or by its agents, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Mortgaged Property (or any portion thereof selected by Lender) insured; (iii) manage and operate the Mortgaged Property (or any portion thereof selected by Lender) and exercise all the rights and

powers of the Mortgagor in its name or otherwise, with respect to the same, including legal actions for the recovery of rent, legal dispossessory actions against tenants holding over and legal actions in distress of rent, and with full power and authority to cancel or terminate any lease or sublease for any cause or on any ground which would entitle the Mortgagor to cancel the same, and to elect to disaffirm any lease or sublease made subsequent to this Mortgage or subordinated to the lien hereof; (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted the Lender, all as the Lender from time to time may determine to be to its best advantage; and the Lender may collect and receive all the income, revenues, rents, issues and profits of the Mortgaged Property (or any portion thereof selected by Lender), including those past due as well as those accruing thereafter, and, after deducting (aa) all expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes), (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions, (cc) the cost of such insurance, (dd) such taxes, assessments and other charges prior to this Mortgage as the Lender may determine to pay, (ee) other proper charges upon the Mortgaged Property or any part thereof, and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of the Lender, Lender shall apply the remainder of the moneys so received by the Lender, first to the payment of accrued interest under the Note; second to the payment of tax deposits required in Paragraph 1.4; third to the payment of any other sums required to be paid by Mortgagor under this Mortgage or under the other Loan Documents; fourth to the payment of overdue installments of principal on the Note; fifth to the payment of any sums due under Other Indebtedness Instruments, whether principal, interest or otherwise; and the balance, if any, as otherwise required by law.

- (c) Whenever all such Events of Default have been cured and satisfied, the Lender may, at its option, surrender possession of the Mortgaged Property to the Mortgagor, or to whomsoever shall be entitled to possession of the Mortgaged Property as a matter of law. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

4.4 Receiver.

- (a) If an Event of Default shall have occurred and be continuing, the Lender, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect the rents, profits, issues, royalties and revenues thereof.
- (b) The Mortgagor shall pay to the Lender upon demand all costs and expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions contained in this Paragraph 4.4; and all such expenses shall be secured by this Mortgage.

4.5 Lender's Power of Enforcement. If an Event of Default shall have occurred and be continuing, the Lender may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy (a) to enforce payment of the Loan; (b) to foreclose this Mortgage; (c) to enforce or exercise any right under any Other Indebtedness Instrument; and (d) to pursue any other remedy available to Lender, all as the Lender may elect.

4.6 Rights of a Secured Party. Upon the occurrence of an Event of Default, the Lender, in addition to any and all remedies it may have or exercise under this Mortgage, the Note, the Note Repayment Agreement, any of the other Loan Documents, the Other Indebtedness Instruments or under applicable law, may immediately and without demand exercise any and all of the rights of a secured party upon default under the Uniform Commercial Code, all of which shall be cumulative. Such rights shall include, without limitation:

- (a) The right to take possession of the Collateral without judicial process and to enter upon any premises where the Collateral may be located for the purposes of taking possession of, securing, removing, and/or disposing of the Collateral without interference from Mortgagor and without any liability for rent, storage, utilities or other sums;

- (b) The right to sell, lease, or otherwise dispose of any or all of the Collateral, whether in its then condition or after further processing or preparation, at public or private sale; and unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give to Mortgagor at least ten (10) days' prior notice of the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition of the Collateral is to be made, all of which Mortgagor agrees shall be reasonable notice of any sale or disposition of the Collateral;
- (c) The right to require Mortgagor, upon request of Lender, to assemble and make the Collateral available to Lender at a place reasonably convenient to Mortgagor and Lender; and
- (d) The right to notify account debtors, and demand and receive payment therefrom.

To effectuate the rights and remedies of Lender upon default, Mortgagor does hereby irrevocably appoint Lender attorney-in-fact for Mortgagor, with full power of substitution to sign, execute, and deliver any and all instruments and documents and do all acts and things to the same extent as Mortgagor could do, and to sell, assign, and transfer any collateral to Lender or any other party.

4.7 Power of Sale. If an Event of Default shall have occurred, Lender may sell the Mortgaged Property in accordance with applicable state law to the highest bidder at public auction in front of the courthouse door in the county or counties, as may be required, where the Mortgaged Property is located, either in person or by auctioneer, after having first given notice of the time, place and terms of sale, together with a description of the property to be sold, by publication once a week for three (3) successive weeks prior to said sale in some newspaper published in said county or counties, as may be required, and, upon payment of the purchase money, Lender or any person conducting the sale for Lender is authorized to execute to the purchaser at said sale a deed to the Mortgaged Property so purchased. Lender may bid at said sale and purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. At the foreclosure sale the Mortgaged Property may be offered for sale and sold as a whole without first offering it in any other manner or may be offered for sale and sold in any other manner as Lender may elect. The provisions of Paragraph 4.6 of this Mortgage shall apply with respect to Lender's enforcement of rights or interests in personal property which constitutes Mortgaged Property hereunder.

4.8 Application of Foreclosure or Sale Proceeds. The proceeds of any foreclosure sale pursuant to Paragraph 4.7, or any sale pursuant to Paragraph 4.6, shall be applied as follows:

- (a) First, to the costs and expenses of (i) retaking, holding, storing and processing the Collateral and preparing the Collateral or the Mortgaged Property (as the case may be) for sale, and (ii) making the sale, including a reasonable attorneys' fee for such services as may be necessary in the collection of the indebtedness secured by this Mortgage or the foreclosure of this Mortgage;
- (b) Second, to the repayment of any money, with interest thereon to the date of sale at the applicable rate or rates specified in the Note, this Mortgage, the other Loan Documents or the Other Indebtedness Instruments, as applicable, which Lender may have paid, or become liable to pay, or which it may then be necessary to pay for taxes, insurance, assessments or other charges, liens, or debts as hereinabove provided, and as may be provided in the Note, the Note Repayment Agreement or the other Loan Documents, such repayment to be applied in the manner determined by Lender;
- (c) Third, to the payment of the indebtedness (including but not limited to the Loan and the Other Indebtedness) secured hereby, with interest to date of sale at the applicable rate or rates specified in the Note, this Mortgage, the other Loan Documents or the Other Indebtedness Instruments, as applicable, whether or not all of such indebtedness is then due;
- (d) Fourth, the balance, if any, shall be paid as provided by law.

4.9 Lender's Option on Foreclosure. At the option of the Lender, this Mortgage may be foreclosed as provided by law or in equity, in which event a reasonable attorneys' fee shall, among other costs and expenses, be allowed and paid out of the proceeds of the sale. In the event Lender exercises its option to foreclose this Mortgage in equity, Lender may, at its option, foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make any

such tenants parties defendants to any such foreclosure proceeding and to foreclose their rights will not be, nor be asserted to be by the Mortgagor, a defense to any proceedings instituted by the Lender to collect the sums secured hereby, or to collect any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

4.10 Waiver of Exemption. Mortgagor waives all rights of exemption pertaining to real or personal property as to any indebtedness secured by or that may be secured by this Mortgage, and Mortgagor waives the benefit of any statute regulating the obtaining of a deficiency judgment or requiring that the value of the Mortgaged Property be set off against any part of the indebtedness secured hereby.

4.11 Suits to Protect the Mortgaged Property. The Lender shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the income, revenues, rents and profits arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the Lender.

4.12 Mortgagor to Pay the Note on any Default in Payment; Application of Moneys by Lender. If default shall occur in the payment of any amount due under this Mortgage, the Note, the Note Repayment Agreement, any of the other Loan Documents or any of the Other Indebtedness Instruments, or if any other Event of Default shall occur under this Mortgage, then, upon demand of the Lender, the Mortgagor shall pay to the Lender the whole amount due and payable under the Note Repayment Agreement and under all Other Indebtedness Instruments; and in case the Mortgagor shall fail to pay the same forthwith upon such demand, the Lender shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid together with costs, which shall include the reasonable compensation, expenses and disbursements of the Lender's agents and attorneys.

4.13 Delay or Omission No Waiver. No delay or omission of the Lender or of any holder of the Note or Note Repayment Agreement to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by the Note, the Note Repayment Agreement, this Mortgage, any of the other Loan Documents, or the Other Indebtedness Instruments to the Lender may be exercised from time to time and as often as may be deemed expedient by the Lender.

4.14 No Waiver of One Default to Affect Another. No waiver of any default hereunder, under any of the other Loan Documents, or under any of the Other Indebtedness Instruments shall extend to or shall affect any subsequent or any other then existing default or shall impair any rights, powers or remedies consequent thereon.

If the Lender (a) grants forbearance or an extension of time for the payment of any indebtedness secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein, in the Note, in the Note Repayment Agreement, in any of the other Loan Documents, or in any of the Other Indebtedness Instruments; (d) releases any part of the Mortgaged Property from this Mortgage or otherwise changes any of the terms of this Mortgage, the Note, the Note Repayment Agreement, any of the other Loan Documents or the Other Indebtedness Instruments; (e) consents to the filing of any map, plat, or replat of or consents to the granting of any easement on, all or any part of the Mortgaged Property; or (f) makes or consents to any agreement subordinating the priority of this Mortgage, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Mortgage, the Note, the Note Repayment Agreement, the other Loan Documents, or the Other Indebtedness Instruments of the Mortgagor or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the Lender from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Lender shall the provisions of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, the Lender, without notice to any person, corporation or other entity (except notice shall be given to Mortgagor so long as Mortgagor remains liable under the Note Repayment Agreement, this Mortgage or any of the other Loan Documents) hereby is authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, or of the other Loan Documents, as

fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

4.15 Discontinuance of Proceedings — Position of Parties Restored. In case the Lender shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Lender, then and in every such case the Mortgagor and the Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been taken.

4.16 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to the Lender by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder, or under the Note, the Note Repayment Agreement, any of the other Loan Documents, the Other Indebtedness Instruments or now or hereafter existing at law or in equity or by statute.

4.17 Notice of Defaults Under the Loan Documents and Other Credit Arrangements. Mortgagor shall give prompt notice to Lender of any defaults by Mortgagor under this Mortgage or any of the other Loan documents, and of any notice of default received by Mortgagor under any other credit arrangement of Mortgagor.

ARTICLE V

MISCELLANEOUS

5.1 Binding Effect. Wherever in this Mortgage one of the parties hereto is named or referred to, the heirs, administrators, executors, successors, assigns, distributees, and legal and personal representatives of such party shall be included, and all covenants and agreements contained in this Mortgage by or on behalf of the Mortgagor or by or on behalf of Lender shall bind and inure to the benefit of their respective heirs, administrators, executors, successors, assigns, distributees, and legal and personal representatives, whether so expressed or not. Notwithstanding the foregoing, the Mortgagor shall not be entitled to assign any of its rights, titles, and interests hereunder, or to delegate any of its obligations, liabilities, duties, or responsibilities hereunder, and will not permit any such assignment or delegation to occur (voluntarily or involuntarily, or directly or indirectly), without the prior written consent of the Lender.

5.2 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof. "Herein," "hereby," "hereunder," "hereof," and other equivalent words or phrases refer to this Mortgage and not solely to the particular portion thereof in which any such word or phrase is used, unless otherwise clearly indicated by the context.

5.3 Gender; Number. Whenever the context so requires, the masculine includes the feminine and neuter, the singular includes the plural, and the plural includes the singular.

5.4 Invalid Provisions to Affect No Others. In case any one or more of the covenants, agreements, terms or provisions contained in this Mortgage, in the Note, in the Note Repayment Agreement, in any of the other Loan Documents, or in the Other Indebtedness Instruments shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein, and in the Note, in the Note Repayment Agreement, in the other Loan Documents and in the Other Indebtedness Instruments shall be in no way affected, prejudiced or disturbed thereby.

5.5 Loan Documents. Wherever reference is made herein to this Mortgage, the Note, the Note Repayment Agreement, the Loan Documents, or the Other Indebtedness Instruments, such reference shall include all renewals, extensions, modifications and refinancings thereof.

5.6 Conflict in Loan Documents. In the event of conflict in the terms of any provision in this Mortgage, the Note, the Note Repayment Agreement, any of the other Loan documents, or the Other Indebtedness Instruments, the terms of the provision most favorable to the Lender shall apply.

5.7 Instrument Under Seal. This Mortgage is given under the seal of all parties hereto, and it is intended that this Mortgage is and shall constitute and have the effect of a sealed instrument according to law.

5.8 Addresses and Other Information. The following information is provided in order that this Mortgage shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Alabama, for instruments to be filed as financing statements:

Name of Borrower: THE VILLAGE AT HIGHLAND LAKES
IMPROVEMENT DISTRICT

Address of Borrower: The Village at Highland Lakes Improvement District
c/o Eddleman Properties
Suite 425
2700 Highway 280 South
Mountain Brook, Alabama 35223

Name of Mortgagor (Debtor): THE VILLAGE AT HIGHLAND LAKES, INC.

Address of Mortgagor: The Village at Highland Lakes, Inc.
c/o Eddleman Properties
Suite 425
2700 Highway 280 South
Mountain Brook, Alabama 35223

Name of Lender (Secured Party): COMPASS MORTGAGE CORPORATION

Address of Lender: Compass Mortgage Corporation
P.O. Box 10566
Birmingham, Alabama 35296
Attention: Birmingham Real Estate Banking

Record Owner of Real Estate
described on Exhibit A hereto: Mortgagor

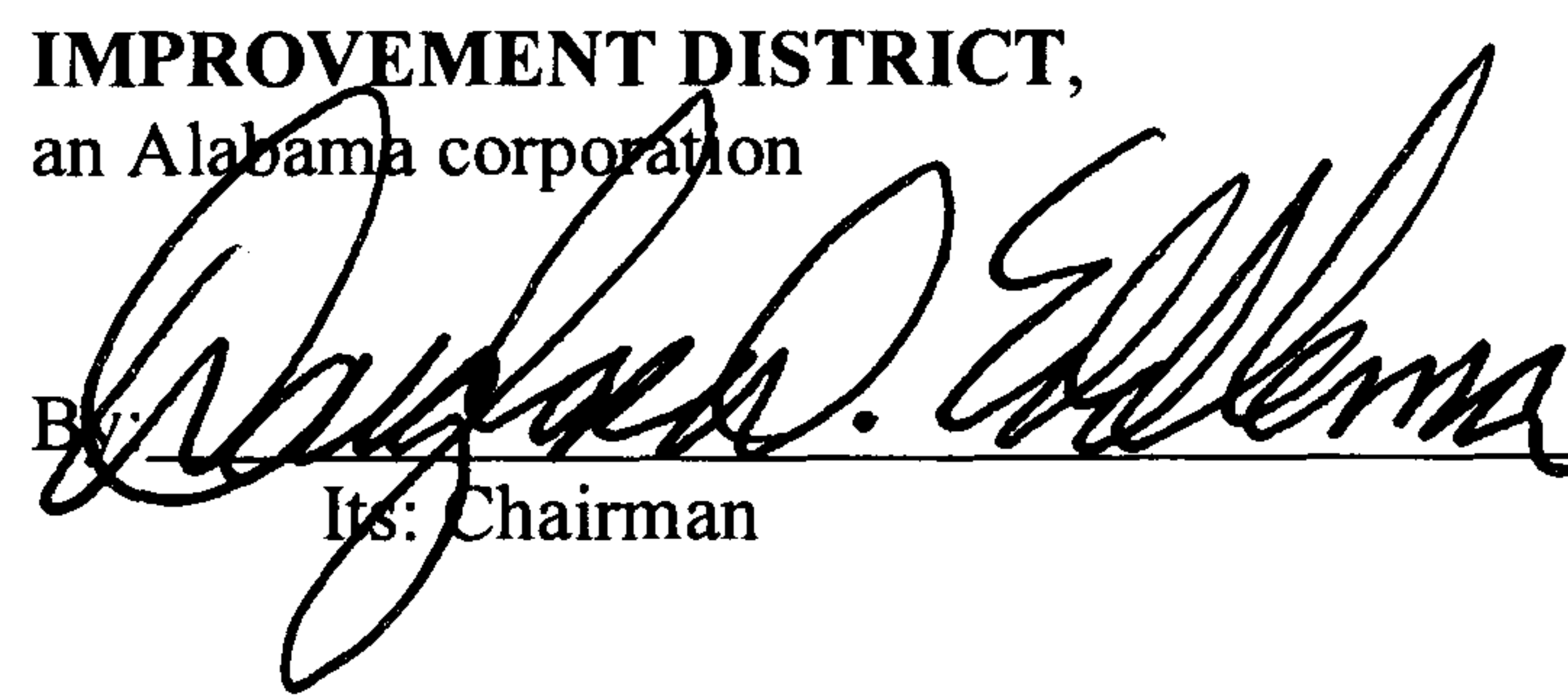
5.9 Applicable Law. This Mortgage shall be governed by the laws of the State of Alabama.

5.10 Rider. Additional provisions of this Mortgage, if any, are set forth below or on a Rider attached hereto and made a part hereof.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed and effective as of the day and year first above written, although actually executed on the date or dates reflected below.

BORROWER:

THE VILLAGE AT HIGHLAND LAKES
IMPROVEMENT DISTRICT,
an Alabama corporation

By: 
Its: Chairman

MORTGAGOR (Debtor):

THE VILLAGE AT HIGHLAND LAKES, INC.
an Alabama corporation

By *Douglas D. Eddleman*
Its: *PRESIDENT*

STATE OF ALABAMA

COUNTY OF Jefferson

I, Pamela G. Lee, a notary public in and for said county in said state, hereby certify that Douglas D. Eddleman, whose name as CHAIRMAN of THE VILLAGE AT HIGHLAND LAKES IMPROVEMENT DISTRICT, 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 such 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 27th day of December, 2006.

Pamela G. Lee
Notary Public

[Notarial Seal]

My Commission Expires: 12-21-08

STATE OF ALABAMA

COUNTY OF Jefferson

I, Pamela G. Lee, a notary public in and for said county in said state, hereby certify that Douglas D. Eddleman, whose name as President of THE VILLAGE AT HIGHLAND LAKES, 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 such 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 27th day of December, 2006.

Pamela G. Lee
Notary Public

[Notarial Seal]

My Commission Expires: 12-21-08

EXHIBIT A

DESCRIPTION OF MORTGAGED PROPERTY

PARCEL B:

Tract 1:

A TRACT OF LAND SITUATED IN SECTION 3, TOWNSHIP 19 SOUTH, RANGE 1 WEST, SHELBY COUNTY, ALABAMA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 3 AND RUN NORTH 89 DEG. 20 MIN. 02 SEC. EAST ALONG THE NORTH LINE OF SAID SECTION 3 FOR 894.02 FEET TO THE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED; THENCE CONTINUE ALONG THE LAST DESCRIBED COURSE FOR 1780.76 FEET; THENCE RUN SOUTH 00 DEG. 26 MIN. 35 SEC. EAST FOR 235.36 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF FOWLER LAKE ROAD; THENCE RUN SOUTH 68 DEG. 36 MIN. 43 SEC. EAST ALONG SAID RIGHT OF WAY LINE FOR 289.41 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF SHELBY COUNTY ROAD # 41; THENCE RUN SOUTH 15 DEG. 07 MIN. 19 SEC. WEST ALONG SAID RIGHT OF WAY LINE FOR 533.36 FEET TO THE POINT OF BEGINNING OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 5,549.44 FEET; THENCE RUN ALONG SAID CURVE AND SAID RIGHT OF WAY LINE A CHORD BEARING OF SOUTH 13 DEG. 32 MIN. 27 SEC. WEST FOR 306.27 FEET; THENCE RUN NORTH 76 DEG. 03 MIN. 28 SEC. WEST FOR 1,040.70 FEET; THENCE RUN SOUTH 68 DEG. 11 MIN. 15 SEC. WEST FOR 374.60 FEET; THENCE RUN NORTH 31 DEG. 05 MIN. 34 SEC. WEST FOR 218.46 FEET; THENCE RUN NORTH 41 DEG. 38 MIN. 14 SEC. WEST FOR 213.33 FEET; THENCE RUN NORTH 62 DEG. 40 MIN. 04 SEC. WEST FOR 107.63 FEET; THENCE RUN SOUTH 39 DEG. 56 MIN. 37 SEC. WEST FOR 172.44 FEET TO A POINT ON A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 1,160.89 FEET; THENCE RUN ALONG SAID CURVE A CHORD BEARING OF NORTH 52 DEG. 24 MIN. 05 SEC. WEST FOR 95.03 FEET TO THE END OF SAID CURVE AND THE POINT OF BEGINNING OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 25.00 FEET; THENCE RUN ALONG SAID CURVE A CHORD BEARING OF NORTH 10 DEG. 35 MIN. 32 SEC. WEST FOR 38.53 FEET; THENCE RUN NORTH 57 DEG. 24 MIN. 04 SEC. WEST FOR 60.01 FEET TO THE POINT OF BEGINNING OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 25.00 FEET; THENCE RUN ALONG SAID CURVE A CHORD BEARING OF SOUTH 76 DEG. 08 MIN. 20 SEC. WEST FOR 37.16 FEET TO THE END OF SAID CURVE AND THE POINT OF BEGINNING OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 401.62 FEET; THENCE RUN ALONG SAID CURVE A CHORD BEARING OF NORTH 74 DEG. 38 MIN. 38 SEC. WEST FOR 187.29 FEET; THENCE RUN NORTH 28 DEG. 31 MIN. 04 SEC. EAST FOR 673.69 FEET TO THE POINT OF BEGINNING.

Tract 2:

A TRACT OF LAND SITUATED IN THE WEST ½ OF SECTION 3, TOWNSHIP 19 SOUTH, RANGE 1 WEST BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 3, TOWNSHIP 19 SOUTH, RANGE 1 WEST AND RUN NORTH 89 DEG. 31 MIN. 52 SEC. EAST ALONG THE SOUTH LINE OF SAID ¼- ¼ SECTION FOR 71.94 FEET TO THE POINT OF BEGINNING; THENCE RUN NORTH 00 DEG. 28 MIN. 08 SEC. WEST FOR 225.60 FEET; THENCE RUN NORTH 18 DEG. 05 MIN. 51 SEC. EAST FOR 100.98 FEET; THENCE RUN NORTH 09 DEG. 51 MIN. 30 SEC. EAST FOR 63.22 FEET; THENCE RUN NORTH 02 DEG. 32 MIN. 43 SEC. EAST FOR 270.00 FEET; THENCE RUN NORTH 17 DEG. 51 MIN. 02 SEC. WEST FOR 152.14 FEET; THENCE RUN NORTH 23 DEG. 05 SEC. 56 MIN. WEST FOR 143.78 FEET; THENCE RUN NORTH 25 DEG. 09 MIN. 08 SEC. WEST FOR 95.49 FEET; THENCE RUN NORTH 14 DEG. 22 MIN. 57 SEC. WEST FOR 125.45 FEET; THENCE RUN NORTH 00 DEG. 01 MIN. 46 SEC. WEST FOR 122.19 FEET; THENCE RUN NORTH 06 DEG. 07 MIN. 41 SEC. EAST FOR 122.12 FEET; THENCE RUN NORTH 18 DEG. 28 MIN. 59 SEC. EAST FOR 177.98 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE RIGHT, OF WHICH THE RADIUS POINT LIES SOUTH 18 DEG. 28 MIN. 59 SEC. WEST, A RADIAL DISTANCE OF 1,417.09 FEET; THENCE EASTERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 05 DEG. 58 MIN. 54 SEC., A DISTANCE OF 147.95 FEET TO A POINT OF REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 89 DEG. 09 MIN. 26 SEC.; THENCE EASTERLY ALONG THE ARC, A DISTANCE OF 38.90 FEET; THENCE RUN NORTH 25 DEG. 18 MIN. 27 SEC. EAST FOR 12.96 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 305.00 FEET AND A CENTRAL ANGLE OF 41 DEG. 44 MIN. 17 SEC.; THENCE NORTHEASTERLY ALONG THE ARC A DISTANCE OF 222.18 FEET; THENCE RUN NORTH 67 DEG. 02 MIN. 44 SEC. EAST FOR 17.71 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 95 DEG. 50 MIN. 21 SEC.; THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 41.82 FEET TO A POINT OF COMPOUND CURVE TO THE LEFT HAVING A RADIUS OF 295.00 FEET AND A CENTRAL ANGLE OF 21 DEG. 46 MIN. 17 SEC.; THENCE NORTHWESTERLY ALONG THE ARC, A DISTANCE OF 112.09 FEET; THENCE RUN NORTH 39 DEG. 26 MIN. 06 SEC. EAST FOR 233.93 FEET; THENCE RUN SOUTH 69 DEG. 50 MIN. 33 SEC. EAST FOR 56.48 FEET; THENCE RUN NORTH 40 DEG. 31 MIN. 05 SEC. EAST FOR 312.40 FEET; THENCE RUN NORTH 51 DEG. 04 MIN. 09 SEC. EAST FOR 238.86 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 391.50 FEET AND A CENTRAL ANGLE OF 52 DEG. 30 MIN. 02 SEC.; THENCE NORTHEASTERLY ALONG THE ARC A DISTANCE OF 358.73 FEET; THENCE RUN NORTH 01 DEG. 25 MIN. 53 SEC. WEST FOR 65.39 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 285.00 FEET AND A CENTRAL ANGLE OF 17 DEG. 53 MIN. 57 SEC.; THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 89.03 FEET; THENCE RUN NORTH 16 DEG. 28 MIN. 05 SEC. EAST FOR 16.12 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 125.00 FEET AND A CENTRAL ANGLE OF 63 DEG. 52 MIN. 28 SEC.; THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 139.35 FEET; THENCE RUN NORTH 47 DEG. 24 MIN. 23 SEC. WEST FOR 103.43 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 385.00 FEET AND A CENTRAL ANGLE OF 34 DEG. 31 MIN. 30 SEC.; THENCE NORTHWESTERLY ALONG THE ARC A DISTANCE OF 231.99 FEET; THENCE RUN NORTH 12 DEG. 52 MIN. 53 SEC. WEST FOR 67.01 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 335.00 FEET AND A CENTRAL ANGLE OF 14 DEG. 37 MIN. 01 SEC.; THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 85.46 FEET; THENCE RUN NORTH 01 DEG. 44 MIN. 08 SEC. EAST FOR 67.49 FEET TO A POINT

OF CURVE TO THE RIGHT HAVING A RADIUS OF 285.00 FEET AND A CENTRAL ANGLE OF 10 DEG. 53 MIN. 58 SEC.; THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 54.22 FEET; THENCE RUN NORTH 12 DEG. 38 MIN. 06 SEC. EAST FOR 334.38 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 185.00 FEET AND A CENTRAL ANGLE OF 23 DEG. 50 MIN. 58 SEC.; THENCE NORTHEASTERLY ALONG THE ARC A DISTANCE OF 77.01 FEET; THENCE RUN NORTH 36 DEG. 29 MIN. 04 SEC. EAST FOR 140.76 FEET; THENCE RUN NORTH 69 DEG. 09 MIN. 20 SEC. EAST FOR 112.95 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 85 DEG. 37 MIN. 22 SEC.; THENCE EASTERLY ALONG THE ARC A DISTANCE OF 37.36 FEET; THENCE RUN NORTH 25 DEG. 13 MIN. 18 SEC. WEST FOR 80.75 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE RIGHT, OF WHICH THE RADIUS POINT LIES SOUTH 64 DEG. 46 MIN. 42 SEC. WEST, A RADIAL DISTANCE OF 25.00 FEET; THENCE SOUTHERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 92 DEG. 07 MIN. 40 SEC., A DISTANCE OF 40.20 FEET; THENCE RUN SOUTH 66 DEG. 54 MIN. 22 SEC. WEST FOR 114.50 FEET; THENCE RUN SOUTH 77 DEG. 56 MIN. 58 SEC. WEST FOR 111.36 FEET TO A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 485.00 FEET AND A CENTRAL ANGLE OF 13 DEG. 46 MIN. 59 SEC.; THENCE WESTERLY ALONG THE ARC A DISTANCE OF 116.67 FEET; THENCE RUN NORTH 88 DEG. 16 MIN. 03 SEC. WEST FOR 28.09 FEET; THENCE RUN NORTH 18 DEG. 42 MIN. 07 SEC. WEST FOR 429.84 FEET; THENCE RUN NORTH 33 DEG. 33 MIN. 44 SEC. EAST FOR 207.83 FEET; THENCE RUN NORTH 56 DEG. 26 MIN. 16 SEC. WEST FOR 38.96 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 341.62 FEET AND A CENTRAL ANGLE OF 13 DEG. 18 MIN. 28 SEC.; THENCE NORTHWESTERLY ALONG THE ARC A DISTANCE OF 79.35 FEET; THENCE RUN NORTH 20 DEG. 15 MIN. 16 SEC. EAST FOR 60.00 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE RIGHT, OF WHICH THE RADIUS POINT LIES SOUTH 20 DEG. 15 MIN. 16 SEC. WEST A RADIAL DISTANCE OF 401.62 FEET; THENCE SOUTHEASTERLY ALONG THE ARC THROUGH A CENTRAL ANGLE OF 08 DEG. 27 MIN. 40 SEC., A DISTANCE OF 59.31 FEET TO A POINT OF REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 85 DEG. 09 MIN. 12 SEC.; THENCE EASTERLY ALONG THE ARC, A DISTANCE OF 37.16 FEET; THENCE RUN SOUTH 57 DEG. 24 MIN. 04 SEC. EAST FOR 60.01 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 56 DEG. 26 MIN. 16 SEC. EAST, A RADIAL DISTANCE OF 25.00 FEET; THENCE SOUTHERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 88 DEG. 18 MIN. 31 SEC., A DISTANCE OF 38.53 FEET TO A POINT OF REVERSE CURVE TO THE RIGHT HAVING A RADIUS OF 1,160.89 FEET AND A CENTRAL ANGLE OF 04 DEG. 41 MIN. 24 SEC.; THENCE SOUTHEASTERLY ALONG THE ARC, A DISTANCE OF 95.03 FEET; THENCE RUN NORTH 39 DEG. 56 MIN. 37 SEC. EAST FOR 172.44 FEET; THENCE RUN SOUTH 62 DEG. 40 MIN. 04 SEC. EAST FOR 107.63 FEET; THENCE RUN SOUTH 41 DEG. 38 MIN. 14 SEC. EAST FOR 213.33 FEET; THENCE RUN SOUTH 31 DEG. 05 MIN. 34 SEC. EAST FOR 218.46 FEET; THENCE RUN SOUTH 64 DEG. 46 MIN. 42 SEC. WEST FOR 200.00 FEET; THENCE RUN SOUTH 25 DEG. 13 MIN. 18 SEC. FOR 84.86 FEET; THENCE RUN NORTH 64 DEG. 46 MIN. 42 SEC. EAST FOR 140.00 FEET; THENCE RUN SOUTH 25 DEG. 13 MIN. 18 SEC. EAST FOR 550.00 FEET; THENCE RUN SOUTH 28 DEG. 19 MIN. 41 SEC. EAST FOR 122.31 FEET; THENCE RUN SOUTH 24 DEG. 10 MIN. 59 SEC. EAST FOR 121.92 FEET; THENCE RUN SOUTH 04 DEG. 42 MIN. 50 SEC. EAST FOR 196.41 FEET; THENCE RUN SOUTH 02 DEG. 45 MIN. 19 SEC. WEST FOR 98.17 FEET; THENCE RUN SOUTH 14 DEG. 26 MIN. 04 SEC. WEST FOR 210.04 FEET; THENCE RUN NORTH 63 DEG. 38 MIN. 19 SEC. WEST FOR 153.60 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT OF WHICH THE RADIUS POINT LIES SOUTH 70 DEG. 57 MIN. 29 SEC. EAST, A

RADIAL DISTANCE OF 167.44 FEET; THENCE SOUTHERLY ALONG THE ARC THROUGH A CENTRAL ANGLE OF 05 DEG. 30 MIN. 43 SEC. A DISTANCE OF 16.11 FEET; THENCE RUN SOUTH 13 DEG. 31 MIN. 49 SEC. WEST FOR 29.30 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 81 DEG. 20 MIN. 34 SEC. EAST, A RADIAL DISTANCE OF 62.09 FEET; THENCE SOUTHERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 34 DEG. 11 MIN. 41 SEC. A DISTANCE OF 37.06 FEET TO A POINT OF COMPOUND CURVE TO THE LEFT HAVING A RADIUS OF 120.00 FEET AND A CENTRAL ANGLE OF 38 DEG. 58 MIN. 27 SEC.; THENCE SOUTHEASTERLY ALONG THE ARC, A DISTANCE OF 81.63 FEET TO A POINT OF COMPOUND CURVE TO THE LEFT HAVING A RADIUS OF 1,362.86 FEET AND A CENTRAL OF 09 DEG. 48 MIN. 34 SEC.; THENCE EASTERLY ALONG THE ARC, A DISTANCE OF 233.33 FEET; THENCE RUN NORTH 55 DEG. 03 MIN. 16 SEC. EAST FOR 120.04 FEET; THENCE RUN SOUTH 47 DEG. 40 MIN. 18 SEC. EAST FOR 56.77 FEET; THENCE RUN SOUTH 34 DEG. 56 MIN. 44 SEC. EAST FOR 33.53 FEET; THENCE RUN SOUTH 09 DEG. 03 MIN. 34 SEC. WEST FOR 37.22 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES NORTH 09 DEG. 03 MIN. 34 SEC. EAST, A RADIAL DISTANCE OF 1,362.86 FEET; THENCE EASTERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 07 DEG. 39 MIN. 16 SEC. A DISTANCE OF 182.07 FEET; THENCE RUN SOUTH 88 DEG. 35 MIN. 42 SEC. EAST FOR 458.64 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 90 DEG. 04 MIN. 45 SEC.; THENCE NORTHEASTERLY ALONG THE ARC A DISTANCE OF 39.30 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF SHELBY COUNTY HIGHWAY NO. 41; THENCE RUN SOUTH 01 DEG. 19 MIN. 33 SEC. WEST ALONG SAID RIGHT-OF-WAY LINE FOR 108.11 FEET TO A POINT ON THE SOUTHERLY LINE OF THE SOUTHEAST $\frac{1}{4}$ OF THE NORTHWEST $\frac{1}{4}$ OF SAID SECTION 3; THENCE RUN SOUTH 89 DEG. 25 MIN. 32 SEC. WEST ALONG THE SOUTH LINE OF SAID $\frac{1}{4}$ - $\frac{1}{4}$ SECTON FOR 1,245.24 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST $\frac{1}{4}$ OF THE SOUTHWEST $\frac{1}{4}$ OF SAID SECTION 3; THENCE RUN SOUTH 00 DEG. 34 MIN. 26 SEC. EAST ALONG THE EAST LINE OF SAID $\frac{1}{4}$ - $\frac{1}{4}$ SECTION FOR 1,325.15 FEET; THENCE RUN SOUTH 50 DEG. 40 MIN. 02 SEC. WEST FOR 478.18 FEET; THENCE RUN SOUTH 29 DEG. 22 MIN. 39 SEC. WEST FOR 214.54 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES NORTH 23 DEG. 41 MIN. 20 SEC. EAST, A RADIAL DISTANCE OF 245.00 FEET; THENCE EASTERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 10 DEG. 22 MIN. 55 SEC., A DISTANCE OF 44.39 FEET; THENCE RUN SOUTH 13 DEG. 18 MIN. 25 SEC. WEST FOR 60.00 FEET; THENCE RUN SOUTH 12 DEG. 50 MIN. 00 SEC. WEST FOR 160.34 FEET; THENCE RUN SOUTH 29 DEG. 01 SEC. 17 SEC. WEST FOR 701.14 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST $\frac{1}{4}$ OF THE SOUTHWEST $\frac{1}{4}$ OF SAID SECTION 3; THENCE RUN SOUTH 89 DEG. 31 MIN. 52 SEC. WEST ALONG THE SOUTH LINE OF SAID $\frac{1}{4}$ - $\frac{1}{4}$ SECTION FOR 418.22 FEET TO THE POINT OF BEGINNNING.

LESS AND EXCEPT THE FOLLOWING DESCRIBED LAND FROM PARCEL B:

LOTS 4, 5, 6, 7, 8, 9 10, 11, 21, 22, 54, 55, 58, 86, 92 AND 100, ACCORDING TO THE SURVEY OF THE VILLAGE AT HIGHLAND LAKES, SECTOR ONE, AN EDDLEMAN COMMUNITY, AS RECORDED IN MAP BOOK 36, PAGES 95-A, B, C, D & E, AS AMENDED BY MAP BOOK 37, PAGES 17-A, B, C, D & E AND MAP BOOK 37, PAGES 73-A, B, C, D & E IN THE PROBATE OFFICE; BEING SITUATED IN SHELBY COUNTY, ALABAMA.

AND

LOTS 56A AND 57A, ACCORDING TO A RESURVEY OF LOTS 56 AND 57 OF SECTOR ONE AS RECORDED IN MAP BOOK 37, PAGE 139 IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA; BEING SITUATED IN SHELBY COUNTY, ALABAMA.