

PRIOR LIENHOLDER'S AGREEMENT

This PRIOR LIENHOLDER'S AGREEMENT is by and between REGIONS BANK, whose address is 2964 Pelham Parkway, Pelham, Alabama 35124 (the "Prior Lienholder") and SOUTHERN DEVELOPMENT COUNCIL, INC. (hereinafter along with its successors and assigns, the "CDC").

RECITALS

WHEREAS, Leslie D. Hilyer, Richard S. Tully, II, and John E. Miller and SOUTHERN STONE DESIGN, LLC (also known as Southern Stone Design) (the "Borrower") is the owner of the real estate described on the attached Exhibit A (the "Real Estate"). Prior Lienholder has made a loan or loans in the original aggregate principal amount of \$725,400.00, evidence by promissory notes in the amounts of \$403,000.00 and \$322,400.00 (hereinafter collectively the "Prior Loan"). The Prior Loan is secured by a Mortgage and other documents recorded in Instrument No. 20070130000045450 in the Office of the Judge of Probate of Shelby County, Alabama (the "Prior Mortgage").

WHEREAS, CDC has agreed to make a loan in the amount of \$334,000.00 (the "504 Loan") to Borrower. The 504 Loan will be secured by a mortgage (the "504 Mortgage") to be recorded in the Office of the Judge of Probate of Shelby County, Alabama, contemporaneously with this agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing recitals, the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Balance of the Prior Loan. Following the funding of the 504 Loan, Prior Lienholder will receive \$322,400.00 from CDC in accordance with instruction given to CDC by Borrower. Such \$322,400.00 will reduce the note secured by the Prior Mortgage, and the principal balance of the Prior Loan will upon such reduction be no more than \$403,000.00, and will be the only obligation superior to Borrower's obligations to CDC which are secured by the Prior Mortgage.

2. Subordination of Future Advances, Prepayment Fees, Late Fees, and Increased Post-Default Interest Fees. Except for advances made for reasonable costs of collection, maintenance and protection of the Prior Mortgage (or security interest), the Prior Lienholder hereby subordinates to the 504 Loan and the lien(s) securing the 504 Loan (a) any sum advanced to the Borrower by the Prior Lienholder after the date of this Agreement and (b) any prepayment penalties, late fees, and increased default interest in connection with the Prior Loan.

3. Compliance with 504 Loan Program Requirements. Prior Lienholder confirms that the note and all other documents executed in connection with the Prior Loan (a) evidence a loan that does not exceed the principal amount permitted by the Authorization for Debenture Guarantee (SBA 504 Loan) issued by the U.S. Small Business Administration ("SBA") to CDC to assist Borrower, (b) have no open-ended features and allow only future advances for the reasonable costs of collection, maintenance and protection of the Prior Lienholder's lien thereunder, (c) are not cross-collateralized with any other financing now or hereafter to be provided by Prior Lienholder, (d) have no early call features, (e) are not payable on demand unless the Prior Loan is in default, (f) have a term of at least, and do not require a balloon payment prior to, ten years for a 20-year 504 loan or seven years for a 10-year 504 loan, (g) have a reasonable interest rate that does not, and will not, exceed the maximum interest rate for a third party loan as published by SBA, and (h) do not establish a preference in favor of the Prior Lienholder as compared to CDC or SBA other than the Prior Lienholder's senior lien position. The Prior Lienholder agrees that if any provision in the note or

any other document executed in connection with the Prior Loan does not comply with these requirements, then the Prior Lienholder waives its right to enforce any such provision.

4. Waiver of Enforcement of Covenant Not to Encumber the Real Estate. If the Prior Mortgage or any document evidencing the Prior Loan contains any provision prohibiting Borrower from further encumbering the Real Estate, Prior Lienholder waives its right to enforce any such provision as it might apply to the lien arising from the 504 Mortgage securing or any document evidencing the 504 Loan.

5. Notice of Default Under the Prior Loan. If any default, event of default or delinquency, upon which the Prior Lienholder intends to take action, occurs under the Prior Mortgage (or security interest) or any document executed in connection with the Prior Loan, then the Prior Lienholder agrees to give the CDC and the U.S. Small Business Administration (the "SBA") written notice of such default, event of default or delinquency and the opportunity to cure or to purchase the note evidencing the Prior Loan and the Prior Mortgage prior to foreclosure. Such notice must be given within thirty (30) days after the default, event of default or delinquency upon which the Prior Lienholder intends to take action and at least sixty (60) days prior to the date of any proposed sale and the Prior Lienholder will not sell all or any portion of its collateral without giving the CDC and the SBA such notice. Notice under this Agreement shall be deemed to have been given when sent by certified or registered mail, return receipt requested, addressed, as the case may be, to the CDC, SOUTHERN DEVELOPMENT COUNCIL, INC. at 8132 Old Federal Road, Montgomery, Alabama 36117, and to the SBA at its Birmingham District Office, 801 Tom Martin Drive, Suite 201, Birmingham, Alabama 35211, Attention: District Counsel.

6. Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective parties to this Agreement and their successors and assigns.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 27th day of July, 2007.

REGIONS BANK

By

(Its AVP)

STATE OF ALABAMA
COUNTY OF SHELBY

ACKNOWLEDGMENT OF PRIOR LIENHOLDER

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that Philip Webb, whose name as Asst. Vice President of REGIONS BANK, a 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 seal this 27th day of July, 2007.

NOTARY PUBLIC

My Commission expires: 12/14/2008

ACKNOWLEDGED AND CONSENTED TO:

SOUTHERN STONE DESIGN, LLC
(also known as Southern Stone Design)

By: *Leslie D. Hilyer*
Leslie D. Hilyer (Its Member and Managing Member)

By: *Richard S. Tully, II*
Richard S. Tully, II (Its Member and Managing Member)

By: *John E. Miller*
John E. Miller (Its Member and Managing Member)

By: *Leslie D. Hilyer* L.S.
Leslie D. Hilyer (Individually)

By: *Richard S. Tully, II* L.S.
Richard S. Tully, II (Individually)

By: *John E. Miller* L.S.
John E. Miller (Individually)

THIS INSTRUMENT PREPARED BY:

William C. Brown

ENGEL HAIRSTON & JOHANSON, P.C.

4th Floor 109 North 20th Street

P.O. Box 11405

Birmingham, Alabama, 35202

(205) 328-4600



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Shelby Cnty Judge of Probate, AL
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EXHIBIT "A"

BORROWER: Leslie D. Hilyer, Richard S. Tully, II, John E. Miller and SOUTHERN STONE DESIGN (also known as SOUTHERN STONE DESIGN, LLC)

LENDER: SOUTHERN DEVELOPMENT COUNCIL, INC.

Lot 8A, according to a Resurvey of Lots 8 & 18 of Final Plat Saginaw Commercial Park Phase 2, as recorded in Map Book 37, page 118, in the Probate Office of Shelby County, Alabama.

SUBJECT TO: i) taxes and assessments for the year 2007, a lien but not yet payable; ii) Right of Way granted to Alabama Power Company by instrument recorded in Instrument 20050204000056970 and Instrument 20050203000056260 in the Probate Office of Shelby County, Alabama; iii) Declaration of Protective Covenants of recorded in Volume 2001 Page 29295, in the Probate Office of Shelby County, Alabama; iv) Building line(s) and easement(s) as shown by recorded map; and v) any coal, oil, gas and other mineral and mining rights which are not owned by Grantor/Mortgagor.



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