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Shelby Cnty Judge of Probate, AL
03/11/2008 01:14:32PM FILED/CERT

*This instrument was prepared by
and upon recording, return to:
Timothy D. Davis, Esq.
Sirote & Permutt, P.C.
2311 Highland Avenue South
Birmingham, Alabama 35255
Telephone: (205) 930-5132*

**CROSS-COLLATERALIZATION AND
CROSS-DEFAULT AGREEMENT**

THIS CROSS-COLLATERALIZATION AND CROSS-DEFAULT AGREEMENT (this "Agreement") is made and entered into as of the 7th day of January, 2008, by and among REESE DEVELOPMENT GROUP, LLC, an Alabama limited liability company ("Borrower"), JOHNNY W. REESE ("Guarantor"), and CAROL M. REESE ("Accommodation Party"; and together with the Borrower and Guarantor, the "Borrower Parties"), and UNION STATE BANK, an Alabama banking corporation ("Lender").

RECITALS

A. The Lender has heretofore made certain loans to the Borrower, including, without limitation, a loan in the principal amount of \$2,050,500.00 ("Loan #1"), a loan in the principal amount of \$499,533.67 ("Loan #2"), and a loan in the maximum principal amount of \$750,000.00 ("Loan #3"; Loan #1, Loan #2 and Loan #3 being hereinafter sometimes referred to each singularly as a "Loan" and collectively as "Loans"). The Loans are evidenced and secured by separate promissory notes, mortgages, and other documents, all of such loan documents being more particularly described in Exhibit "A" hereto (individually and respectively, and as amended, modified or replaced from time to time, the "Loan #1 Loan Documents", the "Loan #2 Loan Documents", and the "Loan #3 Loan Documents"; collectively the "Loan Documents").

B. As a condition to renewing the Loans and granting the Borrowing Parties other modifications to the terms thereof, the Lender has required that the Loans be cross-defaulted and, further, that Loan #1 and Loan #2 be cross-collateralized. The Borrower Parties agree and acknowledge that there is good and sufficient consideration for them to execute this Agreement,

and that the Borrower Parties will receive direct and indirect benefits from the renewals and modifications of the Loans by the Lender.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, to induce the Lender to renew and otherwise modify the terms of the Loans, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower Parties agree with Lender, and Lender agrees with Borrower Parties, as follows:

1. Cross-Collateralization. Loan #1 and Loan #2 are hereby cross-collateralized with one another and Borrower Parties hereby grant, bargain, convey, and mortgage all of the "Property" as such term is defined in each of the respective mortgages securing such Loans, and agree that the collateral described in and granted under the respective Loan Documents (the "Collateral") which relate to Loan #1 and/or Loan #2 shall secure, in addition to such respective Loan and on a pari passu basis with the other Loan, the obligations of the Borrower or any of the other Borrower Parties under the Loan Documents relating to Loan #1 and Loan #2, including, without limitation, the Borrower's obligation to pay the principal and interest on Loan #1 and Loan #2, as the same may hereafter be renewed, modified, amended or extended, and to pay all other indebtedness and other agreed charges and to perform all of the terms and conditions under the respective Loan Documents.

2. Cross-Default. All of the Loans and Loan Documents are hereby cross-defaulted with one another and the Borrower Parties agree that the occurrence of an Event of Default as defined in, and pursuant to any of the Loan Documents, shall constitute an immediate Event of Default (without need of notice or the expiration of any additional cure period other than as specified in such Loan Documents) under all the Loan Documents.

3. Expenses. Borrower Parties shall promptly on demand pay all costs and expenses, including the fees and disbursements of counsel to the Lender, incurred by the Lender in connection with the exercise by or on behalf of Lender of any of its rights, powers or remedies under this Agreement, the enforcement of this Agreement, or the prosecution or defense of any action or proceeding by or against the Lender, the Borrower Parties, or any one or more of them, concerning any matter related to this Agreement.

4. Release. Each Loan shall be released from this Agreement upon payment in full to the Lender of all obligations ("Loan Obligations") relating thereto [and the expiration of the applicable period for avoiding or setting aside such payment under bankruptcy or insolvency laws] and Lender being under no further obligation to the Borrower to make any advances thereunder.

5. Unconditional. This Agreement is unconditional and the Borrower Parties agree that the Lender, upon the occurrence of an Event of Default pursuant to any of the Loan Documents, may assert any claim or cause of action against any one or more of the Borrower Parties before asserting any claim or cause of action against others, and the Lender may pursue or foreclose on any Collateral and exercise remedies in such order as Lender elects in its discretion. The failure of the Lender to perfect its security interest in any of the Collateral as set

forth in any of the Loan Documents or any other Collateral now or hereafter securing all or any part of the Loan Obligations shall not release or impair this Agreement. This Agreement shall not be affected, modified, or impaired by the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangements, composition with creditors or readjustment of, or other similar proceedings affecting any of the Borrower Parties, or any of the assets belonging to any of them, nor shall this Agreement be affected, modified, or impaired by the invalidity of the Loan Documents.

The Lender may, without notice and without affecting its rights under this Agreement:

- (a) grant extensions of time for payment or performance under any of the Loan Documents or other indulgences;
- (b) renew any of the Loan Obligations, or make further advances to Borrower;
- (c) at any time release any or all of the Collateral that now or hereafter secures any of the Loan Obligations;
- (d) compromise, settle, release, or terminate any or all of the obligations, covenants, or agreements of any of the Borrower Parties under the Loan Documents;
- (e) at any time release any one or more other guarantors or obligors from the Loan Obligations; and
- (f) enter into any modifications or amendments of any of the Loan Documents with the party or parties to such Loan Documents but without the necessity of any joinder or consent from other Borrower Parties who were not a party to such Loan Documents.

6. Miscellaneous. This Agreement may be executed in any number of counterparts bearing the original signatures of all parties hereto, each of which shall constitute an original for all purposes, but all of which shall evidence but one and the same Agreement. This Agreement will be recorded in each county and state where the respective properties described in the Loan Documents relating to Loan #1 and Loan #2 are located. Upon the filing of this Agreement, all necessary recording, intangible, or documentary stamp taxes will be duly paid by Borrower Parties. This Agreement is being given as additional security for the Loan Obligations. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.

7. Controlling Law. This Agreement and each of the Loan Documents shall be held by Lender in the State of Alabama, and each of the Borrower Parties consents to the jurisdiction of the federal and state courts located in Jefferson County of the State of Alabama in any action, suit or proceeding relating to this Agreement or any Loan Documents relating to the Loans, and this Agreement and the Loan Documents, and the rights and obligations of the parties

thereto, shall be construed and interpreted in accordance with the laws of the State of Alabama, except to the extent that the location of any Collateral in a state or jurisdiction other than Alabama requires that the perfection of the Lender's security interest thereunder, and the enforcement of certain of the Lender's remedies with respect to the Collateral, be governed by the laws of such other state or jurisdiction.

8. Waiver of Jury Trial. BORROWER PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SET OFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE LOANS, OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF LENDER AND/OR BORROWER PARTIES RESPECT TO THE LOAN DOCUMENTS OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF ANY PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR OTHERWISE, OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES HERETO, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE; BORROWER PARTIES AGREE THAT LENDER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED AGREEMENT OF BORROWER PARTIES IRREVOCABLY TO WAIVE THEIR RIGHTS TO TRIAL BY JURY AS AN INDUCEMENT OF LENDER TO RENEW AND OTHERWISE MODIFY THE LOANS, AND THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER PARTIES AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

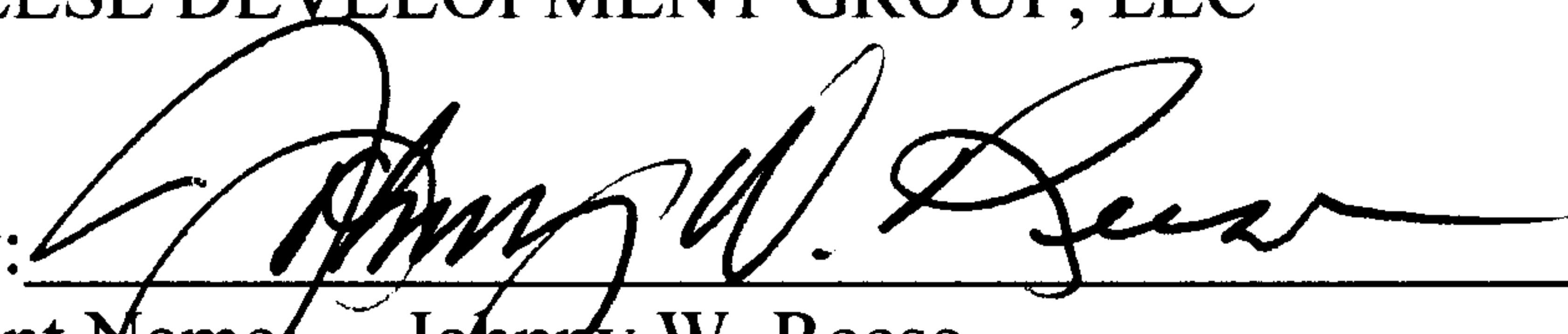
[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have caused this Agreement to be properly executed as of the day and year first written above.

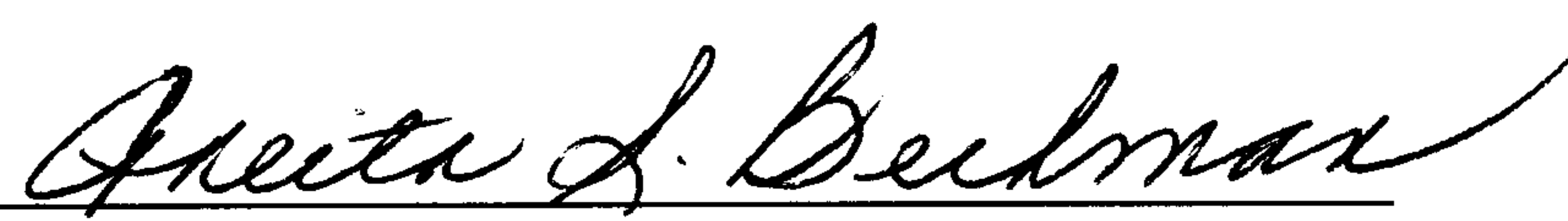
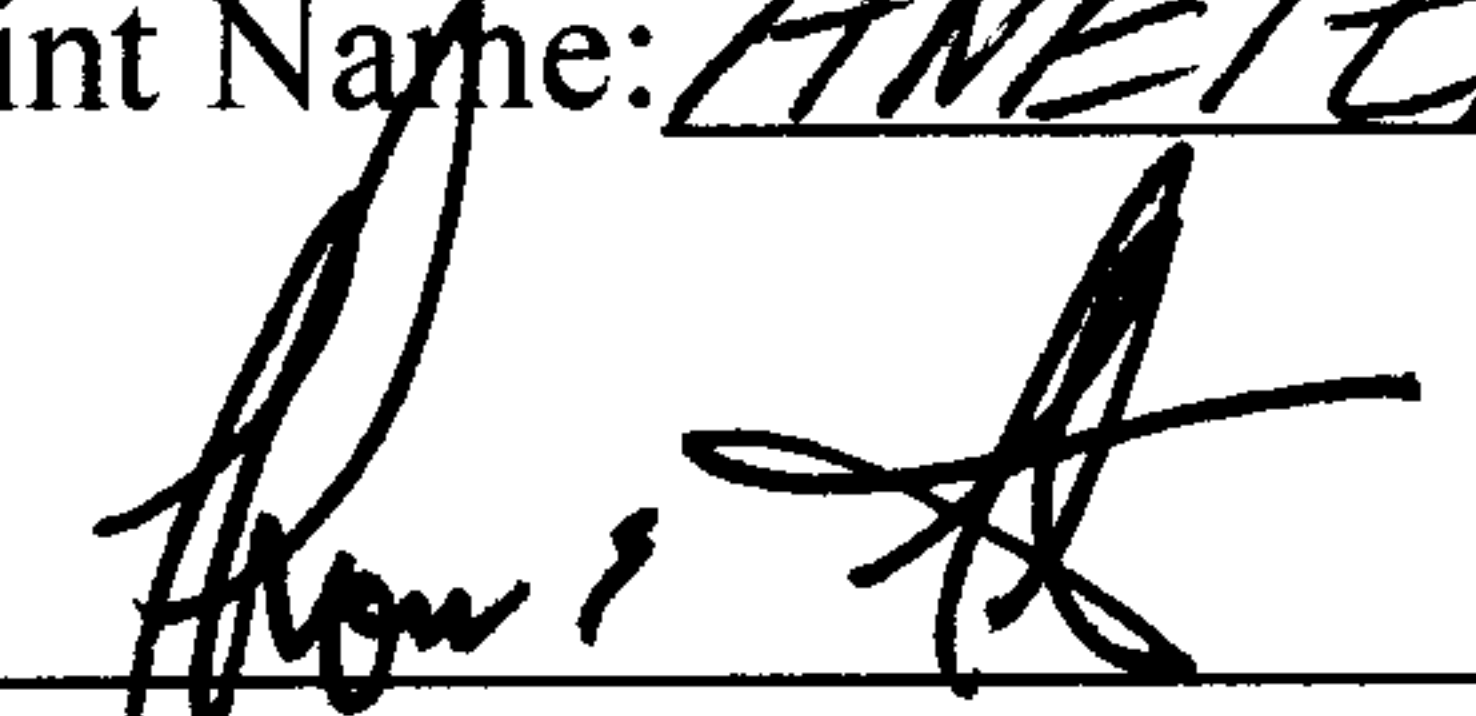
BORROWER:

REESE DEVELOPMENT GROUP, LLC

[Corporate Seal]

By: 
Print Name: Johnny W. Reese
Its: Sole Member

Signed in the presence of:

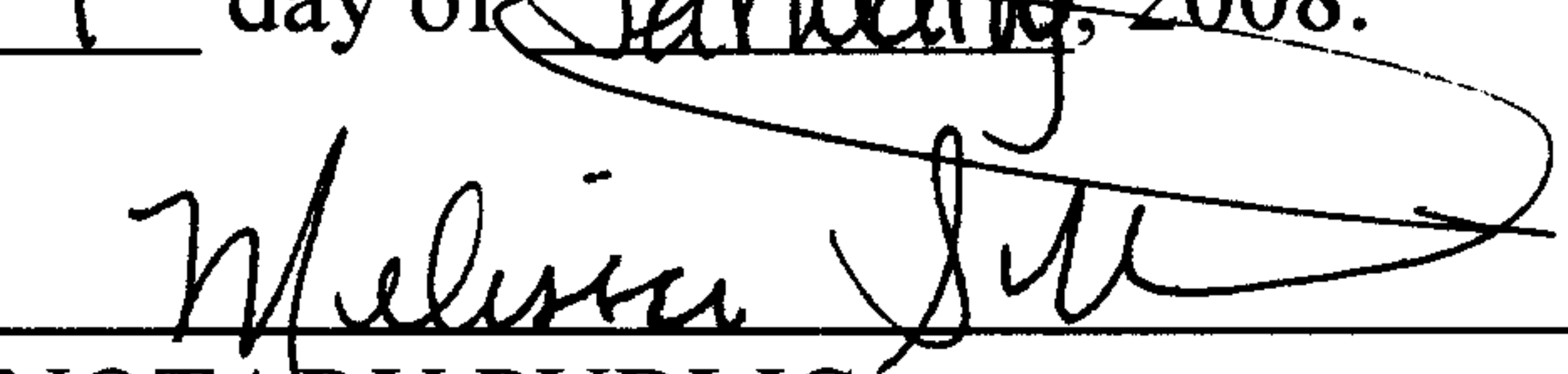

(Witness)
Print Name: ANEITA S. BECKMAN

(Witness)
Print Name: THOMAS E THOMPSON

STATE OF ALABAMA)
COUNTY OF Jefferson)

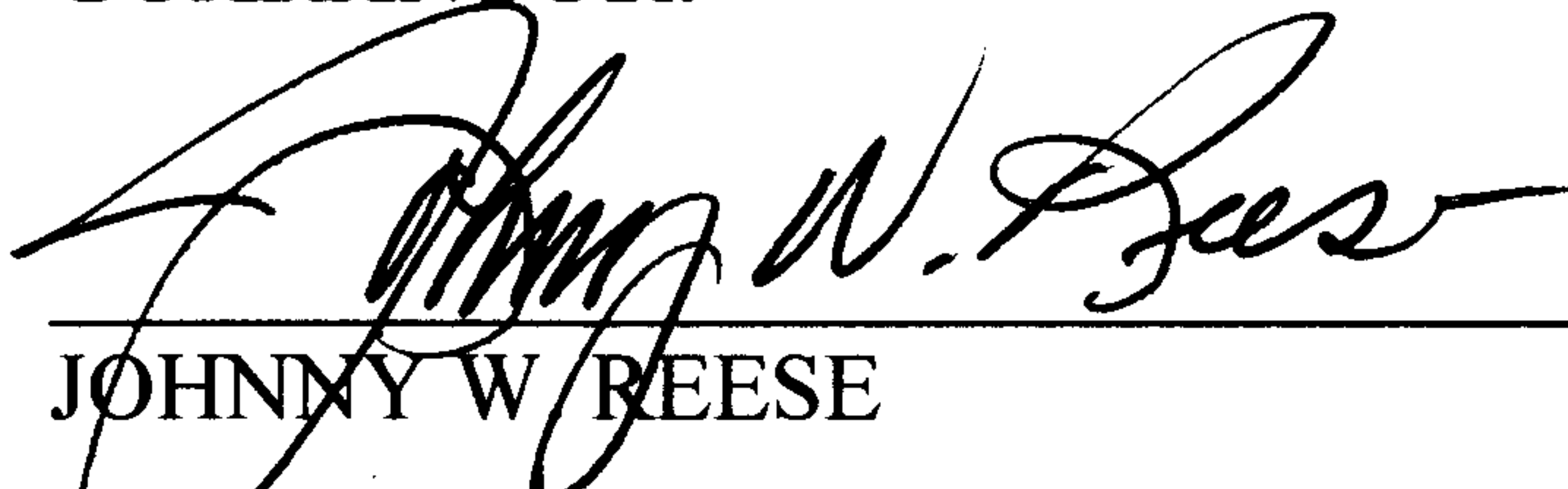
I, Melissa S. White, a Notary Public in and for said County in said State, hereby certify that Johnny W. Reese, whose name as Sole Member of Reese Development Group, LLC, an Alabama limited liability company, is signed to the foregoing instrument, and who is personally known to me or has produced his driver's license as identification, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such Sole Member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and seal, this 7 day of January, 2008.

[NOTARY SEAL]


NOTARY PUBLIC
My Commission Expires: April 2, 2011

GUARANTOR:


JOHNNY W. REESE

Signed in the presence of:

Anita S. Beckman
(Witness)
Print Name: ANITA S. Beckman

Thomas E. Thorder
(Witness)
Print Name: Thomas E Thorder

STATE OF ALABAMA)
COUNTY OF Jefferson)

I, Melissa S. White, a Notary Public in and for said County in said State, hereby certify that Johnny W. Reese, whose name, individually, is signed to the foregoing instrument, and who is personally known to me or has produced his driver's license as identification, acknowledged before me on this day that, being informed of the contents of such instrument, he executed the same voluntarily effective as of the day the same bears date.

Given under my hand and seal, this 7 day of January, 2008.

[NOTARY SEAL]

Melissa S. White
NOTARY PUBLIC
My Commission Expires: April 2, 2011



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ACCOMMODATION PARTY:

Carol M. Reese
CAROL M. REESE

Signed in the presence of:

Aneita S. Beckman
(Witness)
Print Name: ANEITA S. Beckman

Thomas E. Tomba
(Witness)
Print Name: Thomas E Tomba

STATE OF ALABAMA)
COUNTY OF Jefferson)

I, Melissa S. White, a Notary Public in and for said County in said State, hereby certify that Carol M. Reese, whose name, individually, is signed to the foregoing instrument, and who is personally known to me or has produced her driver's license as identification, acknowledged before me on this day that, being informed of the contents of such instrument, she executed the same voluntarily effective as of the day the same bears date.

Given under my hand and seal, this 7 day of January 2008.

[NOTARY SEAL]

Melissa S. White
NOTARY PUBLIC
My Commission Expires: April 2, 2011

LENDER:

UNION STATE BANK

[Corporate Seal]

By: [Signature]
Print Name: Thomas E. Thorman
Its: Assistant Vice President

Signed in the presence of:

Aneita S. Beckman
(Witness)
Print Name: ANEITA S. BECKMAN

Carolyn Bobbitt
(Witness)
Print Name: Carolyn Bobbitt

STATE OF ALABAMA)
COUNTY OF Jefferson)

I, Melissa S. White, a Notary Public in and for said County in said State, hereby certify that Thomas E. Thorman, whose name as Assistant Vice President of Union State Bank, an Alabama banking corporation, is signed to the foregoing instrument, and who is personally known to me or has produced his driver's license as identification, 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 banking corporation.

Given under my hand and seal, this 7 day of January, 2008.

[NOTARY SEAL]

Melissa S. White
NOTARY PUBLIC
My Commission Expires: April 2, 2011

EXHIBIT "A"

LOAN DOCUMENTS

A. Loan #1 Documents (Florida Property):

1. Universal Note and Security Agreement dated August 15, 2007, in the principal sum of \$2,050,500.00 executed by Borrower in favor of Lender, and the Borrower's obligations thereunder having been assumed by Guarantor and Accommodation Party pursuant to an Assumption Agreement being executed simultaneously herewith (the "Assumption Agreement");
2. Real Estate Mortgage from Borrower to Lender encumbering certain property located in Walton County, Florida, and the Borrower's obligations thereunder having been assumed by Guarantor and Accommodation Party pursuant to the Assumption Agreement;
3. Guaranty from Johnny W. Reese in favor of Lender;
4. Forbearance Agreement between Borrower Parties and Lender;
5. This Cross-Collateralization and Cross-Default Agreement; and
6. Any and all other documents executed by any of the Borrower Parties or others, evidencing, securing, or otherwise relating to Loan #1.

B. Loan #2 Loan Documents (Personal Residence):

1. Universal Note and Security Agreement dated August 15, 2007, in the principal sum of \$499,533.67 executed by Borrower in favor of Lender;
2. Real Estate Mortgage from Guarantor and Accommodation Party to Lender encumbering certain property (the "Personal Residence") located in Shelby County, Alabama;
3. Third Real Estate Mortgage from Guarantor and Accommodation Party to Lender encumbering the Personal Residence located in Shelby County, Alabama;
4. Third Party Pledge Agreement from Guarantor and Accommodation Party in favor of Lender;
5. Guaranty from Johnny W. Reese in favor of Lender;
6. Forbearance Agreement between Borrower Parties and Lender;
7. This Cross-Collateralization and Cross-Default Agreement; and
8. Any and all other documents executed by any of the Borrower Parties or others, evidencing, securing, or otherwise relating to Loan #2.

C. Loan #3 Loan Documents (Lake House):

1. Universal Note and Security Agreement dated July 11, 2006, in the principal sum of \$750,000.00 executed by Borrower in favor of Lender;
2. Real Estate Mortgage from Guarantor and Accommodation Party to Lender encumbering certain property located in Elmore County, Alabama;
3. Third Party Pledge Agreement from Guarantor and Accommodation Party in favor of Lender;
4. Guaranty from Johnny W. Reese in favor of Lender;
5. Forbearance Agreement between Borrower Parties and Lender;
6. This Cross-Collateralization and Cross-Default Agreement; and
7. Any and all other documents executed by any of the Borrower Parties or others, evidencing, securing, or otherwise relating to Loan #3.



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