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A0227-102846


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MORTGAGE MODIFICATION AGREEMENT

(Shelby County, Alabama)

THIS MORTGAGE MODIFICATION AGREEMENT ("Agreement") is entered into effective as of March 13, 2009 by **ADAMS HOMES OF NORTHWEST FLORIDA, INC.**, a Florida corporation, and **ADAMS HOMES L.L.C.**, an Alabama limited liability company, jointly and severally (collectively "Borrower" or "Mortgagor"), whose address for purposes of this Agreement is 3000 Gulf Breeze Parkway, Gulf Breeze, Florida 32563, and by **FIRST HORIZON HOME LOANS**, a division of First Tennessee Bank National Association (successor by merger with First Horizon Home Loan Corporation) ("Bank" or "Lender" or "Mortgagee"), whose address for purposes of this Agreement is 3875 Mansell Road, Suite 200, Alpharetta, Georgia 30022.

IN CONSIDERATION OF the mutual covenants and agreements set forth below and in the Loan Documents (defined below), and of other valuable consideration, the parties agree as follows:

BACKGROUND

Mortgagee is the owner and holder of certain Real Estate Mortgages, Assignments of Rents and Security Agreements dated July 7, 2005 from Mortgagor recorded in Instrument No. 973783 of the Office of the Judge of Probate of Baldwin County, Alabama, in Real Property Book 5863, Page 1601 of the Office of the Judge of Probate of Mobile County, Alabama, in Document No. 20050817000548300 of the Office of the Judge of Probate of Madison County, Alabama, in Document No. 20060412000171220 of the Office of the Judge of Probate of Shelby County, Alabama, in RLPY Book 2005, Page 46982, and re-recorded in RLPY Book 2005, Page 68180 of the Office of the Judge of Probate of Limestone County, Alabama, and dated April 1, 2008 from Mortgagor recorded in Mortgage Book 2008, Page 15670 of the Records in the Office of the Judge of Probate of St. Clair County, Alabama, as may be modified and/or spread (collectively the "Mortgage"), and of the Debt secured by the Mortgage as stated therein and as may be advanced under that certain Real Estate Note (with Revolving Credit Facility) from Mortgagor dated September 23, 2004 in the original principal or face amount of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), and most recently evidenced by that certain Amended and Restated Increased Renewal Real Estate Note (with Revolving Credit Facility) from Mortgagor dated October 30, 2007 in the principal or face amount of SIXTY MILLION AND NO/100 DOLLARS (\$60,000,000.00) (the "Note"). The Mortgage encumbers certain property located in Baldwin County, Mobile County, Madison County, Shelby County, Limestone County and St. Clair County, Alabama, more particularly described in the Mortgage (the "Property"). The Note and the Mortgage are or may be accompanied by UCC-1 Financing Statements (the "Financing Statements") recorded in the Records of the abovesaid counties. The Note, the Mortgage and any Financing Statements are accompanied by an Amended and Restated Loan Agreement dated October 30, 2007, as most recently amended by Third Amendment thereto dated effective as of March 13, 2009 (the "Loan Agreement"), by certain collateral

assignments, and by other loan documents (collectively the "Loan Documents," which term also includes the Note, the Mortgage, any Financing Statements and the Loan Agreement), which impose requirements and obligations on Mortgagor. The Loan Documents are incorporated herein by reference.

Mortgagor has requested that Mortgagee modify the Mortgage and other Loan Documents, as appropriate, by, among other modifications, modifying the Note as three (3) separate notes, together evidencing the original loan. The parties have mutually agreed to modify the terms of the Loan Documents in the manner set forth below.

1. Modification of Note and Mortgage. Concurrent with, and in reliance on, the execution of this Agreement, Mortgagor has executed and delivered to Mortgagee (a) a Real Estate Note (Term Facility) dated effective as of March 13, 2009 in the amount of \$11,557,560.28 and with such interest rate and other terms as are set forth therein (the "Inventory Lot Term Loan Note"), (b) a Real Estate Note (Term Facility) also dated effective as of March 13, 2009 in the amount of \$9,974,014.74 and with such interest rate and other terms as are set forth therein (the "Existing Project Term Loan Note"), and (c) a Real Estate Note (Revolving Line of Credit Facility) also dated effective as of March 13, 2009 in the amount of \$7,000,000.00 and with such interest rate and other terms as set forth therein (the "New Project Revolving Line of Credit Loan Note"). The Inventory Lot Term Loan Note, the Existing Project Term Loan Note and the New Project Revolving Line of Credit Loan Note may collectively be referred to as the "Notes." The Notes are incorporated herein by reference. The Mortgage shall secure the Notes, and each of them, in accordance with the Debt described therein, without impairing or otherwise affecting the priority of the lien of the Mortgage and other Loan Documents, as if the obligation originally secured by the Mortgage and other Loan Documents included the Notes. The Notes are subject to all of the requirements, terms, and conditions of the Loan Documents; and the Loan Documents secure and relate to Mortgagor's obligations, covenants, warranties, and liability, as if the Notes were originally included in the Note. References in the Mortgage and below in this Agreement to the "Note," "Promissory Note," and the like shall hereafter mean and refer to the Notes and each of them.

2. Modification and Performance of Loan Documents. The Mortgage and all other Loan Documents shall be deemed amended by this Agreement as necessary and appropriate to implement and reflect these changes. References in the Loan Documents to the Mortgage shall be deemed to include this Agreement and references in the Loan Documents to the "Note," "note," "Promissory Note," or other similar references shall mean the Notes and each of them. All provisions, terms, covenants, requirements, conditions, agreements, obligations, and stipulations of the Mortgage and other Loan Documents not modified hereby (whether explicitly or implicitly) shall remain in full force and effect and unchanged. Mortgagor agrees to perform, be bound by, and observe all covenants, terms, agreements, conditions, requirements, stipulations, and obligations that the Note, the Mortgage, the Loan Agreement and other Loan Documents require Mortgagor to observe or perform, or that are otherwise Mortgagor's responsibility or obligation under the Note, the Mortgage, the Loan Agreement and/or other Loan Documents.

3. Default. Any default by Mortgagor under the Notes, or any of them, the Mortgage, the Loan Agreement or other Loan Documents shall also be a default under this Agreement; and a default by Mortgagor under this Agreement shall also be a default under the Notes and each of them, the Mortgage, the Loan Agreement and other Loan Documents. Mortgagor's default under any Loan Document, including without limitation under this Agreement shall be a default under all such Loan Documents.

4. Lien of Mortgage. Mortgagor warrants that Mortgagor is the owner of the Property and that there are no other liens or claims against the Property. All of the Property, less any portion thereof that may have heretofore been released and not remortgaged, shall in all respects remain subject to the lien, charge, and encumbrance of the Mortgage. This Agreement shall not be construed as impairing or

otherwise affecting the lien, charge, or encumbrance of the Mortgage or the priority of the Mortgage over any other liens, charges, encumbrances, conveyances, or other matters affecting title to the Property.

5. No Defenses. Mortgagor warrants and represents that it has so far timely and properly performed and observed all of Mortgagor's obligations, responsibilities, and requirements under the Note, the Mortgage, and other Loan Documents. Mortgagor agrees that it has no challenges, defenses, setoffs, or counterclaims that might relieve Mortgagor from, or prevent, impede or affect in any manner whatsoever the enforcement against Mortgagor of, any covenant, liability, obligation, agreement, condition, conveyance, warranty or term contained in any Loan Document. All of Mortgagee's rights under such Loan Documents against all parties, including but not limited to all Guarantors, sureties, and other parties with secondary liability, are hereby reserved. This Agreement will not be construed in any manner that impairs any of Mortgagee's security interest in any collateral offered as security for repayment and performance of the obligations represented by or arising from the Loan Documents; nor shall this Agreement be construed as otherwise impairing any of Mortgagee's rights under the Loan Documents.

6. Payment of Costs. Mortgagor shall pay all costs incurred in connection with or arising from this Agreement, to include without limitation attorney's fees, recording fees, taxes on the Note or the Mortgage or this Agreement, any additional taxes, as well as the cost of an endorsement to Mortgagee's title insurance policy insuring the lien of the Mortgage after the recording of this Agreement. Such costs shall be due at closing hereunder and the payment thereof shall be a condition precedent to Mortgagee's duties hereunder. In the event it is determined that additional costs relating to this transaction are due, Mortgagor agrees to pay such costs immediately upon demand.

7. Waiver of Trial by Jury. Mortgagor and Mortgagee knowingly, voluntarily, and intentionally waive the right either may have to a trial by jury in respect of any litigation based hereon, or arising out of, under, or in connection with the Note, the Mortgage or other Loan Documents, this Agreement and any agreement contemplated to be executed in conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written), or actions of either party. This provision is a material inducement for the Mortgagee's entering into the loan modification evidenced by this Agreement.

8. Time of the Essence. Time is of the essence in and under this Agreement.

9. Waiver. No waiver by Mortgagee of any provision hereof shall be effective unless executed in writing by Mortgagee. No waiver by Mortgagee of a provision hereof shall constitute a continuing waiver. Mortgagee's forbearance to enforce any available rights or to exercise any available remedy, or to insist upon Mortgagor's strict compliance herewith, shall not be deemed a waiver or forfeiture of such rights, remedies or right to strict compliance. Mortgagee's acceptance of any late or inadequate performance, shall not constitute a waiver or forfeiture of Mortgagee's right to treat such performance as an event of default or to require timely and adequate performance in the future.

10. Severability. If any provision of this Agreement, the deletion of which would not adversely affect a party's enjoyment of any material benefit intended by this Agreement nor substantially increase the burden of either party under this Agreement, is found to be invalid or unenforceable, that provision will be severed from this Agreement and the remainder of this Agreement will continue to be binding and enforceable.

11. Attorney's Fees. If either party initiates or is made a party to legal or other dispute resolution proceedings (whether judicial, administrative, declaratory, in arbitration, or otherwise) in connection with this Agreement, then the nonprevailing party in those proceedings will pay the costs and

attorney's fees, including the costs and attorney's fees of appellate proceedings, incurred by the prevailing party. This obligation to pay attorney's fees and costs will apply also to settlements of disputes and to collection efforts.

12. Persons Bound. If Mortgagor consists of more than one person or entity, all such persons and entities will be jointly and severally liable under this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors-in-interest.

13. Captions. The captions to the provisions of this Agreement are for convenience and reference only, and will not be deemed relevant in any respect in interpreting or applying any provision of this Agreement.

14. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama regarding the Mortgage.

15. Construction. Whenever the context permits or requires the use of the singular, in this Agreement shall include the plural, and the plural shall include the singular. Any reference herein to one gender shall likewise apply to the other gender and to the neuter; and any reference herein to the neuter shall refer likewise to one or both genders. Any reference herein to a person shall include trusts, partnerships, corporations, and any other entity, as appropriate.

16. Mandatory and Permissive Words. For purposes of this Agreement, "will" or "shall" is a mandatory word denoting an obligation to pay or perform. "May" is a permissive word denoting an option, right, or choice, but not an obligation.

17. Fair and Usual Meaning. The language used in this Agreement will be construed according to the fair and usual meaning of the language, and will not be strictly construed for or against either party.

18. Counterparts. This Agreement may be executed in counterparts.

/Signatures on the following page/



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IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto this 10th day of APRIL, 2009, effective as of the day and year first stated above.

WITNESSES:

BK
Print Name: REBECCA F. KATES
Diane S. Jernigan
Print Name: DIANE S. JERNIGAN

BK
Print Name: REBECCA F. KATES
Diane S. Jernigan
Print Name: DIANE S. JERNIGAN

BK
Print Name: REBECCA F. KATES
Diane S. Jernigan
Print Name: DIANE S. JERNIGAN

Krist White
Print Name: Krist White
Ray V. Valier
Print Name: RAY VALIER

BORROWER/MORTGAGOR:

ADAMS HOMES OF NORTHWEST FLORIDA,
INC., a Florida corporation

By: [Signature]
WAYNE L. ADAMS, President

ADAMS HOMES L.L.C., an Alabama limited
liability company

By: ADAMS HOMES OF NORTHWEST
FLORIDA, INC., a Florida corporation,
Member

By: [Signature]
WAYNE L. ADAMS, President

By: [Signature]
WAYNE L. ADAMS, Manager

AS ITS SOLE MEMBER AND MANAGER

BANK/LENDER/MORTGAGEE:

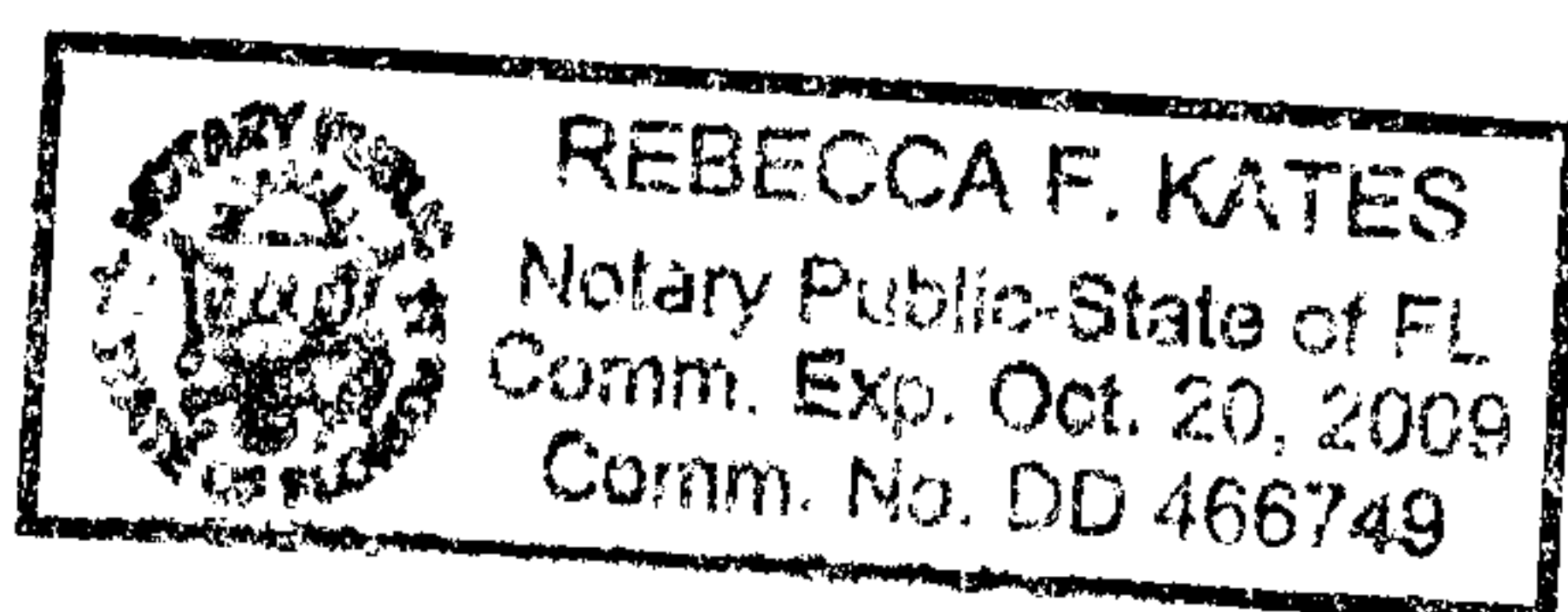
FIRST HORIZON HOME LOANS, a division of
First Tennessee Bank National Association

By: [Signature]
Print Name: _____
Title: BRANDT BUTCHER
VICE PRESIDENT

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STATE OF FL
COUNTY OF Escambia

The foregoing Agreement was acknowledged before me this 9th day of April, 2009 by WAYNE L. ADAMS, as President of ADAMS HOMES OF NORTHWEST FLORIDA, INC., a Florida corporation, on behalf of said corporation; and also as President of ADAMS HOMES OF NORTHWEST FLORIDA, INC., a Florida corporation, as the Member of ADAMS HOMES L.L.C., an Alabama limited liability company, on behalf of said corporation and said limited liability company; and also individually as the Manager of ADAMS HOMES L.L.C., an Alabama limited liability company, on behalf of said limited liability company. He is (a) ☒ personally known to me, or (b) ☐ has produced _____ as identification.



NOTARY PUBLIC: [Signature]

Print Name: REBECCA F. KATES
State of FL at Large
My Commission Expires: _____

STATE OF Georgia
COUNTY OF Fulton

The foregoing Agreement was acknowledged before me this 9th day of April, 2009 by Brandt Butcher, as Vice President of FIRST HORIZON HOME LOANS, a division of First Tennessee Bank National Association, on behalf of said national association, who is (a) ☒ personally known to me, or (b) ☐ has produced _____ as identification.

NOTARY PUBLIC:

Print Name: _____
State of _____ at Large
My Commission Expires: _____

