


**CROSS DEFAULT
AND**


20141106000350780 1/4 \$23.00
Shelby Cnty Judge of Probate, AL
11/06/2014 10:52:21 AM FILED/CERT

CROSS COLLATERALIZATION AGREEMENT

THIS AGREEMENT entered into this the 5 day of November, 2014 by and between **FALON COMPANY, INC.**, a Delaware corporation and **TFL, LLC**, an Alabama limited liability company (hereinafter jointly, severally and collectively the "Obligor" or the "Obligors") and is for the benefit of **WELLS FARGO BANK, NATIONAL ASSOCIATION** (hereinafter "Bank")

WHEREAS, the Bank has or in the future desires to make loans, advances and issue credit to Obligors (hereinafter the "Obligations").

WHEREAS, as security for the Obligations, each Obligor has or will pledge, mortgage or grant a security interest in real, personal, or intangible property (hereinafter, along with all of the property and collateral pledged by Obligors to Bank, the "Collateral") to Bank to secure its Obligations to Bank.

WHEREAS, this pledge or mortgage of Collateral to Bank and Obligors obligations and liabilities to Bank and the Obligations are evidenced in part by the following (the "Agreements"):

1. \$2,673,467.00 promissory note executed by TFL, LLC, an Alabama limited liability company, in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, along with all Related Documents, as that term is defined therein, and all amendments, renewals, modifications, and extensions thereof;
2. \$550,000.00 promissory note executed by FALON COMPANY, INC., a Delaware corporation, in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, along with all Related Documents, as that term is defined therein, and all amendments, renewals, modifications, and extensions thereof, said promissory note evidencing a renewal and refinancing of that certain \$750,000.00 promissory note date September 9, 2013, executed by FALON COMPANY, INC., a Delaware corporation, in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION; and
3. \$750,000.00 Mortgage executed by FALON COMPANY, INC., a Delaware corporation, in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, dated September 9, 2013, and recorded in the Office of the Judge of Probate of Shelby County, Alabama, as Instrument No. 20130911000369310.

WHEREAS, Bank and Obligors desire that there exists an understanding that all of the Collateral shall secure all of the Obligations.

NOW, THEREFORE, in consideration of the premises, and to induce Bank to make loans and advances to Obligors, and to continue to make loans and advances to Obligors, and for \$10.00 and other good and valuable consideration, it is hereby agreed as follows:

1. That a default or an event of default under any one of the Obligations, the Agreements or the documents evidencing the Obligations, shall constitute a default or event of

default on all of the Obligations, all of the Agreements, all of the documents evidencing the Obligations, and any other agreements between Bank and Obligors (or any one of them).


2. Upon the occurrence of a default or event of default in any agreement evidencing the Obligations or the Agreements, then Bank shall be entitled to all rights and remedies under all of the Agreements, any other agreements evidencing the Obligations, and/or any other agreements between Bank and Obligors (or any one of them), just as if a default had occurred under each of those agreements.
3. The Collateral shall secure all of the Obligations, and in such regard each Obligors do hereby pledge, assign, grant, bargain sell, convey, grant a security interest in, transfer and mortgage the Collateral to Bank as security for and as collateral for all of the Obligations. In such regard, Obligors do hereby amend the Agreements and all agreements entered into by Obligors in regard to the Collateral to reflect the fact that such Collateral is being mortgaged and pledged as collateral and as security for all of the Obligations.
4. Obligors further understands and does hereby confirm to Bank, that until all of the Obligations are paid in full and Bank has no further obligation to make any advances to Obligors (or any of them), Obligors shall have no rights to the satisfaction and termination of any mortgage or financing statements, and in such regard Obligors do hereby waive all provisions of Alabama Code to the contrary.
5. Obligors (and each of them) do hereby consent to and hereby waive any and all notice of the making of any modification, amendment, renewal or extension of any note or agreement evidencing the Obligations, or any supplement thereto; the making of any other agreement; the incurring of any other debts or obligations by Obligors (or any of them) to Bank or others and/or of the pledge, sale, transfer, and/or assignment thereof; the granting of security interests therein to Bank; the granting to Obligors (or any of them) of any extensions of time to make any payments to perform or discharge any of the Obligations (or waive such performances and/or discharge); the compounding, compromising, and/or adjusting of any claim against the Obligors (or any of them) or any accommodation party, obligor or debtor of Obligors (or any of them); the accepting or releasing of any security either of Obligors (or any of them) or of any third party; and all other notices which Obligors (or any of them) are entitled. No act on Bank's part and nothing other than the full payment, performances, and discharge of all of the Obligations shall operate to discharge or satisfy the liability of the undersigned hereunder. The liability of the undersigned hereunder is primary, direct and unconditional and may be enforced without first resorting to any rights or remedies Bank may have against any other person, any other entity, or against any security. Obligors (and each of them) further agree that this agreement, and all obligations secured hereby, shall remain in full force and effect and in its original tenor at all times hereinafter during the term hereof, notwithstanding i) the unenforceability, non-existence invalidity, or non-perfection of any of the Obligations, or any instrument or agreement guaranteeing or securing the Obligations, or of any lien, pledge, assignment, security interest or conveyance given as security for the Obligations; ii) the failure of Bank to pursue any collateral securing the Obligations or the failure to file a claim

against Obligors (or any of them) or any guarantor of the Obligations in any proceeding pertaining to the death, insolvency, or bankruptcy of such person or entity; or iii) any action or undertakings by, or against, Bank or Obligors (or any of them) or concerning any collateral which is secured, pledged or assigned to the Bank in connection with the Obligations in any proceeding in the United States Bankruptcy Court; including without limitation, matters relating to valuation of collateral, election or imposition of secured or unsecured claim status upon claims by the Bank pursuant to any Chapter of the Bankruptcy Code, as may be applicable from time to time.


6. This Agreement amends the Agreements and all other agreements between Bank and Obligors (and each of them) evidencing the Obligations or any other credit arrangement, as specifically stated above. This is an amendment to such documents and not a novation thereof. All terms and conditions of such agreements, not specifically amended herein, or hereby reaffirmed, ratified, and shall continue in full force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the date first above written.

FALON COMPANY, INC., a Delaware corporation

By: 
Print Name: Thomas F. Lozick
Title: President

TFL, LLC, an Alabama limited liability company

By: 
Print Name: Thomas F. Lozick
Title: Sole Member

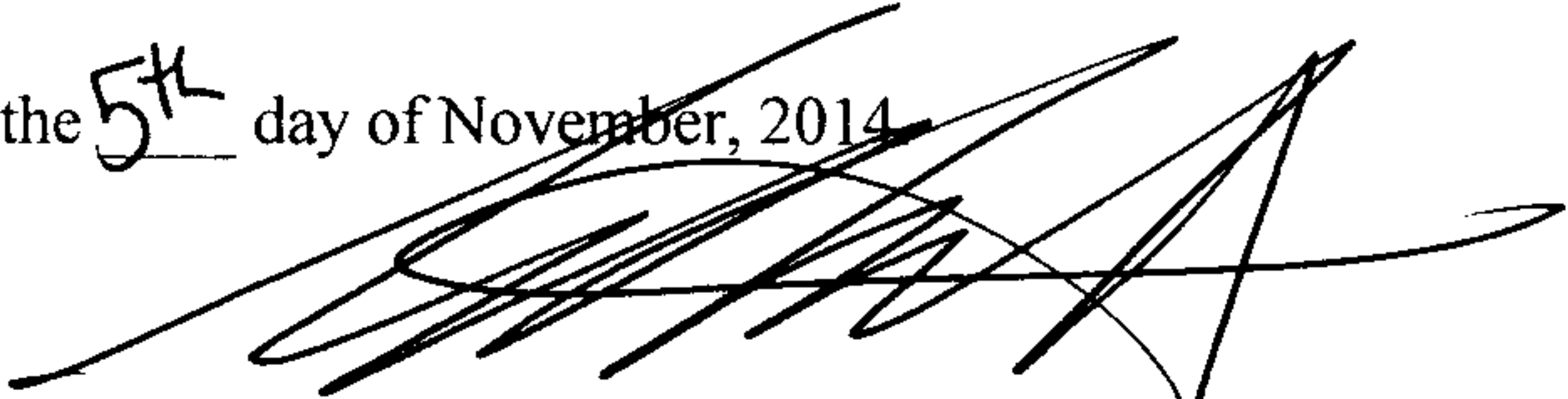


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STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Thomas F. Lozick, whose name as President of FALON COMPANY, INC., a Delaware 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 said instrument, he/she, as such officer, and with full authority, executed the same voluntarily, as an act of said corporation, acting in his/her capacity as aforesaid.

Given under my hand and official seal, this the 5th day of November, 2014.

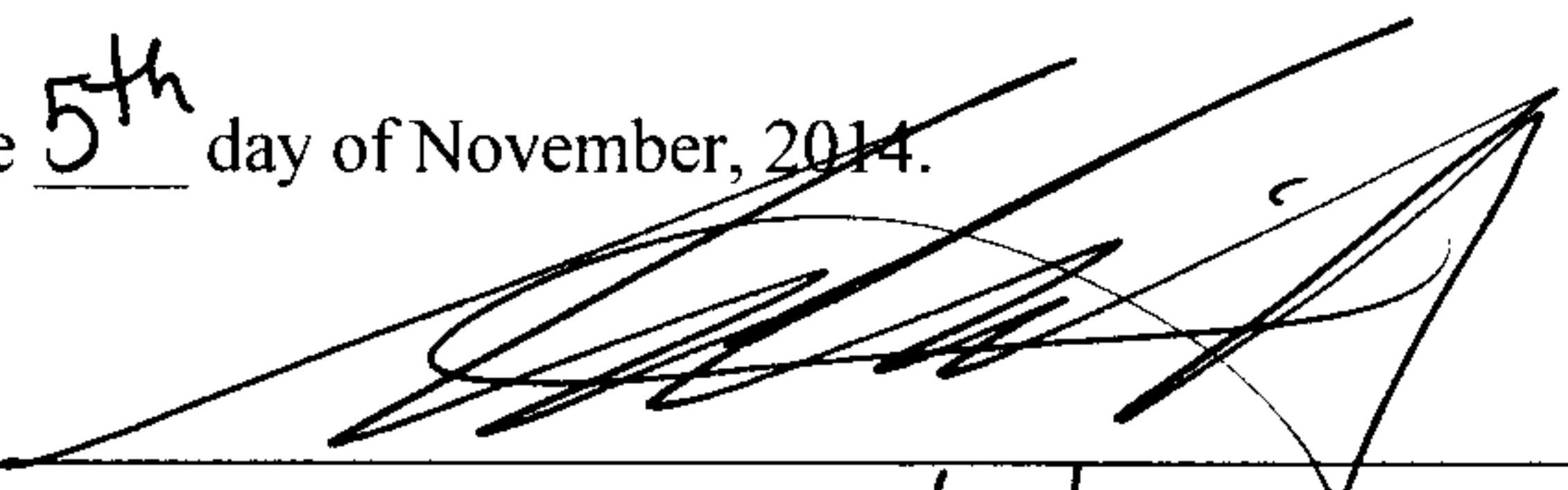


NOTARY PUBLIC
My Commission Expires: 1/18/15

STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Thomas F. Lozick, whose name as Sole Member of TFL, LLC, an Alabama limited liability company, 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 said instrument, he/she, as such member, and with full authority, executed the same voluntarily, as an act of said company, acting in his/her capacity as aforesaid.


Given under my hand and official seal, this the 5th day of November, 2014.



NOTARY PUBLIC
My Commission Expires: 1/18/15

THIS INSTRUMENT PREPARED BY AND AFTER
RECORDATION SHOULD BE RETURNED TO:

Colin House
ENGEL, HAIRSTON & JOHANSON, P.C.
109 North 20th Street, Fourth Floor
P.O. Box 11405
Birmingham, Alabama 35202
(205) 328-4600


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