LOAN NUMBER: 7011012004

CONSTRUCTION LOAN AGREEMENT
[RESIDENTIAL]

This Construction Loan Agreement is dated the 1ST day of DECEMBER, 2005, between **JANIS STEWART** (hereinafter referred to as the "Borrower"), whose address is **P O BOX 5651, HILTON HEAD ISLAND, SC 29938** and COAST BANK OF FLORIDA, a State Banking Institution, (hereinafter referred to as the "Lender"), whose address is 6205 Cortez Road West, Bradenton, Florida 34210.

WITNESSETH:

WHEREAS, the Borrower is the owner of that certain property (the **"Property"**) located in **Charlotte** County, Florida, legally described as **LOT 113, BLOCK 4, IN ROTONDA SANDS NORTH REPLAT UNIT 1, ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 11, PAGES 4A THROUGH 4Z2, PUBLIC RECORDS OF CHARLOTTE COUNTY, FLORIDA.** and **XXX TRANSON LANE, ROTONDA WEST, FL 33947.**

WHEREAS, the Borrower desires to obtain a construction loan from the Lender in the principal sum of THREE HUNDRED THIRTY THREE THOUSAND **DOLLARS AND 00/100 ($333,000.00)** (the **"Loan"**) to finance the construction of a one to four family residence, (hereinafter referred to as the **"Improvements"**) on the Property; and

WHEREAS, the Lender is willing to advance the principal sum of THREE HUNDRED THIRTY THREE THOUSAND **DOLLARS AND 00/100 ($333,000.00)** for the construction of the Improvements under the terms and conditions of this Agreement, and no other.

NOW, THEREFORE, in consideration of the Loan and covenants of the Borrower contained in the Agreement, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

A. Loan Documents: Borrower shall execute and deliver to Lender the following documents, (hereinafter collectively called **"Loan Documents"**):

1. A Mortgage Note and any addendum thereto (hereinafter **"Note"**) in the principal sum of THREE HUNDRED THIRTY THREE THOUSAND **DOLLARS AND 00/100 ($333,000.00)**;

2. A first Mortgage and Security Agreement and any addendum thereto, encumbering the Property and securing the indebtedness evidenced by the Note (hereinafter called **"Mortgage"**);

3. This Construction Loan Agreement (referred to herein as the **"Agreement"**);

4. All other Loan related documents required by the Lender, including, without limitation, an Affidavit of No Liens, Closing Statements, Flood Insurance Acknowledgements, Anti-Coercion Statements, Truth-in Lending Disclosure Statements and all other disclosure and Loan compliance documents in a form satisfactory to the Lender.

B. Warranties: Borrower represents and warrants to Lender as follows:

1. Borrower and **FLORIDA STATE BUILDERS** (hereinafter referred to as the **"Contractor"**), have entered into a Construction Contract dated 11/16/2005 (hereinafter called **"Construction Contract"**), which shall be deemed to include all modifications and amendments thereto, by the terms of which the Contractor has agreed to construct the Improvements in accordance with the plans and specifications attached to the Construction Contract (hereinafter referred to as the **"Plans and Specifications"**), and to pay for all labor and materials necessary to complete the Improvements for a total price to not exceed TWO HUNDRED FIFTY FIVE THOUSAND FIVE HUNDRED **DOLLARS AND 00/100**

($255,500.00) (hereinafter referred to as the **"Contract Price"**). The Borrower warrants that as to the Construction Contract:

a. A true, correct and complete copy of the Construction Contract, including all Plans and Specifications for the Improvements, has been delivered by the Borrower to the Lender;

b. There are no oral or written modifications or amendments to the Construction Contract;

c. There is no default or grounds for default existing under the Construction Contract;

d. The Construction Contract is in full force and effect;

2. That the Borrower has not made any payments to or in an account for the Improvements, other than deposits to Contractor;

3. That the Borrower has not recorded or caused to be recorded any Notice of Commencement pursuant to Chapter 713, Florida Statutes;

4. That no claim of lien has been filed against the Property;

5. That the Borrower has not filed any security agreements or financing statements in connection with any personal property or fixtures which will be used in connection with the construction of the Improvements;

6. That there are no actions, suits or proceedings against the Borrower or the Property;

7. That the Borrower has no knowledge of any violations of any ordinance, law or regulation relating to the Property;

8. That the Construction Contract and the Plans and Specifications for the construction of the Improvements comply with all zoning and similar ordinances governing the Property;

9. That the Property has ingress and egress to a public road;

10. That all utility services for the construction and operation of the Improvements are available at the boundary of the Property and the Borrower will obtain all permits necessary to construct the Improvements.

C. Covenants of Borrower: The Borrower hereby covenants and agrees that, without the prior written consent of the Lender, Borrower shall not:

1. Commit or permit any default under the terms of the Construction Contract;

2. Waive any of the Contractor's obligations under the Construction Contract;

3. Do any act that would relieve the Contractor from the Contractor's obligation to construct the Improvements according to the Plans and Specifications and the Construction Contract;

4. Make any amendments to the Construction Contract, nor shall the Borrower authorize or permit the substitution of any building materials or any other deviation from the Plans and Specifications;

5. If any changes to the Plans and Specifications are authorized by the Lender, the Borrower will, with in five (5) days after the authorization of such changes, deposit such additional amounts of money into the loan in process account (hereinafter referred to as the "LIP account") equal to the amount of the cost of

the changes in the contract price relating to the change in the Plans and Specification;

6. Construct any Improvements on the Property or allow any event or occurrence on the Property in violation of federal, state or local law, or any recorded covenants, conditions and restrictions governing the Borrower's use of the Property;

7. Commence construction of the Improvements without first obtaining all required permits and approvals for the Improvements, whether required by a governmental entity or restrictions governing use of the Property.

D. Insurance: The Borrower shall obtain such insurance or evidence of insurance as the Lender may reasonably require which shall include, but not limited to, the following:

1. A Mortgagee Title Insurance Policy (the **"Mortgagee Title Policy"**) underwritten by a title insurer approved by the Lender, insuring Lender's Mortgage as a valid first lien on the Property in an amount not less than the full amount of the Loan, with the original Mortgagee Title Policy being delivered to the Lender not less than thirty (30) days following the closing. The Mortgagee Title Policy shall not contain any exceptions except taxes for the current year, provided such taxes are not then due and payable, survey exceptions approved by the Lender, and any other exceptions acceptable to the Lender in its sole and absolute discretion. The Borrower shall provide the Lender with such updates to the Mortgagee Title Policy issued hereunder prior to any draw request being funded by the Lender, as maybe requested by the Lender;

2. Builder's Risk Insurance with extended coverage upon the Improvements in an amount not less than the full insurable value thereof and with standard noncontributing mortgagee and subrogation clauses and 100% co-insurance. The Borrower shall promptly deliver the original of such policy or satisfactory evidence thereof to the Lender, with appropriate endorsements thereto, together with evidence of payment of the premiums thereon. Such insurance shall be kept in full force and effect at all times until the completion of the construction of the Improvements;

3. Hazard Insurance, which shall include fire and extended coverage insurance upon the completed Improvements in an amount not less than the full insurable value thereof, together with such other insurance as the Lender may reasonably require including, but not limited to, flood insurance, if applicable, all with standard non-contributing mortgagee and subrogation clauses. Such insurance shall be in a form and substance and underwritten by such companies as the Lender shall approve. The Borrower shall promptly deliver the original of such policies, or satisfactory evidence thereof, to the Lender. All such insurance coverage referred to under this provision shall be kept in full force and effect at all times until the indebtedness evidenced by the Note hereunder is paid in full;

4. Flood Insurance, if applicable, in an amount not less than the full insurable value of the Improvements, at the original loan closing but no later than the disbursement of the first draw for foundation Improvements. If Borrower fails to provide such insurance at the original loan closing to the Lender, Borrower hereby agrees to indemnify and hold the Lender harmless from and against any claims or damages arising from the failure of Borrower to obtain such insurance;

5. A certification for the Contractor's insurance company demonstrating compliance with Workmen's Compensation Insurance Requirements in the State of Florida and evidencing Public Liability Insurance Coverage;

6. As to all such insurance policies described herein and required by the Lender, each shall name the Lender as Loss Payee as it's interests shall appear. The Borrower and the Contractor shall cooperate with the Lender in obtaining the benefits of any insurance or other proceeds lawfully or equitably payable to the Lender in connection with the transactions contemplated hereby, in the event of

any claims for loss. [Notwithstanding any requirement set forth in this Section, the Lender shall not have any obligation to obtain such insurance coverage, nor any liability to Borrower for loss or damage to the Improvements, in the event the Borrower fails to obtain the required insurance coverage.]

E. Construction: The Borrower agrees to complete the construction of the Improvements on the Property in accordance with the Plans and Specifications. The Borrower shall commence the construction within forty-five (45) days from the date of this Agreement, continue construction without abandonment, and complete construction of the Improvements with due diligence on or before 12/1/2006 (herein the **"Completion Date"**). The Completion Date shall be the date the Improvements are completed in accordance with the Plans and Specifications per original appraisers Satisfactory Completion Certificate and a Certificate Of Occupancy is issued by the local government having jurisdiction over the Property. The Borrower shall promptly notify the Lender in writing if the commencement date or the Completion Date cannot be achieved. In the event construction has not commenced within 90 days after the recording date of the Notice of Commencement, Borrower shall promptly provide written notice to Lender, and delay commencement of construction until a new Notice of Commencement can be recorded. If Borrower fails to timely provide such notice to the Lender, Borrower hereby agrees to indemnify and hold the Lender harmless from and against any claims or damages arising from the failure of Borrower or Lender to refile the Notice of Commencement. The period of time between the date of this Agreement and the Completion Date is referred to below as the **"Construction Period"**.

F. Recordation of the Notice of Commencement: Immediately after recordation of the Mortgage, the Borrower shall cause a properly prepared Notice of Commencement to be recorded, and shall post a certified copy thereof on the Property as required by Florida Law.

G. Compliance with Construction Lien Law:

1. The Borrower shall deliver to the Lender within forty-eight (48) hours after receipt by the Borrower, all Notice to Owners from lienors served under the Florida Construction Lien Law and all claims of lien, which may be filed against the Property;

2. The Borrower shall cause any construction liens or other encumbrances filed against the Property to be released or bonded off within thirty (30) days after the date the Borrower receives written notice from the Lender to bond the lien or remove such encumbrance;

3. The Borrower shall cause all materials, supplies and goods to be incorporated as part of the Improvements to be delivered on the Property free and clear of all liens and encumbrances so that no other party shall have an interest herein, whether superior or inferior to the lien of the Mortgage;

4. The Borrower shall use the proceeds to the Note pursuant to this Agreement solely for the purpose of paying for the cost of the construction of the Improvements and such other costs as may be approved by the Lender, in advance and in writing;

5. In the event of default by the Contractor or abandonment of construction for any reason, the Borrower shall promptly take all necessary action required by Chapter 713, Florida Statutes, and the Lender to eliminate or avoid construction liens on the Property.

6. In the event the Borrower discovers the existence of a defect in any notice required by Chapter 713, Florida Statutes, Borrower shall immediately notify the Lender and promptly remediate the defect.

H. Delays in Construction: If Borrower determines that construction cannot be completed by the Completion Date, Borrower shall promptly notify Lender and make a written

request to Lender for an extension of the Completion Date. The extension request shall be accompanied by a written explanation and justification for the requested extension. At a minimum, the written request shall include a statement setting forth the reason for the delay, the new projected date for completion, and a plan of action (including a timetable) for resolving any problems causing the construction delay, as appropriate. Upon receipt of Borrower's request for an extension or upon the occurrence of Borrower's default for failing to complete construction prior to the Completion Date, Lender may, at Lender's sole and absolute discretion, (i) extend the Completion Date, or (ii) deny Borrower's request for the extension.

I. Termination of Contractor: If, during the Construction Period, construction shall cease due to termination of the Contractor, or the failure or inability of the Contractor to perform, the Borrower shall promptly notify the Lender in writing. In such event, Borrower shall promptly arrange to have the Property and Improvements properly secured against theft, waste or destruction, and locate a replacement contractor to complete construction of the Improvements. Borrower shall also promptly comply with applicable requirements of Chapter 713, Florida Statutes, under the circumstances, particularly the timely filing of a Notice Of Termination of the Notice Of Commencement and, prior to recommencement of construction, a new Notice of Commencement. Upon identification of a replacement contractor, Borrower shall advise Lender and provide information required by the Lender for activation of the replacement contractor, including, without limitation, the contract for construction with the replacement contractor, proof of builder's risk and worker's compensation insurance, a copy of the contractor's license, and all other requirements of Lender. If required by Lender prior to recommencement of construction with the replacement contractor, Borrower shall enter into a disbursement agreement with Lender governing disbursement conditions for the remaining Loan proceeds.

J. Expenses:

1. The Borrower shall pay, or provide payment for all costs of the closing of the Loan and all expenses incurred by the Lender with respect thereto, including, but not limited to, expenses for appraisals, loan fees, title insurance and endorsements, title searches, documents review, draw request fees, documentary stamps, taxes, intangible taxes, inspections fees, survey fees, recording charges, and any attorney's fees incurred by the Lender in connection with the Loan. In addition, the Lender will establish an escrow account for the payment of inspection fees. If the costs for inspection fees collected in advance from the Borrower are in excess of the actual costs incurred by Lender during construction, the Borrower shall be responsible for the payment of the shortage.

2. In addition to other fees and charges made by the Lender in connection with the Loan, in the event (i) construction is not commenced within 90 days from the date the Notice of Commencement is recorded; (ii) construction is not completed prior to the Completion Date; (iii) the Contractor is terminated or fails to complete construction; (iv) construction liens are filed against the Property; or (v) other such events occur that were not anticipated on the date of this Agreement, the Borrower shall pay the following additional service charges (the **"Service Charges"**) to the Lender, as appropriate, to compensate the Lender for the additional (unanticipated) Loan administration expenses, including, without limitation, the Lender's attorneys' fees. To the extent such additional services are required, the Service Charges shall be due and payable to the Lender within thirty (30) days after the date a statement for the Service Charges is rendered by the Lender, but not later than issuance of the Certificate Of Occupancy. Failure of the Borrower to timely pay for Service Charges due to the Lender shall constitute an event of default.

   a. Review and evaluation of Borrower requests for extension of the Completion Date (per request). **$200.00**

b. Review for substitution of replacement Contractor or Owner-Builder completion (review of application, substitution of insurance, contract review, monitor filing of new Notice Of Commencement, etc.). **$250.00**

c. Review and monitor Borrower's compliance with requirements of Chapter 713, Florida Statutes, in the event Borrower fails to, for example, timely commence construction, terminate the Notice Of Commencement due to interruption in construction, or timely complete construction, timely bond or obtain releases for liens, etc. The Lender will charge reasonable administrative charges for such services in relation to the time expended and complexity of the compliance issue. Title updates and Bank charges will not exceed **$500.00** for any single event (exclusive of attorneys fees). In addition, Borrower will also be responsible for payment of inspection fees and, if it becomes necessary for the Bank to seek advice from it's counsel, attorneys' fees incurred by the Bank.

d. Review and monitor Borrower's release of construction liens recorded against the Property, whether by obtaining a satisfaction of lien, or by transferring such liens to bond. In the event a construction lien is filed against the Property and the lien is not promptly released, whether of not Borrower receives written notice from Lender, the Borrower shall be responsible for payment of the costs for related title updates and inspections obtained by Lender. In addition, Borrower shall pay Lender a administrative fee for monitoring payment of the lien in an amount not to exceed **$250.00**, per lien, and if it becomes necessary for the Bank to seek advice from it's counsel, attorneys' fees incurred by the Bank.

e. Preparation of a Disbursement Agreement governing future disbursements, if required by the Lender, due to termination and/or replacement of Contractor. **$400.00**

f. Processing fee for disbursements of loan proceeds in excess of ten (10) draws (per additional draw). **$65.00**

g. Analysis of billing statements and draws as requested by Borrower **$25.00 per hour ($100.00 minimum) plus $3.00 copy fee per page**

K. Right to Inspect the Property: The Borrower shall permit the Lender, its representatives, agents, successors and assigns, to enter upon the Property for the purpose of inspecting the Improvements and all materials to be used in connection with the construction thereof. The Borrower and the Contractor agree to cooperate with the Lender, its representatives, agents, successors and assigns, during any such inspection. This provision shall not be deemed to impose upon the Lender, its representatives, agents, successors and assigns, any obligation to undertake the inspection of the Property. It is expressly agreed that all inspections and other services rendered by the Lender, its officers, representatives or agents shall be rendered solely for the protection and benefit of the Lender, and the Borrower shall not be entitled to claim any loss or damage against the Lender, its officers, directors, employees, shareholders or agents (collectively, referred to herein as **"Lender"**) in connection therewith, including, without limitation, any act of omission or commission. The Borrower acknowledges that the Lender does not and will not perform inspections of the Property or the Improvements to determine compliance with permits, zoning or other building regulations, nor does the Lender perform any inspections for compliance of the Improvements with the Plans and Specifications, or for quality of construction or structural purposes, and agrees that (i) any such inspections or compliance determinations are the sole responsibility of the Borrower and the Contractor, and (ii) that the Lender is hereby released, held harmless from and indemnified by Borrower from any such liability, claim, loss or damage arising from noncompliance of the Improvements, including, without limitation, noncompliance with permits, zoning, building and development plans, construction standards, the plans and specifications, quality of construction, or other such related defects. Furthermore, the Borrower agrees that the Lender shall not be liable for the failure of any dealer,

contractor, craftsman or laborer, to deliver the goods or perform the services to be delivered or performed by them.

L. Correction of Defects: The Borrower and the Contractor shall promptly correct or cause to be corrected any structural defect in the Improvements, or any departure from the Plans and Specifications of the Construction Contract, not previously approved in writing by the Lender. The disbursement of any Loan proceeds hereunder shall not constitute a waiver of the Lender's rights to require compliance with this provision.

M. Selection of the Contractor: The Borrower has accepted, and does accept, the full responsibility for the selection of the Contractor and any subcontractors and all materials, supplies and equipment to be used in the construction of the Improvements, and does hereby release, indemnify and hold the Lender harmless from any liability for the completion of the Improvements according to the Plans and Specifications for the Contract Price. Further, the Borrower has accepted and does accept full responsibility for compliance with the requirements of Florida's Construction Lien Law, and hereby relieves the Lender of any and all liability with respect to the Construction Lien Law (to the fullest extent allowed by law), and further agrees to indemnify and hold the Lender harmless from any and all liability for the Borrower's failure to comply with the Construction Lien Law.

N. Assignment: The Borrower shall not assign this Agreement or any part hereof, or any advance to be made hereunder, or convey, encumber, or mortgage in whole or in part, any portion of the Property without the prior written consent of the Lender. The rights of the Lender under this Agreement are assignable by the Lender in whole or in part without the written consent of the Borrower.

O. Expenses of Construction Exceeding the Loan Amount and Deposits by the Borrower: If, at any time, or from time to time, it appears that the construction costs for the Improvements will exceed the amount available to the Borrower from the Loan proceeds, the Borrower shall deposit with the Lender, within ten (10) days after delivery of the notice thereof, sufficient sums which, together with the net amount remaining available for disbursement under the Note, will be sufficient to pay all Construction Costs and all related costs of completing the Improvements in accordance with the Construction Contract and the Plans and Specification. The Lender shall retain such deposits in the Loan In Process Escrow Account (hereinafter referred to as the "LIP Account") containing the undisbursed proceeds of the Loan. This is inclusive however not limited to change orders. All change orders must be paid in full prior to commencement.

P. Payment of Interest During the Construction Period: During the Construction Period, the Borrower shall pay interest only on funds disbursed from time to time on the Loan, unless otherwise provided in the Note. Failure to pay any of the monthly interest installments when due during the Construction Period shall constitute an event of default under the Note and this Agreement. In the event the Borrower is in default on any interest payment due prior to Final Modification (defined below), past the twentieth (20th) day of the month in which any such payment is due, and regardless of whether the Lender has given notice of the default to the Borrower, the Borrower hereby expressly authorizes the Lender to disburse from the LIP Account such funds as are necessary to pay the accrued interest and any other charges then due to the Lender. Such disbursements shall not cure the default and Borrower shall be required to make immediate payment of all such funds advanced to restore the LIP Account balance. The Borrower agrees to and does hereby indemnify and hold the Lender harmless from any claim or damage arising from Lender's disbursement of such sums pursuant to the provisions of this paragraph.

This section applies to construction loans with a Note providing for modification from an interest only (short term) construction loan to a permanent (long term) loan with amortizing payments. In the event the Borrower fails to complete construction prior to the Completion Date, or completes construction but fails to (i) comply with all requirements necessary for final disbursement and (ii) complete the formal modification of the Loan to an amortizing permanent loan ("Final Modification") within twenty-one (21) days after issuance of the Certificate Of Occupancy, the Lender shall have the right to adjust the construction interest rate set forth in the

Note to the Prime Rate plus (+) five percentage points (5.00%), beginning on the first business day following the Completion Date or the twenty-second (22nd) day following issuance of the Certificate Of Occupancy, as appropriate, and continuing until the date Borrower executes and delivers to Lender all documents necessary for Final Modification. The Lender shall not be required to provide the Borrower with any advance notice prior to making the interest rate adjustment.

In the event the Borrower fails to complete construction of the Improvements by the Completion Date and/or fails to complete Final Modification within twenty-one (21) days after issuance of the Certificate Of Occupancy, then at the time of Final Modification, the Lender shall have the right to adjust the permanent amortizing interest rate set forth in the Note to an amount equal to the Fannie Mae ninety (90) day yield plus (+) one and seven-eights percent (1.875%) for the applicable loan program, i.e.: 1yr ARM, 3yr ARM, 5yr ARM, 15yr Fixed, 30yr Fixed or other program offered by the Lender, effective as of the date of Final Modification. In such event, the Borrower agrees to execute any and all such documents necessary to effectuate the changes in the interest rate as required by this provision, and the failure of the Borrower to timely execute all Final Modification Loan documents reasonably required by the Lender shall constitute an event of default under the Note and this Agreement, whereupon the Lender may, at its option, accelerate the Note and demand full payment thereof.

A conversion fee will be charged by the Lender to the Borrower upon conversion of the Mortgage to commence amortizing monthly payments.

Q. Method and Conditions of Disbursement of the Loan Proceeds: The Lender agrees to make disbursements to the Borrower under the Note up to the full principal amount thereof in accordance with and subject to the following procedures:

1. Any of the Borrower's funds deposited into the LIP Account shall be the first funds applied by the Lender to the payment of the Construction Costs. Thereafter the Lender shall apply the Loan proceeds to the Construction Costs. Subject to Lender's approval, all disbursements shall be made in rough proportion to the improvements completed and confirmed by the Lender's inspection report of progress prepared by Lender's approved inspector, or certified by Borrower's architect on an AIA construction draw request form, all in accordance with the Schedule attached hereto as Exhibit "A", which is hereby approved by the Borrower and the Contractor. The Lender is authorized to make all disbursements, as required in Exhibit "A" attached hereto, jointly to the Borrower and the Contractor, or as otherwise directed herein, until such time as the Borrower notifies the Lender to the contrary in writing. However, Lender may withhold any disbursement until proof of payment and/or appropriate waivers or releases are received in the event any of the following occur:

   a. Notices to Owner are received by the Borrower pursuant to Chapter 713, Florida Statutes;

   b. Claims of liens have been filed against the said Property; or

   c. The Contractor's Affidavit delivered at the time of final disbursement shows unpaid lienors, provided, however, that in such an event, the Lender may make any disbursement permitted under Exhibit "A", attached hereto, to the Borrower, the Contractor or the unpaid lienors, as required by law to insure proper payments, and the making of such disbursements by said Lender in the manner provided above shall in all cases be deemed payments by the Borrower. In lieu of the schedule on Exhibit "A", the Lender may, at its option, disburse in accordance with any recognized trade payment schedule, disburse all funds directly to the Borrower, or in accordance with the written direction of the Borrower.

2. No draw shall be funded if the Borrower is in default under this Agreement or the Loan Documents or any event has occurred that may, in the Lender's reasonable

judgment, impair the Lender's security interest in the Property or have an adverse effect on the enforceability of the Loan Documents, or in the event of any condemnation proceedings.

3. Anything in this Agreement to the contrary notwithstanding, the right of the Borrower to make or direct proper payments under the Construction Contract will be limited by any Notice to Owner or Claims of Lien that may be served by any person supplying labor, services or materials to the project. In the event the Lender has not received any copies of Notices to Owner or Claims of Lien at the time of any disbursement under this Agreement, the Lender may disburse the loan proceeds as directed by any prior written authorization received from the Borrower, without prior notice to the Borrower, and without regard to any provision of the Florida Construction Lien Law, and without responsibility or liability to the Borrower, the Contractor, or any subcontractors, laborers or material men.

4. Each request for a draw shall constitute a certification of each of the warranties set forth in this Agreement, and a certification that there has been no default under any of the Loan Documents at the time of the submission of the draw request.

5. Requests for Loan disbursements shall be submitted in writing, on Lender's form, by Borrower or Borrower's authorized agent, in the manner and at the times set forth on Exhibit "A". Funds shall be deemed disbursed to the Borrower and shall bear interest at the rate set forth in the Note when disbursed by the Lender to the Borrower or for the Borrower's benefit.

6. **By signing this Construction Loan Agreement, the Borrower authorizes (i) the Contractor or Contractor's authorized agent to make verbal requests for construction draws, and (ii) the Lender is authorized to make all disbursements, as required in Exhibit "A" attached hereto, jointly to the Borrower and the Contractor, or directly to the Contractor as otherwise directed by the Letter of Direction, until such time as the Borrower notifies the Lender to the contrary in writing, with the exception of the final draw which will be made jointly to the Borrower and the Contractor.** No disbursement other than a closing draw, if permitted, shall be made until after the Notice of Commencement is timely recorded.

7. On all payments, except the final payment, provided for in Exhibit "A" hereof, a partial release or wavier of lien from each lienor who has served a Notice to Owner prior to the time of making such payment, as provided in Chapter 713 Florida Statutes, and a proper release of lien from all lienors who have filed a lien against the Property shall be required. The Contractor shall submit partial lien waivers or releases from all such subcontractors who furnish labor, services or materials in connection with the Improvements constructed on the Property, and such other proof of payment as may be requested by Lender as a prerequisite for each draw request or disbursement. Each lien waiver must reflect a waiver of lien for the value of the work completed or, at Lender's option, expressly waive all lien rights through the date of the waiver. The Lender shall not be obligated to fund any construction draw request unless accompanied by lien waivers, releases or other proof of payment in the full amount of the unpaid balance shown on any Notice to Owner or Claim of Lien. The failure of the Contractor to submit such lien waivers or proof of payment in connection with disbursement could be deemed a material breach of this Agreement.

8. The Lender shall have the right, if it so desires, to retain ten percent (10%) of all draws of the Construction Contract between the Borrower and the Contractor until the final payment becomes due. The Lender shall have the further right to withhold until the final payment becomes due, such additional portions of the Contract Price which, in the Lender's sole discretion, are reasonably required to assure the completion of the Improvements free of mechanics' and materialmens' liens. The final payment shall not be made until the Contractor has furnished his

Final Contractor's Affidavit required by Chapter 713, Florida Statutes, and final lien waivers and/or full releases of lien have been obtained from: (a) all lienors who have given notice pursuant to Chapter 713, Florida Statutes; (b) from all lienors who have filed claims of lien; and (c) from all persons or firms who shall not have been paid in full as shown on the Contractor's Affidavit. In any event, the Lender shall not be required to make the final payment for a period of five (5) business days after the date the Lender has received the Contractor's Final Affidavit, all necessary lien waivers and lien satisfactions, and all other documents required for final disbursement.

9. As further conditions for final disbursement, the Borrower shall provide the Lender with a copy of the Certificate Of Occupancy, a title update showing that the Property is free and clear of liens (except the Lender's first mortgage) and a current endorsement to the Lender's Mortgage Title Insurance Policy confirming the same, a final survey showing all Improvements located on the Property, and satisfactory evidence of hazard and flood insurance, as required. The Lender shall also determine to its satisfaction that the Improvements have been properly completed, and Borrower shall be in compliance with the terms and conditions of this Agreement and Florida's Construction Lien Law. The Borrower shall also be required to execute and deliver to the Lender all documents required for Formal Modification.

10. The Lender may, without incurring any liability to the Borrower or the Contractor, deposit funds with the appropriate Clerk of the Circuit Court under Chapter 713, Florida Statutes, to transfer liens to such deposit and any such deposit shall be a charge against the Borrower's account in the same manner as any disbursement on the account.

11. Notwithstanding the other provisions of this Agreement, the Lender shall have the right, prior to any disbursement hereunder, if it so desires, to require the Borrower and/or the Contractor to (1) furnish the Lender proof of paid Construction Costs equal to the disbursements previously made and/or (2) furnish the Lender with the names of all subcontractors, laborers, and material suppliers, the amount of their contracts, the amounts owed to them for the work performed or materials supplied, together with lien waivers, paid bills and affidavits.

12. Lender shall not be obligated to disburse any funds to the Borrower, if, in its opinion or its counsel, such disbursements would result in a violation of the Florida Construction Lien Law.

R. Survey: Prior to the first disbursement for payment of Improvements, the Borrower shall obtain and furnish to the Lender, a satisfactory survey showing that the foundation for the Improvements is properly located within the boundary of the Property. Upon completion, but prior to disbursement of final payment, the Borrower agrees to furnish a survey by a registered Florida surveyor satisfactory to the Lender showing all of the Improvements lying wholly within the boundary lines of the Property with egress and ingress delineated.

S. No Joint Venture: This Agreement shall not be construed to make the Lender a joint venturer with the Borrower, nor shall the Lender be liable to material men, contractors, craftsmen, laborers or others for goods or services delivered by them in or upon the Property, or for debts or claims accruing to any such parties against the Borrower.

T. Claims on Undisbursed Funds: No party, whether contractor, material man, subcontractor, or supplier shall have any interest in Loan funds withheld because of default, and shall have no right to garnish, require or compel payment thereof to be applied towards discharge or satisfaction of any claim or lien which such party may have for work performed or materials supplied for the development and construction of the Improvements, and the Borrower shall hold the Lender harmless from and against any such claims.

U. Power of Completion: In the event of the death of the Borrower(s) or the Contractor, abandonment or discontinuance of construction by the Contractor, termination of the Borrower's contract with the Contractor and Borrower's failure or refusal to promptly retain a replacement contractor, or in the event of bankruptcy of the Borrower or the Contractor, or in the event of the general assignment to creditors by the Borrower or the Contractor during the period of construction of the Improvements and before completion thereof, or upon any other occasion under which might result in cessation of work, or upon the default by the Borrower and on any Loan Document, in addition to any rights or remedies available to the Lender under the Mortgage or other Loan Documents, the Lender shall have the right to enter into possession of the Property and perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans and Specifications, and to employ watchmen to protect the Property and Improvements, and all sums advanced by the Lender for such purposes shall be deemed to have been paid to the Borrower and secured by the Mortgage, including, without limitation, any sums advanced by Lender in excess of the Loan amount. For this purpose, the Borrower hereby constitutes and appoints the Lender its true and lawful attorney-in-fact with full power of substitution to complete and /or secure the Improvements in the name of the Borrower, and hereby empowers said attorney or attorneys as follows: (a) to use any funds of the Borrower, including any balances which may be held in escrow or LIP Account and any funds which may remain unadvanced hereunder, for the purposes of completing the Improvements in the manner prescribed by the Plans and Specifications or securing the materials and the Improvements to avoid damage from weather, vandalism, theft or other such harm; (b) to make such additions and changes and corrections in the Plans and Specifications which shall be necessary or desirable to complete the Improvements in substantially the manner contemplated by the Plans and Specifications; (c) to employ such Contractors, subcontractors, agents, architects, engineers and inspectors as shall be required for said purposes; (d) to pay, settle or compromise all existing bills and claims which are or may be liens against the Property, or may be necessary or desirable for the completion of the work or the clearance of the title; (e) to execute all applications and certifications in the name of the Borrower which may be required by the Construction Contract; (f) to do any and every act with respect to the construction of the Improvements which the Borrower may do in its own behalf. It is understood and agreed that this is a power coupled with an interest, which cannot be revoked. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connections with the construction of the Improvements on the Property and to take such action and require such performance as is deemed necessary.

V. Remedies: Failure to perform any of the terms and conditions of this Agreement shall constitute an event of default, and any event of default under this Agreement shall constitute an event of default under the Note and Mortgage. Upon (i) any event of default by the Borrower on the terms and conditions of this Agreement or the Loan Documents; (ii) the failure of the Borrower or Borrower's contractor or agents to perform according to the terms of this Agreement, or in the event they should prevent the Lender from so performing, or if any of them should cause or permit conditions to arise so that performance would be rendered unduly difficult or hazardous for the Lender; or (iii) in the event of the breach of any warranty or covenant by the Borrower, the Lender is authorized to withhold all further disbursements of construction funds until the default is cured by the Borrower and/or the adverse conditions are removed. In the event of any such breach or default, the Lender may give the Borrower ten (10) days written notice to cure such breach or default, and upon failure of the Borrower to comply with such written notice, the Lender may at Lender's option: (1) credit all funds of the Borrower then in its control upon the Mortgage debt, and declare the Mortgage to be forthwith due and payable, and proceed to exercise all remedies available to Lender, including foreclosure of the Mortgage for the balance remaining; or (2) the Lender may assume full charge of the construction of the Improvements as the agent of the Borrower and of the Contractor, and proceed to enter into a contract for the completion of the Improvements. In the event the Lender completes the Improvements, the Borrower expressly agrees to pay the Lender upon demand, all amounts that may be disbursed in completing the Improvements, together with reasonable compensation to the Lender for completing the Improvements, including, but not limited to, Lender's administrative costs and related expenses, and fees paid to attorneys, architects, engineers, contractors, etc. in excess of

the aggregate amount of available Loan proceeds and funds deposited by Borrower in the LIP Account, and that such excess sum shall be secured by the lien of the Lender's Mortgage. The failure of the Borrower to pay such excess amount on demand shall constitute an event of default under the Loan Documents, whereupon the Lender may, at its option, declare the principal and all sums due under the Note and Mortgage, including, but not limited to, the excess sums advanced for completion of construction pursuant to this Section, immediately due and payable.

W. Attorney Fees: Should any litigation be commenced between the parties hereto concerning the Loan, the Loan Documents, or any rights, obligations, duties, or actions arising from or in any manner whatsoever connected or related thereto, the prevailing party in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its attorneys fees (including, without limitation, attorneys fees incurred in bankruptcy, appellate proceedings, mediation and arbitration) and all related costs (including, without limitation, costs related to paralegals, legal assistants, expert witnesses, consultants, appraisers, engineers, contractors, architects, and related services) from the non-prevailing party.

X. Governing Law: This Agreement shall be construed in accordance with the laws of the State of Florida.

Y. Headings and Captions: The headings and captions contained in this Agreement shall not be considered to be a part hereof for the purposes of interpretation or applying this Agreement but are for convenience only.

Z. Severability: If any section, subsection or provision of this Agreement or the application of such section, subsection or provision is held invalid, the remainder of this Agreement and the application of such section, subsection or provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

AA. Binding Effect: This Agreement shall bind the parties' respective heirs, personal representatives, successors and assigns and the trustee and/or beneficiaries of any revocable or irrevocable trust to which any Shareholder may transfer his shares.

BB. Notices and Delivery: Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein (the "**Notice**") shall be given in writing by hand delivery or by registered or certified mail (with proof of mailing) or by any nationally recognized overnight express service using receipt delivery. For the purposes of this Agreement, delivery to the Lender, shall be complete upon actual delivery to the Lender (whether by hand delivery or by overnight express service with receipt delivery) or upon the expiration of three (3) business days after posting the writing in the mail by certified mail or registered mail, returned receipt requested, with sufficient postage to reach its destination. Delivery to the Borrower shall be complete upon personal delivery to the Borrower, or upon delivery by such overnight express service, or upon the expiration of three (3) business days after posting the writing in the mail by certified mail or registered mail, return receipt requested, with sufficient postage to reach its destination. Notice may also be delivered from one party to the other by telefax transmission, provided the sending party uses telefax equipment capable of confirming a completed or successful transmission and producing a written report confirming each such transmission. Notice by telefax shall be effective on the date transmitted, provided Notice is sent on a regular business day and received prior to 5:00 p. m., otherwise the Notice shall become effective on the next regular business day.

CC. Execution of Necessary Papers: All parties hereto agree to execute any and all other papers, writings and agreements necessary to effectuate and carry out the intent of the parties as herein set forth, and Borrower further agrees to execute any documents reasonably requested by Lender, as necessary to correct mistakes, errors or omissions in the Loan Documents, promptly upon request by Lender. Borrowers failure to timely comply with such requests by Lender shall constitute and event of default under the Loan Documents whereupon Lender may, at its option, declare the indebtedness immediately due and payable.

DD. Claims and Litigation: Borrower shall provide written notice to Lender of any claims or litigation related to Borrower or the Property, within ten (10) days from the filing, service or other receipt of such claim or litigation.

EE. Supersede Prior Agreements: This Agreement supersedes all prior agreements, whether written or oral.

FF. Language: Whenever used in this Agreement, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders where the context so permits.

GG. Exhibits: Any exhibits attached to this Agreement are specifically incorporated herein by reference as if the same were fully set forth herein.

HH. Waiver: The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or of any future breach of the provision so waived.

IN WITNESS WHEREOF, the parties hereto have caused the presents to be signed and their seals to be hereunto affixed the day and year first above written.

Signed, sealed and delivered in the presence of:

Witness to the Borrower(s): Dirk B. Ganzel

Witness to the Borrower(s):

Janis Stewart (Seal)
Borrower: JANIS STEWART

(Seal)
Borrower:

(Seal)
Borrower:

(Seal)
Borrower:

COAST BANK OF FLORIDA

By:

Print or type name here
Title: