

1486

1558

CORRECTIVE MORTGAGE

[Space Above This Line For Recording Data]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on March 14, 1988. The grantor is Robert L. McDonald and wife, Carol M. McDonald ("Borrower"). This Security Instrument is given to Foster Mortgage Corporation, which is organized and existing under the laws of Texas, and whose address is P.O. Box 171, Fort Worth, Texas 76101 ("Lender"). Borrower owes Lender the principal sum of Seventy Two Thousand and 00/100 Dollars (U.S. \$72,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on April 1, 2018. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, with power of sale, the following described property located in Shelby County, Alabama:

Land in Shelby County, Alabama, being described as follows:

Lot 55, according to the Survey of Meadow Brook, 11th Sector, as recorded in Map Book 9, page 6 A & B, in the Probate Office of Shelby County, Alabama.

Being the same property conveyed to Robert L. McDonald and wife, Carol M. McDonald by deed of even date.

The maximum principle indebtedness for Alabama recording tax purposes is \$72,000.00.

This mortgage is given to correct the Adjustable Rate Rider attached hereto.

which has the address of 5494 Dover Cliff Circle; Birmingham, Alabama 35243 ("Property Address");

TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

NON-UNIFORM COVENANTS: Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give a copy of a notice to Borrower in the manner provided in paragraph 14. Lender shall publish the notice of sale once a week for three consecutive weeks in a newspaper published in Shelby County, Alabama, and thereupon shall sell the Property to the highest bidder at public auction at the front door of the County Courthouse of this County. Lender shall deliver to the purchaser Lender's deed conveying the Property. Lender or its designee may purchase the Property at any sale. Borrower covenants and agrees that the proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

22. Waivers. Borrower waives all rights of homestead exemption in the Property and relinquishes all rights of curtesy and dower in the Property.

23. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

☒ Adjustable Rate Rider

☐ Condominium Rider

☐ 2-4 Family Rider

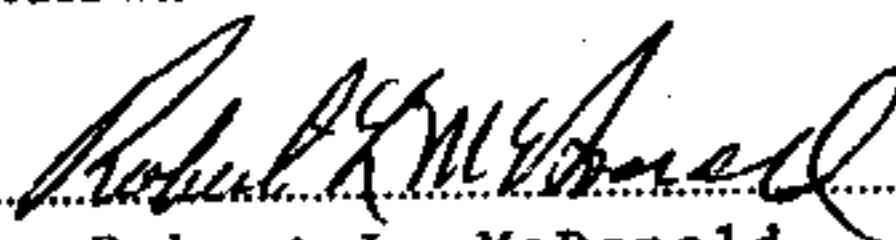
☐ Graduated Payment Rider

☐ Planned Unit Development Rider

☐ Other(s) [specify]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

 (Seal)  
Robert L. McDonald —Borrower

 (Seal)  
Carol M. McDonald —Borrower

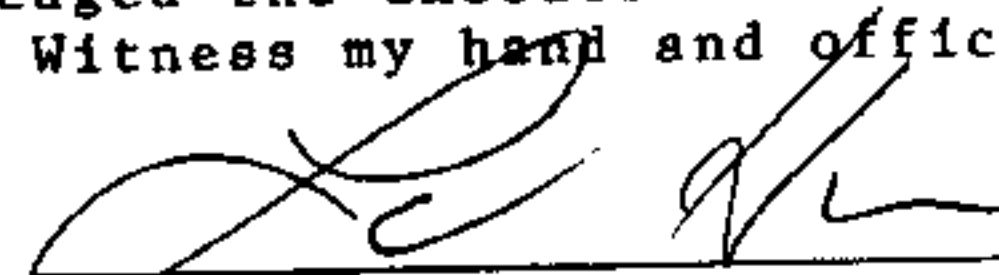
[Space Below This Line For Acknowledgment]

State of Alabama)  
County of Jefferson)

On this 14th day of March, 1988, before me, the undersigned notary, personally appeared Robert L. McDonald and wife, Carol M. McDonald, to me known to be the persons described in and who executed the forgoing instrument, and who acknowledged the execution of the same to be their free act and deed. Witness my hand and official seal at Birmingham, Alabama.

my commission expires: \_\_\_\_\_

MY COMMISSION EXPIRES NOVEMBER 9, 1989

  
NOTARY

3/1 CAPPED CONVERTIBLE ARM RIDER TO THE SECURITY INSTRUMENT

NOTICE: THIS SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE INTEREST RATE. INCREASES IN THE INTEREST RATE MAY RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE MAY RESULT IN LOWER PAYMENTS.

This Rider is made this 14th day of March 19 88, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to Foster Mortgage Corporation (the "Note Holder") of the same date (the "Note") and covering the property described in the Security Instrument and located at 5494 Dover Cliff Circle, Birmingham, Alabama 35243 (Property Address)

MODIFICATIONS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Note Holder further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an initial interest rate of 8.375 %. The interest rate may be increased or decreased every 12th month on each "Change Date", after the initial change date, as described in the Note. Changes in the interest rate are governed by changes in the Index as defined in the Note. The Index is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as published by the Federal Reserve Board. The maximum change in the interest rate at any one time is two percentage points (2.000%). The interest rate will never exceed 13.375 % ("Maximum Interest Rate"), i.e., 5.00 percentage points (5.00%) over the initial interest rate.

B. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) the interest rate of any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected from Borrower which exceeded limits will be refunded to Borrower. The Note Holder may choose to make this refund by reducing the principal of the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial payment.

C. CONVERSION FEATURE

Paragraph 5 of the Note provides as follows with respect to Borrower's option to convert the loan to a fixed interest rate loan:

For purposes of this agreement, "current" means that the Lender received the monthly payment during the month in which it was due. (However, any payment received by the Lender after the 15th of the month in which it was due is subject to a late charge as provided for in Paragraph 7 of the Note.)

Provided Borrower is current with respect to all payments due on the Note each month for twelve months prior to the date the first or second "Notice of Periodic Adjustment" is prepared pursuant to Paragraph 4(a) of the Note, Borrower may, at Borrower's option, modify the repayment terms of the indebtedness evidenced hereby on the first or second Change Date. At that time, Borrower may convert the adjustable rate loan evidenced by the Note into a fixed interest rate loan to be fully repaid in equal monthly payments of principal and interest over the remaining term of the loan (i.e., 27 or 26 years, depending on the conversion date selected). Borrower must pay a processing fee of \$250 as specified in the "Notice of Periodic Adjustment" if Borrower elects to exercise the option to convert.

a. Note Holder's "Notice of Periodic Adjustment" to Borrower given prior to the first and second Change Date shall contain the following information pertaining to Borrower's option to convert.

- i) the approximate fixed interest rate payable by Borrower if Borrower converts into a fixed interest rate loan (the actual rate will be the rate in effect on the date the conversion is registered);
- ii) the approximate amount of Borrower's new monthly payment at the fixed rate of interest;
- iii) a date, at least 15 days from the date the notice is given, by which Borrower must "lock in" an interest rate by telephoning a number provided in the Notice and registering the conversion with the Note Holder, and a subsequent date (not later than the applicable Change Date) by which Borrower must complete, execute and deliver to Note Holder a document in the form required by Note Holder evidencing the modification of the Note to provide a fixed interest rate; and
- iv) the amount of the premium for increased private mortgage insurance, if any, which Borrower will be required to pay in order to convert.

b. The new fixed rate of interest payable by Borrower will be based on the interest rate quoted by the Federal National Mortgage Association (Fannie Mae) for 30 year fixed rate, level payment, fully amortized whole loans requiring mandatory delivery to Fannie Mae in 60 days, which interest rate is in effect on the date the conversion is registered by Borrower. For Conforming Loans (loans having an outstanding balance that does not exceed the then current Fannie Mae purchase limits) the interest rate shall be  $\frac{5}{8}$  of 1% above the interest rate quoted by Fannie Mae rounded up to the next higher  $\frac{1}{8}$  of 1%; for Non-conforming Loans (loans having an outstanding balance that exceeds the then current Fannie Mae purchase limits) the interest rate shall be  $\frac{3}{4}$  of 1% above the interest rate quoted by Fannie Mae rounded up to the next higher  $\frac{1}{8}$  of 1%. The new fixed interest rate will become effective on the applicable Change Date. If Fannie Mae ceases to provide the interest rate defined in this Paragraph C(b), a substitute interest rate or index authorized by the Comptroller of the Currency shall be used. My new rate calculated under this Section C(b) will not be greater than the maximum rate stated in Section A above.

c. Borrower must register the loan for conversion and must complete, execute and deliver to Note Holder the document evidencing the modification of the Note prior to the applicable dates set forth in Note Holder's "Notice of Periodic Adjustment" as provided in Paragraph C(a). If Borrower fails to do so within the specified time frames or if Borrower has not been current for each month for the prior twelve months with respect to all payments due on this Note, Borrower cannot exercise the option to convert. In this case, the terms of this Note will continue in effect without any change.

d. Upon Borrower's timely delivery to Note Holder of the executed modification to the Note and the payment of the processing fee, Paragraph 4 (of the Note) shall cease to be effective.

#### D. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower exercises the Conversion Option under the conditions stated in Paragraph C of this Adjustable Rate Rider, Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security

Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

2. If Borrower exercises the Conversion Option under the conditions stated in Paragraph C of this Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Paragraph D 1 above shall then cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.



Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and the Security Instrument unless Note Holder has released Borrower in writing. Note Holder may require payment of a fee of one percent (1%) of the outstanding balance of the loan for such release.

By signing this, Borrower agrees to all of the above.

*Robert L. McDonald*  
Borrower Robert L. McDonald  
*Carol M. McDonald*  
Borrower Carol M. McDonald

BOOK 181 PAGE 16

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

88 APR 21 PM 12:21

*Thomas A. Snowden, Jr.*  
JUDGE OF PROBATE

1. Deed Tax	\$	<i>Corrective</i>
2. Mtg. Tax		
3. Recording Fee		<u>23.50</u>
4. Indexing Fee		<u>1.00</u>
TOTAL		<u>24.50</u>