

Charles E. Strain  
600 Robert Jemison Road  
Birmingham, AL. 35209

August 30, 2000

Mr. B. Christopher Battles  
3050 Highway 52 West  
Pelham, AL. 35124

**Re: Lonnie Houtz Closing, Lot 9 Block 6 Plantation South  
Third Sector Phase V Map Book 17 Page 85; Shelby  
County, Alabama**

Inst # 2000-29847  
08/30/2000-29847  
03:31 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
007 MMS 23.50

Dear Chris:

I am writing in regard to the loan you closed on September 15, 1998, for Lonnie E. Houtz with Admiral Funding. As of this date, the second mortgage has not been recorded and no one seems to have a signed copy of same.

Please find enclosed:

- (1) Page one of closing statement showing a second mortgage in the amount of \$23,975.
- (2) Schedule B - Section 1 requirements of Lawyers Title Insurance Corporation commitment No: 33205 showing a second mortgage in (b) 3.
- (3) Copy of \$23,975. mortgage note and mortgage which is listed in your closing statement on "Line 507 Second Mortgage".

Chris, as you know, we provided a copy of mortgage note and mortgage to you approximately one month ago at Lonnie Houtz request. It was my understanding that he was coming by to sign so that this "unrecorded" situation could be corrected and he could complete his refinancing. I have learned since this time that his plans are to refinance prior to signing the second mortgage. This is unacceptable with me and Lonnie knows that I was supposed to be "paid off" in the event of a refinance. Dwight Wiggins will confirm this.

In conclusion, it is my understanding that as closing attorney for Lonnie's loan with Admiral Funding, it was your responsibility to see that they had a first lien. Without the second mortgage being signed and recorded, then full consideration has not been paid and Admiral Funding does not have a first lien.

Mr. Battles  
Page 2  
August 30, 2000

Your immediate attention is requested on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles E. Strain".

Charles E. Strain

CES/dc

XC: Dwight Wiggins  
Admiral Funding LLC  
Don Huey, Magic City Title  
Lonnie Houtz

This instrument was prepared by:  
(Name) Courtney Mason & Associates, P.C.  
(Address) 1904 Indian Lake Drive, Suite 100  
Birmingham, Alabama 35244

**MORTGAGE**

STATE OF ALABAMA

Shelby COUNTY } **KNOW ALL MEN BY THESE PRESENTS:** That Whereas,

Lonny E. Houtz and wife, Amanda Houtz  
(hereinafter called "Mortgagors", whether one or more) are justly indebted to

Charles Strain, a single individual

(hereinafter called "Mortgagee", whether one or more), in the sum  
of Twenty-Three Thousand Nine Hundred Seventy-Five and No/100ths Dollars  
(\$ 23,975.00 ) evidenced by a note of even date.

And Whereas, Mortgagors agreed, in incurring said indebtedness, that this mortgage should be given to secure the prompt payment thereof.

NOW THEREFORE, in consideration of the premises, said Mortgagors,

Lonny E. Houtz and wife, Amanda Houtz

and all others executing this mortgage, do hereby grant, bargain, sell and convey unto the Mortgagee the following described real estate, situated in Shelby County, State of Alabama, to wit:

Lot 9, in Block 6, according to the Survey of Plantation South, Third Sector, Phase V, as recorded in Map Book 17 page 85 in the Probate Office of Shelby County, Alabama; being situated in Shelby County, Alabama.

Mortgagors agree to provide Mortgagee with an insurance policy naming Mortgagee as Loss Payee on or before the 15<sup>th</sup> day of September of each year. Said insurance policy shall be paid a year in advance. Failure to comply with either or both of the above, shall constitute a default under the terms of this mortgage. Mortgagors also agree to provide Mortgagee with a copy of a paid receipt of the property taxes every year prior to December 15.

This mortgage obligation cannot be assumed without the prior approval by the mortgage holder. Said approval must be obtained in writing prior to the assumption of this mortgage. If the property which is the subject of this mortgage and note executed simultaneously herewith is transferred without the mortgage holder's prior approval as specified above, the mortgagee has the option to declare the entire balance of the indebtedness due and payable. **THE MORTGAGEE MAY CHOOSE NOT TO ALLOW THIS LOAN TO BE ASSUMED.**

The proceeds of this loan have been applied on the purchase of the herein described property.

**THE PREPARER OF THIS DOCUMENT HAS NOT EXAMINED TITLE TO THE PROPERTY DESCRIBED HEREIN AND MAKES NO CERTIFICATION AS TO TITLE.**

Said property is warranted free from all incumbrances and against any adverse claims, except as stated above.

To Have and to Hold the above granted property unto the said Mortgagee, Mortgagee's successors, heirs, and assigns forever; and for the purpose of further securing the payment of said indebtedness, the undersigned agrees to pay all taxes or assessments when imposed legally upon said premises, and should default be made in the payment of same, the said Mortgagee may at Mortgagee's option pay off the same; and to further secure said indebtedness, first above named undersigned agrees to keep the improvements on said real estate insured against loss or damage by fire; lightning and tornado for the fair and reasonable insurable value thereof, in companies satisfactory to the Mortgagee, with loss, if any payable to said Mortgagee, as Mortgagee's interest may appear, and to promptly deliver said policies, or any renewal of said policies to said Mortgagee; and if undersigned fail to keep said property insured as above specified, or fail to deliver said insurance policies to said Mortgagee, then the said Mortgagee, or assigns, may at Mortgagee's option insure said property for said sum, for Mortgagee's own benefit, the policy if collected, to be credited on said indebtedness, less cost of collecting same; all amounts so expended by said Mortgagee for taxes, assessments or insurance, shall become a debt to said Mortgagee or assigns, additional to the debt hereby specially secured, and shall be covered by this Mortgage, and bear interest from date of payment by said Mortgagee, or assigns, and be at once due and payable.

Upon condition, however, that if the said Mortgagor pays said indebtedness, and reimburses said Mortgagee or assigns for any amounts Mortgagees may have expended for taxes, assessments, and insurance, and interest thereon, then this conveyance to be null and void; but should default be made in the payment of any sums expended by the said Mortgagee or assigns, or should said indebtedness hereby secured, or any part thereof, or the interest thereon, remain unpaid at maturity, or should the interest of said Mortgagee or assigns in said property become endangered by reason of the enforcement of any prior lien or incumbrance thereon, so as to endanger the debt hereby secured, then in any one of said events, the whole of said indebtedness hereby secured shall at once become due and payable, and this mortgage be subject to foreclosure as now provided by the law in case of past due mortgages, and the said Mortgagee, agents or assigns, shall be authorized to take possession of the premises hereby conveyed, and with or without first taking possession, after giving twenty-one days' notice, by publishing once a week for three consecutive weeks, the time, place and terms of sale, by publication in some newspaper published in County and State, sell the same in lots or parcels or en masse as Mortgagee, agents or assigns deem best, in front of the Court House door of said County, (or the division thereof) where said property is located, at public outcry, to the highest bidder for cash, and apply the proceeds of the sale: First, to the expense of advertising, selling and conveying, including a reasonable attorney's fee; Second, to the payment of any amounts that may have been expended, or that it may then be necessary to expend, in paying insurance, taxes, or other incumbrances, with interest thereon; Third, to the payment of said indebtedness in full, whether the same shall or shall not have fully matured at the date of said sale, but no interest shall be collected beyond the day of sale; and Fourth, the balance, if any, to be turned over to the said Mortgagor and undersigned further agree that said Mortgagee, agents, or assigns may bid at said sale and purchase said property, if the highest bidder therefor; and undersigned further agree to pay a reasonable attorney's fee to said Mortgagee or assigns, for the foreclosure of this mortgage in Chancery, should the same be so foreclosed, said fee to be a part of the debt hereby secured.

IN WITNESS WHEREOF the undersigned **Lonny E. Houtz and wife, Amanda Houtz**

have hereunto set our signatures and seal, this **15th** day of **September**, 19 **98**

\_\_\_\_\_  
Lonny E. Houtz (SEAL)  
\_\_\_\_\_  
(SEAL)  
\_\_\_\_\_  
Amanda Houtz (SEAL)  
\_\_\_\_\_  
(SEAL)

THE STATE of **Alabama**  
**Shelby** COUNTY }

I, \_\_\_\_\_ a Notary Public in and for said County, in said state, hereby certify that **Lonny E. Houtz and wife, Amanda Houtz**

whose names are signed to the foregoing conveyance, and who are known to me acknowledged before me on this day, that being informed of the contents of the conveyance they executed the same voluntarily on the day the same bears date.  
Given under my hand and official seal this **15th** day of **September**, 19 **98**

My commission expires: \_\_\_\_\_ Notary Public

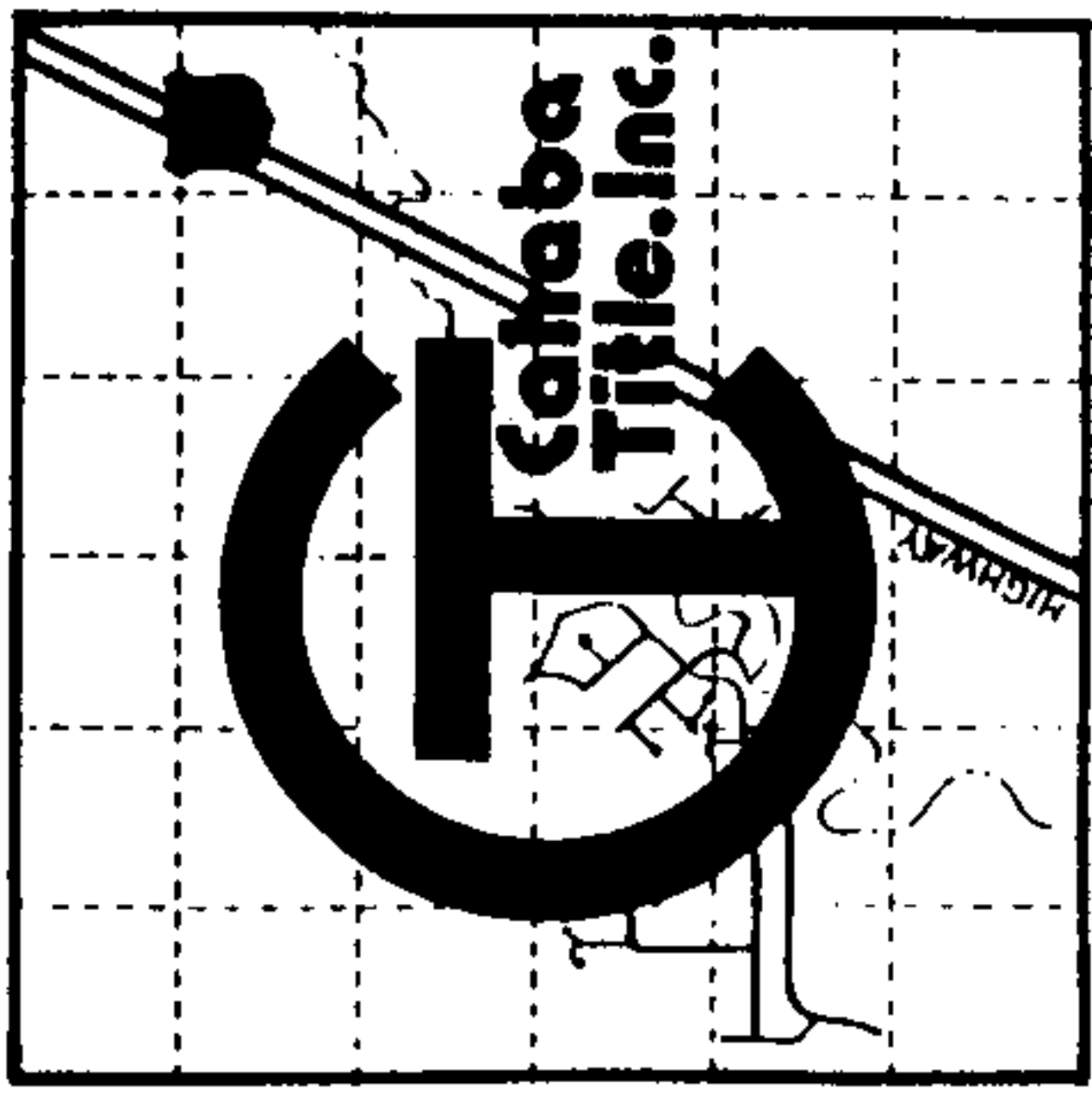
THE STATE of \_\_\_\_\_ COUNTY }

I, \_\_\_\_\_ a Notary Public in and for said county, in said State, hereby certify that \_\_\_\_\_

whose name as \_\_\_\_\_ of \_\_\_\_\_, a corporation, is signed to the foregoing conveyance, and who is known to me acknowledged before me on this day, that being informed of the contents of such conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_  
\_\_\_\_\_  
Notary Public

Return to:  
TO  
MORTGAGE  
STATE OF ALABAMA  
COUNTY OF



Recording Fee \$ \_\_\_\_\_  
Deed Tax \$ \_\_\_\_\_  
This form furnished by  
**Cahaba Title, Inc.**  
RIVERCHASE OFFICE  
1900 Indian Lake Drive  
Birmingham, Alabama 35244  
(205) 988-5600  
EASTERN OFFICE  
1100 East Park Drive, Suite 302  
Birmingham, Alabama 35235  
(205) 833-1571

## MORTGAGE NOTE

\$23,975.00

Birmingham, Alabama  
September 15, 1998

The undersigned, for value received, promise to pay to the order of Charles Strain the sum of Twenty Three Thousand Nine Hundred Seventy-Five Dollars, together with interest only upon the unpaid portion thereof from date, at the rate of Six (6.000%) per cent per annum for 36 months in monthly installments of One Hundred Nineteen and 87/100ths (\$119.87) Dollars, commencing October 15, 1998 through September 15, 2001. Then beginning October 15, 2001, the interest will increase to the rate of Nine (9.00%) per cent on a balance of \$23,975.00 with monthly payments of principal and interest beginning October 15, 2001, in the amount of Two Hundred Forty-Three and 17/100ths Dollars, (\$243.17) until said sum is paid in full on September 15, 2016.

Payments will be made at:

600 Robert Jemison Road, Birmingham, Alabama 35209

Written notice shall be deemed as of the time the notice was posted in the U.S. Post Office.

All payments shall be applied first to interest on the unpaid balance of principal, the balance to the principal. Each of said installments shall bear interest at nine (9%) per annum after maturity.

This note is secured by mortgage on real estate, executed to the payee herein. In the event of default under the terms of said mortgage, or in the event any installment shall remain unpaid for as much as THIRTY (30) days after the same becomes due, the holder hereof shall have the right and option to declare the entire indebtedness secured hereby to be at once due and payable. If payments are TEN (10) days late there will be a FIVE (5%) per cent late charge.

There will be a Twenty-Five (\$25.00) dollar charge for any check returned for non-sufficient funds.

Each maker and endorser hereby waives all right of exemption under the Constitution and Laws of Alabama, and agrees to pay the cost of collection, including a reasonable attorney's fee, if this obligation is not paid at maturity.

Demand, protest and notice of protest, and all requirements necessary to hold them liable, are hereby waived by each and every maker and endorser of this note.

Privilege is reserved to prepay at any time, without premiums or fee, the entire indebtedness or any part thereof.

This note is given, executed and delivered under the seal of the undersigned.

---

Lonny E. Houtz

# A. Settlement Statement

U.S. Department of Housing  
and Urban Development

OMB No. 2502-0265

## B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unins.	6. File Number 091598-445S	7. Loan Number	8. Mortgage Insurance Case Number
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for information purposes and are not included in the totals. WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U. S. Code Section 1001 and Section 1010.

D. NAME OF BORROWER: **LONNIE E. HOUTZ**  
 ADDRESS: **4708 HOLLOW LANE, HELENA, AL 35080**

E. NAME OF SELLER: **STRAIN CONSTRUCTION INC**  
 ADDRESS: **600 ROBERT JEMISON ROAD, BIRMINGHAM, AL 35209**

F. NAME OF LENDER: **ADMIRAL FUNDING, LLC**  
 ADDRESS: **300 OFFICE PARK DRIVE, SUITE 216, BIRMINGHAM, AL 35223**

G. PROPERTY ADDRESS: **4708 HOLLOW LANE, HELENA, AL 35080**

H. SETTLEMENT AGENT: **B. CHRISTOPHER BATTLES**  
 PLACE OF SETTLEMENT: **3150 HIGHWAY 52 WEST, PELHAM, AL 35124**

I. SETTLEMENT DATE: **09/15/98**

J. SUMMARY OF BORROWER'S TRANSACTION:				K. SUMMARY OF SELLER'S TRANSACTION:			
100. GROSS AMOUNT DUE FROM BORROWER				400. GROSS AMOUNT DUE TO SELLER:			
101. Contract sales price		137,000.00		401. Contract sales price		137,000.00	
102. Personal Property				402. Personal Property			
103. Settlement charges to borrower (line 1400)		3,520.40		403.			
104.				404.			
105.				405.			
Adjustments for items paid by seller in advance				Adjustments for items paid by seller in advance			
106. City/town taxes	09/15/98 to 09/30/98	3.24		406. City/town taxes	09/15/98 to 09/30/98	3.24	
107. County taxes				407. County taxes			
108. Assessments				408. Assessments			
109.				409.			
110.				410.			
111.				411.			
112.				412.			
120. GROSS AMOUNT DUE FROM BORROWER		140,523.64		420. GROSS AMOUNT DUE TO SELLER:		137,003.24	
200. AMOUNTS PAID BY OR ON BEHALF OF BORROWER				500. REDUCTIONS IN AMOUNT DUE TO SELLER			
201. Deposit or earnest money		2,200.00		501. Excess Deposit (see instructions)		2,200.00	
202. Principal Amount of new loans		109,600.00		502. Settlement charges to seller (line 1400)		4,622.00	
203. Existing loan(s) taken subject to				503. Existing loan(s) taken subject to			
204. Second Mortgage		23,975.00		504. Payoff of First Mortgage Loan	96,750.00 PM	97,792.31	
					FIRST NATIONAL BANK	1042.31	
205.				505. Payoff of Second Mortgage Loan			
206.				506.			
207.				507. Second Mortgage		23,975.00	
208.				508.			
209.				509.			
Adjustments for items unpaid by seller				Adjustments for items unpaid by seller			
210. City/town taxes				510. City/town taxes			
211. County taxes	10/01/97 to 09/15/98	622.65		511. County taxes	10/01/97 to 09/15/98	622.65	
212. Assessments				512. Assessments			
213.				513.			
214.				514.			
215.				515.			
216.				516.			
217.				517.			
218.				518.			
219.				519.			
220. TOTAL PAID BY/FOR BORROWER		136,397.65		520. TOTAL REDUCTION AMOUNT DUE SELLER		129,211.96	
300. CASH AT SETTLEMENT FROM OR TO BORROWER				600. CASH AT SETTLEMENT TO OR FROM SELLER			
301. Gross amount due from borrower (line 120)		140,523.64		601. Gross amount due to seller (line 420)		137,003.24	
302. Less amounts paid by/for borrower (line 220)		136,397.65		602. Less reduction amount due seller (line 520)		129,211.96	
303. CASH FROM BORROWER		4,125.99		603. CASH TO SELLER		7,791.28	

SUBSTITUTE FORM 1099 SELLER STATEMENT: The information contained herein is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported. The Contract Sales Price described on line 401 above constitutes the Gross Proceeds of this transaction.

SELLER INSTRUCTIONS: If this real estate was your principal residence, file Form 2119, Sale or Exchange of Principal Residence, for any gain, with your Income tax return; for other transactions, complete the applicable parts of Form 4797, Form 6252 and/or Schedule D (Form 1040).

You are required by law to provide B. CHRISTOPHER BATTLES with your correct taxpayer identification number. If you do not provide your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law, and Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

TIN: SELLER 1 \_\_\_\_\_ SELLER 2 \_\_\_\_\_ SELLER(S) SIGNATURE(S): SELLER 1 \_\_\_\_\_ SELLER 2 \_\_\_\_\_

Exhibit to Contract

CONSTRUCTIVE NOTICE

Record CONTAINING

**Lawyers Title Insurance Corporation**

National Headquarters  
Richmond, Virginia

**SCHEDULE B - Section 1**

Requirements

Commitment No: 33205

The following are the requirements to be complied with:

- Attorney -

- (a) Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.
- (b) Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:
  1. Warranty deed from Charles E. Strain and spouse(s), if married, to Lonny E. Houtz.
  2. First Mortgage from Lonny E. Houtz and spouse(s), if married, to Admiral Funding, L.L.C.
  3. Second Mortgage from Lonny E. Houtz and spouse(s), if married, to Charles E. Strain.

Said deed and mortgage to be recorded in the Probate Office of Shelby County, Alabama.

4. Proper satisfaction of mortgage by Charles E. Strain, a single person to First National Bank of Shelby County, in the amount of \$96,750.00, dated April 11, 1997, and recorded in Inst. #1997-11558.
5. Statement from the Town Clerk of Helena stating that there are no unpaid municipal improvement assessments against subject property or same will be excepted.
6. ALL PAPERS ARE TO BE FILED FOR RECORD IN THE OFFICE OF THE JUDGE OF PROBATE OF SHELBY COUNTY, ALABAMA.
7. 1997 Taxes were paid under:  
Parcel No. 13-5-22-1-001-005.104.

The above tax information is provided for informational purposes only. Tax information has been based on the present assessment rolls, but is subject to any changes or future adjustments that may be made by the Tax Assessor or by the County's Board of Equalization. No liability is assumed for the accuracy of the amount of taxes paid or for any changes imposed by said county authority.

This commitment is invalid unless the issuing Provisions and Schedules A and B are attached.

08/30/2000-29847  
03:31 PM CERTIFIED

SHELBY COUNTY JUDGE OF PROBATE  
DOT NMS 23.50

Inst # 2000-29847