

523
This instrument prepared by: Lillian R. Skanno
215 North 21st Street
Birmingham, AL 35203

ASSUMPTION AND MODIFICATION AGREEMENT

(With Fixed-Rate to Adjustable-Rate Conversion Feature)

KNOW ALL MEN BY THESE PRESENTS:

Jefferson Federal Savings and Loan Association of Birmingham, a federally chartered savings and loan association (hereinafter called "Jefferson Federal"), is the present holder of a Note executed by Gary B. Garrett and Sharon I. Garrett (hereinafter called "Mortgagor") in the original principal sum of \$ 38,800.00 dated Sept. 21, 1976 which Note is secured by a certain Mortgage of even date therewith and recorded in Volume 358, Page 239 in the office of the Judge of Probate of Shelby County, Alabama. The Mortgagor proposes to sell the property covered by the Mortgage to Charles R. Gadberry and Dorothy V. Gadberry (hereinafter called "Purchaser"), and the Purchaser desires to assume all of the obligations of the Mortgagor in said Note, as herein amended, and also all of the obligations of the Mortgagor in said Mortgage, as herein amended, as part of the consideration for the conveyance to the Purchaser of the real property covered by the Mortgage. Jefferson Federal is willing to consent to said conveyance and assumption of said indebtedness and obligations, without recourse, subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, IT IS HEREBY AGREED AMONG THE PARTIES as follows:

1. Jefferson Federal does hereby consent to the sale and conveyance of the property covered by the Mortgage by the Mortgagor to said Purchaser, subject, however, to all of the provisions of this Agreement.

2. The Purchaser acknowledges that the said Mortgage is a first, valid and prior lien or encumbrance against the property, and the Purchaser further acknowledges that the Mortgage and Note, as hereinafter amended, are enforceable under the laws of the State of Alabama and the United States of America and in accordance with their respective terms, except as provided in paragraph 5 hereof.

3. The property described in the Mortgage shall remain in all respects subject to the lien, charge or encumbrance of said Mortgage, or conveyance of title (if any) affected thereby, and nothing herein contained and nothing done pursuant hereto, shall affect or be construed to affect the lien, charge or encumbrance of or conveyance affected by said mortgage, or the priority thereof over other liens, charges, encumbrances or conveyance, or except as expressly provided herein, to release or affect the liability of any party or parties whomsoever who may now or hereafter be liable hereunder or on account of the Note and/or Mortgage; nor shall anything herein contained or done in pursuance hereof affect or be construed to affect any other security or instrument, if any, held by Jefferson Federal as additional security for or evidence of the aforesaid indebtedness.

4. The Purchaser does hereby assume and agree to pay said mortgage indebtedness, evidenced by the Note and Mortgage, and to perform all of the obligations provided therein, and to be subject to and comply with all terms and conditions thereof, it being agreed and understood that as of this date the principal balance on the said loan is \$ 33,983.61, that there remain to be paid 220 installments of principal and interest under the terms of the Note and the Mortgage, and Purchaser and Jefferson Federal hereby expressly agree that the terms of the Note and Mortgage shall be amended as hereinafter set forth. The Note shall be amended and restated as set forth in the Amended and Restated Adjustable Loan Note executed simultaneously herewith as Exhibit A. The Mortgage shall be amended as set forth in the Adjustable Loan Rider executed simultaneously herewith as Exhibit B. Purchaser shall execute and deliver to Jefferson Federal the Amended and Restated Adjustable Rate Note and the Adjustable Loan Rider contemporaneously herewith.

5. Jefferson Federal hereby covenants and agrees not to sue or institute any suit or action against Mortgagor on the Note for the enforcement of the payment of the indebtedness evidenced by the Note.

6. This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns.

7. The word "Mortgagor" shall include all persons, general partnerships, limited partnerships, corporations, or legal entities who may have executed the Note as maker or makers and executed the Mortgage as Mortgagor or Mortgagors and any assumption thereof.

8. Wherever used, the singular number shall include the plural, the plural the singular, the use of any gender shall include all genders.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on this 1st day of June, 1987.

WITNESS:

Lillian R. Skanno

Harry S. Looney
Harry S. Looney

Judy T. Looney
(MORTGAGOR) [sign original only]
Judy T. Looney

Charles R. Gadberry
Charles R. Gadberry

Dorothy V. Gadberry
(PURCHASER) [sign original only]
Dorothy V. Gadberry

JEFFERSON FEDERAL SAVINGS AND LOAN
ASSOCIATION OF BIRMINGHAM

By Charles B. Bernhard
Its Assistant Vice-President
(MORTGAGEE)

ATTEST:

By

Its Vice-President

BOOK 139 PAGE 757
JEFFERSON FEDERAL
Savings & Loan Association
215 North 21st St., Birmingham, Alabama 35203

(FR to A) MPTION

Revised 1/87


**Described Mortgage Assumed by Harry S. Looney and Judy Looney on February 1, 1987

THE STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Harry S. Looney and Judy T. Looney whose name(s) are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal, this 1st day of June, 19 87.

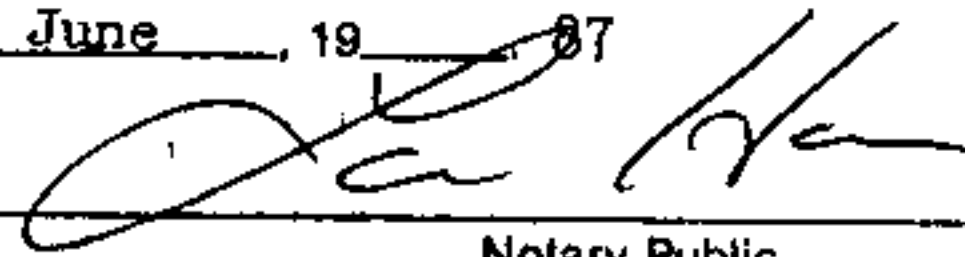

Notary Public.
MY COMMISSION EXPIRES APRIL 9, 1989
My commission expires _____

THE STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Charles R. Gadberry and Dorothy V. Gadberry whose name(s) are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal, this 1st day of June, 19 87.



Notary Public
MY COMMISSION EXPIRES APRIL 9, 1989
My commission expires _____

THE STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Charles B. Bernhard, III whose name as Assistant Vice President Jefferson Federal Savings and Loan Association of Birmingham, a federally chartered savings and loan association, 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, as such officer and with full authority, executed the same voluntarily for and as the act of said association.

Given under my hand and official seal, this 5th day of June, 19 87.


Notary Public
MY COMMISSION EXPIRES APRIL 25, 1989
My commission expires _____

BOOK 139 PAGE 758

This instrument prepared by William R. Hanna

ADJUSTABLE LOAN RIDER (Interest Rate Limits)

THIS ADJUSTABLE LOAN RIDER is made this 1st day of June, 19 87, 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") recorded in the Office of the Judge of Probate of Shelby County, Alabama in Volume 358, Page 239, which Security Instrument, as amended by this rider, is being assumed by the undersigned (the "Borrower") to secure Borrower's Amended and Restated Adjustable Loan Note (the "Note") of the same date to Jefferson Federal Savings and Loan Association of Birmingham, (the "Lender") a federally chartered savings and loan association, and covering the property described in the Security Instrument and located at:

131 Old Spanish Trail, Montevallo, AL 35115

(property address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE EVERY YEAR SUBJECT TO THE LIMITS STATED IN THE NOTE. IF THE INTEREST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGHER. IF THE INTEREST RATE DECREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE LOWER.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.50%. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

(1.) Change Dates

The interest rate I will pay may change on the first day of June 1, 19 88, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date".

(2.) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The 'Index' is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the 'Current Index'.

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this Choice.

(3.) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and 3/4 percentage points (2.75%) to the Current Index. The Note Holder will then round the result of this addition to the highest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section A4 below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(4.) Limit on Interest Rate Changes

The rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than ☒ One and one-half percentage points (1.50%) ☐ two percentage points (2.0%) [Check Only One Box] from the rate of interest I have been paying for the preceding twelve months. My interest rate shall never be greater than 13.50%, nor less than 8.00%.

(5.) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(6.) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. CHARGES; LIENS

The Provisions of the Security Instrument relating to charges and liens against the mortgaged property are amended to read as follows (Uniform Covenant 4*):

"Charges; Liens. Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Security Instrument, and leasehold payments or ground rents, if any, in the manner provided hereunder, or, if no method is specified or if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument; Provided, that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in, legal proceedings which in the opinion of Lender operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof; or (c) shall secure from the holder of such lien an agreement in a form satisfactory to Lender subordinating such lien to this Security Instrument.

If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Security Instrument, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten days of the giving of notice."

C. NOTICE

The provisions of the Security Instrument relating to the giving of notices are amended to read as follows (Uniform Covenant 14*):

*If the Security Instrument being amended is a "FNMA/FHLMC Uniform Instrument", the paragraph reference is applicable.

Notice. "Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein."

D. UNIFORM SECURITY INSTRUMENT; GOVERNING LAW; SEVERABILITY

The provisions of the Security Instrument relating to uniform covenants, governing law and severability are amended to read as follows (Uniform Covenant 15*):

"Uniform Security Instrument; Governing Law; Severability. This form of 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. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Security Instrument and the Note are declared to be severable."

E. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

The provisions of the Security Instrument relating to Borrower's right to sell the Property are amended to read as follows (Uniform Covenant 17*):

"Transfer of The Property Or a Beneficial Interest in Borrower. If all or any part of the Property or an interest therein 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 Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. 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 such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with the notice provisions hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted hereby, including acceleration of the indebtedness. Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and this Security Instrument unless Lender has released Borrower in writing."

F. COVENANT DELETED

Any provision of the Security Instrument relating to Future Advances is deleted. (Non-Uniform Covenant 21*)

G. LOAN CHARGES

If the loan secured by the Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

H. LEGISLATION

If, after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the Note, the Security Instrument or this Adjustable Loan Rider (other than this paragraph H) unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the Security Instrument and this Adjustable Loan Rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Security Instrument to be immediately due and payable.

I. FUNDS FOR TAXES AND INSURANCE

The Security Instrument is amended by adding the following provisions relating to tax and insurance funds:

"Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Security Instrument, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Security Instrument that interest on the Funds shall be paid to Borrower and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Interest.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under Paragraph 18 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument."

IN WITNESS WHEREOF, Borrower has executed this Adjustable Loan Rider.

Witness

Charles R. Gadberry (Seal)
Charles R. Gadberry Borrower

Dorothy V. Gadberry (Seal)
Dorothy V. Gadberry Borrower

(Seal)

Borrower

[Sign Original Only]

*If the Security Instrument being amended is a "FNMA/FHLMC Uniform Instrument", the paragraph reference is applicable.

THE STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Charles R. Gadberry and Dorothy V. Gadberry whose name(s) are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal, this 1st day of June, 19 87

[Signature]
Notary Public
My commission expires NOVEMBER 9, 1989

BDM 139 REC 761

JEFFERSON FEDERAL SAVINGS AND
LOAN ASSOCIATION OF BIRMINGHAM
("Association")

BY: Charles B. Bernhard, III
ITS: Assistant Vice-President

THE STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Charles B. Bernhard, III, whose name as Assistant Vice-President of Jefferson Federal Savings and Loan Association of Birmingham, a federally chartered savings and loan association, 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 the instrument, he as such officer, and with full authority, executed the same voluntarily for and as the act of the association.

Given under my hand and seal of office this 5th day of June, 19 87

Camille Taylor
Notary Public
My commission expires APRIL 25, 1989

This instrument prepared by

AMENDED AND RESTATED ADJUSTABLE LOAN NOTE
(Hereinafter called Note)
(Interest Rate Limits)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE EVERY YEAR SUBJECT TO THE LIMITS STATED IN THIS NOTE. IF MY INTEREST RATE INCREASES, MY MONTHLY PAYMENTS WILL BE HIGHER. IF MY INTEREST RATE DECREASES, MY MONTHLY PAYMENTS WILL BE LOWER.

This AMENDED AND RESTATED ADJUSTABLE LOAN NOTE is made this 1st day of June, 1987, and is incorporated into and shall be deemed to amend and supplement the original Note in the amount of Thirty Eight Thousand Eight Hundred (\$*38,800.00*) Dollars dated the 21st day of September, 1976 and secured by a certain Mortgage recorded in the Office of the Judge of Probate of Shelby County, Alabama, in Volume 358, Page 239, and which said Note and Mortgage as amended by this Note are being assumed by the undersigned Borrower.

131 Old Spanish Trail, Montevallo, AL 35115
[Property Address]

1. BORROWER'S PROMISE TO PAY

In connection with the loan that I have assumed, I promise to pay U.S. \$ 33,983.61 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is JEFFERSON FEDERAL SAVINGS AND LOAN ASSOCIATION OF BIRMINGHAM. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on that part of principal which has not been paid, beginning on June 1, 1987 and continuing until the full amount of principal has been paid.

Beginning on June 1, 1987, I will pay interest at a yearly rate of Eight and One-Half %. The interest rate I will pay will change in accordance with Section 4 of this Note.

The interest rate required by this Section and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making payments every month on the date due.

I will make my monthly payments on the first day (due date) of each month beginning on July 1, 1987. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note or the Security Instrument. My monthly payments will be applied to interest before principal. If, on October 1, 2005, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date".

I will make my monthly payments at 215 North 21st Street, Birmingham, AL or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly principal and interest payment will be in the amount of U.S. \$ 305.35. This amount will change if the interest rate that I must pay changes. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of June, 1988, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date".

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and 3/4 percentage points (2.75%) to the Current Index. The Note Holder will then round the result of this addition to the highest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4 (D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The rate of interest I am required to pay shall never be increased or decreased on any single Change Date by more than ☒ one and one-half percentage points (1.50%) ☐ two percentage points (2.00%) [Check only one box] from the rate of interest I have been paying for the preceding twelve months. My interest rate shall never be greater than 13.50% nor less than 8.00%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates of my monthly payments unless the Note Holder agrees in writing to those delays. My partial prepayment will reduce the amount of my monthly payments after the first Change Date following my partial prepayment. However, any reduction due to my partial prepayment may be offset by an interest rate increase.

6. 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) 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 me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any of my monthly payments by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on any late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default (ACCELERATION)

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed or delivered to me.

(D) No Waiver by Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by mailing it by first class mail or by delivering it to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address in writing.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address in writing.

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor surety, or endorser of this Note is also obligated to do

these things. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. THIS NOTE SECURED BY A SECURITY INSTRUMENT

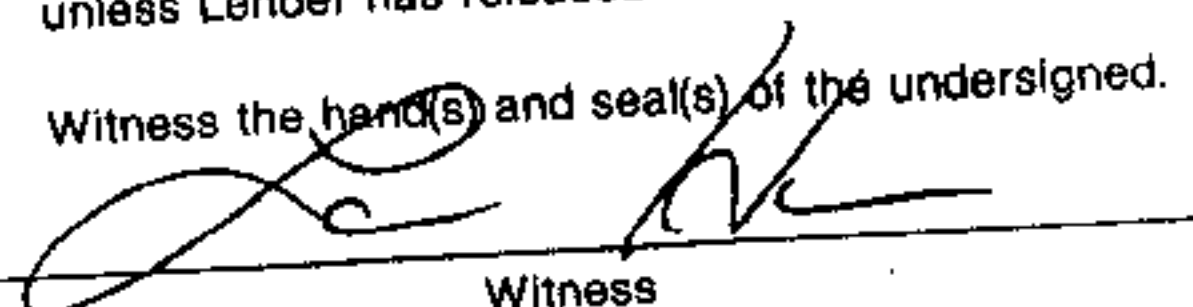
In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") which I am assuming as modified by an Adjustable Mortgage Loan Rider, dated the same day as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument and Rider describe how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

"Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the property or an interest therein 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 Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is prohibited by Federal law as of the date of this Security Instrument.

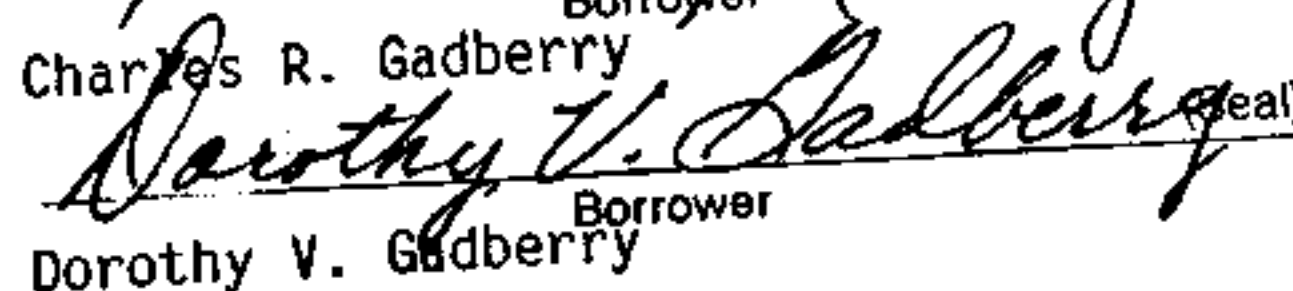
If Lender exercises such option to accelerate, Lender shall mail Borrower a notice of acceleration in accordance with paragraph C of the aforementioned Adjustable Loan Rider (Exhibit B). Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph E of the aforementioned Adjustable Loan Rider (Exhibit B).

Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and this Security Instrument unless Lender has released Borrower in writing."

Witness the hand(s) and seal(s) of the undersigned.


Witness


Borrower


Borrower

Borrower (Seal)

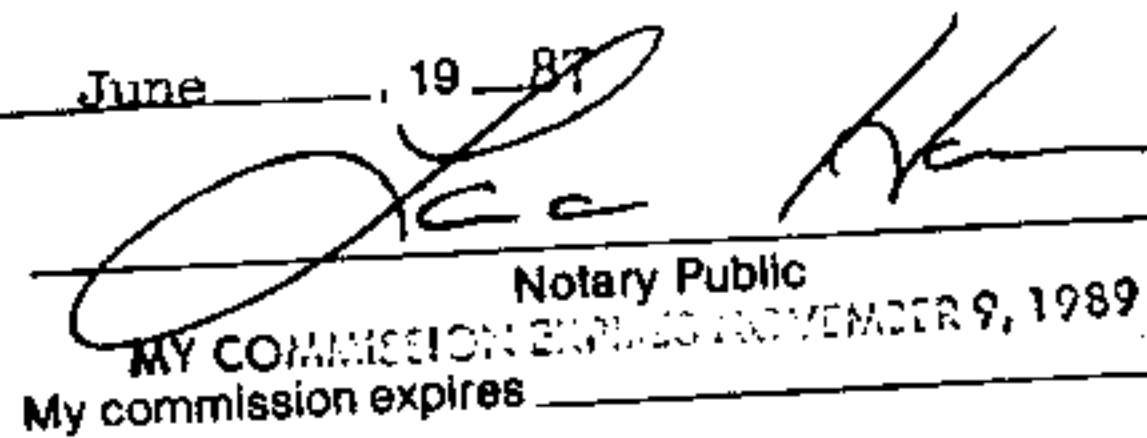
THE STATE OF ALABAMA

JEFFERSON COUNTY

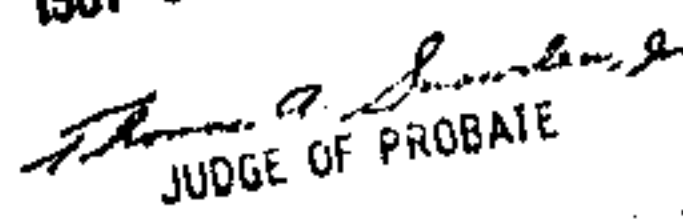
[Sign Original Only]

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Charles R. Gadberry and Dorothy V. Gadberry whose name(s) are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they executed the same voluntarily on the day the same bears date.

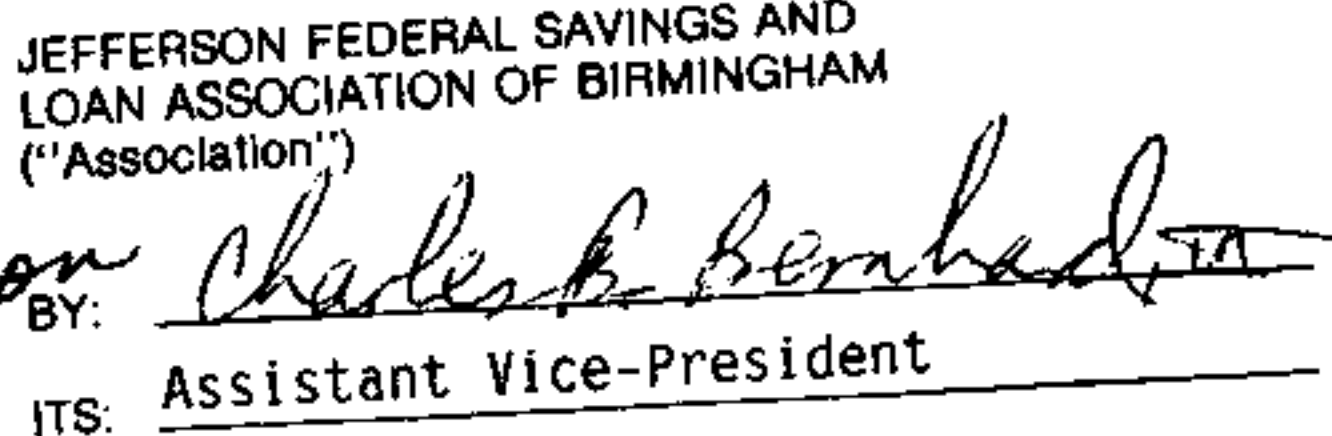
Given under my hand and official seal, this 1st day of June, 19 87


Notary Public
MY COMMISSION EXPIRES NOVEMBER 9, 1989
My commission expires _____

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
1987 JUL -9 AM 10:40


JUDGE OF PROBATE

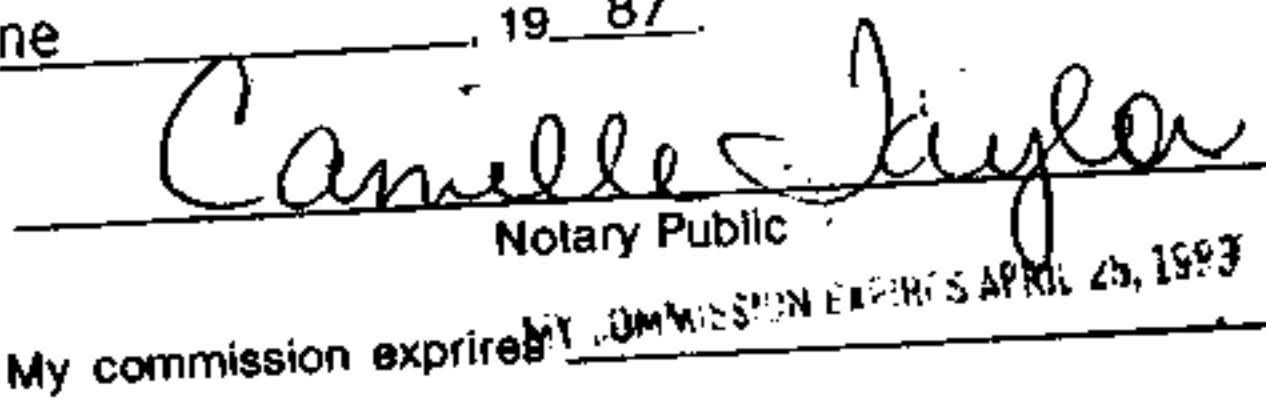
1. Dead Tax \$
2. Mtg Tax Assumption
3. Recording Fee 20.00
4. Indexing Fee 1.00
TOTAL 21.00

JEFFERSON FEDERAL SAVINGS AND
LOAN ASSOCIATION OF BIRMINGHAM
("Association")
BY: 
ITS: Assistant Vice-President

THE STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Charles B. Bernhard, III whose name as Assistant Vice-President of Jefferson Federal Savings and Loan Association of Birmingham, a federally chartered savings and loan association, an association, 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, as such officer and with full authority, executed the same voluntarily for and as the act of said association.

Given under my hand and seal of office, this 5th day of June, 19 87


Notary Public
My commission expires APRIL 25, 1993