

State of Alabama

## Mortgage

PIA Case No.

011-3119923-703

2021

The State of Alabama, }  
Jefferson County. } ss:

Know All Men by These Presents:

That whereas the undersigned Edward C. Kennedy and wife, Sonya R. Kennedy  
of the City of Birmingham, County of Shelby  
and State of Alabama, party of the first part (hereinafter called the Mortgagor),  
has become justly indebted unto Statesman Mortgage Company  
a corporation organized and existing under the laws of the State of Georgia  
party of the second part (hereinafter called the Mortgagee), in the full  
sum of ---Sixty-seven Thousand Four Hundred Fifty and no/100---  
Dollars (\$ 67,450.00), money lent and advanced, with interest at the rate of  
\*Eight and one-half per centum (\*8.50 %) per annum until paid, for which amount the Mortgagor  
has signed and delivered unto the said Mortgagee a certain promissory note bearing even date with these presents, the said principal  
and interest to be payable at the office of Statesman Mortgage Company, 405-6th Ave. P. O. Box 9128  
in Des Moines, Iowa 50309-9128, or at such other place as the holder  
may designate in writing, in monthly installments of -\*Five Hundred Eighteen and 63/100---  
Dollars (\$ 518.63), commencing on the first day of July  
19 89, and on the first day of each month thereafter until the principal and interest are fully paid, except that the final payment of  
principal and interest, if not sooner paid, shall be due and payable on the first day of June, 20 19.

Whereas the said Mortgagor is desirous of securing the prompt payment of said note and the several installments of principal, in-  
terest, and monthly payments hereinafter provided for, and any additional indebtedness accruing to the Mortgagee on account of any  
future payments, advances, or expenditures made by the Mortgagee as hereinafter provided:

Now, Therefore, in consideration of the premises and the sum of One Dollar (\$1) to the undersigned Mortgagor in hand paid by  
the Mortgagee, the receipt whereof is hereby acknowledged, and for the purpose of securing the prompt payment of said indebtedness  
as it becomes due the said Mortgagor does hereby grant, bargain, sell, and convey unto the said Mortgagee the following described  
real property situated in Shelby County, Alabama, to wit:

See Exhibit "A" attached for legal description.

The proceeds of this loan have been applied on the purchase price of the  
above described property conveyed to mortgagors simultaneously herewith.

Reference is hereby made to the mortgage rider(s) attached hereto and incorporated  
herein for all purposes.

OK. SPK. \*SEE ADJUSTABLE RATE RIDER.\*

together with the hereditaments and appurtenances thereunto belonging, and also together with all equipment and fixtures for heating  
and lighting now or hereafter installed therein by the Mortgagor.

To Have and to Hold the same with all the rights, privileges, and appurtenances thereunto belonging or in anywise appertaining un-  
to the said Mortgagee and assigns of the Mortgagee forever.

And the Mortgagor hereby covenants that we are seized of said real property in fee simple, and have a good right to sell and  
convey the same; that the property is free from all encumbrances and that the Mortgagor, and Mortgagor's heirs, executors,  
administrators, next-of-kin, and assigns will forever defend the same unto the Mortgagee and assigns against the claims of all  
persons whomsoever;

This form is used in connection with mortgages insured under the one-to-four family programs of the National Housing Act which pro-  
vide for periodic Mortgage Insurance Premium payments.

Previous Editions: obsolete

Per

HUD-2000-10-26 Edition

240 PAGE 606  
EGOK

ECOA 240 PAGE 607

This Mortgage is Made, however, subject to the following covenants, conditions, and agreements, that is to say:

1. That the Mortgagor will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner therein provided. Privilege is reserved to pay the debt, in whole or in part, on any installment due date.

2. Together with and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each month until said note is fully paid, the following sums:

(a) An amount sufficient to provide the holder hereof with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly charge (in lieu of a mortgage insurance premium) if they are held by the Secretary of Housing and Urban Development, as follows:

(I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or

(II) If and so long as said note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in lieu of a mortgage insurance premium) which shall be in an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding balance due on the note computed without taking into account delinquencies or prepayments;

(b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefore divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments; and

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

(i) premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge (in lieu of mortgage insurance premium), as the case may be;

(ii) ground rents, taxes, special assessments, fire and other hazard insurance premiums;

(iii) interest on the note secured hereby;

(iv) amortization of the principal of said note; and

(v) late charges

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge"

not to exceed four cents (4¢) for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

3. If the total of the payments made by the Mortgagor under (b) of paragraph 2 preceding shall exceed the amount of the payments actually made by the Mortgagee for ground rents, taxes, assessments and insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Mortgagor, shall be credited on the subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph 2 preceding shall not be sufficient to pay ground rents, taxes, assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor will pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (a) of paragraph 2 hereof which the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development and any balance remaining in the funds accumulated under the provisions of (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby or if the Mortgagee acquired the property otherwise after default, the Mortgagee shall apply, at the time of commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note, and shall properly adjust any payments which shall have been made under (a) of paragraph 2.

4. If the Mortgagee shall be made a party to any suit involving the title to the property hereby conveyed and employs an attorney to represent it therein, or if the Mortgagee employs an attorney to assist in settling or removing any cloud on the title to the property hereby conveyed that purports to be superior to the lien of this mortgage in any respect, the Mortgagor will pay to the Mortgagee, when the same becomes due, such attorney's fee as may be reasonable for such services, and if such fee is paid or incurred by the Mortgagee the same shall be secured by the lien of this mortgage in addition to the indebtedness specially secured hereby and shall bear interest from the date it is paid or incurred and shall be at once due and payable.

5. So long as any of the indebtedness secured hereby shall remain unpaid, in whole or in part, the Mortgagor agrees to keep said premises and the improvements thereon in good condition, and to pay all assessments that may be levied or accrue upon said property, and all other charges that may become liens upon said premises, and not to permit any lien, which might take precedence over the lien of this mortgage, to accrue and remain on said premises, or any part thereof, or on the improvements thereon.

6. The Mortgagor agrees to pay all taxes and assessments that may be assessed upon said property and all taxes except income taxes that may be assessed upon the Mortgagee's interest thereon or upon this mortgage or the moneys secured hereby, any law to the contrary notwithstanding. Upon any violation of this undertaking, or the passage of any law imposing upon the Mortgagee the payment of any part of the taxes aforesaid, or upon the ren-

dition by any court of last resort of a decision that the undertaking to pay the taxes as aforesaid is legally inoperative, then, in any such event, the debt hereby secured shall at the Mortgagee's option, become immediately due and payable, without deduction, any law heretofore or hereafter enacted to the contrary notwithstanding.

7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property, insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance provision for payment of which has not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

8. If the Mortgagor fails to insure said property as hereinabove provided, or to pay all or any part of the taxes or assessments levied, accrued, or assessed upon or against said property or the indebtedness secured hereby, or any interest of the Mortgagee in either, or fails to pay immediately and discharge any and all liens, debts, and/or charges which might become liens superior to the lien of this mortgage, the Mortgagee may, at its option, insure said property and/or pay said taxes, assessments, debts, liens, and/or charges, and any money which the Mortgagee shall have so paid or become obligated to pay shall constitute a debt to the Mortgagee additional to the debt hereby specially secured, shall be secured by this mortgage, shall bear legal interest from date paid or incurred, and, at the option of the Mortgagee shall be immediately due and payable.

9. No failure of the Mortgagee to exercise any option herein given to declare the maturity of the debt hereby secured shall be taken or construed as a waiver of its right to exercise such option or to declare such maturity by reason of any past or present default on the part of the Mortgagor; and the procurement of insurance or the payment of taxes or other liens, debts, or charges by the Mortgagee shall not be taken or construed as a waiver of its right to declare the maturity of the indebtedness hereby secured by reason of the failure of the Mortgagor to procure such insurance or to pay such taxes, debts, liens, or charges.

10. As long as any of the indebtedness hereby secured shall remain unpaid the Mortgagor will neither commit nor permit waste on the premises hereby conveyed; and upon the commission of any waste thereon the Mortgagee may, at its option, declare the entire indebtedness hereby secured to be at once due and payable. Nor will the Mortgagor remove any of the fixtures on the premises hereby conveyed so long as any of the indebtedness hereby secured shall remain unpaid.

11. If the Mortgagor shall make default in the payment of any of the indebtedness hereby secured, or in the performance of any of the terms or conditions hereby, all the rents, income, and profits from the premises are hereby transferred, assigned, set over, and conveyed to the Mortgagee, and the Mortgagee may proceed to collect the rent, income, and profits from the premises upon such default, either with or without the appointment of a receiver; but the Mortgagee shall not hereby become bound by the terms of any lease then existing on the premises by electing to collect the rents thereunder, but may at any time terminate the same. Any rents, income, and profits collected by the Mortgagee prior to foreclosure of this indebtedness, less the cost of collecting the same, including any real estate commission or attorney's fee incurred, shall be credited first, on the advances with interest thereon, then upon the interest, and the remainder, if any, upon the principal debt hereby secured.

12. That if the premises, or any part thereof, be condemned under any power of eminent domain, or acquired for a public use, the damages, proceeds, and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this mortgage, and the note secured hereby remaining unpaid, are hereby assigned by the Mortgagor to the Mortgagee and shall be paid forthwith to the Mortgagee to be applied by it on account of the indebtedness secured hereby, whether due or not.

13. Any promise made by the Mortgagor herein to pay money may be enforced by a suit at law, and the security of this mortgage shall not be waived thereby, and as to such debts the Mortgagor waives all right of exemption under the Constitution and laws of Alabama as to personal property and agrees to pay a reasonable attorney's fee for the collection thereof.

14. In consideration of the making of the loan secured by this mortgage, the Mortgagor, being all of the undersigned, covenant and agree that, in respect of the indebtedness secured hereby, they will forever waive, and they do hereby waive and give up all benefits, privileges, options, and rights of every kind and nature given to or which inure to the benefit or advantage of the undersigned, or either of the undersigned if more than one, under and by virtue of House Bill No. 422 of the Legislature of Alabama of 1935, enacted into law and approved on June 24, 1935, commonly referred to as the Deficiency Judgment Act; and further agree to waive and forego any like or similar rights, benefits, and options hereafter conferred upon mortgage debtors by law hereafter enacted; and further covenant and agree that the indebtedness hereby secured, and all extensions and renewals thereof, and this mortgage shall each be enforceable in accordance with their respective terms and conditions, without reference to and in spite of any provisions to the contrary in said Act of the Legislature of Alabama, and any and all other laws of like or similar purport which may hereafter be enacted.

15. The covenants, conditions, and agreements herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

16. The Mortgagor further agrees that should this mortgage and the note secured hereby not be eligible for insurance under the National Housing Act within Sixty (60) days from the date hereof (written statement of any officer of the Department of Housing and Urban Development or authorized agent of the Secretary of Housing and Urban Development dated

subsequent to the allotted days' time from the date of this mortgage, declining to insure said note and this mortgage being deemed conclusive proof of such ineligibility), the Mortgagee or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

17. If the Mortgagor shall well and truly pay and discharge the indebtedness hereby secured as it shall become due and payable and shall do and perform all acts and agreements to be done and performed by the Mortgagor under the terms and provisions of this mortgage, then this conveyance shall be and become null and void.

18. But if the Mortgagor shall fail to pay, or cause to be paid, as it matures, the indebtedness hereby secured or any part thereof, according to the terms thereof, or if the Mortgagor shall fail to do or perform any other act or thing herein required or agreed to be done or performed, or if the interest of the Mortgagee in said property becomes endangered by reason of the enforcement of any prior lien or encumbrance thereon, then, in any such event, the whole indebtedness hereby secured shall immediately become due and payable and this mortgage subject to foreclosure, at the option of the Mortgagee, without notice; and the Mortgagee shall have the right and is hereby authorized to enter upon and take possession of said property, and after or without taking possession, to sell the same before the Courthouse

door in the city of Columbiana  
County of Shelby

Alabama, at public outcry, for cash, first giving notice of the time, place, and terms of said sale by publication once a week for three successive weeks prior to said sale in some newspaper of general circulation published in said county, and, upon the payment of the purchase money, the Mortgagee or any person conducting said sale for it is authorized to execute to the purchaser at said sale a deed to the property so purchased, and such purchaser shall not be held to inquire as to the application of the proceeds of such sale. The Mortgagee may bid at the sale and purchase said property, if the highest bidder therefor.

19. The proceeds of said sale shall be applied: First, to the expenses of advertising and selling, including reasonable attorney's fees; second, to the repayment of any money, with interest thereon, which the Mortgagee may have paid or become liable to pay or which it may then be necessary to pay for taxes, assessments, insurance and/or other charges, liens, or debts hereinabove provided; third, to the payment and satisfaction of the indebtedness hereby specially secured with interest, but interest to date of sale only shall be charged; fourth, the balance, if any, shall be paid to the Mortgagor. If this mortgage be foreclosed in Chancery, reasonable attorney's fees for foreclosing the same shall be paid out of the proceeds of the sale.

Given under our hands and seals

this the 24th day of May, 1989

[Seal]

*Edward C. Kennedy*

[Seal]

Edward C. Kennedy

[Seal]

*Sonya R. Kennedy*

[Seal]

Sonya R. Kennedy

State of Alabama,

JEFFERSON

County } ss:

I, the undersigned, a notary public in and for said county, in said State, hereby certify that Edward C. Kennedy and wife, Sonya R. Kennedy 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 this conveyance, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 24th day of May, 1989

*[Signature]*  
Notary Public

This instrument was prepared by:

(Name) Thomas L. Foster, Attorney (Address) Birmingham, Alabama

State of Alabama,

County } ss:

I, Judge of Probate Court of said County, do hereby certify that the foregoing conveyance was filed for registration in this office on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ and was recorded in Vol. \_\_\_\_\_, Record of Deeds, pages \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

Fee \_\_\_\_\_

\_\_\_\_\_  
Judge of Probate

EXHIBIT "A"

Unit 1001, Building 10, in The Gables, a Condominium, a condominium located in Shelby County, Alabama, as established by Declaration of Condominium and By-Laws thereto as recorded in Real Volume 10, page 177 and amended in Real Volume 27, page 733, Real Volume 50, page 327, Real Volume 50, page 340 and re-recorded in Real 50, page 942, Real 165, page 578, and amended in Real 59, page 19 and further amended by Corporate Volume 30, page 407 and in Real 96, page 855 and Real 97, page 937 and By-Laws as shown in Real Volume 27, page 733 and then amended in Real Volume 50, page 325, further amended by Real 189, page 222 and Real 222, page 691 together with an undivided interest in the common elements, as set forth in the aforesaid mentioned Declaration, said Unit being more particularly described in the floor plans and architectural drawings of The Gables Condominium as recorded in Map Book 9, pages 41 thru 44 and amended in Map Book 9, page 135, Map Book 10, page 49 and further amended by Map Book 12, page 50 in the Probate Office of Shelby County, Alabama.



## FHA ASSUMPTION POLICY RIDER

**NOTICE: THIS RIDER ADDS A PROVISION TO THE INSTRUMENT ALLOWING THE MORTGAGEE TO REQUIRE PAYMENT OF THE NOTE IN FULL UPON TRANSFER OF ALL OR PART OF THE PROPERTY.**

This Assumption Policy Rider is made this 24th day of May, 1989, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Instrument") of the same date given by the undersigned (the "Mortgagor") to secure the Mortgagor's Note (the "Note") of the same date to Statesman Mortgage Company

(the "Mortgagee") and covering the property described in the Instrument and located at:  
1001 Gables Drive., Birmingham, Alabama 35244

(Property Address)

**AMENDED COVENANT.** In addition to the covenants and agreements made in the Instrument, Mortgagee and Mortgagor further covenant and agree as follows:

The Mortgagee shall, with the prior approval of the Federal Housing Commissioner, or his designee, declare all sums secured by this mortgage to be immediately due and payable if all or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) by the mortgagor, pursuant to a contract of sale executed not later than ☒ 12 ☐ 24 months after the date on which the mortgage is executed, to a purchaser whose credit has not been approved in accordance with the requirements of the Commissioner.

IN WITNESS WHEREOF, the Mortgagor has executed this Assumption Policy Rider.

\_\_\_\_\_  
(Seal)  
Mortgagor

*Edward C. Kennedy* (Seal)  
Edward C. Kennedy  
Mortgagor

\_\_\_\_\_  
(Seal)  
Mortgagor

*Sonya R. Kennedy* (Seal)  
Sonya R. Kennedy  
Mortgagor  
(Sign Original Only)

NOTE: If the property is not the principal or secondary residence of the Mortgagor, 24 months will be checked instead of 12 months.  
(Space below this line for acknowledgement)

State of Alabama )  
Jefferson County )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Edward C. Kennedy and wife, Sonya R. Kennedy 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 24th day of May, 1989.

## ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 24th day of May, 19 89, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Mortgage"), of even date herewith, given by the undersigned ("Mortgagor") to secure Mortgagor's Adjustable Rate Note ("Note"), of even date herewith, to Statesman Mortgage Company ("Mortgagee"), covering the premises described in the Mortgage and located at 1001 Gables Drive., Birmingham, Alabama 35244.

Notwithstanding anything to the contrary set forth in the Mortgage, Mortgagor and Mortgagee hereby agree to the following:

1. Under the Note, the initial stated interest rate of Eight & One Half per centum (8.50 %) per annum ("Initial Interest Rate") on the unpaid principal balance is subject to change, as hereinafter described. When the interest rate changes, the equal monthly installments of principal and interest also will be adjusted, as hereinafter provided, so that each installment will be in an amount necessary to fully amortize the unpaid principal balance of the Note, at the new adjusted interest rate, over the remaining term of the Note.

2. The first adjustment to the interest rate (if any adjustment is required) will be effective on the first day of October, 19 90 (which date will not be less than twelve months nor more than eighteen months from the due date of the first installment payment under the Note), and thereafter each adjustment to the interest rate will be made effective on that day of each succeeding year during the term of the Mortgage ("Change Date").

3. Each adjustment to the interest rate will be made based upon the following method of employing the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year ("Index"; the Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H. 15 (519)). As of each Change Date, it will be determined whether or not an interest rate adjustment must be made, and the amount of the new adjusted interest rate, if any, as follows:

(a) The amount of the index will be determined, using the most recently available figure, thirty (30) days before the Change Date ("Current Index").

(b) Two percentage points (2.00 %; the Margin") will be added to the Current Index and the sum of this addition will be rounded to the nearest one-eighth of one percentage point (0.125%). The rounded sum, of the Margin plus the Current Index, will be called the "Calculated Interest Rate" for each Change Date.

(c) The Calculated Interest Rate will be compared to the interest rate being earned immediately prior to the current Change Date (such interest rate being called the "Existing Interest Rate"). Then, the new adjusted interest rate, if any, will be determined as follows:

(i) If the Calculated Interest Rate is the same as the Existing Interest Rate, the interest rate will not change.

(ii) If the difference between the Calculated Interest Rate and the Existing Interest Rate is less than or equal to one percentage point, the new adjusted interest rate will be equal to the Calculated Interest Rate (subject to the maximum allowable change over the term of the Mortgage of five percentage points, in either direction, from the Initial Interest Rate, herein called the "5% cap").

(iii) If the Calculated Interest Rate exceeds the Existing Interest Rate by more than one percentage point, the new adjusted interest rate will be equal to one percentage point higher than

the Existing Interest Rate (subject to the 5% cap).

(iv) If the Calculated Interest Rate is less than the Existing Interest Rate by more than one percentage point, the new adjusted interest rate will be equal to one percentage point less than the Existing Interest Rate (subject to the 5% Cap).

(d) Notwithstanding anything contained in this Adjustable Rate Rider, in no event will any new adjusted interest rate be more than five percentage (5%) points higher or lower than the Initial Interest Rate. If any increase or decrease in the Existing Interest Rate would cause the new adjusted interest rate to exceed the 5% Cap, the new adjusted interest rate will be limited to five percentage (5%) points higher or lower, whichever is applicable, than the Initial Interest Rate.

(e) Mortgagee will perform the functions required under Subparagraphs 3(a), (b) and (c) to determine the amount of the new adjusted rate, if any. Any such new adjusted interest rate will become effective on the Change Date and thereafter will be deemed to be the Existing Interest Rate. The new Existing Interest Rate will remain in effect until the next Change Date on which the interest rate is adjusted.

(f) The method set forth in this paragraph 3 of this Adjustable Rate Rider, for determining whether or not an adjustment must be made to the Existing Interest Rate incorporates the effects of the provisions of 24 CFR 203.49 (e) (1) and 234.79 (e) (1) which require that changes in the Index in excess of one percentage point must be carried over for inclusion in adjustments to the Existing Interest Rate in subsequent years.

(g) If the Index is no longer available, Mortgagee will be required to use any index prescribed by the Department of Housing and Urban Development. Mortgagee will notify Mortgagor in writing of any such substitute index (giving all necessary information for Mortgagor to obtain such index) and after the date of such notice the substitute index will be deemed to be the Index hereunder.

4. (a) If the Existing Interest Rate changes on any Change Date, Mortgagee will recalculate the monthly installment payments of principal and interest to determine the amount which would be necessary to repay in full, on the maturity date, the unpaid principal balance (which unpaid principal balance will be deemed to be the amount due on any such Change Date assuming there has been no default in any payment on the Note but that all prepayments on the Note have been taken into account), at the new Existing Interest Rate, in equal monthly payments. On or before the Change Date, Mortgagee will give Mortgagor written notice ("Adjustment Notice") of any change in the Existing Interest Rate and of the revised amount of the monthly installment payments of principal and interest, calculated as provided above. Each Adjustment Notice will set forth (i) the date the Adjustment Notice is given, (ii) the Change Date, (iii) the new Existing Interest Rate as adjusted on the Change Date, (iv) the amount of the adjusted monthly installment payments, calculated as provided above, (v) the Current Index, (vi) the method of calculating the adjustment to the monthly installment payments, and (vii) any other information which may be required by law from time to time.

(b) Mortgagor agrees to pay the adjusted monthly installment amount beginning on the first payment date which occurs at least thirty (30) days after Mortgagee has given the Adjustment Notice to Mortgagor. Mortgagor will continue to pay the adjusted monthly installment amount set forth in the last Adjustment Notice given by Mortgagee to Mortgagor until the first payment date which occurs at least thirty (30) days after Mortgagee has given a further Adjustment Notice to Mortgagor. Notwithstanding anything to the contrary contained in this Adjustable Rate Rider or the Mortgage, Mortgagor will be relieved of any obligations to pay, and Mortgagee will have forfeited its right to collect, any increase in the monthly installment amount



(caused by the recalculation of such amount under Subparagraph 4(a)) for any payment date occurring less than thirty (30) days after Mortgagee has given the applicable Adjustment Notice to Mortgagor.

(c) Notwithstanding anything contained in this Adjustable Rate Rider, in the event that (i) the Existing Interest Rate was reduced on a Change Date, and (ii) Mortgagee failed to give the Adjustment Notice when required, and (iii) Mortgagor, consequently, has made any monthly installment payments in excess of the amount which would have been set forth in such Adjustment Notice ("Excess Payments"), then Mortgagor, at Mortgagor's sole option, may either (1) demand the return from Mortgagee (who for the purposes of this sentence will be deemed to be the mortgagee, or mortgagees, who received such Excess Payments, whether or not any such mortgagee subsequently assigned the Mortgage) of all or any portion of such Excess Payments, with interest thereon at a rate equal to the Index on the Change Date when the Existing Interest Rate was so reduced, from the date each such Excess Payment was made by Mortgagor to repayment, or (2) request that all or any portion of such Excess Payments, together with all interest thereon calculated as provided above, be applied as payments against principal.

5. Nothing contained in this Adjustable Rate Rider will permit Mortgagee to accomplish an interest rate adjustment through an increase (or decrease) to the unpaid principal balance. Changes to the Existing Interest Rate may only be reflected through adjustment to Mortgagor's monthly installment payments of principal and interest, as provided for herein.

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

Edward C. Kennedy (Seal)  
Mortgagor  
Edward C. Kennedy  
Sonya R. Kennedy (Seal)  
Mortgagor  
Sonya R. Kennedy

BOOK 240 PAGE 614

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

89 MAY 31 AM 8:51

Thomas P. Livingston, Jr.  
JUDGE OF PROBATE

1. Deed Tax \$ \_\_\_\_\_  
2. Mtg. Tax 101.25  
3. Recording Fee 22.50  
4. Indexing Fee 2.00  
TOTAL 125.75