

Loan No.

971001120-AUS

This instrument was prepared by

DINA POMPER/LEADERS IN LENDING LLC

Record and Return to:

LEADERS IN LENDING LLC

103 EUCLID AVENUE

BIRMINGHAM, ALABAMA 35213

Inst # 1997-11656

04/16/1997-11656
08:16 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
008 MCD 224.75

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on March 7, 1997.
The grantor GWENDOLYN H. PALMER, AN UNMARRIED WOMAN

("Borrower"). This Security Instrument is given to LEADERS IN LENDING LLC, which is organized and exists in

under the laws of the State of Alabama, and whose address is 103 EUCLID AVENUE BIRMINGHAM, ALABAMA 35213 ("Lender").

Borrower owes Lender the principal sum of One Hundred Thirty Two Thousand Five Hundred & no/100 Dollars (U.S. \$132,500.00).

This debt is evidenced by this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier on APRIL 1, 2002.

This Security Instrument is given as evidence of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns, with power of sale, the following described property located in Shelby County, Alabama:

Lot 210, according to the Survey of Riverchase Country Club, Ninth Addition, as recorded in Map Book 8, Page 46, in the Probate Office of Shelby County, Alabama.

The proceeds of this mortgage loan have been applied toward the purchase price of the property described herein, conveyed to the mortgagors simultaneously herewith.

Gwendolyn H. Palmer is one and the same person as Gwen Huddleston Palmer.

which has the address of 1901 River Ridge Drive, BIRMINGHAM, Alabama 35244.
[Street] [City]
[Zip Code] ("Property Address");

TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and rights in and to the property.

ALABAMA-Single Family Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
MAS Form - MAS071REV. 3/1/95

Form 3001 9/90 (Page 1 of 6 pages)
Initials: JD

1997-11656

hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument foregoing is referred to in this Security Instrument as the "Property".

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

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

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges.

principal of and interest on the debt evidenced by the Note and any prepayment and late charges due and

2. Funds for Taxes and Insurance.

Subject to applicable law or to a written agreement between the parties, Lender shall, on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount as required for a federally related mortgage loan may require for Borrower's escrow account under the federal Truth in Lending Act of 1968 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), or another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data or reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrument (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law requires Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. If an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid 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 all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall pay the excess Funds to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing. In such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower the Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments.

Unless applicable law provides otherwise, all payments made by Borrower shall be applied: first, to any prepayment charges due under the Note; second, to amounts due under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under paragraph 2.

4. Charges; Liens.

Borrower shall pay all taxes, assessments, charges, fines and fees on the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender evidence of the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which

operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfying the lien to this Security Instrument. If Lender determines that any part of the Property is a which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the 1 shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving

5. Hazard or Property Insurance.

Borrower shall keep the improvements on Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazard including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amount periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with

All insurance policies and renewals shall be acceptable to Lender and shall include a standard as Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurer and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to rest of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier refused to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amounts of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.

Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days of execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith results in forfeiture of the Property or otherwise materially impairs the lien created by this Security Instrument. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the interest in the Property or other material impairment of the lien created by this Security Instrument or Leasehold interest. Borrower shall also be in default if Borrower, during the loan application process, gave material false information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the terms of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless the merger is in writing.

7. Protection of Lender's Rights in the Property.

If Borrower fails to maintain the Property as required in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, from an alternate insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the mortgage insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, resulting from any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned to and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, the fair market value of the Property immediately before the taking is equal to or greater than the amount secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnation award or settlement claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Any modification or amendment of the terms of the sums secured by this Security Instrument granted by Lender to any successor of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Borrower shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by or on behalf of the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. This Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to acknowledge and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument without that Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to any law that limits the amount of charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected on the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded the permitted limit will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the loan.

making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be mailed by first class mail unless applicable law requires use of another method. The notice shall be mailed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be mailed by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

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

16. Borrower's Copy Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If the Property or a beneficial interest in Borrower is sold or transferred and Borrower is not without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums due under this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by applicable law on the date of this Security Instrument.

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

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, the acceleration of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as is reasonably required to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (or any instrument representing the Note) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the identity of the "Loan Servicer" that collects monthly payments due under the Note and this Security Instrument. There may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything on the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized as appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory agency that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde and radon. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction

located that relate to health, safety or environmental protection.

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

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

23. Waivers. Borrower waives all rights of homestead exemption in the Property and re-lease and dower in the Property.

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

- | | | |
|---|---|---|
| ☐ Adjustable Rate Rider | ☐ Condominium Rider | ☐ 1-4 Family Rider |
| ☐ Graduated Payment Rider | ☐ Planned Unit Development Rider | ☐ Biweekly Payment Rider |
| ☒ Balloon Rider | ☐ Rate Improvement Rider | ☐ Second Home Rider |
| ☐ Other(s) [specify] | | |

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

Witnesses:

Gwendolyn H. Palmer
GWENDOLYN H. PALMER -Borrower
Social Security Number _____ (Seal)

-Borrower
Social Security Number _____

-Borrower
Social Security Number _____

-Borrower
Social Security Number _____

[Space Below This Line For Acknowledgment]

State of Alabama

Shelby County

On this the 7th day of March, 1997, I, the undersigned authority, a Notary Public in and for said county and in said state, hereby certify that Gwendolyn H. Palmer, an unmarried woman, whose name 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 the conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and seal of office this the 7th day of March, 1997.

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: MARCH 12, 1997

My commission expires

[Signature]
Notary Public

Loan No. 971001120-AUS

BALLOON RIDER (CONDITIONAL MODIFICATION AND EXTENSION OF LOAN TERMS)

THIS BALLOON RIDER is made this 7th day of March, 1997 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note READERS IN LENDING LLC 103 EUCLID AVENUE BIRMINGHAM ALABAMA 35213 (the "Lender") of the same date and covering the property described in the Security Instrument and located at:
1901 RIVER RIDGE DRIVE BIRMINGHAM, ALABAMA 35244-

[Property Address]

The interest rate stated on the Note is called the "Note Rate." The date of the Note is called the "Maturity Date." The Lender may transfer the Note, Security Instrument and this Rider. The Lender or anyone who takes the Note, the Security Instrument and this Rider by transfer and who is entitled to receive payment on the Note is called the "Note Holder."

ADDITIONAL COVENANTS. In addition to the covenants and agreements in the Security Instrument, Borrower and Lender further covenant and agree as follows (despite anything to the contrary contained in the Security Instrument or the Note):

1. CONDITIONAL MODIFICATION AND EXTENSION OF LOAN TERMS

At the maturity date of the Note and Security Instrument (the "Note Maturity Date"), I will be able to exercise the Conditional Modification and Extension Option. At the Note Maturity Date, April 1st, 2027 (the "Note Maturity Date") and modify the Note Rate to the "Modified Note Rate" determined in accordance with Section 3 below if all the conditions provided in Sections 2 and 5 below are met (the "Conditional Modification and Extension Option"). If these conditions are not met, I understand that the Note Holder is under no obligation to refinance the Note or modify the Note, reset the Note Rate or to extend the Note Maturity Date, and that I will have to repay the Note from my own resources or find a lender willing to lend me the money to repay the Note.

2. CONDITIONS TO OPTION

If I want to exercise the Conditional Modification and Extension, certain conditions must be met as follows: (1) I must still be the owner and occupant of the property subject to the Security Instrument (the "Property"); (2) I must be current in my monthly payments and cannot have been more than 30 days late on any of the 12 scheduled monthly payments immediately preceding the Note Maturity Date; (3) there are no liens, defects or encumbrances against the Property, or other adverse matters affecting title to the Property (except for taxes and special assessments not yet due and payable) arising after the Security Instrument was recorded; (4) the Modified Note Rate cannot be more than 5 percentage points above the Note Rate; and (5) I must make a written request to the Note Holder as provided in Section 5 below.

3. CALCULATING THE MODIFIED NOTE RATE

The Modified Note Rate will be a fixed rate of interest equal to the Federal Home Loan Mortgage Corporation required net yield for 30-year fixed rate mortgages subject to a 60-day mandatory delivery commitment plus one-half of one percent (0.5%), rounded to the nearest one-eighth of one percent (0.125%) (the "Modified Note Rate"). The required net yield shall be the applicable net yield in effect on the date and time of day that I exercise the Conditional Modification and Extension Option. If this required net yield is not available, the Note Holder will determine the Modified Note Rate by using comparable information.

4. CALCULATING THE NEW PAYMENT AMOUNT

Provided the Modified Note Rate as calculated in Section 3 above is not greater than 5 percentage points above the Note Rate and all other conditions required in Section 2 above are satisfied, the Note Holder will determine the amount of the monthly payment that will be sufficient to repay in full (a) the unpaid principal, (b) accrued but unpaid interest, plus (c) all other sums I will owe under the Note and Security Instrument at the Note Maturity Date (assuming my monthly payments then are current, as required under Section 2 above), and the remaining extended term at the Modified Note Rate in equal monthly payments. The result of this calculation will be the amount of my new principal and interest payment every month until the Note is fully paid.

5. EXERCISING THE CONDITIONAL MODIFICATION AND EXTENSION OPTION

The Note Holder will notify me at least 60 calendar days in advance of the Note Maturity Date and advise me of the principal, accrued but unpaid interest, and all other sums I am expected to owe on the Note Maturity Date. The Note Holder also will advise me that I may exercise the Conditional Modification and Extension Option if the conditions in Section 2 above are met. The Note Holder will provide my payment record information, together with the name, title and address of the person representing the Note Holder that I must notify in order to exercise the Conditional Modification and Extension Option.

If I meet the conditions of Section 2 above, I may exercise the Conditional Modification and Extension by notifying the Note Holder no earlier than 60 calendar days and no later than 45 calendar days prior to the Maturity Date. The Note Holder will calculate the fixed Modified Note Rate based upon the Federal Home Mortgage Corporation's applicable published required net yield in effect on the date and time of day notice received by the Note Holder and as calculated in Section 3 above. I will then have 30 calendar days to provide the Note Holder with acceptable proof of my required ownership, occupancy and property lien status. Before the Note Maturity Date the Note Holder will advise me of the new interest rate (the Modified Note Rate), new payment amount and a date, time and place at which I must appear to sign any documents required to complete the required Note Rate modification and Note Maturity Date extension. I understand the Note Holder will charge me a \$250 processing fee and the costs associated with the exercising of the Conditional Modification Extension Option, including but not limited to updating the title insurance policy.

By SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Ballot Rider.

✓ Gwendolyn H. Palmer (Seal)
Gwendolyn H. PALMER Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

(Sign Original Only)

(page 2 of 2 pages)

Inst # 1997-11656

04/16/1997-11656
08:16 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
008 MCD 224.75