

Acct. No.: 2999571

Prepared by and return after recording to:
Charles Ostholm
Merrill Lynch Credit Corporation
4802 Deer Lake Drive East
Jacksonville, Florida 32246-6484
Attention: Post Closing Department

Inst # 1997-26776

08/22/1997-26776
08:12 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
012 MCD 336.00

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STATE OF ALABAMA

Shelby COUNTY

ORIGINAL

THIS INSTRUMENT CONVEYS A SECURITY INTEREST IN GOODS AND OTHER ITEMS OF PROPERTY WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED BELOW. THIS INSTRUMENT IS TO BE FILED IN THE REAL PROPERTY RECORDS AS A MORTGAGE AND AS A FINANCING STATEMENT. THE BELOW REFERENCED BORROWER IS THE RECORD OWNER OF THE AFORESAID REAL PROPERTY.

THE NAMES OF THE DEBTOR AND THE SECURED PARTY, THE MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED, THE MAILING ADDRESS OF THE DEBTOR AND A STATEMENT INDICATING THE TYPES, OR DESCRIBING THE ITEMS, OF COLLATERAL ARE AS DESCRIBED HEREIN IN COMPLIANCE WITH THE REQUIREMENTS OF ARTICLE 9, SECTION 402 OF THE UNIFORM COMMERCIAL CODE. THIS INSTRUMENT IS INTENDED TO COMPLY WITH THE REQUIREMENTS OF SECTION 7-9-402 OF THE 1975 ALABAMA CODE.

CONSTRUCTION/PERMANENT MORTGAGE, SECURITY
AGREEMENT AND FIXTURE FILING

THIS MORTGAGE ("Security Instrument") is given on August 19, 1997. The grantor is Rowland Starr and Sherry Starr, Husband and Wife ("Borrower"). This Security Instrument is given to Merrill Lynch Credit Corporation and/or assigns, which is organized and existing under the laws of Delaware, and whose address is 4802 Deer Lake Drive East, Jacksonville, Florida 32246-6484 ("Lender"). This Security Instrument is executed pursuant to the provisions of the CONSTRUCTION LOAN AGREEMENT dated as of the date of this Security Instrument between Lender and Borrower (such Construction Loan Agreement, as it may from time to time be supplemented, modified or amended, being referred to in this Security Instrument as the "Loan Agreement"), the provisions of which are incorporated in this Security Instrument by reference and made a part hereof as though fully set out herein. Borrower owes Lender the principal sum of Two Hundred Thousand and 00/100----- Dollars (U.S. \$200,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on September 1, 2028. This Security Instrument is given for the purpose of securing payment and performance of the following (the "Secured Obligations"):

- (a) All present and future indebtedness evidenced by the Note dated the date of this Security Instrument, including principal, interest and all other amounts payable under the terms of the Note;
- (b) All present and future obligations of Borrower under this Security Instrument;
- (c) All present and future obligations of Borrower to Lender under the Loan Agreement;
- (d) The payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and
- (e) All additional present and future obligations of Borrower to Lender under any other agreement or instrument (whether existing now or in the future) which states that it is, or such obligations are, secured by this Security Instrument; and in each such case as set forth hereinabove as such indebtedness or other obligations may from time to time be supplemented, modified, amended, renewed and extended, whether evidenced by new or additional instruments or documents or resulting in a change in the interest on any indebtedness or otherwise.

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:

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ALL THAT PARCEL OF LAND IN SHELBY COUNTY, STATE OF ALABAMA, AS MOORE FULLY DESCRIBED IN DEED BOOK 1997, PAGE 12968, ID# 10-6-13-0-001-007, BEING KNOWN AS TWO TRACTS OF LAND, MORE PARTICULARLY DESCRIBED AS MEETS AND BOUNDS PROPERTY. SEE ALSO ATTACHED EXHIBIT "A".

which has the address of 5223 Cahaba Valley Cove, Birmingham, Alabama 35242 ("Property Address");

SECURITY AGREEMENT. For valuable consideration, Borrower irrevocably grants, transfers and assigns to Lender a security interest in and to the following property:

(a) All building materials, equipment and fittings of every kind or character now owned or hereafter acquired by Borrower for the purpose of constructing buildings and structures thereon, whether or not such materials, equipment and fittings are located on or adjacent to the mortgaged property or whether in storage or otherwise; such personal property being conveyed and mortgaged includes, without limitation to, all lumber and lumber products, bricks, building stones and building blocks, sand and cement, roofing material, paint, doors, windows, hardware, nails, wires and wiring equipment and appliances, pipes and piping, ornamental and decorative fixtures, and in general all building materials and equipment of every kind and character used or intended for use in connection with said improvements, also all improvements, fixtures and articles of personal property now or hereafter attached to or used or adapted for use in the operation of the mortgaged premises, all of which shall be deemed part of the realty. All of such items of property set forth in this paragraph (a) are sometimes hereinafter referred to as "Tangible Personal Property".

(b) At the request of Lender, Borrower agrees to join Lender in executing one or more financing statements and renewals and amendments thereof, pursuant to the Uniform Commercial Code of Alabama ("UCC") in a form satisfactory to Lender, and will pay the cost of filing the same in all public offices wherever filing is deemed by Lender to be necessary and desirable.

(c) This Security Instrument, to the extent that it grants, transfers and assigns a security interest in, or otherwise deals with items of Personal Property, Tangible and Intangible, shall also be construed as a financing statement, under the UCC, with Borrower as Debtor (with their respective addresses set forth in the loan documents), and with the Lender as Secured Party (with its address as set forth hereinabove).

(d) Lender may exercise any and all of the remedies available to a Secured Party under the UCC, including, but not limited to:

(i) Require Borrower to assemble the Tangible Personal Property or any portion thereof, at a place designated by Lender and reasonably convenient to both parties, and promptly deliver such Tangible Personal Property to Lender, or an agent or representative designated by it. Lender, and its agents and representatives, shall have the right to enter upon any and all of Borrower's premises and property to exercise Lender's rights hereunder;

(ii) Sell or dispose of the Tangible Personal Property at public sale, with or without having the Tangible Personal Property at the place of sale, and upon such terms and in such manner as Lender may determine. Lender may be a purchaser at any such sale;

(iii) Lender shall give Borrower at least ten (10) days prior written notice of the time and place of any public sale of the Tangible Personal Property or other intended disposition thereof. Such notice may be mailed to Borrower at the address set forth in instruments executed by Borrower in connection with this loan.

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

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record, and which are set forth as an exception on the title insurance binder issued to Lender in connection with such mortgage loan, and which are acceptable to and approved by lender ("Approved Encumbrances"). Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any such Approved Encumbrances or such encumbrances of record.

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

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

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **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 payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and 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, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any 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 account 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, and, 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 any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or 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 received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to 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 on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier 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 restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be 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 has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting 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 after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least 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 destroy, 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 judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate 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 provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained 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), then 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 requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this 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, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the 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 again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or 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, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned 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 in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums 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 following 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 of the sums secured 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 the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a 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 extend or 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. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender 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 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. The covenants and agreements of 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 co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally 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 or the Note without that Borrower's consent.

13. Loan Charges. If the loan secured by this 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 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 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 without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice 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 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. To this end the provisions of this Security Instrument and the Note 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 all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

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

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement 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 had 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 Lender may reasonably require 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 had 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 (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also 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, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be 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 other action by any 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 authority, 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 substances 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 radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is 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 shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

23. Waivers. Borrower waives all rights of homestead exemption in the Property.

24. Breach by Borrower under the terms of Loan Agreement.

(a) In the event of default or breach in the terms of said Loan Agreement, such default shall be an event of default entitling the Lender herein to exercise the remedies provided herein, including the right to foreclose the Security Instrument in accordance with the terms hereof.

(b) The Borrower covenants that it will timely and fully perform and satisfy all the terms, covenants and conditions of the Loan Agreement.

(c) The Borrower covenants and agrees that, in accordance with the provisions of the Loan Agreement, all of the funds advanced and to be advanced thereunder have been and will be used exclusively to pay the costs of the construction of certain improvements on the Property (including the balance of acquisition costs, if any, of the Property), and that this instrument constitutes a "Construction Mortgage" within the meaning of the UCC. All advances and indebtedness arising or accruing under the Loan Agreement from time to time, whether or not the total amount thereof may exceed the loan or the face amount of the Note, shall be secured hereby to the same extent as though said Loan Agreement were fully incorporated in this Mortgage. If there shall be any inconsistency between provisions of this Security Instrument and the Loan Agreement or any other loan document, the Lender shall have the option of determining which of such inconsistent provisions shall prevail.

(d) THIS MORTGAGE OR SECURITY INSTRUMENT IS GRANTED TO SECURE FUTURE ADVANCES AND LOANS FROM THE LENDER TO OR FOR THE BENEFIT OF THE BORROWER, OR ITS SUCCESSORS AND ASSIGNS, ON THE MORTGAGED PROPERTY, AS PROVIDED IN THE LOAN AGREEMENT, AND COSTS AND EXPENSES OF ENFORCING THE BORROWER'S OBLIGATIONS UNDER THIS MORTGAGE OR SECURITY INSTRUMENT, THE LOAN DOCUMENTS AND THE LOAN AGREEMENT. ALL ADVANCES, DISBURSEMENTS OR OTHER PAYMENTS REQUIRED BY THE LOAN AGREEMENT ARE OBLIGATORY ADVANCES UP TO THE CREDIT LIMITS ESTABLISHED THEREIN AND SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, HAVE PRIORITY OVER ANY AND ALL MECHANIC'S LIENS AND OTHER LIENS AND ENCUMBRANCES ARISING AFTER THIS MORTGAGE OR SECURITY INSTRUMENT IS RECORDED.

(e) It is not contemplated that partial releases of this Security Instrument will be given, but if any partial release is so given by the Lender, it shall not affect the lien of this Security Instrument on the remainder of the Mortgaged Property encumbered hereby.

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

[Check applicable box(es)]

☐ Adjustable Rate Rider

☐ Condominium Rider

☐ Balloon Rider

☐ Planned Unit Development Rider

☐ 1-4 Family Rider

☐ Conversion Options Rider

☐ Second Home Rider

☐ Conversion Options / Periodic Rate Limits Rider

☐ Index Conversion Option Rider

☐ Adjustable Rate/Conversion Option Rider

☐ Index Conversion Option / Periodic Rate Limits Rider

☐ Adjustable Rate/ Index Conversion Option Rider

☒ Construction/Permanent Loan Rider

☐ Fixed/Adjustable Rate Rider

☐ Other(s) [specify]

RED
JSD

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.

Signed, sealed and delivered in the presence of:

Rowland Starr (Seal)

Rowland Starr
-Borrower

Sherry Starr (Seal)

Sherry Starr
-Borrower

(Seal)

-Borrower

(Seal)

-Borrower

STATE OF ALABAMA
JEFFERSON COUNTY

On this 19th day of August 1997, I, MARK E. TIPPINS, a Notary Public in and for said county and in said state, hereby certify that ROWLAND STARR and SHERRY STARR, his wife, whose names are signed to the foregoing conveyance, and who are known to me, acknowledged before me that, being informed of the contents of the conveyance, they executed the same voluntarily and as their act on the day the same bears date.

Given under my hand and seal of office this 19th day of August 1997.

Notary Public



My Commission Expires: 7-23-2001.

This instrument was prepared by: **MARK E. TIPPINS, Attorney at Law**
4 Office Park Circle #215 Birmingham, Alabama 35223 (205) 870-4343

REL
JFS

EXHIBIT "A"

TRACT 1

A tract of land situated in the NW 1/4 of the NW 1/4 of Section 13, township 19 South, Range 2 West, more particularly described as follows:

Commence at the Northeast corner of said Quarter-Quarter Section and run South along the East line of said Quarter-Quarter Section a distance of 298.20 feet to the point of beginning, Continue along said course a distance of 298.80 feet to a point which is on the Northerly Right-of-Way of a 50' road, then turn an angle to the Right of 136 degrees 11 minutes 7 seconds and run in a Northwesternly direction along said Right-of-Way a distance of 128.13 feet to the point of curve of a curve to the left having a central angle of 54 degrees 33 minutes 39 seconds and a radius of 139.86 feet, thence proceed Northwesternly along arc of said curve a distance of 133.18 feet, thence turn an angle to the Right of 98 degrees 22 minutes 32 seconds from tangent of said point on curve and run in a Northerly direction a distance of 164.80 feet, then turn an angle to the Right of 90 degrees and run in a Easterly direction a distance of 210 feet to the point of beginning.

TRACT 2

A tract of land situated in the NW 1/4 of the NW 1/4 of Section 13, Township 19 South, Range 2 West, more particularly described as follows:

Begin at the Northeast corner of said Quarter-Quarter Section and run South along Easterly line of said Quarter-Quarter Section a distance of 298.20 feet to a point, then turn an angle to the Right of 90 degrees and run in a Westerly direction a distance of 210 feet, then turn an angle to the Right of 90 degrees and run in a Northerly a direction distance of 96.83 feet, then turn an angle to the Right of 40 degrees 44 minutes 27 seconds and run in a Northeasterly direction a distance of 267.73 feet to a point on the North line of said Quarter-Quarter Section, then turn an angle to the Right of 51 degrees 39 minutes 44 seconds and run in an Easterly direction a distance of 35.30 feet to the point of beginning.

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CONSTRUCTION/PERMANENT LOAN RIDER

THIS CONSTRUCTION/PERMANENT LOAN RIDER, dated August 19, 1997, is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note (the "Note") to Merrill Lynch Credit Corporation (the "Lender") of the same date.

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

1. The Security Instrument secures advances made, and future advances to be made, pursuant to the terms of a Construction Loan Agreement between Borrower and Lender of the same date. A default under the terms of the Construction Loan Agreement shall also constitute a default under the terms of the Security Instrument. This Rider and the Construction Loan Agreement shall be deemed to be of no further force and effect on the earlier of the following dates:

(i) the date of satisfactory completion of construction of the improvements in accordance with the terms of the Construction Loan Agreement, or

(ii) August 31, 1998 (the "Scheduled Termination Date"), unless prior thereto the Lender either (a) files a lis pendens or an equivalent document as required to provide notice that Lender intends to foreclose the lien of its Security Instrument or (b) extends the maturity date of the Note by filing one or more notices in the official public records where the Security Instrument is recorded stating that this Rider remains in effect and stating a new Scheduled Termination Date after which this Rider shall no longer be deemed of any force and effect. It is understood and agreed that Lender may unilaterally extend the Scheduled Termination Date on one or more occasions without the joinder or consent of Borrower.

2. Lender shall not require Borrower to maintain an escrow account for the payment of yearly hazard or property insurance premiums as required by the Security Instrument until the earlier of the two dates specified in paragraph 1.

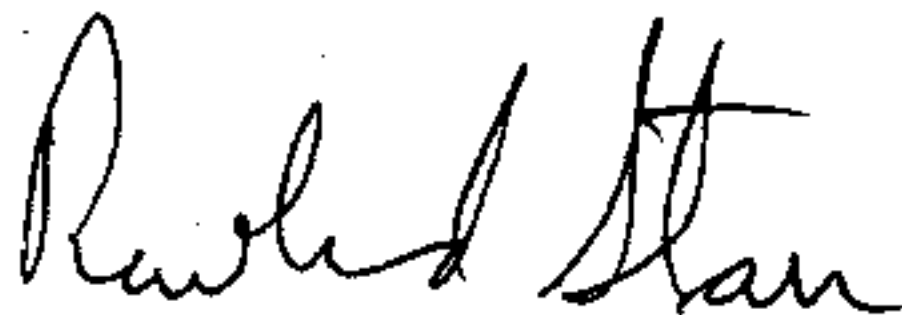
3. During the period of construction as set forth in the Construction Loan Agreement, the interest rate may change on the first day of each month and shall be equal to the sum of 1.00000% plus the highest prime rate published in The Wall Street Journal "Money Rates" table as of the last business day of the preceding month (the "Prime Rate"). During this period and until the earlier of the two dates specified in paragraph 1, the interest rate will never be greater than 18%.

4. The promissory note provides that when the permanent financing phase of the loan begins, Borrower will pay interest at a fixed rate equal to the margin described in the Note plus the then current "Fixed Rate Index" figure. The Fixed Rate Index is the Federal National Mortgage Association's required net yield for 30-year fixed rate mortgages subject to a 30-day mandatory delivery commitment, as published in *The Wall Street Journal* "Money Rates" table.

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5. Provided that no default exists under the terms of the Loan documents and that Borrower has first obtained Lender's prior written consent, which consent may be withheld by Lender in its absolute discretion, the date set for completion of construction may be extended on a one-time only basis for an additional period of up to six months. All the terms and conditions of the Note shall continue to apply during any such extension approved by Lender, except that all future interest rate changes which may occur through and including the extended Commencement Date shall be calculated by adding 1.00000% plus 0.25% to the Prime Rate. Borrower agrees to execute any additional documentation which Lender may request to confirm the extension.

BY SIGNING BELOW, Borrower(s) accepts and agrees to the terms and covenants contained in this Rider.



Rowland Starr
Borrower

Borrower



Sherry Starr
Borrower

Borrower