

This Instrument Prepared by:
Charles R. Malone
P.O. Box 1788
Tuscaloosa, AL 35403

STATE OF ALABAMA
SHELBY COUNTY

Inst # 1999-27580
07/01/1999-27580
10:17 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
DCA CRH 17.00

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REAL ESTATE MORTGAGE

KNOW ALL MEN BY THESE PRESENTS: That whereas, the undersigned, AFIF K. KANAFANI and wife, CARLA P. KANAFANI, (hereinafter called "Mortgagors") have become justly indebted to TUSCALOOSA VA FEDERAL CREDIT UNION, of Tuscaloosa, Alabama (hereinafter called "Mortgagee"), in the sum of One Hundred Thousand and No/100 (\$100,000.00) Dollars as evidenced by one promissory note of even date herewith bearing interest as stated in said note, the said principal and interest to be payable at 3701 Loop Road East, Tuscaloosa, Alabama 35404 as follows:

DUE AND PAYABLE IN ACCORDANCE WITH THE TERMS SPECIFIED IN THE PROMISSORY NOTE REFERRED TO ABOVE, EXECUTED CONTEMPORANEOUSLY HEREWITH.

And whereas, it was agreed at the time said debt was incurred that said note should be given and secured in prompt payment as maturity respectively by this instrument, now, therefore, in consideration of the premises and one dollar paid to the undersigned on the delivery of this instrument, and in further consideration of said indebtedness, and in order to secure the payment of not only said indebtedness, but all other sums advanced to protect the security of this mortgage, the performance of the covenants and agreements herein contained, all other amounts hereinafter set out, any future loans or advances, with interest thereon, and any renewal or renewals of note or notes for present or future indebtedness.

AFIF K. KANAFANI and wife, CARLA P. KANAFANI, do hereby Grant, Bargain, Sell, and Convey unto the said TUSCALOOSA VA FEDERAL CREDIT UNION, its successors and assigns, the following described real estate situated in Shelby County, to-wit:

Lot 16, according to the Survey of Third Addition Riverchase Country Club, as recorded in Map Book 7, Page 53 in the Probate Office of Shelby County, Alabama.

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

TO HAVE AND TO HOLD the same with all the rights, privileges, and appurtenances thereunto belonging or in anywise appertaining unto the said Mortgagee and assigns, forever. And said Mortgagors hereby covenant that Mortgagors are seized in fee and possessed of said property and that Mortgagors have a good right to convey the same as aforesaid; that said property is free from all encumbrances and that Mortgagors will warrant and forever defend the title thereto against the lawful claims of all persons whomsoever.

THIS MORTGAGE IS MADE, however, subject to the following covenants, conditions, and agreements, that is to say:

1. So long as any of the indebtedness secured hereby shall remain unpaid, in whole or in part, the Mortgagors agree 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 precedent over the lien of this Mortgage, to accrue and remain on said premises, or any part thereof, or on the improvements thereon, and to neither permit nor perform any act which would in any way impair the value of the security given by this instrument.

2. The Mortgagors agree to pay all taxes that may be assessed upon said property or upon the Mortgagee's interest therein 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 rendition 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.

3. The Mortgagors agree to keep any and all improvements now existing or hereafter erected on said 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, in companies satisfactory to the Mortgagee for not less than the amount of indebtedness hereby secured, any future loans or advances, and any existing indebtedness secured by the subject real property; loss of any, payable to the Mortgagee as Mortgagee's interest may appear under standard mortgage clause without contribution, and to deposit said insurance policies, premium paid, with the Mortgagee. In the event of loss, Mortgagors shall give Mortgagee immediate notice by mail. Mortgagee may make proof of loss if not made promptly by Mortgagors. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee, instead of to Mortgagors and to Mortgagee jointly. All or any part of the insurance proceeds shall be applied, at Mortgagee's election, on the indebtedness secured under the note and mortgage or in rebuilding or restoring the property.

4. If the Mortgagors fail 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 fail to pay immediately and discharge any and all liens, debts, and/or charges which might become liens superior to the lien of this mortgage, or fail to pay the items hereafter provided in Paragraph 9, the Mortgagee may at its option insure said property and/or pay said taxes, assessments, debts, liens and/or charges, or any item secured hereby, 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 also secured by this Mortgage, shall bear legal interest from date paid or incurred, and shall be immediately due and payable, if the Mortgagee elects to declare it so, and the Mortgagee may take any appropriate action at law or in equity for the collection of the items listed herein, or may pursue any other remedy provided in this instrument or do both simultaneously, and in case the Mortgagee employs an Attorney to collect any item listed herein or in Paragraph 9, the Mortgagee shall recover of the Mortgagors a reasonable Attorney's fee therefor.

5. 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 Mortgagors; 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 Mortgagors to procure such insurance or to pay such taxes, debts, liens, or charges.

6. But this conveyance is made upon the following conditions: If the Mortgagors shall well and truly pay, discharge, and satisfy the following indebtedness, all of which are secured hereby: (1) the indebtedness recited hereinabove and all other sums, with interest thereon, advance to protect the security of this mortgage; (2) all pre-existing loans or advances, as they become due and payable; (3) contemporaneous loans or advances; (4) all future loans or advances made before the full settlement, payment of foreclosure of the entire

indebtedness secured by this mortgage; (5) any debts to Mortgagee for which the Mortgagors are jointly or severally liable with the third party, or is secondarily liable to Mortgagee as surety or endorser; (6) any advances or payments by Mortgagee to satisfy or pay in whole or in part any debt owed to a senior Mortgagee upon the property described herein; (7) all indebtedness of the Mortgagors, not directly to the Mortgagee, but to a third party by whom it has been transferred, assigned, endorsed or to otherwise acquired by Mortgagee or its assignee, and (8) all indebtedness to or advances made by any assignee of Mortgagee, prior or subsequent to the date hereof, including all pre-existing debts and future loans, and if Mortgagors shall do and perform all acts and agreements to be done and performed by the Mortgagors under the terms and provisions of this mortgage, then this conveyance shall be and become null and void.

7. But if the Mortgagors shall fail to pay, or cause to be paid, at maturity, the indebtedness hereby secured or any part thereof, according to the terms thereof, or fail to pay any installment, principal, and/or interest, when the same is above promised to be paid, or if the Mortgagors 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 become endangered by reasons 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 county where said real property is located, 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 immediately prior to said sale in some newspaper published in said County, and, upon payment of the purchase money, the Mortgagee, or any person conducting said sale for the Mortgagee, is authorized to execute to the purchaser at said sale a deed to the property so purchased. The Mortgagee may bid at the sale and purchase said property, if the highest bidder therefor.

8. The proceeds of 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 Mortgagors. If this mortgage be foreclosed in Chancery, reasonable Attorney's fee for foreclosing the same shall be paid out of the proceeds of the sale.

9. All expenses incurred by the Mortgagee including Attorney's fees, in compromising, adjusting, or defending against liens, claims, or encumbrances sought to be fixed upon the property hereby conveyed, whether such claims or encumbrances be valid or not, shall become a part of the debt hereby secured.

10. The undersigned waives all right of exemption as to personal property under the laws of Alabama or of any other State or of the United States as to any of the items secured or that may be secured by the terms of this instrument, and agree to pay a reasonable Attorney's fee to the Mortgagee, should the Mortgagee employ an Attorney to collect the same. The Mortgagors waives the benefit of any statute regulating the obtaining of a deficiency judgment, or requiring that the value of the property conveyed hereby be set off against any part of the debt secured hereby.

11. As long as any of the indebtedness hereby secured shall remain unpaid the Mortgagors will neither commit nor permit waste to be committed on the premises hereby conveyed; and upon the commission of any waste thereon the Mortgagee may, at Mortgagee's option, declare the entire indebtedness hereby secured to be at once due and payable. Nor will


the Mortgagors remove any of the fixtures on the premises hereby conveyed so long as any of the indebtedness hereby secured shall remain unpaid.

12. If the Mortgagors shall make default in the payment of any of the indebtedness hereby secured, or in the performance of any of the terms or conditions hereof, 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 thereby 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, the cost of necessary repairs, then upon the interest, and the remainder, if any, upon the principals debt hereby secured.


13. All covenants, conditions, and agreements herein contained shall extend to and bind the Mortgagors' executors, administrators, heirs, and assigns, and shall inure to the benefit of the Mortgagee's legal representative and assigns, and wherever the context hereof so requires or admits all reference herein to the Mortgagors in one number shall be deemed to extend to and include the other numbers whether plural or singular, and the use of any gender shall be applicable to all genders.

14. Upon the voluntary or involuntary sale, transfer, or change of ownership of the mortgaged property, or any part thereof, without the written consent of Mortgagee, the Mortgagee may declare the entire indebtedness and charges secured by this mortgage due and payable, and upon such declaration this mortgage shall be subject to immediate foreclosure.

IN WITNESS WHEREOF, the Mortgagors have hereunto set their hands and seals on this the 30th day of June, 1999.



Afif K. Kanafani (L.S.)



Carla P. Kanafani (L.S.)

STATE OF CALIFORNIA
ALAMEDA COUNTY

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I, the undersigned authority, a notary public for the State of California at large, hereby certify that Afif K. Kanafani and wife, Carla P. Kanafani, whose names are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the foregoing instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this the 30th day of June, 1999.

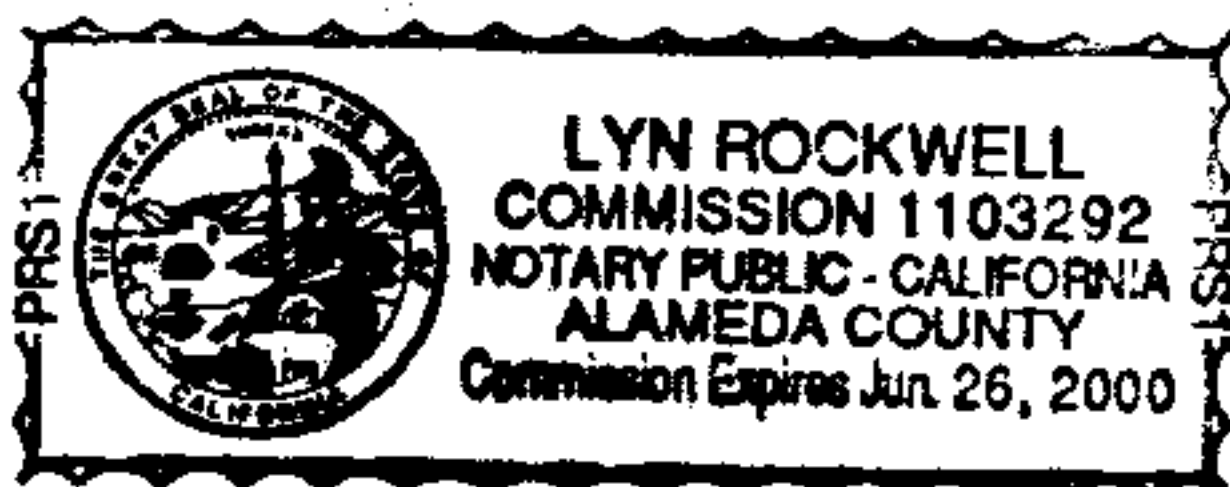


Notary Public for the State of Alabama at Large

My Commission Expires: 6/26/00

Ref: TP7552.DOC

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