

STATE OF ALABAMA, County of SHELBY

This Mortgage made and entered into on 12/06/99 by and between BARNEY REED AND WIFE, SHELIA REED

under hereinafter called the Mortgagors, and ASSOCIATES HOME EQUITY SERVICES, INC.

, a corporation organized and

existing under the Laws of the State of NEW YORK

, hereinafter called "Corporation";

WITNESSETH: WHEREAS, Mortgagors are justly indebted to Corporation in the sum of

TWENTY-ONE THOUSAND TWENTY-THREE AND 13/100THS----- Dollars \$ 21,023.13
together with interest at the rate provided in the Note of even date herewith which is secured by this Mortgage.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the sum of \$1.00 to the Mortgagors, cash in hand paid, the receipt of which is hereby acknowledged and for the purpose of securing the payment of the above-described Note and the payment and performance of all the covenants and agreements hereinafter stated, the Mortgagors do hereby grant, bargain, sell and convey unto Corporation that property situated in the County of SHELBY, State of Alabama, described as follows, to

wit:
SEE EXHIBIT A ATTACHED HERETO, INCORPORATED HEREIN AND MADE A PART HEREOF

TO HAVE AND TO HOLD the above-described property, together with all and singular, the rights, privileges, tenements, appurtenances and improvements unto said Corporation, its successors and assigns forever. And Mortgagors do hereby warrant, covenant, and represent unto Corporation, its successors and assigns, that they are lawfully seized of the above described property in fee, have a good and lawful right to sell and convey said property, and shall forever defend the title to said property against the lawful claims and demands of all persons whomsoever, and that said real property is free

and clear from all encumbrances except

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Mortgagors warrant and covenant that all payments, conditions and provisions made and provided for in any prior encumbrances and/or other liens prior hereto, hereinafter collectively called "prior liens," shall be performed promptly when due, but if Mortgagors suffer or permit default under any prior lien, then such shall constitute a default hereunder and Corporation may, at its option and without notice, declare the indebtedness secured hereunder immediately due and payable, whether due according to its face or not, and commence proceedings for the sale of the above-described property in accordance with the provisions herein made. If default is suffered or permitted under any prior lien, then Corporation may cure such default by making such payments, or performing otherwise as the holder of the prior lien may permit, or Corporation may purchase or pay in full such prior lien, and all sums so expended by Corporation, shall be secured hereunder or under such prior lien instruments; provided however, such payment, performance and/or purchase of the prior lien by Corporation shall not for the purpose of this instrument be construed as satisfying the defaults of Mortgagors under said prior lien.

Included in this conveyance is (1) all heating, plumbing, air conditioning, lighting fixtures, doors, windows, screens, storm windows or shades, shades, and other fixtures now attached to or used in connection with the property described above; (2) all rent, issues and profits under any lease now or hereafter existing on said premises and in the event of default hereunder, Corporation shall have the right to call upon any lessee of said property to make all future payments due Mortgagors directly to Corporation without including Mortgagor's name in said payment, and payment so made by the lessee to Corporation shall constitute payment to Mortgagors and Corporation shall have the right to receipt for such sums so paid which shall be as binding upon Mortgagors as if Mortgagors had signed the receipt themselves and the lessee is relieved of the necessity to see to the applications of any such payment.

Mortgagors promise to pay all taxes and assessments now or hereafter levied on the above-described property promptly when due.

Unless otherwise agreed herein, Mortgagors promise to procure, maintain, keep in force and pay for, insurance on all improvements now or hereafter erected on the above-described real estate, insuring same against loss or damage by fire, windstorm, and other casualties normally insured against, in such sums, with such insurers, and in an amount approved by the Corporation, as further security for the said mortgage debt, and said insurance policy or policies, with mortgage clause in favor of, and in form satisfactory to, the Corporation, and delivered to said Corporation, with all premiums thereon paid in full. If Mortgagors fail to provide insurance, they hereby authorize Corporation to insure or renew insurance on said property in a sum not exceeding the amount of Mortgagors' indebtedness for a period not exceeding the term of such indebtedness and to charge Mortgagors with the premium thereon, or to add such premium to Mortgagors' indebtedness. If Corporation elects to waive such insurance Mortgagors agree to be fully responsible for damage or loss resulting from any cause whatsoever. Mortgagors agree that any sums advanced or expended by Corporation for the protection or preservation of the property shall be repaid upon demand and if not so paid shall be secured hereby. In the event of loss or damage to the property, it is agreed that the amount of loss or damage recoverable under said policy or policies of insurance shall be paid to the Corporation and Corporation is hereby empowered in the name of Mortgagors to give full acquittal for the amount paid and such amount shall be credited to the installments to become due on the Note in inverse order, that is, satisfying the final maturing installments first and if there be an excess, such excess shall be paid by Corporation to Mortgagors; but in the event such payments are not sufficient to satisfy in full the debt secured hereby, such payment shall not relieve the Mortgagors of making the regular monthly installments as same become due. Provided, however, insurance on improvements shall not be required unless the value thereof is \$300.00 or more and the amount financed, exclusive of insurance charges, is \$300.00 or more.

But this covenant is upon this condition: That if Mortgagors pay or cause to be paid to Corporation the Note above described, and shall keep and perform as required of Mortgagors hereunder, then this covenant shall be void.

12/14/1999-50273

DEED CERTIFIED
SHELBY COUNTY CLERK OF PROBATE

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But if Mortgagors fail to pay promptly when due any part of said Note, or fail to pay said taxes or fail to pay for and keep in force insurance as agreed or fail to promptly pay and keep current any prior lien, or fail to perform any other covenant hereof, or if all or part of the property is sold or transferred by Mortgagors without Corporation's prior written consent, then or in any of these events, Corporation is hereby authorized to declare the entire indebtedness secured hereunder, immediately due and payable without notice or demand, and take possession of the property above described (or without taking such possession), and after giving three (3) weeks' notice of the time, place and terms of sale by advertisement once a week successively in some newspaper published in the county wherein the land lies, may sell the same at public auction to the highest bidder for cash in front of the court house door of said county, and may execute title to the purchaser or purchasers and devote the proceeds of said sale to the payment of the indebtedness secured, and if there be proceeds remaining after satisfying in full said debt, same shall be paid to Mortgagors or their order.

In the event of a sale under the power conferred by this Mortgage, Corporation shall have the right and it is hereby authorized to purchase said property at such sale. In the event the above-described property is sold under this Mortgage, the auctioneer making such sale or the Probate Judge of said County and State wherein the land lies, is hereby empowered and directed to make and execute a deed to the purchasers of same and the Mortgagors herein covenant and warrant the title so made against the lawful claims and demands of all persons whomsoever.

In the event any prior lien is foreclosed and such foreclosure proceedings bring an amount sufficient to pay in full said prior lien and there remains an excess sum payable to Mortgagors, then Mortgagors do hereby assign their interest in and to said fund to Corporation, and the holder of said excess fund is hereby authorized and directed to pay same directly over to Corporation without including the name of Mortgagors in said payment, and a receipt by Corporation shall be as binding on Mortgagors as if Mortgagors had signed same themselves, and Mortgagors further relieve the party paying said sum to Corporation, of the necessity of seeing to the application of said payment.

In the event of sale of the property above described under and by virtue of this instrument, Mortgagors and all persons holding under them shall be and become the tenants at will of the purchaser of the property hereunder, from and after the execution and delivery of a deed to such purchaser, with said tenants to be terminated at the option of said purchaser without notice, and Mortgagors and all persons holding under or through Mortgagors removed by proper court proceedings.

In the event the premises or any part thereof are taken under the power of eminent domain, the entire award shall be paid to Corporation and credited to the installments to become due on said loan agreement in inverse order, that is, satisfying the final maturing installments first, and the Corporation is hereby empowered in the name of the Mortgagors, or their assigns, to receive and give acquittance for any such award or judgment whether it be joint or several.

It is specifically agreed that time is of the essence of this contract and that no delay in enforcing any obligation hereunder or of the obligations secured hereby shall at any time hereafter be held to be a waiver of the terms hereof or of any of the instruments secured hereby.

If less than two join in the execution hereof as Mortgagors, or may be of the feminine sex, the pronouns and related words herein shall be read as if written in singular or feminine respectively.

The covenants herein contained shall bind, and the benefits and advantages inure to, the respective heirs, successors and assigns of the parties named.

IN WITNESS WHEREOF, the said Mortgagors have hereunto set their hands and seals this the day and date first above written.

Barney Reed
Barney Reed
Shelia Reed

STATE OF ALABAMA
County of Chilton

I, the undersigned authority, a Notary Public in and for said County and State aforesaid, hereby certify that

Barney & Shelia Reed
whose names are signed to the foregoing conveyance, and who are known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, executed the same voluntarily on the date the same bears.

Given under my hand and official seal this 6th day of December, 1999.
My commission expires _____
Notary Public, Alabama, State At Large
My Commission Expires October 29, 2002
Lindsey J. Hunter
Notary Public

STATE OF ALABAMA
County of _____
Office of the Judge of Probate

I hereby certify that the within mortgage was filed in this office for record on the _____ day of _____, at _____ o'clock _____ M., and was duly recorded in Volume _____ of Mortgages, at page _____, and examined.

Judge of Probate

**THIS RIDER AMENDS THE LOAN AGREEMENT/PROMISSORY
NOTE ENTERED INTO ON DATE BELOW.**

**ASSOCIATES FREEDOM LOAN
AGREED RATE REDUCTION RIDER ***

**ON TIME
PAYMENTS AND
INITIAL RATE
REDUCTION**

If at any time during the term of this loan, you make twelve consecutive full monthly payments in a row without ever during that time being or becoming thirty or more days contractually delinquent (that is, you are not delinquent at the time you make the first of twelve monthly payments and you make each of the twelve monthly payments any time between its due date and the day prior to the next payment's scheduled due date) ("On Time Payments"), we will reduce your Agreed Rate of Interest by one-half of one percentage point (.50%). You may only earn this initial rate reduction once over the life of this loan.

**FURTHER
RATE
REDUCTION**

If, after receiving a .50% reduction to your Agreed Rate of Interest as described in Paragraph One, you make twelve more consecutive On Time Payments, immediately following the first rate reduction, we will reduce your Agreed Rate of Interest by an additional three-quarters of a percentage point (.75%). This rate reduction can only be earned once over the life of this loan.

If, after receiving a .75% reduction to your Agreed Rate of Interest as described in Paragraph Two, you make twelve more consecutive On Time Payments, immediately following the second rate reduction, we will reduce your Agreed Rate of Interest by an additional one percentage point (1.00%). This rate reduction can only be earned once over the life of this loan.

**LIMITATIONS
AND MINIMUM
RATE**

Your Agreed Rate of Interest will never be reduced more than two and one-fourths (2.25%) percentage points over the life of the loan. All rate reductions made pursuant to this Rider are subject to a minimum rate requirement of the highest Prime Rate as disclosed in the Money Rates section of The Wall Street Journal on the effective date of your rate reduction as described in this Rider, plus one percentage point (1.00%).

**EFFECTIVE
DATE OF RATE
AND PAYMENT
CHANGE**

If you are entitled to a reduction in your Agreed Rate of Interest pursuant to this Rider, the reduction will be effective the day after the scheduled due date of the payment that qualifies you for the rate reduction. The monthly payment amount will likewise be modified, effective on the first monthly payment due date after the rate reduction is effective. The modification of the monthly payment amount will be based on the scheduled loan balance. However, if you prepay your account in full during the month in which the rate reduction is to occur, there will be no rate reduction.

In general, if this loan is a refinancing of an existing loan (even a refinancing of an existing loan from the same lender), then payments made and rate reductions received, if any, on the prior loan will not be considered in determining the timing and amount of rate reductions on this loan.

[Signature]
Borrower

Co-Borrower

12/6/99
Date

Date

* This Agreed Rate Reduction Rider and the rate reduction program it discusses does not apply to variable rate or adjustable rate loans, nor to loans made to finance the purchase of real property from Lender.

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EXHIBIT "A"

LOT 1, BLOCK 2, ACCORDING TO THE MAP OF WILLOW GLEN, SECOND
SECTOR, AS RECORDED IN MAP BOOK 8, PAGE 102, IN THE PROBATE
OFFICE OF SHELBY COUNTY, ALABAMA.

Inst # 1999-50273

12/14/1999-50273

09:00 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE

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