

This instrument was prepared by and return to:

David Oliphant
Merrill Lynch Credit Corporation
4802 Deer Lake Drive East
Jacksonville, Florida 32246
ATTN: Post Closing Department

ORIGINAL

Parcel Identifier

NOTE MODIFICATION AGREEMENT

This Note Modification Agreement (this "Agreement") is entered into this December 14, 1999, by and between Ernest E. Pero Pamela Jean Pero (herein individually and collectively referred to as "Borrower"), and Merrill Lynch Credit Corporation, a Delaware corporation (herein referred to as "Lender").

WHEREAS, Lender is the owner and holder of that certain mortgage, deed of trust, or security deed (the Security Instrument"), dated July 1, 1999, made by Borrower as trustor or mortgagor, as the case may be, to Lender as beneficiary or mortgagee, as the case may be, recorded on 07/08/99, as , , INST#1999-28682 of the public/Land Records of Shelby County, securing a debt evidenced by a promissory note ("the Note") dated July 1, 1999, in the original principal amount of \$257,500.00, which Security Instrument encumbers the property more particularly described in the attached Exhibit A; and

CTP LIBOR 5/7/10 ARM I/O Note Mod Agm ST
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Inst # 2000-02923

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SHELBY COUNTY JUDGE OF PROBATE
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WHEREAS, the Borrower, being the owner in fee simple of all of the property encumbered by the Security Instrument, has requested that Lender modify the Note and the Security Instrument (but only to the extent that the Note is incorporated therein by reference), and the parties have mutually agreed to modify the terms thereof in the manner hereafter stated.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. As of the date of execution hereof, the terms and conditions of the Note, and the corresponding portions of the Security Instrument, are modified in the following respects, only:
 - a) Beginning on the first day of February, 2000, and on the first day of every month thereafter until the first day of January, 2010, Borrower will pay only the interest on the unpaid principal balance of the Note at an initial yearly fixed rate of 8.375%. Borrower's initial monthly payment will be in the amount of \$1,796.86
 - b) Beginning on the first day of February, 2010, Borrower will pay monthly payments of principal and interest and the initial fixed interest rate will change to an adjustable interest rate. The adjustable interest rate may change on that day every 6th month thereafter. The date on which the initial fixed interest rate changes to an adjustable interest rate, and each date on which the adjustable rate could change, is called a "Change Date."
 - c) The interest rate at the first Change Date will not be greater than 14.375% or less than 2.375%. My interest rate will never be greater than my initial fixed interest rate plus six percentage points (6%) or 13%, whichever is greater.
 - d) The monthly payments, determined precisely in the manner stated in the Note and giving effect to the modifications stated herein, shall continue until the entire indebtedness is fully paid, except that the final payment of the remaining indebtedness shall be due and payable on January 1, 2030 (the "Maturity Date").
 - e)
2. The unpaid principal balance due under the Note as of the date of this Agreement is \$257,461.42.

3. Borrower warrants that Borrower has no existing right of offset, counterclaim, or other defenses against enforcement of the Note and Security Instrument by Lender and that, if any such right or defenses do exist, they are hereby waived and released.
4. This Agreement shall supersede for all purposes any and all conflicting terms and conditions provided for in the Note and Security Instrument, but shall be construed as supplemental as to any nonconflicting term or condition stated therein. The Note and Security Instrument as to any nonconflicting term or condition stated therein. The Note and Security Instrument shall continue to evidence and secure the Borrower's indebtedness thereunder as modified herein. The parties intend and agree that this Agreement is not a novation of Borrower's loan obligation. Except to the extent provided otherwise herein, neither the Note nor the Security Instrument is modified by this Agreement and they shall remain in full force and effect until the obligations secured thereunder are paid in full and the Security Instrument is satisfied of record.
5. This Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties hereto.
6. If the spouse of the Borrower, , is not obligated on the Note, (i) then this Agreement has been executed by the spouse of the Borrower only to evidence his/her consent to the modifications of the Note and Security Instrument described herein and to the other terms hereof; and (ii) said spouse shall not be personally obligated to pay the sums owed under the terms of the Note and this Agreement.
7. This Agreement contains the entire agreement of the parties hereto with regard to modification of the Note and supersedes any prior written or oral agreements between them concerning the subject matter contained herein, and no party hereto has relied upon any representations except such as are specifically set forth herein. This Agreement may not be modified, changed or amended except by written instrument signed by Lender and Borrower. This Agreement shall be governed by the laws of the state in which the property encumbered by the Security Instrument is located.

Executed on the date first above written.

BORROWER:

Courtney M Pero
Name: Courtney Pero
(Witness)

Ernest E Pero (Seal)
Ernest E. Pero

Colin D. Pero
Name: Colin D. Pero
(Witness)

Pamela Jean Pero (Seal)
Pamela Jean Pero

Name: _____
(Witness)

Name: _____
(Witness)

(Seal)
by power of attorney being recorded simultaneously herewith or previously recorded in Liber/Reel/Book _____,
page _____.

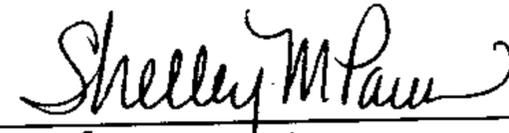
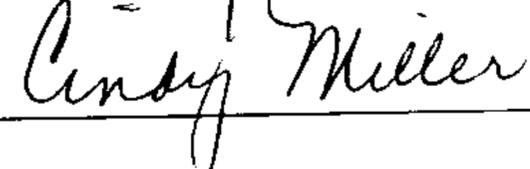
(Seal)
by power of attorney being recorded simultaneously herewith or previously recorded in Liber/Reel/Book _____,
page _____.

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(Seal)

MERRILL LYNCH CREDIT CORPORATION,
a Delaware corporation

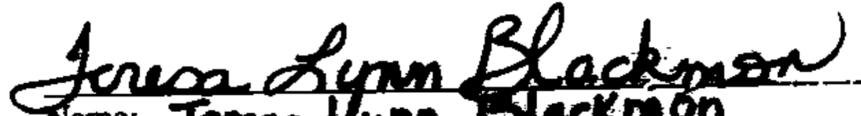

Al Dimoush
Vice President


Witness

Witness

STATE OF Alabama
COUNTY OF Jefferson

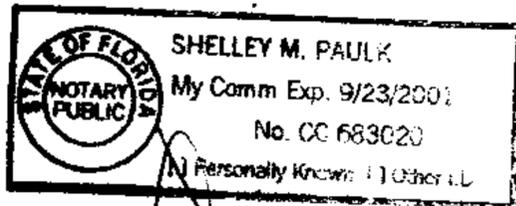
On December 27, 1999, before me, the undersigned, a Notary Public in and for said state, personally appeared Ernest Pero / Pamela Pero, personally known to me (or proved to me on the basis of satisfactory evidence in the form of _____) to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument a his/her/their free act and deed.

WITNESS my hand and official seal.


Name: Teresa Lynn Blackmon
Notary Public, State of Alabama
Commission No.: _____
My Commission Expires: April 9, 2001

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before this 5 day of January, 2000, by Al Dimoush, Vice President of Merrill Lynch Credit Corporation, a Delaware corporation, on behalf of the corporation. He/she is personally known to me.



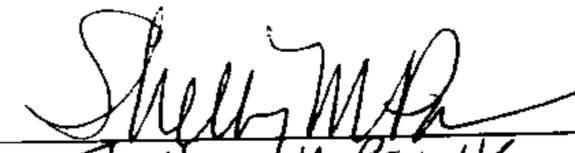

Name: Shelley M Paulk
Notary Public, State of Florida
Commission No.: CC683020
My Commission Expires: 9.23.2001

EXHIBIT "A"

Lot 3128, according to the Amended Map of Highland Lakes, 3rd Sector, Phase 1, an Eddleman Community, as recorded in Map Book 21 Page 124 in the Probate Office of Shelby County, Alabama; being situated in Shelby County, Alabama.

Together with nonexclusive easement to use the private roadways, common areas, all as more particularly described in the Declaration of Easements and Master Protective Covenants for Highland Lakes, a Residential Subdivision, recorded as Inst. # 1994-07111 and amended in Inst. # 1996-17543 in the Probate Office of Shelby County, Alabama, and the Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, 3rd Sector, recorded as Inst. # 1996-17544 in the Probate Office of Shelby County, Alabama (which, together with all amendments thereto, is hereinafter collectively referred to as, the "Declaration").

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