

**This Document Prepared By:**

Ruth Ruhl, Esquire

[Name of Natural Person]

RUTH RUHL, P.C.

[Company Name]

2305 Ridge Road, Suite 106

[Street Address]

Rockwall, TX 75087

[City, State Zip]

**After Recording Return To:**

First American Loss Mitigation Services, Inc.

[Company Name]

When Recorded Return To: 834486

First American Title Insurance Co.

3 First American Way

Santa Ana, CA 92707

Attn: Loan Modification Dept.

THIS INSTRUMENT FILED FOR RECORD BY  
FIRST AMERICAN TITLE INSURANCE COMPANY AS AN  
ACCOMMODATION ONLY. IT HAS NOT BEEN EXAMINED AS  
TO ITS EXECUTION OR AS TO ITS EFFECT UPON THE TITLE.

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Loan No.: 0638532

FHA Case No.: 011-3916165

Inst # 2002-02940

01/16/2002-02940  
01:20 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
006 MEL 26.00

## SUBORDINATE MORTGAGE

THIS SUBORDINATE MORTGAGE ("Security Instrument") is effective on December 1st, 2001  
The grantor is George O'Neal Littleton, Jr. and Angela Michelle Merget, both unmarried individuals ("Borrower").

This Security Instrument is given to the Secretary of Housing and Urban Development and its successors and assigns, whose address is 451 Seventh Street, SW, Washington, DC 20410 ("Lender"). Borrower owes Lender the principal sum of ten thousand forty eight and 16/100 Dollars

(U.S. \$10,048.16). This debt is evidenced by Borrower's note dated the same date as this Security Instrument; ("Note"), which provides for the full debt, if not paid earlier, due and payable on May 1, 2030

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced 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, warrant, grant and convey to the Lender the following described property located in Shelby County, Alabama.

Loan No.: 0638532

THE LAND REFERRED TO IS SITUATED IN THE STATE OF ALABAMA, COUNTY OF SHELBY, CITY OF HELENA, AND DESCRIBED AS FOLLOWS:

LOT 24, ACCORDING TO THE SURVEY OF LAUREL WOODS, AS RECORDED IN MAP BOOK 16, PAGE 24, IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA; BEING SITUATED IN SHELBY COUNTY, ALABAMA.

A. P. NO.: 138271003024.000

which has the address of 314 Laurel Woods Lane, Helena, Alabama 35080

("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 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. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any 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.

Borrower and Lender covenant and agree as follows:

**UNIFORM COVENANTS.**

**1. Payment of Principal.** Borrower shall pay when due the principal of the debt evidenced by the Note.

**2. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time of payment 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 successor 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.

**3. 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. 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 term of this Security Instrument or the Note without that Borrower's consent.

Loan No.: 0638532

4. **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: Department of Housing and Urban Development, Attention: Single Family Notes Branch, 451 Seventh Street, SW, Washington, DC 20410 or any 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.

5. **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.

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

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

7. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. 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 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 7, 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 4. 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.

If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 7 of the Subordinate Note, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this paragraph or applicable law.

8. **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. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

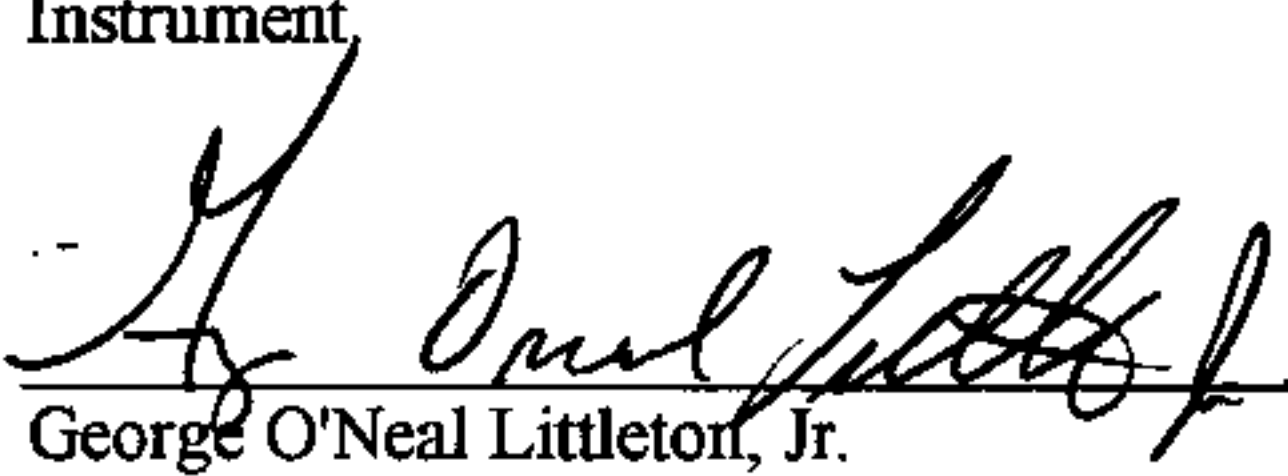


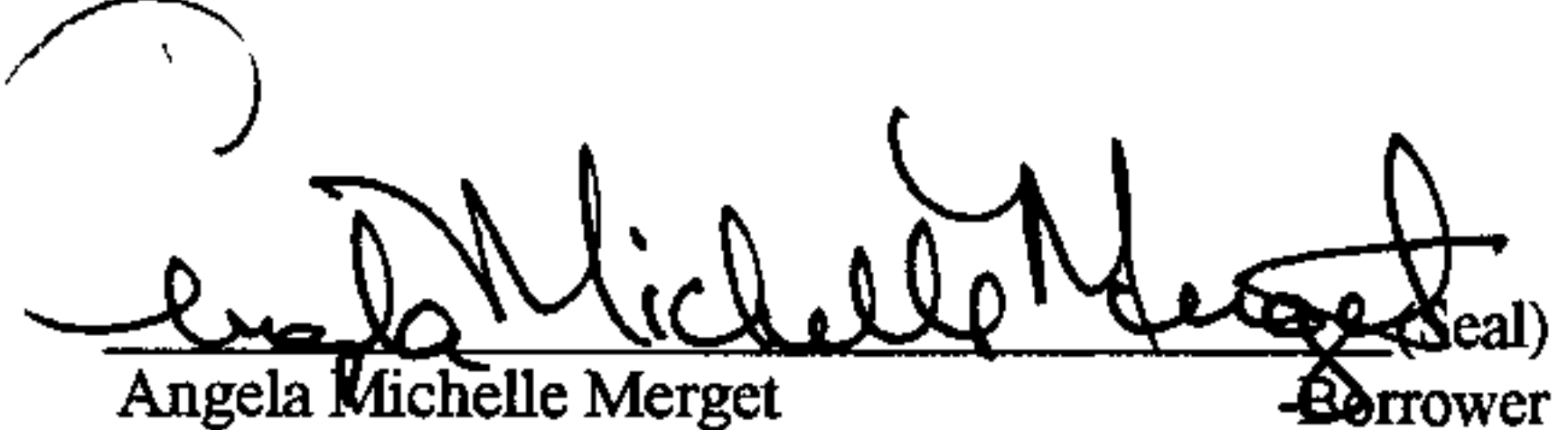
Loan No.: 0638532

9. **Waivers.** Borrower waives all rights of homestead exemption in the Property and relinquishes all rights of curtesy and dower in the Property.

10. **Bankruptcy Discharge.** If the Borrower, subsequent to July 22, 1994, receives a discharge in a Chapter 7 bankruptcy, and there is no valid reaffirmation agreement of the underlying debt, Lender will not attempt to re-establish any personal liability for the underlying debt.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument.

 (Seal)  
George O'Neal Littleton, Jr. -Borrower

 (Seal)  
Angela Michelle Merget -Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ [Space Below This Line for Acknowledgment] \_\_\_\_\_

State of Alabama §  
County of ~~St. Clair~~ Chilton §

I, Jeralyn C. Chastain [name and style of officer], hereby certify  
that George O'Neal Littleton, Jr. and Angela Michelle Merget

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, he executed the same voluntarily on the day the same bears  
date. Given under my hand this 27 day of December, 2001 A.D.

(Seal)

  
Jeralyn C. Chastain

Style of Officer

MY COMMISSION EXPIRES APRIL 14, 2003

## EXHIBIT

### ERROR AND OMISSIONS / COMPLIANCE AGREEMENT

In consideration of the Secretary of Housing and Urban Development and its successors and assigns, ("Lender") extending funds ("Loan") in connection with the HUD Partial Claim associated with the property located at 314 Laurel Woods Lane, Helena, Alabama 35080, the undersigned Borrower agrees, upon request of Lender or upon request of persons acting on behalf of Lender, to fully cooperate with Lender to correct any inaccurate terms of provisions of any and all of the documents associated with the HUD Partial Claim transaction. Borrower agrees to execute such documents or take such action as Lender reasonably may deem necessary or desirable to remedy any inaccuracy or mistake, including without limitation, executing such documents or taking such action as will enable Lender to sell, convey, seek guaranty or market the Loan to any entity, including without limitation, the Department of Housing and Urban Development.

Borrower further agrees to comply with any said request within a reasonable period of time as specified by Lender. Failure to comply shall constitute default under the Subordinate Note and Subordinate Security Instrument evidencing the Loan and Lender may pursue its available remedies.

Dated effective this 27 day of December 2001,

George O'Neal Littleton, Jr. (Seal)  
-Borrower

Angela Michelle Merget (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_ (Seal)  
-Borrower

State of Alabama §  
County of Chilton §

The foregoing instrument was acknowledged before me on December 27, 2001 [date],  
by George O'Neal Littleton, Jr. and Angela Michelle Merget

[name of person acknowledged].

(Seal)

Jeralyn C. Chastain  
Notary Public, State of Alabama Jeralyn C. Chastain

My Commission Expires: 4-14-2003

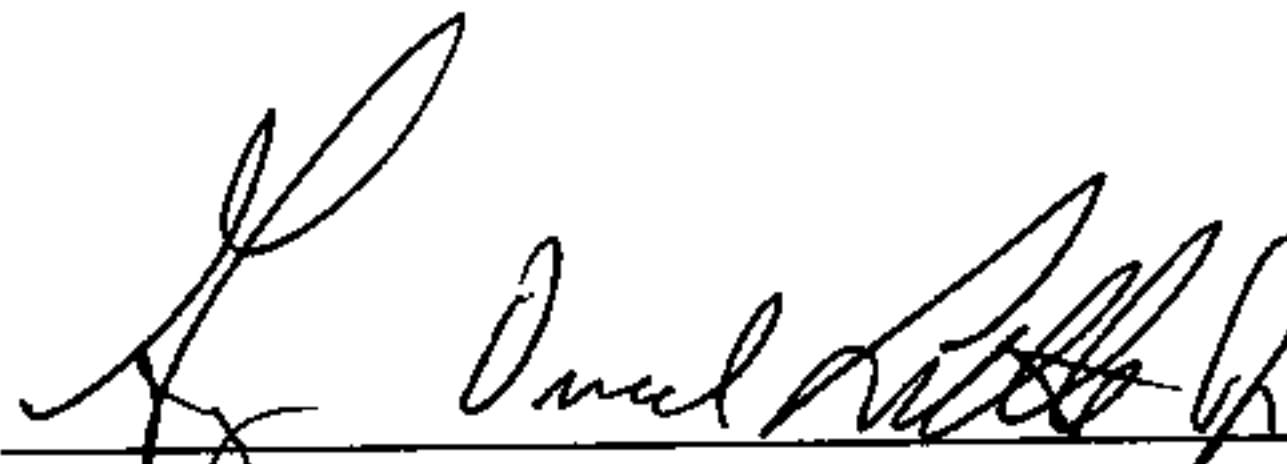
## EXHIBIT

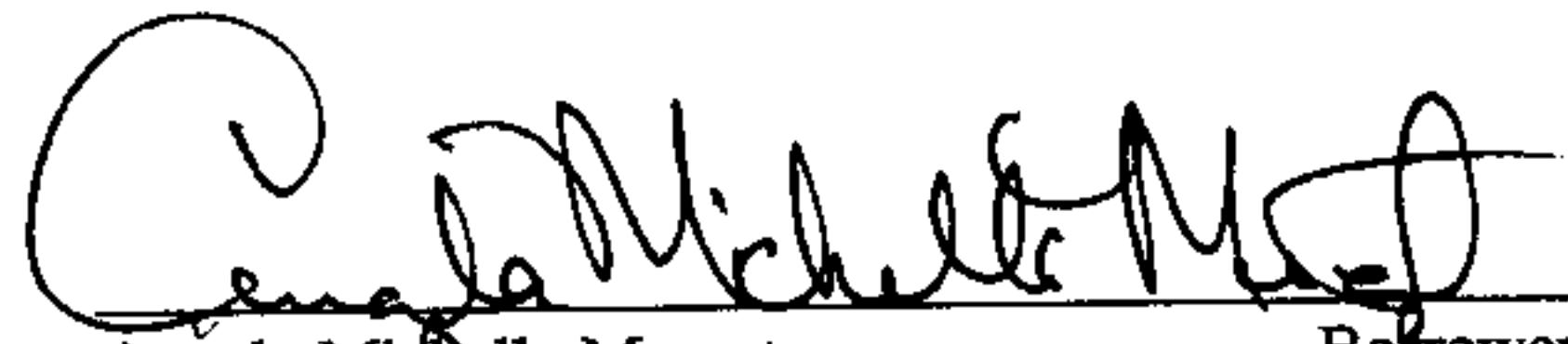
### NOTICE OF NO ORAL AGREEMENTS

**THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**Receipt of Notice:** The undersigned hereby represents and warrants that I/we have each received and read a copy of this Notice on or before the execution of the "Loan Agreement." "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, pursuant to which a financial institution loans or delays repayment of or agrees to loan or delay repayment of money, goods, or any other thing of value or to otherwise extend credit or make a financial accommodation.

  
George O'Neal Littleton, Jr. -Borrower

  
Angela Michelle Merget -Borrower

\_\_\_\_\_  
-Borrower

\_\_\_\_\_  
-Borrower

Inst. # 2002-02940