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MODIFICATION AGREEMENT

STATE OF ALABAMA SHELBY COUNTY

THIS AGREEMENT of Modification made and entered into by and between Nancy B. Farmer, a single woman (hereinafter referred to as "Borrower") and Peoples State Bank, fka First Bank of Childersburg (hereinafter referred to as FBC), on this the 20th of December, 2001.

WITNESSETH:

WHEREAS, Borrower, on the 9th day of July, 2001, executed to FBC a Note in the principal sum of \$35,858.00 ("Note"), which Note is secured by a mortgage in the amount of \$35,858.00 conveying certain property situated in Shelby County, Alabama, which mortgage is recorded in the Probate Office of said County, Inst #2000-35276 in said Probate Office, ("Mortgage"), reference being hereby made to the Mortgage for a particular description of the property securing the payment of the Note (the "Mortgage Property") and

WHEREAS, the borrower is the owner of the Mortgage Property, and has requested that said loan be extended to 45,358.00 and mortgage amount to be increased from \$35,858.00 to \$45,358.00 (an increase of \$9,500.00 and,

WHEREAS, there are no other liens or encumbrances against the Mortgage Property, or judgements against the Borrower, and

WHEREAS, the amount due under the Note and Mortgage is \$45,358.00. As of this date, \$ 45,358.00, has been advanced out of total amount available.

WHEREAS, Borrower is desirous of paying the balance of the Note and Mortgage in accordance with a loan plan of Peoples State Bank fka, FBC, and the rules and regulations governing same;

NOW THEREFORE, in consideration of the mutual benefits to flow to each of the parties hereto, the undersigned hereby agree and covenant as follows, viz.

1. The Borrower agrees to pay the Indebtedness secured by the Mortgage in the amount of \$45,358.00 in accordance with the following loan plan of Peoples State Bank.
 - (a) Interest shall accrue on the amount of the unpaid principal at the rate of 9 %.
 - (b) Principal and Interest shall be paid monthly.
 - (c) The entire principal and any unpaid interest thereon shall be due and payable on the .
2. The Mortgage will secure the advance as a valid first lien against the Mortgage Property.
3. Except as modified by this Agreement, all conditions, terms, obligations, agreements and stipulations made in the Mortgage and Note shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, in duplicate, on the date and year first hereinabove written.

By: Nancy B. Farmer
Nancy B. Farmer

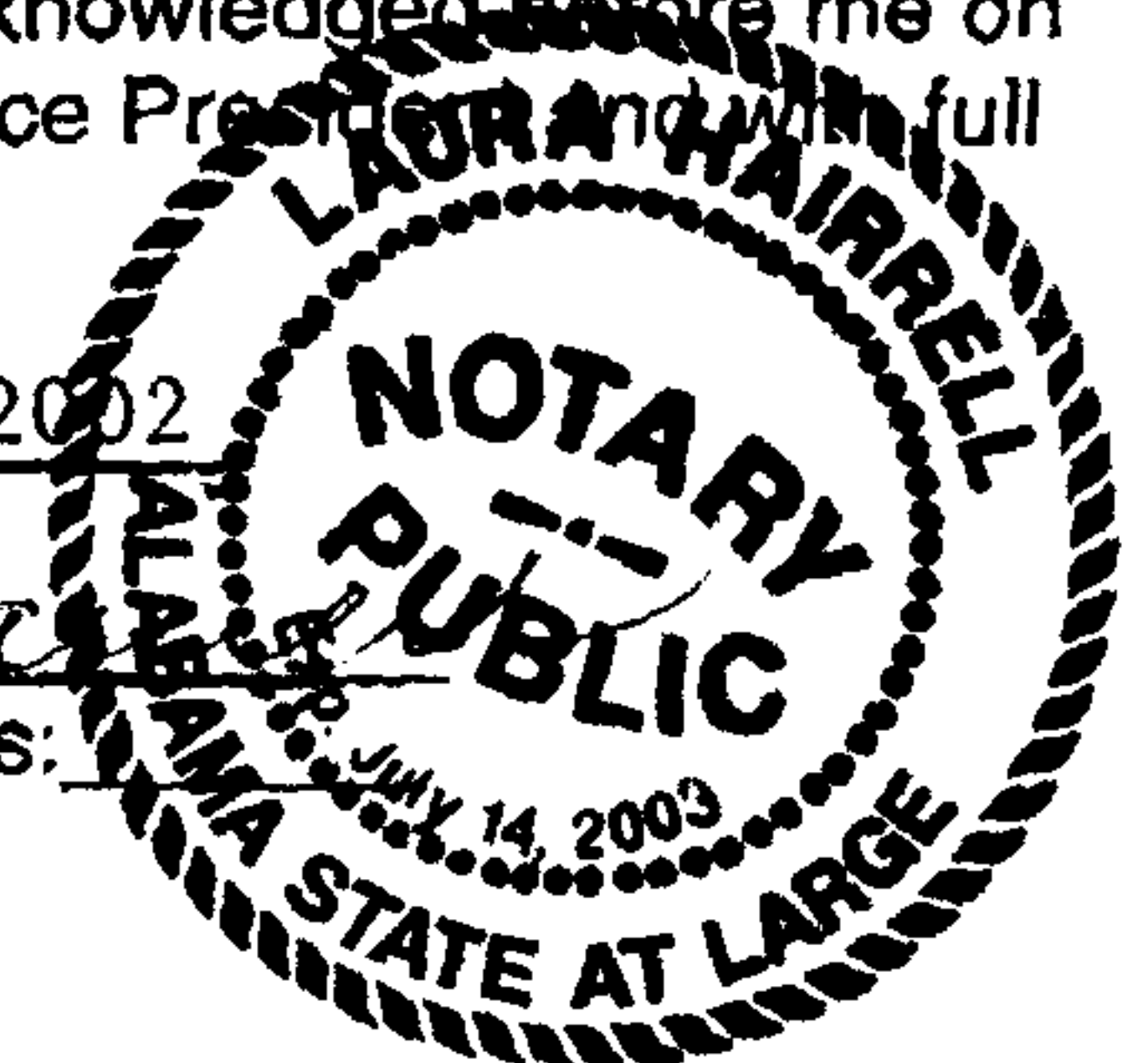
PEOPLES STATE BANK
By: Brenda Barnes
President

STATE OF ALABAMA
COUNTY OF ~~SHELBY~~ Marshall

I, the undersigned, a Notary Public, in and for the said County in said State, hereby certify Brenda Barnes whose name as President for Peoples State Bank, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that being informed of the contents of the instruments, he, as Senior Vice President and with full authority, executed the same voluntarily for and as the act of said Bank.

Given under my hand and official seal this 21st day of May 2002

Laura Hairrell
My commission expires:



STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned authority, a Notary Public, in and for said County and State, hereby certify that Nancy B. Farmer, 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 said instrument, they executed the same voluntarily on the day the name bears date.

Given under my hand and official seal this 21st February 2002

Michelle B. Moses
My commission expires: 03/03/2004

