

MORTGAGE

20021213000625500 Pg 1/6 176.00
Shelby Cnty Judge of Probate, AL
12/13/2002 15:21:00 FILED/CERTIFIED

THE STATE OF ALABAMA,)
SHELBY COUNTY,)

KNOW ALL MEN BY THESE PRESENTS, That this indenture made and entered into by and between Herman T Watts and Emily F Watts, individually and as husband and wife, hereinafter called mortgagor, and **Alfa Financial Corporation**, P. O. Box 11000, Montgomery, Alabama 36191-0001, hereinafter called mortgagee;

WITNESSETH:

THAT WHEREAS, said mortgagor is justly indebted to said mortgagee in the principal amount of One Hundred Thousand and 00/100 DOLLARS together with applicable interest thereon, which indebtedness, plus interest is evidenced by a negotiable promissory note of even date, and is payable in 180 monthly installments of \$871.10 each beginning December 15, 2002, and payable thereafter on the same day of each and every successive month until the full principal balance due, together with applicable interest thereon, calculated in accordance with the maximum legal contract rate, shall have been paid at maturity. The Maturity Date of this mortgage shall be November 15, 2017.

AND WHEREAS, said mortgagor desires and has agreed to secure the prompt payment of said note according to the terms and stipulations therein contained and the payment and performance of any extensions, renewals, modifications and increases thereof and substitutions therefor and all interest thereon, all sums advanced by mortgagee pursuant to the terms of this mortgage, and all other indebtedness (including future loans and advances) now or hereafter owed to mortgagee by mortgagor whether such indebtedness is primary or secondary, direct or indirect, contingent or absolute, matured or unmatured, joint or several, and otherwise secured or not.

These papers were prepared
by Allen Foster for
Alfa Financial Corporation,
P O Box 11000,
Montgomery, AL 36191-0001

NOW, THEREFORE, in consideration of the premises and of said indebtedness and in order to secure the prompt payment of the same according to the terms and stipulations contained in said note and any extensions, renewals, modifications and increases thereof and substitutions therefor and all interest thereon, all sums advanced by mortgagee pursuant to the terms of this mortgage, and all other indebtedness (including future loans and advances) now or hereafter owed to mortgagee by mortgagor, the said mortgagor(s) Herman T Watts and Emily F Watts, individually and as husband and wife, hereby grant, bargain sell and convey to the said mortgagee the following described property situate in Shelby County, Alabama, to-wit:

Lot 19, according to the Survey of Cahaba Oaks as recorded in Map Book 18, Page 141, in the Probate Office of Shelby County, Alabama.

TO HAVE AND TO HOLD, said real property with all and singular the tenements, hereditaments and appurtenances thereto belonging or in any wise appertaining unto the said mortgagee, its successors, heirs or assigns, in fee simple.

Said mortgagor covenants that same is lawfully seized of said property in fee simple and has a good right to convey the same as aforesaid, and warrants the same to be free from all encumbrances and against any adverse claims.

THIS, HOWEVER, is a mortgage and subject to the following covenants, conditions and stipulations, to-wit:

1. That so long as the indebtedness secured by this mortgage shall remain outstanding and unpaid, in whole or in part, the mortgagor agrees to keep the improvements on said property in as good condition as they are now, and not to permit any waste thereof, and to pay and discharge as the same become due all taxes or assessments or other charges that may be levied upon or accrue against said property, and all other debts that may become liens or charges against said property for improvements that may hereafter be made thereon and not permit any lien to accrue or remain on said real property or on the improvements, or any part thereof, which may take precedence over the lien of this mortgage.

2. The mortgagor herein agrees to cause the improvements on said real property to be insured against loss by fire and windstorm for their full insurable value in reliable insurance companies, satisfactory to the mortgagee, his successors or assigns, until the indebtedness hereby secured is fully paid, loss, if any, payable to the mortgagee, its successors or assigns, as their interest may appear and said insurance policies shall be delivered to the mortgagee.

3. In the event the mortgagor fails to insure said property as herein agreed or to pay the taxes which may be assessed against the same, or any liens or claims which may accrue thereon, the mortgagee or its successors or assigns, are hereby authorized at their election to insure same and to pay the cost of such insurance, and also to pay said taxes, liens and

claims, or any part thereof, and the mortgagor hereby agrees to refund on demand the sum or sums so paid, with interest thereon at the rate of ten per cent per annum, and this mortgage shall stand and be security therefor.

4. That if the mortgagor shall well and truly pay and discharge the indebtedness hereby secured as it shall become due and payable and any extensions, renewals, modifications and increases thereof and substitutions therefor and all interest thereon, all sums advanced by mortgagee pursuant to the terms of this mortgage, and all other indebtedness (including future loans and advances) now or hereafter owed to mortgagee by mortgagor, which the mortgagor hereby agrees to do, and shall in all things do and perform all acts and agreements according to the tenor and effect thereof as herein stipulated, then, in that event, this conveyance shall be and become null and void; otherwise it shall remain in full force and effect.

5. But if the mortgagor shall fail to pay, or cause to be paid, the above mentioned note as herein provided, or any installments thereof, including interest installments, as the same shall respectively become due and payable according to the terms thereof, and any extensions, renewals, modifications and increases thereof and substitutions therefor and all interest thereon, all sums advanced by mortgagee pursuant to the terms of this mortgage, and all other indebtedness (including future loans and advances) now or hereafter owed to mortgagee by mortgagor or in the event the mortgagor shall fail to do or perform any act or thing herein required or agreed to be done, said note and all interest thereon accrued shall thereupon become due and in full payable and this mortgage shall be subject to foreclosure, at the option of the mortgagee, or its successors or assigns; and in any such event the mortgagee or his assigns shall have the right and are hereby authorized to enter upon and take possession of said property, and, after or without taking such possession, to sell the same at public outcry for cash, by giving notice in the county where the property or a material of the sale of the real estate included in this mortgage shall be given by publication once a week for three successive weeks in some newspaper published in the county in which such land or some portion thereof is situated. Said sale of such real estate shall be held at the entrance to the Courthouse of the county in which said notice is given. Following such sale, the mortgagor, the mortgagee, its agents, successors or assigns, shall be authorized and empowered to execute and deliver to the purchaser a deed for subject property.

6. The proceeds of said sale by the mortgagee, its successors or assigns, shall apply, first to the expenses incurred hereunder, including a reasonable attorney's fee for the collection of said indebtedness and the foreclosure of this mortgage, then to the payment of whatever sum or sums the mortgagee, his successors or assigns, may have paid or become liable to pay in carrying out the terms and stipulations of this mortgage, together with the interest thereon; then to the payment of any accrued interest on the principal and finally to the payment and satisfaction of said principal and interest indebtedness, including advances as herein provided. The balance, if any, shall be turned over to the said mortgagor.

7. Should mortgagee determine that this mortgage be foreclosed by a suit in equity, a reasonable attorney's fee shall, among other expense and costs, be first allowed and paid out of the proceeds of the sale of said property. It is further agreed that in the event of a sale under the power contained herein, the mortgagee, his successors or assigns, may purchase said property at such sale.

8. Unless a contrary intention is indicated by the context, words used herein in the masculine gender include the feminine and the neuter, and vice versa, and words in the singular shall include the plural, and vice versa, all for the purposes of proper interpretation.

9. AGREEMENT TO ARBITRATE DISPUTES

Borrower and Lender agree that all claims, demands, disputes or controversies of every kind or nature that may arise between them, or their agents, officers, employees, affiliates or

assigns, arising out of or relating to the aforementioned Promissory Note of even date and this mortgage, the performance of said Promissory Note and this mortgage, any relationship arising as a result of the performance of said Promissory Note and this mortgage, or otherwise, shall be settled by binding arbitration as provided for herein upon request of either party. The arbitration proceedings shall be conducted in the County in which the Note was obtained unless the parties mutually agree to another location.

Except as otherwise stated below, and without limiting the generality of the preceding paragraph, this agreement to arbitrate shall apply to any and all claims, demands, disputes or controversies of every kind or nature between the parties, or their respective agents, officers, employees, affiliates or assigns (whether in contract or in tort), related to, pertaining to or arising directly or indirectly out of (i) said Promissory Note and this mortgage, (ii) the existence, construction, performance, non-performance, enforcement or breach of said Promissory Note and this mortgage, (iii) any of the negotiations pertaining to said Promissory Note and this mortgage, (iv) any and all of the terms or provisions of said Promissory Note and this mortgage, (v) any and all provisions of any sale, purchase or lease related to, arising out of or pertaining to said Promissory Note and this mortgage, (vi) any and all arrangements for financing, (vii) any and all purchases of insurance relating to, arising out of or pertaining to said Promissory Note and this mortgage, (viii) any and all purchases of extended warranties or service contracts relating to, arising out of or pertaining to said Promissory Note and this mortgage, (ix) the performance or condition of any item purchased, leased or sold relating to, pertaining to or arising out of said Promissory Note and this mortgage, (x) the validity of this Agreement to Arbitrate or the provisions of this Agreement to Arbitration or (xi) any and all allegations of fraud related to, pertaining to or arising out of said Promissory Note and this mortgage or otherwise or any items listed in (i) through (x) above.

Unless the parties agree to another procedure to arbitrate, the arbitration required herein shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any judgment upon the award rendered by such arbitration may be entered in any court having jurisdiction thereof. Any award rendered by such arbitration shall be subject to any and all limitations established by state, federal and common law. Any party may demand arbitration by filing a written demand for arbitration with the American Arbitration Association along with a statement of the matter in controversy. This written demand and statement must be submitted within the time frame which would be required by applicable law if the matter were first filed as a lawsuit in a court of law; otherwise, such claim shall be considered time barred. The party that demands arbitration shall pay the filing fees associated with such arbitration. A copy of the demand for arbitration shall be served upon all parties. Except as expressly stated below, Borrower and Lender agree that the arbitration proceeding to resolve all such disputes shall be conducted within the State of Alabama. Borrower and Lender acknowledge, understand and agree (i) that each of them is waiving certain rights to seek remedies incourt, including the right to a jury trial; (ii) that pre-arbitration discovery in such arbitration proceedings is generally more limited than and different from court proceedings; (iii) that the Arbitrator's award is not required to include factual findings or legal reasoning; (iv) that a party's right to appeal or seek modifications of rulings by the Arbitrator is strictly limited; and (v) that each party may be required to incur costs associated with the arbitration.

Borrower and Lender acknowledge and anticipate that said Promissory Note and this mortgage and their performance involve a transaction in interstate commerce and that the funds to be provided under said Promissory Note will involve or impact interstate commerce.

Any statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by any party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed a commencement of an action for these purposes.

If any part of this Agreement to Arbitrate Disputes is held invalid, the remainder of the provision shall remain in full force and effect. The agreement to Arbitration Disputes shall be deemed to survive any determination that said Promissory Note and this mortgage or any provisions contained herein are void or unenforceable or payment in full of said Note.

Therefore, no claim that said Promissory Note and this mortgage or any provisions contained herein are void or unenforceable shall result in a party being barred from requiring arbitration as set forth in this provision.

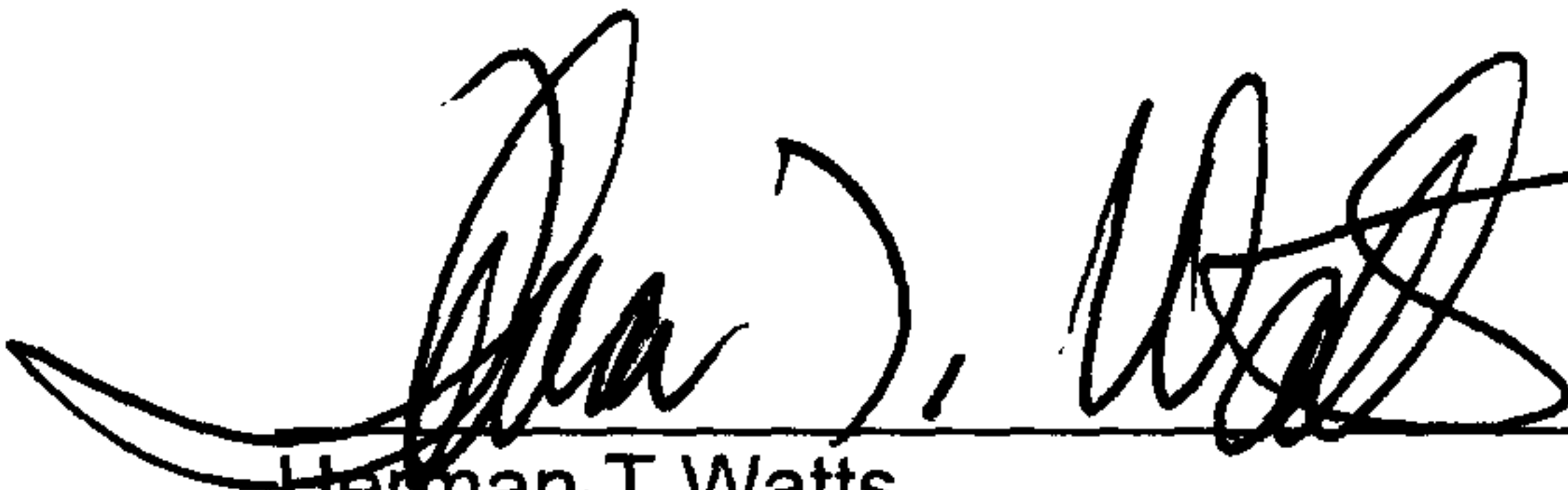
If for any reason this Agreement to Arbitrate Disputes is not enforceable, the parties hereto agree the venue for resolution of such dispute is the courts of Montgomery County, Alabama and that such venue is reasonable and convenient.

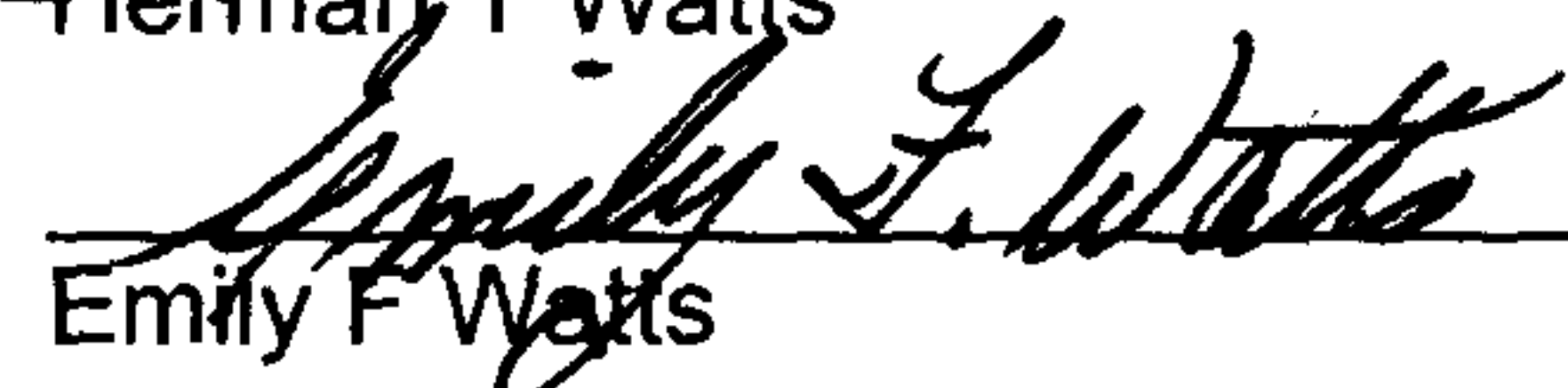
IN WITNESS WHEREOF, we, the said Herman T Watts and Emily F Watts, individually and as husband and wife, have hereunto subscribed our names on the 12th day of November, 2002.

Witness:







Herman T Watts (Seal)


Emily F Watts (Seal)

(Seal)

(Seal)

These papers were prepared
by Allen Foster for
Alfa Financial Corporation,
P O Box 11000,
Montgomery AL 36191-0001

STATE OF ALABAMA

I, Mary F. Shanks,
a Notary Public in and for said County and said state, hereby certify that
Herman J. Watts & Emily F. Watts, whose names are signed to the
foregoing conveyance, and who are known to me acknowledge before me on this day that,
being informed of the contents of this conveyance, they executed the same voluntarily on the
day the same bears date.

Given under my hand and official seal, this 12 day of Nov,
2002.

Mary F. Shanks
Notary Public

My Commission Expires
August 2, 2004

These papers were prepared
by Allen Foster for
Alfa Financial Corporation,
P O Box 11000,
Montgomery AL 36191-0000