

MORTGAGE

This Mortgage is made on September 1, 2003, between the mortgagor, WILLIAM A. GATES, a married man, and LILLIAN M. GATES, a married woman, (together referred to as "Borrower"), and the mortgagee, JUNE M. GATES, (referred to as "Lender"), with its principal business office located at 1010 Carolyn Street, Tuscumbia, AL 35674.

WHEREAS Borrower is indebted to the Lender in the principal sum of \$100,000.00, which indebtedness is evidenced by the Borrower's note dated September 1, 2003 ("Note"), and providing for monthly installments of principal and interest, with the balance of the indebtedness, if not paid earlier, due and payable on September 1, 2023.

THEREFORE, AS SECURITY to the Lender, the Borrower agrees to mortgage, grant, and convey to the Lender the property located at the address of 208 Old Brook Court, Birmingham, AL 35242, which is described in more detail as follows:

Lot 43, according to the Map of Old Brook Place, as recorded in Map Book 19, page 41, in the Probate of Office of Shelby County, Alabama.

Subject to existing easements, restrictions, building set-back lines, rights of way, limitations, if any, of record.

TOGETHER WITH all the improvements now or subsequently erected on the property; all easements, rights, appurtenances, and rents; all royalties, mineral, oil, and gas rights and profits; all water, water rights, and water stock; and all fixtures now or subsequently attached to the property. All of these properties and rights, including replacements and additions, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of them, together with the property (or the leasehold estate if this Mortgage is on a leasehold) are collectively referred to as the "Property."

THE PROPERTY SHALL BE SECURITY to the Lender for (1) the repayment of the indebtedness evidenced by the Note, with interest, and the payment of all other sums, with interest, advanced in accordance with this Mortgage to protect the security of this Mortgage; (2) the performance of the covenants and agreements of the Borrower contained in this Mortgage; and (3) the repayment of any future advances, with interest, made to the Borrower by the Lender pursuant to Paragraph 21 of this Mortgage ("Future Advances").

THE BORROWER COVENANTS that the Borrower is lawfully seised of the estate conveyed by this Mortgage and has the right to mortgage, grant, and convey the Property; that the Property is unencumbered; and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements, or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring the Lender's interest in the Property.

NOW, THEREFORE, the Borrower and the Lender covenant and agree as follows:

Payment of Principal and Interest

1. The Borrower shall promptly pay when due the principal of, and the interest on, the indebtedness evidenced by the Note; prepayment and late charges as provided in the Note; and the principal of and interest on any Future Advances secured by this Mortgage.

Funds for Taxes and Insurance

2. (a) Subject to applicable law or to a written waiver by the Lender, the Borrower shall pay the Lender on the day on which monthly installments of principal and interest are due under the Note, until the Note is paid in full, a sum (referred to as "Funds") equal to one-twelfth of the yearly taxes and assessments that may attain priority over this Mortgage and of any ground rents on the

Property, plus one-twelfth of the yearly premium installments for hazard insurance, plus one-twelfth of the yearly premium installments for any mortgage insurance, all of which shall be reasonably estimated initially and from time to time by the Lender on the basis of assessments, bills, and reasonable estimates of such assessments and bills.

(b) The Funds shall be held in an institution, the deposits or accounts of which are insured or guaranteed by a federal or state agency (including the Lender if the Lender is such an institution). The Lender shall apply the Funds to pay taxes, assessments, insurance premiums, and ground rents. The Lender may not charge for holding and applying the Funds, analyzing the account, or verifying and compiling the assessments and bills, unless the Lender pays the Borrower interest on the Funds and applicable law permits the Lender to make such a charge. The Borrower and the Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to the Borrower. Unless such an agreement is made or applicable law requires the interest to be paid, the Lender shall not be required to pay the Borrower any interest or earnings on the Funds. The Lender shall give to the Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

(c) If the amount of the Funds held by the Lender, together with the future monthly installments of Funds payable prior to the due date of taxes, assessments, insurance premiums, and ground rents, shall exceed the amount required to pay these items as they fall due, the excess shall be, at the Borrower's option, either promptly repaid to the Borrower or credited to the Borrower on monthly installments of Funds. If the amount of the Funds held by the Lender shall not be sufficient to pay the taxes, assessments, insurance premiums, and ground rents as they fall due, the Borrower shall pay to the Lender any amount necessary to make up the deficiency within thirty days from the date the notice is mailed by the Lender to the Borrower requesting payment of the deficiency.

(d) On payment in full of all sums secured by the Mortgage, the Lender shall promptly refund to the Borrower any Funds held by the Lender. If under Paragraph 18, below, the Property is sold or the Property is otherwise acquired by the Lender, the Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by the Lender, any Funds held by the Lender at the time of application as a credit against the sums secured by this Mortgage.

Application of Payments

3. Unless applicable law provides otherwise, all payments received by the Lender under the Note and under Paragraphs 1 and 2, above, shall be applied by the Lender, first in payment of amounts payable to the Lender by the Borrower under Paragraph 2, above, then to interest payable on the Note, then to the principal of the Note, and finally to interest and principal on any Future Advances.

Charges and Liens

4. The Borrower shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property that may attain a priority over this Mortgage, as well as any leasehold payments or ground rents in the manner provided under Paragraph 2, above, or if not paid in that manner, by the Borrower making payment when due directly to the payee. The Borrower shall promptly furnish to the Lender all notices of amounts due under this paragraph, and if the Borrower shall make payment directly, the Borrower shall promptly furnish to the Lender receipts evidencing the payments. The Borrower shall promptly discharge any lien that has priority over this Mortgage, provided that the Borrower shall not be required to discharge any lien, as long as the Borrower shall agree in writing to the payment of the obligation secured by the lien in a manner acceptable to the Lender or shall in good faith contest the lien by, or defend enforcement of the lien in, legal proceedings that prevent the enforcement of the lien or the forfeiture of all or any part of the Property.

Hazard Insurance

5. (a) The Borrower shall keep the improvements now existing or subsequently erected on the Property insured against loss by fire hazards included within the term "extended coverage," in addition to other hazards for which the Lender may require insurance coverage. Insurance shall be obtained and maintained in such amounts and for such periods as the Lender may require, provided that the Lender shall not require that the amount of the coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

(b) The insurance carrier providing the insurance shall be selected by the Borrower, subject to approval by the Lender, provided that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under Paragraph 2, above, or if not paid in that manner, by the Borrower making payment when due directly to the insurance carrier.

(c) All insurance policies and renewals shall be in a form acceptable to the Lender and shall include a standard mortgage clause in favor of, and in a form acceptable to, the Lender. The Lender shall have the right to hold the policies and renewals, and the Borrower shall promptly furnish to the Lender all renewal notices and all receipts of paid premiums. In case of loss, the Borrower shall give prompt notice to the insurance carrier and the Lender. The Lender may make proof of loss if such proof is not made promptly by the Borrower.

(d) Unless the Lender and the Borrower agree otherwise in writing, insurance proceeds shall be applied to restoration or repair of the damaged Property, provided that restoration or repair is economically feasible and that the security of this Mortgage is not impaired. If restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with any excess paid to the Borrower. If the Property is abandoned by the Borrower, or if the Borrower fails to respond to the Lender within thirty days from the date the notice is mailed by the Lender to the Borrower indicating that the insurance carrier offers to settle a claim for insurance benefits, the Lender is authorized to collect and apply the insurance proceeds, at the Lender's option, either to restoration or repair of the Property or to the sums secured by this Mortgage.

(e) Unless the Lender and the Borrower agree otherwise in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in Paragraphs 1 or 2, above, nor shall they change the amount of the installments. If under Paragraph 18, below, the Property is acquired by the Lender, all right, title, and interest of the Borrower in and to any insurance policies, and in and to the proceeds of any insurance policies, resulting from damage to the Property prior to the sale or acquisition shall pass to the Lender to the extent of the sums secured by this Mortgage immediately prior to the sale or acquisition.

Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments

6. The Borrower shall keep the Property in good repair, shall not commit waste or permit impairment or deterioration of the Property, and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or planned unit development, the Borrower shall perform all of the Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

Protection of Lender's Security

7. (a) If the Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced that materially affects the Lender's interest in the Property (including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent), then the Lender, at the Lender's option and after notice to the Borrower, may make any appearances, disburse any sums, and take

any action that is necessary to protect the Lender's interest (including, but not limited to, disbursement of reasonable attorneys' fees and entry on the Property to make repairs). If the Lender required mortgage insurance as a condition for making the loan secured by this Mortgage, the Borrower shall pay the premiums required to maintain the insurance in effect until such time as the insurance terminates in accordance with the Borrower's and the Lender's written agreement or applicable law. The Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under Paragraph 2, above.

(b) Any amounts disbursed by the Lender pursuant to this paragraph, with interest on those amounts, shall become additional indebtedness of the Borrower secured by this Mortgage. Unless the Borrower and the Lender agree to other terms of payment, the amounts shall be payable on notice from the Lender to the Borrower requesting payment and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note, unless payment of interest at that rate would be contrary to applicable law. In that event, the amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require the Lender to incur any expense or take any action.

Inspection

8. The Lender may make, or may cause to be made, reasonable entries on and inspections of the Property, provided that prior to inspection the Lender shall give the Borrower notice, specifying reasonable cause for the inspection related to the Lender's interest in the Property.

Condemnation

9. (a) The proceeds of any award or claim for damages, direct or consequential, in connection with any conveyance, condemnation, or other taking of all or any part of the Property are assigned and shall be paid to the Lender by the Borrower. If the entire Property is taken, the proceeds shall be applied to the sums secured by this Mortgage, with any excess paid to the Borrower. On a partial taking of the Property, unless the Borrower and the Lender agree otherwise in writing, there shall be applied to the sums secured by this Mortgage the proportion of the proceeds that equals the proportion that the amount of the sums secured by this Mortgage immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to the Borrower.

(b) If the Property is abandoned by the Borrower or if, after notice by the Lender to the Borrower that the condemnor offers to make an award or settle a claim for damages, the Borrower fails to respond to the Lender within thirty days after the date the notice is mailed, the Lender is authorized to collect and apply the proceeds, at the Lender's option, either to restoration or repair of the Property or to the sums secured by this Mortgage.

(c) Unless the Lender and the Borrower agree otherwise in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in Paragraphs 1 and 2, above, or change the amount of the installments.

Borrower Not Released

10. Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by the Lender to any successor in interest of the Borrower shall not operate to release, in any manner, the liability of the original Borrower and the Borrower's successors in interest. The Lender shall not be required to commence proceedings against the successor, to refuse to extend time for payment, or to otherwise modify amortization of the sums secured by this Mortgage because of any demand made by the original Borrower or the Borrower's successors in interest.

Forbearance by Lender Not a Waiver

11. Any forbearance by the Lender in exercising any right or remedy under this Mortgage, or

otherwise afforded by applicable law, shall not be a waiver of, nor shall preclude the exercise of, any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by the Lender shall not be a waiver of the Lender's right to accelerate maturity of the indebtedness secured by this Mortgage.

Remedies Cumulative

12. All remedies provided in this Mortgage are distinct and cumulative as to any other right or remedy that is allowed by this Mortgage or that is afforded by law or equity, and any remedy may be exercised concurrently, independently, or successively.

Successors and Assigns Bound

13. The covenants and agreements contained in this Mortgage shall bind, and the rights under this Mortgage shall inure to, the respective successors and assigns of the Lender and the Borrower, subject to the provisions of Paragraph 17, below. All covenants and agreements of the Borrower shall be joint and several.

Notice

14. Except for any notice required under applicable law to be given in another manner, any notice to the Borrower provided for in this Mortgage shall be given by mailing the notice by certified mail addressed to the Borrower at the Property Address or at any other address that the Borrower may designate by written notice to the Lender. Unless required otherwise by law, any notice to the Lender shall be given by certified mail, return receipt requested, to the Lender's address stated in this Mortgage or to any other address the Lender may designate by written notice to the Borrower. Any notice provided for in this Mortgage shall be deemed to have been given to the Borrower or the Lender when given in the manner designated in this paragraph.

Governing Law and Severability

15. This Mortgage shall be governed by the laws of the State of Alabama. If any provision or clause of this Mortgage or of the Note conflicts with the applicable law, the conflict shall not affect any other provisions of this Mortgage or the Note that can be given effect without the conflicting provision. To this end, the provisions of this Note are declared to be severable.

Borrower's Copy

16. The Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation.

Transfer of Property and Assumption

17. (a) If all or any part of the Property or an interest in the Property is sold or transferred by the Borrower without the Lender's prior written consent, the Lender may elect to declare all the sums secured by this Mortgage to be immediately due and payable, except in the following cases: (1) the creation of a lien or encumbrance subordinate to this Mortgage; (2) the creation of a purchase-money security interest for household appliances; (3) a transfer by devise, descent, or by operation of law on the death of a joint tenant; or (4) the grant of any leasehold interest of three years or less not containing an option to purchase. The Lender shall have waived the option to accelerate if, prior to the sale or transfer, the Lender and the person to whom the property is to be sold or transferred reach an agreement in writing that the credit of that person is satisfactory to the Lender and that the interest payable on the sums secured by this Mortgage shall be at the rate the Lender requests. If the Lender has waived the option to accelerate, and if the Borrower's successor in interest has executed a written assumption agreement accepted in writing by the Lender, the Lender shall release the Borrower from all obligations under this Mortgage and the Note.

(b) If the Lender exercises the option to accelerate, the Lender shall mail to the Borrower a

notice of acceleration in accordance with Paragraph 14, above. The notice shall provide a period of not less than thirty days from the date the notice is mailed within which the Borrower may pay the sums declared due. If the Borrower fails to pay the sums prior to the expiration of the period, the Lender may, without further notice or demand on the Borrower, invoke any remedies permitted by Paragraph 18, below.

Acceleration Remedies

18. On the Borrower's breach of any covenant or agreement of the Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, prior to acceleration the Lender shall mail notice to the Borrower as provided by applicable law, specifying: (1) the breach; (2) the action required to cure the breach; (3) a date, not less than thirty days from the date the notice is mailed to the Borrower, by which the breach must be cured; and (4) the fact that failure to cure the breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform the Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense the Borrower may have to acceleration and foreclosure. If the breach is not cured on or before the date specified in the notice, the Lender at the Lender's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. The Lender shall be entitled to collect all expenses of foreclosure in the proceeding, including, but not limited to, reasonable attorneys' fees and costs of documentary evidence, abstracts, and title reports.

Borrower's Right to Reinstate

19. Notwithstanding the Lender's acceleration of the sums secured by this Mortgage, the Borrower shall have the right to have any proceedings begun by the Lender to enforce this Mortgage discontinued at any time prior to at least one hour before the commencement of bidding at a sheriff's sale or other sale pursuant to this Mortgage, if: (1) the Borrower pays the Lender all sums that would then be due under this Mortgage, the Note, and any notes securing Future Advances had no acceleration occurred; (2) the Borrower cures all breaches of any other covenants or agreements of the Borrower contained in this Mortgage; (3) the Borrower pays all reasonable expenses incurred by the Lender in enforcing the covenants and agreements of the Borrower contained in this Mortgage and in enforcing the Lender's remedies as provided in Paragraph 18, above, including but not limited to, reasonable attorneys' fees; and (4) the Borrower takes any action the Lender may reasonably require to assure that the lien of this Mortgage, the Lender's interest in the Property, and the Borrower's obligation to pay the sums secured by this Mortgage shall continue unimpaired. On payment and cure by the Borrower, this Mortgage and the obligations secured by this Mortgage shall remain in full force and effect as if no acceleration had occurred.

Assignment of Rents; Appointment of Receiver; Lender in Possession

20. As additional security under this Mortgage, the Borrower assigns to the Lender the rents of the Property, provided that the Borrower shall, prior to acceleration under Paragraph 18, above, or abandonment of the Property, have the right to collect and retain rents as they become due and payable. On acceleration under Paragraph 18 or abandonment of the Property, the Lender, in person, by agent, or by judicially appointed receiver, shall be entitled to enter on, take possession of, and manage the Property and to collect the rents of the Property, including those past due. All rents collected by the Lender or the receiver shall be applied first to premiums on the receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage. The Lender and the receiver shall be liable to account only for those rents actually received.

Future Advances

21. On the request of the Borrower, the Lender, at the Lender's option prior to release of this

Mortgage, may make Future Advances to the Borrower. The Future Advances, with interest, shall be secured by this Mortgage when evidenced by promissory notes stating that the notes are secured by this Mortgage. At no time shall the principal amount of the indebtedness secured by this Mortgage, not including sums advanced in accordance with this Mortgage to protect the security of this Mortgage, exceed the original amount of the Note.

Release

22. On payment of all sums secured by this Mortgage, the Lender shall discharge this Mortgage without charge to the Borrower. The Borrower shall pay all costs of recordation, if any.

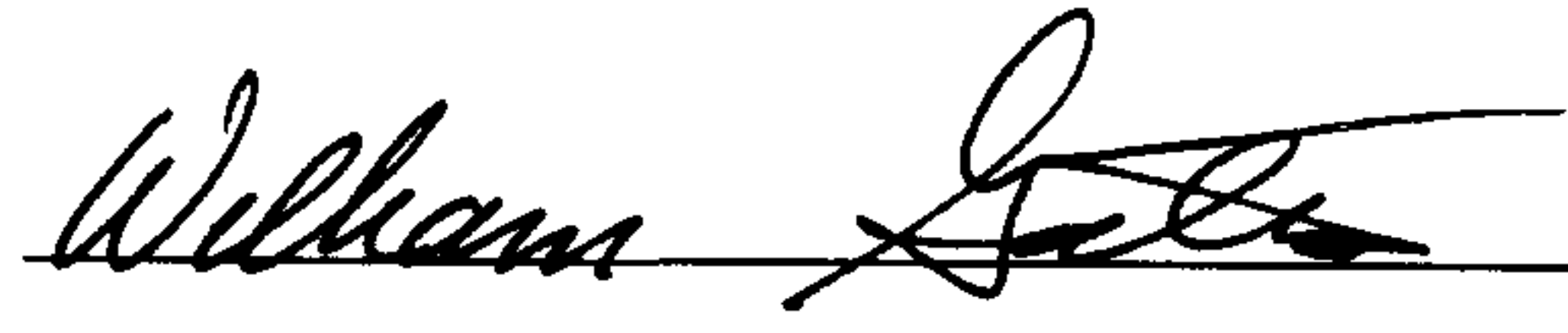
Purchase-Money Mortgage

23. If all or part of the sums secured by this Mortgage are lent to the Borrower to acquire title to the Property, this Mortgage is declared to be a purchase-money mortgage.

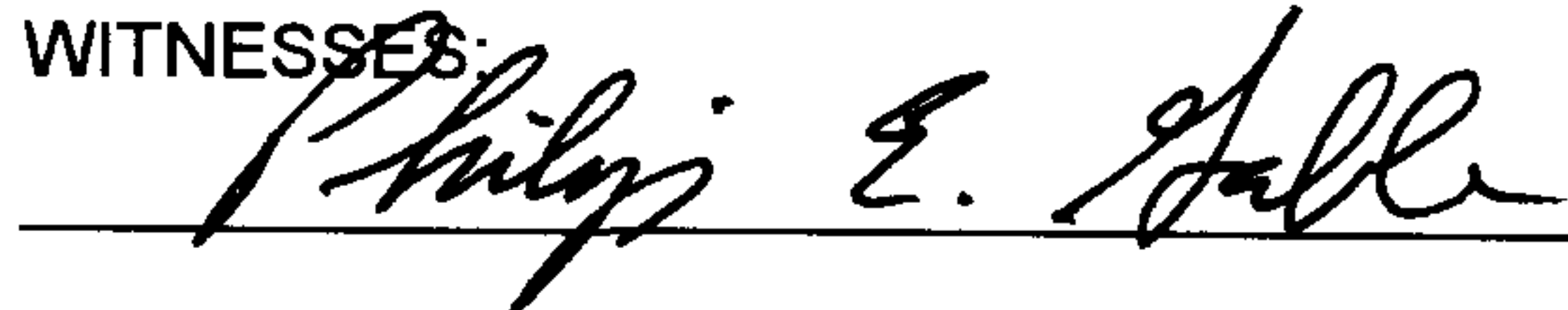
Captions

24. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions of this Mortgage.

This Mortgage is given, executed, and delivered by the undersigned.

 (L.S.)
William A. Gates

 (L.S.)
Lillian M. Gates

WITNESSES:
 (L.S.)

 (L.S.)
