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MORTGAGE

DEFINITIONS

Words used in multiple sections of this documents are defined below and other words are defined in Section 3, 11, 13, 18, 20 and 21, Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) “**Security Instrument**” means this document , which is dated APRIL 26. 2004 together with all Riders to this document.

(B) “**Borrower**” is

JOY ANN SMITHERMAN A SINGLE PERSON

Borrower is the mortgagor under this Security Instrument.

(C) “**Lender** “ is **JEFFERSON MORTGAGE & INVESTMENT INC.**

Lender is a **CORPORATION**
organized and existing under the laws of **ALABAMA**



Lenders address is 205 20TH STREET NORTH, SUITE 200, BIRMINGHAM, ALABAMA 35203

Lender is the mortgagee under this Security Instrument.

(D) "Note" means the promissory note signed by Borrower and dated APRIL 26, 2004

The Note states that Borrower owes Lender

FIFTY EIGHT THOUSAND DOLLARS AND NO/100

(Dollars)

(U.S. \$58,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than MAY 1, 2024

(E) "Property" means the property that is described below under the heading "Transfer of Rights in the Property".

(F) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(G) "Riders" means all Riders to this Security Instrument that are executed by Borrowers. The following Riders are to be executed by Borrower (check box as applicable)

☐ Adjustable Rate Rider

☐ Condominium Rider

☐ Second Home Rider

☐ Balloon Rider

☐ Planned Unit Development Rider

☐ 1-4 Family Rider

☐ VA Rider

☐ Biweekly Payment Rider

☒ Other(s) (specify) ARBITRATION RIDER

(H) "Applicable Law" means all controlling applicable federal, state and local statutes , regulations, ordinances , and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(I) "Community Associates Dues Fees and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a Condominium , association, homeowners association or similar organization.

(J) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephone instrument , computer, or magnetic tape so as to other, instruct, or authorize a financial institution debit or credit an account. Such term includes, but is not limited to , point-of-sale transfers , automated teller , machine transactions, transfers, initiated by telephone , wire transfers, and automatic, clearinghouse transfers.

(K) "Escrow Items" means those items that are described in Section 3.

(L) "Miscellaneous Proceeds" means any compensation, settlement award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages, described in Section 5) for; (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(M). "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on the loan.

(N) "Periodic Payment" means the regularly schedule amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3, of this Security Instrument.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulations. Regulations X (24 C.F.R. Part 3500) as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.



(P) “ Successor in Interest of Borrower” means any party that has taken title to the Property, whether or not that party has assumed Borrower’s obligation under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures the Lender : (i) the repayment of the Loan, and all renewals, extensions, and modifications of the Note, and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrowers irrevocably mortgages, grants and conveys to Lender, with power of sale, the following described property located in the
COUNTY of SHELBY
(Type of Recording Jurisdiction) (Name of Recording Jurisdiction)

LOT 13, AS SHOWN BY A MAP OR PLAT OF SUNNYDALE ESTATES, FIRST AND SECOND SECTORS, DATED JUNE 21, 1978 AND RECORDED IN MAP BOOK 7, AT PAGE 75 IN THE OFFICE OF THE JUDGE OF PROBATE OF SHELBY COUNTY, ALABAMA

Parcel ID number which currently has the address of
241 DOYLE DRIVE MONTEVALLO, ALABAMA 35115 (street)
(property address) (city, Alabama)

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 Borrowers is lawfully seized of the estate hereby conveyed and has the right to 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.

UNIFORM COVENANTS; Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges , and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this

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Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the of following forms, as selected by Lender (a) cash (b) money order (c) certified check, bank check, treasure's check or cashier's check , provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality , or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the located designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments accepted . If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time , Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by the Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority; (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied by each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from the Borrower to the repayment of Periodic Payment if, and to the extent that each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payment, such excess may be applied to any late charges due. Voluntary prepayment shall be applied first to any prepayment charges and then as described in the Note.

Any application or payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payment.

(3) Funds for Escrow Items. Borrower shall pay to Lender, on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, , if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance Premiums in accordance with the provisions of Section 10. These items are called "Escrow Items". At origination or any time during the term of the Loan, Lender may require that Community Association Dues, Fees and Assessments , if any, be escrowed by Borrower, and such dues, fees, and assessments shall be an Escrowed Item. Borrower promptly furnish to Lender all notices of amount to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts,



due for any Escrow Items for which payments of Funds has been waived by Lender and, if Lender requires shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15, and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimated of expenditures of future Escrow Items or otherwise in accordance Applicable Law.

The funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is and institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower of holding and applying the Funds, annually applying the escrow account or verifying the Escrow Item, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds, Lender shall give to Borrower, without charge, an annual accounting, of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow as defined under RESPA. Lender shall notify Borrower as required by RESPA and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow as defined under RESPA. Lender shall notify Borrower as required by RESPA and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full or all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges: Liens. Borrower shall pay any taxes, assessments, charges, fines and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and community Associates Dues, Fees and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreements; (b) contests the liens in good faith by, or defends against enforcement of the lien in, legal proceeding which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the.



lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan .

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term, "extended coverage" and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan either, (a) a one-time charge for flood zone determination, certification, and tracking services, or (b) a one-time charge for flood zone determination and certification services and subsequent charge each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverage described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower. Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amount disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement shall be payable with such interest upon notice from Lender to Borrower request the payments.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires Borrower shall promptly give to Lender all receipts of paid premiums and renewals notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender for damage to, or destructive of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender, Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration, or repair of the Property, in the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period. Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of process payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for Section 2.



If the Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender may negotiate and settle the claim, the 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise. Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) and other of Borrower's right (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence with 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance, and Protection of the Property; Inspections. Borrower shall not destroy, damage, or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible. Borrower shall promptly repair the Property if damaged to avoid further deterioration, or damage. If insurance or condemnation proceeds are paid in connection with damage, to or the taking of the Property, Borrower shall be responsible for repairing or restoring the Property, only if Lender has released proceeds for such purpose. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property. Borrower is not relieved of Borrower's obligation for the condemnation of such repairs or restoration.

8. Borrower's Loan Application. Borrower shall be in default, if during the Loan application process. Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to , representations concerning Borrower's occupancy of the Property as Borrower's principal resident.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/ or rights under this Security Instrument (such as a proceeding in bankruptcy , probate , for condemnation or forfeiture , for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's action can include, bur are not limited to (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court, and (c) paying reasonable attorney's fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property included, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.



Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the dated of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premium for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest, or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage on the amount and for the period that Lender requires) provided by an insurer selected by Lender by Lender again becomes available as obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance. Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve Lender's requirements for Mortgage Insurance ends in accordance with any written agreements between Borrower and Lender providing for such termination or until termination is required by Applicable Law Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insured evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk or reduces losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender any purchaser of the Note, another insurer, any reinsurer, and other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provided that an affiliated of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangements is often termed "captive reinsurance"; Further **(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund. (b) Any such agreements will not affect the rights Borrower has-if-any with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the rights to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.**

11. Assignment of Miscellaneous , Forfeiture. All Miscellaneous Proceeds are hereby assigned to and

shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In a event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amounts of the sums secured by this Security Instrument immediately before the partial taking, destruction or loss in value unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of Miscellaneous Proceeds multiplied by the following fraction (a) the total amount of the sums secured immediately before the partial taking, destruction at loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking destruction, or loss in value is less than the Borrower and Lender otherwise agree in writing the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fail to respond to Lender within 30 days after the date the notice is give, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds, or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceedings, whether civile or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property, or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgement , precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restorations or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower not Released; Forbearance by Lender Not a Waiver. Extension of the time for payment or modification or amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to 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 any Successors in Interest to Borrower. Any forbearance by Lender is exercising any right or Successors in Interest of Borrower or in amounts less than the amount the due, shall not be waiver of or preclude the exercise of any rights or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"); (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signers 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 can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signers consent.

Subject to the provisions of Section 18, and Successor in Interest of Borrower who assumed Borrower's obligation under this Security Instrument in writing, and is approved by Lender , shall obtain all of Borrowers rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns the Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorney's fees, property inspection and valuations fee. In regard to any other fees, the absence or express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee , Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and the law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment, to Borrower. If a refund reduces the principal the reduction will be treated as a partial payment, without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any rights of action Borrower might have arising out of such coverage.

15. Notice. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly required otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specified a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirements will satisfy the corresponding requirement under this Security Instrument.



16. Governing Law; Severability ; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or if might be silent, but such silence shall be construed as a prohibition against agreement by contract. 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.

As used in this Security Instrument; (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender, (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

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

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including , but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument . However, this option shall no be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay theses sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Rights to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest : (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate, or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower (a) pays Lender all sums which when would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenant or agreements, (c) pays all expenses incurred in enforcing this Security Instrument, including but not limited to reasonable attorney's fees, property inspection, and valuations fees, and other fees incurred for the purpose of protection Lender's interest in the Property and rights under this Security Instrument ; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument , shall continue unchanged, Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender; (a) cash, (b) money order (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution, whose deposits are insured by a federal agency, instrumentality or entity, ; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument , and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note, Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which



payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may comments, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18, shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21; (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants , or wasters, by Environmental Law and the following substances; gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides , volatile solvents, material containing asbestos or formaldehyde , and radioactive materials; (b) " Environmental :Law" means federal law and laws of the jurisdiction where the Property is located that relate to health, safety on environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action as defined in Environmental Law and (d) an "Environmental Condition" means condition that can cause, contribute to ,or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence , use , disposal, storage , or release any Hazardous Substances or threaten to release any Hazardous Substance on or in the Property. Borrower shall not do, nor allow anyone else to do, anything, affecting the Property (a) that is in violation of any Environmental Law (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substances creates a condition that adversely affects the value of the Property. The preceding two sentence shall not apply to the presence, use or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses an to maintenance of the Property (including but not limited to , hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigations, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge , (b) any Environmental Conditions, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authorized, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligations on Lender for an Environmental Cleanup.



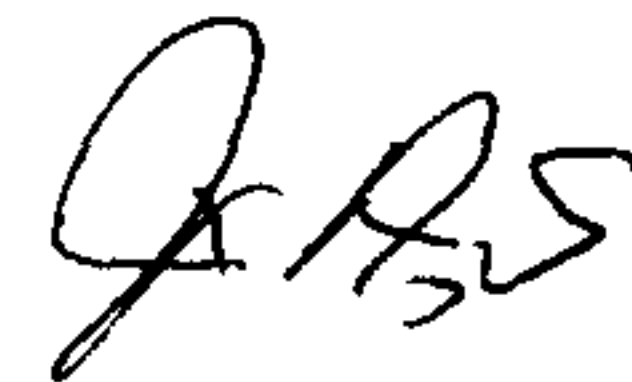
NON-UNIFORM COVENANTS: Borrower and Lender further covenants and agree as follows;

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach if any covenants or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). 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 a 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 payments in full or 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 Section 22, including , but not limited to, reasonable attorney's fees and costs of title evidence.

If Lender invoke the power of sale, Lender shall give a copy of a notice to Borrower in the manner provided in Section 15. 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 other (a) to all expenses of the sale, including, but not limited to, reasonable attorney's fees (b) to all sums secured by this Security Instrument and (c) any excess to the person or person legally entitled to it.


23. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release this Security Instrument, 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 service rendered and the charging of the fee is permitted under Applicable Law.

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

A handwritten signature in black ink, appearing to be "JRS", is located in the lower right quadrant of the page.

BY SIGNING BELOW. Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

_____(Seal)
JOY ANN SMITHERMAN

_____(Seal)
Borrower

_____(Seal)
Borrower

_____(Seal)
Borrower

On this 26TH day of APRIL 2004

,I, THE UNDERSIGNED

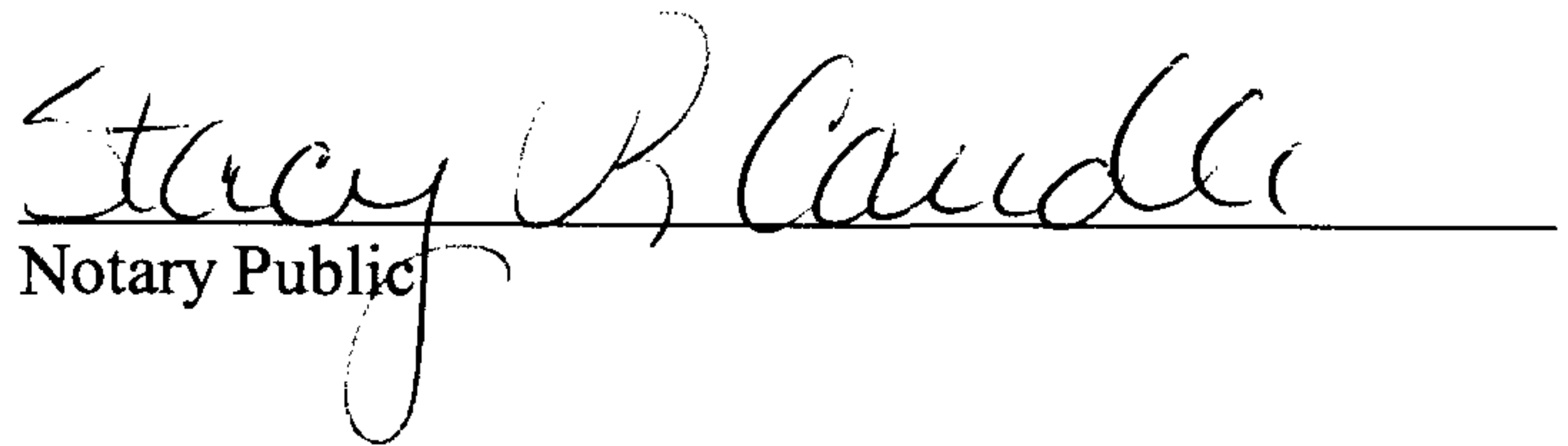
a Notary Public in and for said county and in said state, hereby certify that

JOY ANN SMITHERMAN A SINGLE PERSON

whose name (s) is/are signed to the foregoing conveyance, and who is/are known to me, acknowledge before me that, being informed of the contents of the conveyance, he/she/they executed the same voluntarily and as his/her/their act on the day the same bears dates.

Given under my hand and seal of office this 26TH day of. APRIL 2004

My Commission Expires: 3/17/08


Notary Public

65901

PREPARED BY:

ALAN KEITH

2100 LYNNGATE DRIVE

HOOVER AL 35216

MORTGAGE RIDER

THIS RIDER IS A PART OF AND FULLY INCORPORATED IN THAT CERTAIN MORTGAGE EXECUTED BY THE UNDERSIGNED DATED THIS 26th DAY OF April, 2004 .

Arbitration; Dispute Resolution; Preservation of Foreclosure Remedies. (a) For purposes of the Note or this Mortgage, Borrower agrees that this transaction contemplates substantial interstate commerce. Except as otherwise specifically set forth below, and **IN LIEU OF BORROWER'S AND LENDER'S RIGHT TO A JURY TRIAL AND THE RIGHT TO ASSERT A CLAIM FOR PUNITIVE DAMAGES, ATTORNEY'S FEES AND OTHER MATTERS MORE PARTICULARLY DESCRIBED HEREIN**, any action, dispute, claim, counterclaim or controversy ("Dispute" or "Disputes"), between Borrower and Lender, including any claim based on or arising from an alleged tort, shall be resolved in Birmingham, Alabama by **ARBITRATION** as set forth below. The term "Disputes" shall include all actions, disputes, claims, counterclaims, or controversies arising in connection with the Note or this Mortgage, any collection of any indebtedness owed to Lender, any security or collateral given to Lender, any action taken (or any omission to take any action) in connection with any of the above, any past, present and future agreement between or among Borrower and Lender (including the Mortgage), and any past, present or future transactions between or among Borrower and Lender. Without limiting the generality of the above, Disputes shall include actions commonly referred to as lender liability actions.

{Borrower initials _____ }

(b) All Disputes shall be resolved by binding arbitration in accordance with Title 9 of the U.S. Code and the Arbitration Rules for Commercial Financial Disputes (the "Rules") of the American Arbitration Association (the "AAA"). All defenses, including those defenses based on statutes of limitation, estoppel, waiver, laches and similar doctrines, that would otherwise be applicable to an action brought by a party, shall be applicable in any such arbitration proceeding, and the commencement of an arbitration proceeding with respect to the Note or this Mortgage shall be deemed the commencement of an action for such purposes.

© Notwithstanding the foregoing, Borrower agrees that Lender shall have the right, but not the obligation, to submit to and pursue in a court of law any claim against Borrower for a debt due. Borrower agrees that, if Lender pursues such a claim in a court of law, (1) Lender's failure to assert any additional claim in such proceeding shall not be deemed a waiver of, or estoppel to pursue, such claim as a claim or counterclaim in arbitration as set forth above, and (2) the institution or maintenance of a judicial action hereunder shall not constitute a waiver of the right of any party to submit any other action, dispute, claim or controversy as described above, even though arising out of the same transaction or occurrence, to binding arbitration as set forth herein.

(d) No provision of, nor the exercise of any rights under this section, shall limit Lender's right (1) to foreclose against any real or personal property by exercise of a power of sale under this Mortgage, or by exercise of any rights of foreclosure or of sale under applicable law, (2) to exercise self-help remedies such as set-off, or (3) to obtain provisional or ancillary remedies such as injunctive relief, attachment or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration or referral. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party, including the plaintiff in such an action, to submit the Dispute to arbitration or, in the case of actions on a debt, to judicial resolution.

ALABAMA RIDER - 257545.03



(e) Whenever arbitration is required hereunder, the arbitrator shall be selected in accordance with

the Rules of the AAA, as modified hereby. For claims of \$50,000.00 or less, the AAA shall designate a panel of five (5) neutral potential arbitrators knowledgeable in the subject matter of the Dispute, from which one (1) mutually acceptable arbitrator will be selected by the parties, who shall determine the resolution of the Dispute. The arbitrator shall be selected applying a process of strikes, as more particularly described in the Rules. In the event the parties cannot agree on the mutually acceptable arbitrator, then the AAA shall designate the arbitrator as prescribed in the Rules. For claims of more than \$50,000.00, the AAA shall designate a panel of fifteen (15) neutral potential arbitrators knowledgeable in the subject matter of the Dispute, from which three (3) mutually acceptable arbitrators will be selected by the parties, who shall determine the resolution of the Dispute. The arbitrators shall be selected applying a process of strikes, as more particularly described in the Rules. In the event the parties cannot agree on three (3) mutually acceptable arbitrator(s), then, from the list, each of the parties shall designate one (1) of the neutral, potential arbitrators to serve, and the two arbitrators so designated shall select a third neutral arbitrator from the thirteen (13) remaining potential arbitrators. The panel of three (3) arbitrators shall determine the resolution of the Dispute.

(f) Subject only to the right of Lender to claim attorney's fees and injunctive relief under the terms of the Note or Mortgage, as retained by the Lender as described elsewhere herein, the parties hereto waive any right to assert a claim for, interlocutory relief (including temporary or permanent injunctions), the arbitrator(s) may not award punitive damages, treble damages, penalties, or attorney's fees and may not, without consent of the parties, consolidate the Dispute with other claims for arbitration.

(g) If for any reason a court of competent jurisdiction should declare all or any part of this Rider invalid or unenforceable, thence the remainder of this Rider, or the application of such provisions to persons, entities or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Rider shall be valid and enforceable to the fullest extent permitted by law and in lieu of such illegal or unenforceable provisions there shall be added automatically as part of this Rider a provision as similar in terms to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable. If the Rules are found to be invalid or unenforceable, or if a court of competent jurisdiction determines this transaction does not involve interstate commerce, thence the parties agree to adopt and be bound by any Alabama law governing arbitration to resolve Disputes and to the extent this Rider does not conform to specific requirements of such laws, the parties hereto waive such noncompliance so as to allow the Disputes to be arbitrated under such Alabama law, with the results of such arbitration to be final and binding on the parties hereto.

(h) The terms of this Rider shall apply to all heirs, successors and assigns of Lender and Borrower.

 [SEAL]
(Signature) JOY ANN SMITHERMAN

_____[SEAL]
(Signature)