Waterford, L.L.C.

P. O. Box 380785

Birmingham AL 35238 0000

MORTGAGOR
"I" includes each mortgagor above.

This instrument was prepared by
(Name) First American Bank
(Address) 1927 1st Avenue North Birmingham, Al

First American Bank, an Alabama Banking Corporation
1927 First Avenue N
Birmingham, AL 35203

20833092

MORTGAGEE
"You" means the mortgagee, its successors and assigns.

REAL ESTATE MORTGAGE: For value received, I, Waterford, L.L.C., mortgage, grant, bargain, sell and convey to you, with power of sale, to secure the payment of the secured debt described below, on May 20, 2005, the real estate described below and all rights, easements, appurtenances, rents, leases and existing and future improvements and fixtures (all called the "property").

PROPERTY ADDRESS: _____ (Street), _____ (City), Alabama _____ (Zip Code)

LEGAL DESCRIPTION:
SEE ATTACHED EXHIBIT "A"

20050822000429640 1/6 $386.00
Shelby Cnty Judge of Probate,AL
08/22/2005 09:00:49AM FILED/CERT

This does not constitute the homestead of the mortgagor.

located in Shelby County, Alabama.

TITLE: I covenant and warrant title to the property, except for _____.

SECURED DEBT: This mortgage secures repayment of the secured debt and the performance of the covenants and agreements contained in this mortgage and in any other document incorporated herein. Secured debt, as used in this mortgage, includes any amounts I owe you under this mortgage or under any instrument secured by this mortgage and all modifications, extensions and renewals thereof.

The secured debt is evidenced by (List all instruments and agreements secured by this mortgage and the dates thereof.):

[X] REAL ESTATE

☐ **Future Advances:** All amounts owed under the above agreement are secured even though not all amounts may yet be advanced. Future advances under the agreement are contemplated and will be secured and will have priority to the same extent as if made on the date this mortgage is executed.

☐ Revolving credit loan agreement dated _____. All amounts owed under this agreement are secured even though not all amounts may yet be advanced. Future advances under the agreement are contemplated and will be secured and will have priority to the same extent as if made on the date this mortgage is executed.

The above obligation is due and payable on _____ if not paid earlier.

The total unpaid balance secured by this mortgage at any one time shall not exceed a maximum principal amount of: _____
TWO HUNDRED FORTY THOUSAND AND NO/100 Dollars ($ 240,000.00), plus interest, plus any disbursements made for the payment of taxes, special assessments, or insurance on the property, with interest on such disbursements.

[X] **Variable Rate:** The interest rate on the obligation secured by this mortgage may vary according to the terms of that obligation.

☐ A copy of the loan agreement containing the terms under which the interest rate may vary is attached to this mortgage and made a part hereof.

RIDERS: ☐ Commercial [X] ARBITRATION ☐ _____

SIGNATURES: By signing below, I agree to the terms and covenants contained in this mortgage (including those on page 2 which are hereby incorporated onto page 1 of this mortgage form) and in any riders described above and signed by me.

Waterford, L.L.C.
_____ (Seal) _____ (Seal)
John G. Reamer, Jr. Member
_____ (Seal) _____ (Seal)

WITNESSES:

_____ _____

ACKNOWLEDGMENT: STATE OF ALABAMA, _____, County ss:
I, THE UNDERSIGNED, a Notary Public in and for said county and in said state, hereby certify that

John G. Reamer, Jr.,

Individual: whose name(s) IS/ARE signed to the foregoing conveyance, and who IS/ARE known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, HE/SHE executed the same voluntarily on the day the same bears date.

Corporate: whose name(s) as Member of the Waterford, LLC, a ~~corporation~~ LLC, IS signed to the foregoing conveyance and who IS known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, _____ he _____, as such officer and with full authority, executed the same voluntarily for and as the act of said ~~corporation~~ LLC.

Given under my hand this the 20th day of May, 2005.
My commission expires:

Gina G. Williams
(Notary Public)

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Jan 24, 2008
BONDED THRU NOTARY PUBLIC UNDERWRITERS

ALABAMA

COVENANTS

1. Payments. I agree to make all payments on the secured debt when due. Unless we agree otherwise, any payments you receive from me or for my benefit will be applied first to any amounts I owe you on the secured debt (exclusive of interest or principal), second, to interest and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any scheduled payment until the secured debt is paid in full.

2. Claims against Title. I will pay all taxes, assessments, liens and encumbrances on the property when due and will defend title to the property against any claims which would impair the lien of this mortgage. You may require me to assign any rights, claims or defenses which I may have against parties who supply labor or materials to improve or maintain the property.

3. Insurance. I will keep the property insured under terms acceptable to you at my expense and for your benefit. All insurance policies shall include a standard mortgage clause in favor of you. You will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within your discretion, to either the restoration or repair of the damaged property or to the secured debt. If you require mortgage insurance, I agree to maintain such insurance for as long as you require.

4. Property. I will keep the property in good condition and make all repairs reasonably necessary.

5. Expenses. I agree to pay all your expenses, including reasonable attorneys' fees if I break any covenants in this mortgage or in any obligation secured by this mortgage. Attorneys' fees include those awarded by an appellate court. I will pay these amounts to you as provided in Covenant 10 of this mortgage.

6. Default and Acceleration. If I fail to make any payment when due or break any covenants under this mortgage, any prior mortgage or any obligation secured by this mortgage, you may accelerate the maturity of the secured debt and demand immediate payment and exercise any other remedy available to you. This mortgage gives you the power of sale, which you may also invoke under the circumstances described in the previous sentence. If you invoke the power of sale, you will give notice of the sale by publication once a week for three successive weeks in some newspaper published in the county in which the property or any portion of it is located. This notice will give the time, place and terms of the sale, and a description of the property. After this notice is given, the property will be sold to the highest bidder at public auction at the front door of the County Courthouse of the county in which the notice of sale was published. *and

7. Assignment of Rents and Profits. I assign to you the rents and profits of the property. Unless we have agreed otherwise in writing, I may collect and retain the rents as long as I am not in default. If I default, you, your agent, or a court appointed receiver may take possession and manage the property and collect the rents. Any rents you collect shall be applied first to the costs of managing the property, including court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amount of rents will then apply to payments on the secured debt as provided in Covenant 1.

8. Waiver of Homestead. I hereby waive all right of homestead exemption in the property.

9. Leaseholds; Condominiums; Planned Unit Developments. I agree to 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 a planned unit development, I will perform all of my duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

10. Authority of Mortgagee to Perform for Mortgagor. If I fail to perform any of my duties under this mortgage, you may perform the duties or cause them to be performed. You may sign my name or pay any amount if necessary for performance. If any construction on the property is dicontinued or not carried on in a reasonable manner, you may do whatever is necessary to protect your security interest in the property. This may include completing the construction.

Your failure to perform will not preclude you from exercising any of your other rights under the law or this mortgage.

Any amounts paid by you to protect your security interest will be secured by this mortgage. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect on the secured debt.

11. Inspection. You may enter the property to inspect if you give me notice beforehand. The notice must state the reasonable cause for your inspection.

12. Condemnation. I assign to you the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.

13. Waiver. By exercising any remedy available to you, you do not give up your rights to later use any other remedy. By not exercising any remedy, if I default, you do not waive your right to later consider the event a default if it happens again.

14. Joint and Several Liability; Co-signers; Successors and Assigns Bound. All duties under this mortgage are joint and several. If I co-sign this mortgage but do not co-sign the underlying debt I do so only to mortgage my interest in the property under the terms of this mortgage. I also agree that you and any party to this mortgage may extend, modify or make any other changes in the terms of this mortgage or the secured debt without my consent. Such a change will not release me from the terms of this mortgage.

The duties and benefits of this mortgage shall bind and benefit the successors and assigns of either or both of us.

15. Notice. Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by certified mail addressed to me at the Property Address or any other address that I tell you. I will give any notice to you by certified mail to your address on page 1 of this mortgage, or to any other address which you have designated.

Any notice shall be deemed to have been given to either of us when given in the manner stated above.

16. Transfer of the Property or a Beneficial Interest in the Mortgagor. If all or any part of the property or any interest in it is sold or transferred without your prior written consent, you may demand immediate payment of the secured debt. You may also demand immediate payment if the mortgagor is not a natural person and a beneficial interest in the mortgagor is sold or transferred. However, you may not demand payment in the above situations if it is prohibited by federal law as of the date of this mortgage.

17. Release. When I have paid the secured debt in full and all underlying agreements have been terminated, this mortgage will become null and void and you will release this mortgage.

*you and your agents or assigns, may bid at said sale and purchase said property if the highest bidder therefore.

20050822000429640 2/6 $386.00
Shelby Cnty Judge of Probate, AL
08/22/2005 09:00:49AM FILED/CERT

BANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 (1-800-397-2341) FORM OCP-MTG-AL 7/16/91

20050822000429640 3/6 $386.00
Shelby Cnty Judge of Probate,AL
08/22/2005 09:00:49AM FILED/CERT

EXHIBIT "A"

The land referred to in this Commitment is described as follows:

A tract of land located in the SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Section 34, Township 21 South, Range 2 West, Shelby County, Alabama, and The NW 1/4; N 1/2 of SW 1/4; W 1/2 of NE 1/4; NE 1/4 of NE 1/4 of Section 35, Township 21 South, Range 2 West, Shelby County, Alabama, all more particularly described as follows:

Parcel I

BEGIN at the NW corner of said Section 35; thence S 88deg 48'23" E along the north line of the NW 1/4-NW 1/4 of said Section 35 a distance of 1337.75' to the NE corner of said 1/4-1/4 section; thence S 88deg 45'16" E a distance of 2633.69' to the NW corner of the NE 1/4-NE 1/4 of said Section 35; thence S 88deg 46'48" E along the north line of said 1/4-1/4 section a distance of 1318.68' to the NE corner of said Section 35; thence S 0deg 4'29" W along the east line of said 1/4-1/4 section a distance of 1329.82' to its point of intersection with the northwesterly R.O.W. line of State Highway # 70 (variable R.O.W.); thence S 67deg 26'25" W and along said R.O.W. line, a distance of 26.28' to its point of intersection with the south line of the NE 1/4-NE 1/4 of said Section 35; thence N 88deg 36'2" W and along said 1/4-1/4 line a distance of 1295.17' to the SE corner of said 1/4-1/4 section; thence S 0deg 1'58" W along the east line of the SW 1/4-NE 1/4 of said Section 35 a distance of 575.09' to its point of intersection with the northwesterly R.O.W. line of said State Highway # 70; thence S 67deg 26'25" W and along said R.O.W. line, a distance of 242.81'; thence N 22deg 33'35" W and along said R.O.W. line a distance of 20.0'; thence S 67deg 26'25" W and along said R.O.W. line, a distance of 393.61'; thence S 22deg 33'35" E and along said R.O.W. line, a distance of 10.0'; thence S 67deg 26'25" W and along said R.O.W. line, a distance of 400.00'; thence N 22deg 33'35" W and along said R.O.W. line, a distance of 10.0'; thence S 67deg 26'25" W and along said R.O.W. line, a distance of 1796.88'; thence S 22deg 33'35" E and along said R.O.W. line a distance of 10.0'; thence S

20050822000429640 4/6 $386.00
Shelby Cnty Judge of Probate,AL
08/22/2005 09:00:49AM FILED/CERT

67deg 26'25" W and along said R.O.W. line a distance of 400.79'; thence N 22deg 33'35" W and along said R.O.W. line, a distance of 35.0'; thence S 67deg 26'25" W and along said R.O.W. line a distance of 414.77'; thence S 22deg 33'35" E and along said R.O.W. line, a distance of 25.0' to the beginning of a curve to the right having a radius of 5640.92', a central angle of 3deg 51'41" and subtended by a chord which bears S 69deg 22'16" W a chord distance of 380.10'; thence along the arc of said curve and said R.O.W. line a distance of 380.17'; thence N 18deg 41'53" W along said R.O.W. line and along a line radial to aforesaid curve a distance of 5.0' to the beginning of a curve to the right having a radius of 5635.92', a central angle of 10deg 01'26" and subtended by a chord which bears S 76deg 18'50" W a chord distance of 984.75'; thence along the arc of said curve and said R.O.W. line, a distance of 986.01'; thence S 8deg 40'27" E along said R.O.W. line and along a line radial to aforesaid curve a distance of 10.0' to the beginning of a curve to the right, having a radius of 5645.92' a central angle of 3deg 46" 35" and subtended by a chord which bears S 83deg 12'50" W a chord distance of 372.05'; thence along the arc of said curve and said R.O.W. line, a distance of 372.12' to the end of said curve; thence S 85deg 06'07" W along said R.O.W line and a line tangent to said curve, a distance of 16 .87' to its point of intersection with the west line of the NE 1/4-SE 1/4 of aforesaid Section 34; thence N 0deg 1'52" W along said west line, a distance of 1190.76' to the NW corner of said 1/41/4 section; thence N 0deg 2'18" E along the west line of the SE 1/4-NE 1/4 of said Section 34, a distance of 1331.30' to the NW corner of said 1/4-1/4 section; thence S 88deg 19'19" E along the north line of said 1/41/4 section, a distance of 1262.79' to the NE corner of said 1/4-1/4 section; thence N 0deg 25'1" W along the east line of the NE 1/4-NE 1/4 of said Section 34, a distance of 1322.76' to the POINT OF BEGINNING.

20050822000429640 5/6 $386.00
Shelby Cnty Judge of Probate,AL
08/22/2005 09:00:49AM FILED/CERT

EXHIBIT "A"

Lots 708, 711 and 719, according to the Survey of Waterford Cove, Sector 3, as recorded in Map Book 31 page 146 in the Probate Office of Shelby County, Alabama;

Lots 663A, 664, 664A, 665, 665A, 666, 666A, 667, 667A, 668, 668A, 669 to 672, inclusive, 679 to 686, inclusive, 686A, 687 to 700, inclusive, according to the Survey of Waterford Cove, Sector 3, Phase 2, as recorded in Map Book 34 page 34 in the Probate Office of Shelby County, Alabama;

Lots 453, 454, 455, according to the Final Plat of Waterford Highlands, Sector 2, Phase 2, as recorded in Map Book 30 page 111 in the Probate Office of Shelby County, Alabama;

Lot 478, according to the Survey of Waterford Highlands, Sector 3, Phase 2, as recorded in Map Book 32 page 136 in the Probate Office of Shelby County, Alabama;

Lots 226, 229, 240, 268, 270 to 275, inclusive, and 283, according to the Survey of Waterford Village, Sector 3, as recorded in Map Book 31 page 135 in the Probate Office of Shelby County, Alabama;

Lot 503, according to the Survey of Waterford Highlands, Sector 3, Phase 1, as recorded in Map Book 32 page 64 in the Probate Office of Shelby County, Alabama;

Lots 216 and 284, according to the Survey of Waterford Village, Sector 3, Phase 2, as recorded in Map Book 33 page 117 in the Probate Office of Shelby County, Alabama;

Lots 5 to 13, inclusive, Lots 15, 16, 17, 19 to 23, inclusive, 25 to 30, inclusive, 32, 33, 34, 36, 37, 38, 40 to 46, inclusive, 141, 142, 143, 146, 151 to 154, inclusive, 156, 157, 158, 167 to 170, inclusive, 173 and 178, according to the Survey of Waterford Village, Sector 4, as recorded in Map Book 33 page 86 in the Probate Office of Shelby County, Alabama.

Lots 514, 519 to 536, inclusive, 562 to 588, inclusive, according to the Survey of Waterford Highlands, Sector 4, Phase 1, as recorded in Map Book 34 page 73 in the Probate Office of Shelby County, Alabama;

Lots 942, 943, 944, according to the Survey of Waterford Townhomes, Sector 1, Phase 1, as recorded in Map Book 31 page 137 in the Probate Office of Shelby County, Alabama.

All above lots being situated in Shelby County, Alabama.

All that part of the SW ¼ of the NW ¼ of Section 36, Township 21, Range 2 West, situated in Shelby County, Alabama, lying South of Highway 70.

20050822000429640 6/6 $386.00
Shelby Cnty Judge of Probate,AL
08/22/2005 09:00:49AM FILED/CERT

Rider to Mortgage - Arbitration

Mortgagor (herein "Borrower") represents to Mortgagee (herein "Lender") that its business and affairs constitute substantial interstate commerce and that it contemplates using the proceeds of the Note in substantial interstate commerce. Except as otherwise specifically set forth below, any action, dispute, claim, counterclaim or controversy ("Dispute" or "Disputes"), between or among lender, borrower or any other Obligor, including without limitation any claim based on or arising from an alleged tort, shall be resolved by arbitration as set forth below. As used herein, Disputes shall include all actions, disputes, claims, counterclaims or alleged controversies arising in connection with the loan, any extensions of or commitment to extend credit by the Lender, any collection of any indebtedness owed to the Lender, any security or collateral given to the Lender, any action taken (or any omission to take any action) in connection with any of the foregoing, any past, present or future agreement between or among the Lender, the Borrower or an other Obligor (including without limitation this Agreement, the Note and the Mortgage, any past, present or future transactions between or among the Lender, the Borrower or any other Obligor. Without limiting the generality of the foregoing, Disputes shall include actions commonly referred to a lender liability actions. All Disputes shall be resolved by binding arbitration in accordance with Title 9 of the U.S. Code and the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). 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 this Note shall be deemed the commencement of an action for such purposes. Notwithstanding the foregoing, the Borrower and each other Obligor agrees that the Lender shall have the option, but not the obligation, to submit to and pursue in a court of law any claim against the Borrower or any other Obligor for a debt due. The Borrower and each other Obligor agrees that, if the Lender pursues such a claim in a court of law, (i) failure of the Lender 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 (ii) 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. If the Borrower asserts a claim against the Lender in arbitration or otherwise during the pendency of a claim brought by the Lender in a court of law, the court action shall be stayed and the parties shall submit to arbitration all claims. No provision of, nor the exercise of any rights under this paragraph, shall limit the right of an party (i) to foreclose against any real or personal property collateral by exercise of any rights of foreclosure or of sale under applicable law, (ii) to exercise self-help remedies such as set-off, or (iii) 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. Whenever an arbitration is required hereunder, the arbitrator shall be selected in accordance with the Commercial Arbitration Rules of the AAA. The AAA shall designate a panel of ten (10) potential arbitrators knowledgeable in the subject matter of the Dispute. Each of the Lender and Obligor shall designate, within thirty (30) days of the receipt of the list of potential arbitrators, one of the potential arbitrators to serve, and the two arbitrators so designated shall select a third arbitrator from the eight remaining potential arbitrators. The panel of three (3) arbitrators shall determine the resolution of the Dispute.

Waterford, L.L.C. Member _____ (SEAL) _____ (SEAL)

_____ (SEAL) _____ (SEAL)

_____ (SEAL) _____ (SEAL)