

20120911000344570 1/5 \$249.00
Shelby Cnty Judge of Probate, AL
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MORTGAGE AND

SECURITY AGREEMENT

\$150,000.⁰⁰

This Security Agreement (the "Agreement") is dated as of April 20, 2005 by and between Clarence A. Shelton IV and Julie Shelton, ("Borrower") and Clarence A. Shelton III ("Lender") (collectively referred to as the "Parties").

Whereas, Lender has or will make certain advances of money to Borrower (the "Loan") as evidenced by that certain Promissory Note dated April 20, 2005 (the "Note"), and

Whereas, Lender is willing to make the Loan, but only upon a condition that Borrower executes and delivers this Agreement.

Now, Therefore, Borrower hereby represents, warrants and agrees as follows:

1. GRANT: As security for the payment and performance of the Note, Borrower hereby grants to Lender a security interest in all of Borrower's rights, title and interest in the following (collectively referred to as the "Collateral"):

All real estate addressed at 220 County Road 1033, Jemison, AL 35085, 5 acres more or less as well as the resident that is to be built on said site. In the event the real estate and resident's value does not meet the promissory note obligation, a lien for the balance will be placed against the property located at 341 11 St, NW, Alabaster, AL 35007.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS: Borrower hereby represents and warrants that:

- (a) The Collateral will be kept at the location noted above and will not be removed except in the ordinary course of business.
- (b) Borrower will not sell, dispose or otherwise transfer the Collateral or any interest in the Collateral without prior written consent from the Lender.
- (c) Except for the security interest granted above, Borrower is the sole, legal and equitable owner of the Collateral.
- (d) No other security agreement, financing statement, or other security instrument covering the Collateral exists.
- (e) Borrower will not create or allow any other security interest or lien on the Collateral.
- (f) Borrower, upon Lender's request, will execute any financing statement or other document necessary to perfect or otherwise record the security interest.
- (g) Borrower will not change its principal residence or principal place of business without giving Lender at least seven (7) days prior written notice.
- (h) Borrower will maintain applicable insurance at all times with respect to Collateral against the risk of fire, theft and other such risks and in such amounts as Lender may require. The policies shall be payable to the Borrower and Lender as their interest appear. The policies shall further provide that the Lender's interest in those policies will not be invalidated without at least ten (10) days prior, written notice to Lender.

- (i) Borrower will make all necessary repairs and improvements to ensure that the Collateral remain in good working order. Lender may examine and inspect the Collateral at any reasonable time.
- (j) Borrower will promptly pay all taxes and assessments due on the Collateral.

3. DEFAULT: Borrower shall be in default under this Agreement upon any of the following: (a) default in the payment or performance of the Note, (b) any material breach by Borrower of any warranty, representation, or covenant in this Agreement, (c) dissolution, termination of existence, declaration of insolvency, an assignment for the benefit of creditors or the institution of bankruptcy proceedings, whether voluntary or involuntary.

4. REMEDIES: Upon default and at any time thereafter, Lender may declare the Loan secured by this Agreement, immediately due and payable and shall have all the rights and remedies of a Lender under the Uniform Commercial Code (the "UCC"). Without limiting the generality of the foregoing, Grantor expressly agrees that in any such default Lender may take immediate and exclusive possession of the Collateral. Lender may require Borrower to make the Collateral available in a mutually convenient location, which Lender shall reasonably select. The proceeds of any sale or disposition of any part of the Collateral shall be distributed by the Lender in the following order of priorities: (a) any reasonable costs, fees, or expenses, of Lender made in connection with the sale/disposition of the Collateral; (b) to Lender in an amount equal to any unpaid obligations of the Loan; and (c) any surplus to Borrower, in accordance with the UCC or as a court of competent jurisdiction may direct.

5. TERMINATION: This Agreement shall terminate upon the payment and performance in full of the Note.

6. BINDING EFFECT: The covenants and conditions contained in this Agreement shall apply to and bind the Parties and the heirs, legal representatives, successors and permitted assigns of the Parties.

7. CUMULATIVE RIGHTS: The Parties' rights under this Agreement are cumulative, and shall not be construed as exclusive of each other unless otherwise required by law.

8. WAIVER: The failure of either party to enforce any provisions of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. Furthermore, no waiver by Lender of any default shall operate as a waiver of any other default or the same default on a future occasion.

9. SEVERABILITY: If any part or parts of this Agreement shall be held unenforceable for any reason, the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

10. NOTICE: Any notice required or otherwise given pursuant to this Agreement shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, addressed as follows:

LENDER:

Clarence A. Shelton III
1120 Shannon Lynn Shores
Talladega, AL 35160

BORROWERS:

Clarence A. and/or Julie Shelton IV
341 11 St, NW
Alabaster, AL 35007

Either party may change such addresses from time to time by providing notice as set forth above.

11. GOVERNING LAW: This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written above.

BORROWERS:

Clarence A. Shelton IV
(Signature)

Clarence A. Shelton IV
(Name - Please Print)

Julie Ray Shelton
(Signature)

Julie Ray Shelton
(Name - Please Print)

LENDER:

Clarence A. Shelton III
(Signature)

Clarence A. Shelton III
(Name - Please Print)

4-20-05

Brenda Barrow

My Commission Expires
August, 18, 2005

Prepared By:
Clarence A. Shelton III
1120 Shannon Lynn Shores
Talladega, AL 35160



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EXHIBIT A

Legal Description

341 11th ST NW, ALABASTER, AL 35007

LOT 8, BLOCK 4, ACCORDING TO THE RESURVEY OF FARRIS-SMITH SUBDIVISION, AS RECORDED IN MAP BOOK 4, PAGE 60 IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA.

Being the same premises conveyed to Julie A. Ray from Theresa K. Herrin, an unmarried woman, by Warranty Deed dated 11/30/2000, and recorded in document number 2001-00692 in the Probate Office of Shelby County, Alabama.

Julie Andrea Ray, Julie A. Ray, Julie Shelton, Julie R. Shelton, Julie Ray Shelton and Julie A. Shelton are one and the same person.



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