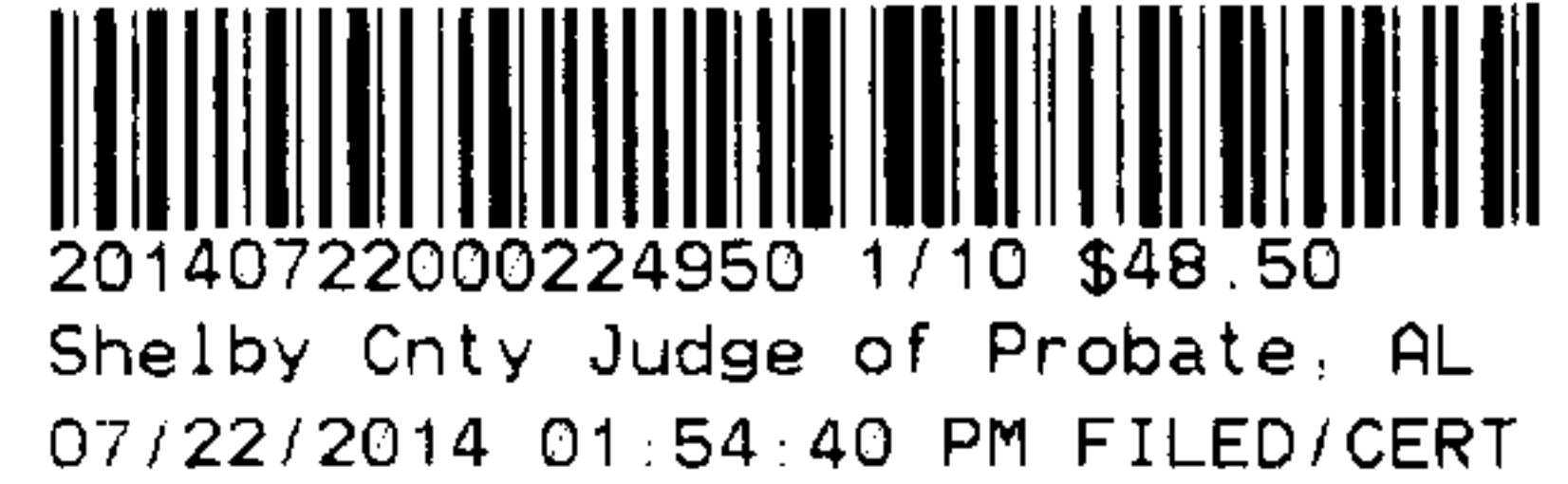


FEDERAL HOME LOAN BANK OF ATLANTA
Affordable Housing Program – Owner-Occupied



SUBORDINATE MORTGAGE

THIS SUBORDINATE MORTGAGE for Affordable Housing Program (the "**AHP**") funds is made on 07/16/2014 (the "**Closing Date**") by COURTNEY GARZA, AN UNMARRIED WOMAN (the "**Borrower**") residing at 3427 WILDEWOOD DRIVE, PELHAM, AL 35124 to FIDELITY BANK, D/B/A FIDELITY BANK MORTGAGE (the "**Lender**"), maintaining offices at 3 CORPORATE SQUARE, 5TH FLOOR, ATLANTA, GA 30329.

WHEREAS, the Federal Home Loan Bank of Atlanta ("**FHLBank Atlanta**") is providing AHP funds to the Borrower through the Lender for purchase, construction or rehabilitation costs in connection with the purchase or rehabilitation of a home by the Borrower which shall be used as the Borrower's primary residence ;

WHEREAS, FHLBank Atlanta and the Lender entered into an Agreement for Affordable Housing Program Set-Aside (as amended from time to time, the "**AHP Agreement**") on November 12, 2013 to issue funds to the Borrower through the Lender pursuant to the AHP, as provided in the Affordable Housing Program Implementation Plan (as the same may be modified from time to time, the "**Implementation Plan**"), and AHP policies, procedures, guidelines, and instructions covering, among other things, feasibility, funding, monitoring and modifying affordable housing projects participating in FHLBank Atlanta's AHP (together with the Implementation Plan, collectively, as the same may be modified from time to time, "**FHLBank Atlanta's AHP Policies and Procedures**"; and together with the Federal Housing Finance Agency's Affordable Housing Program Regulations 12 CFR Part 1291 et seq., as may be amended from time to time, the "**AHP Regulations**," collectively, "**AHP Requirements**");

WHEREAS, the Lender has determined that the Borrower meets the definition of an eligible home buyer as defined by FHLBank Atlanta and as provided by the AHP Requirements; and

WHEREAS, the Borrower is indebted to the Lender in the amount of \$5000.00 that financed the purchase, construction, or rehabilitation of the AHP-Assisted Unit (the "**AHP Subsidy**"), which indebtedness is evidenced by the Borrower's Note of even date herewith (as amended from time to time, the "**Note**").

NOW THEREFORE, TO SECURE TO LENDER (a) the repayment of the indebtedness evidenced by the Note and (b) the performance of the covenants and agreements of the Borrower herein contained, the Borrower does hereby mortgage, grant, convey, and assign to Lender the AHP-Assisted Unit (hereinafter defined) described below.

1. MORTGAGE AS SECURITY

- A. This Mortgage secures to the Lender: (i) the repayment of the AHP Subsidy; and (ii) the performance of the Borrower's covenants and agreements under this Mortgage and the Note. For this purpose, the Borrower does hereby mortgage, grant and convey to Lender,

WITH MORTGAGE COVENANTS UPON THE STATUTORY CONDITION AND WITH THE STATUTORY POWER OF SALE, the following described property:

County of SHELBY, and State of ALABAMA, specifically described as follows:
SEE ATTACHED EXHIBIT A FOR LEGAL DESCRIPTION

AHP-Assisted Unit Address: 3427 WILDEWOOD DRIVE, PELHAM ALABAMA
35124

TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns, forever, 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 Mortgage.

Which is more particularly described in the Legal Description attached hereto as Exhibit A (the "*AHP-Assisted Unit*").

B. This Mortgage is subject and subordinate to mortgage(s) recorded against the AHP-Assisted Unit dated as of the Closing Date.

2. REPAYMENT TERMS

Provided the proceeds from the AHP Subsidy are used for the approved purposes set forth in the AHP Requirements, and no Event of Noncompliance (as hereinafter defined) has occurred, this Mortgage will expire five years from the date hereof (such five-year period, the "*Retention Period*") and no payments will be due on the AHP Subsidy. In the event any of the proceeds of the AHP Subsidy are not or were not used for the approved purposes set forth in the AHP Requirements, the portion of the proceeds not used in compliance with the approved purposes (plus interest, if appropriate) must be repaid to the Lender as stated in paragraph 5.A of this Mortgage.

3. AHP SUBSIDY

The Borrower hereby acknowledges and agrees that the AHP Subsidy represents a reduction in the Borrower's purchase, construction or rehabilitation costs for the acquisition or rehabilitation of the AHP-Assisted Unit described in paragraph 1.A above, which is, or will be, used as the Borrower's primary residence.

4. NOTICE OF A SALE, REFINANCING OR TRANSFER

The Borrower hereby agrees that the Lender and FHLBank Atlanta or its designee shall be given thirty (30) days prior written notice of a sale, refinancing, or transfer of the AHP-Assisted Unit during the Retention Period.

Such notice shall be mailed or sent by a nationally recognized overnight carrier, sent by facsimile transmission (with confirmation copy), or served personally at the addresses indicated below, or

at such other address as shall be designated by a party by future written notice to the other parties. Notice sent by facsimile transmission shall be effective on the date transmitted; notice sent by personal service shall be effective on the date of delivery; notice sent by U.S. mail shall be effective three (3) business days after such notice is deposited in the mail with first class postage prepaid, addressed as aforesaid; and notice sent by overnight carrier shall be effective the day following delivery to said carrier

Notices to FHLBank Atlanta shall be sent to:

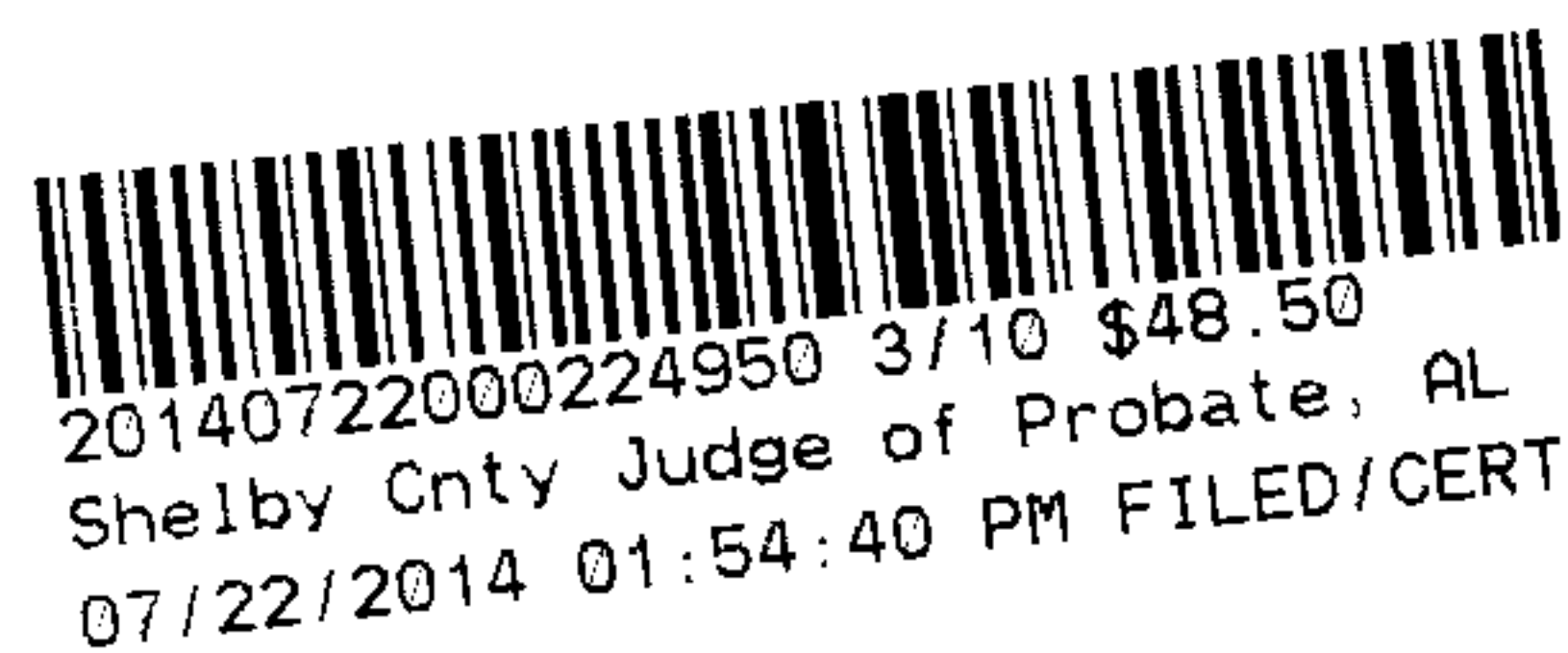
Federal Home Loan Bank of Atlanta
1475 Peachtree Street, NE
Atlanta, Georgia 30309
Attention: Community Investment Services

Notices to Lender shall be sent to:

FIDELITY BANK D/B/A FIDELITY BANK MORTGAGE
3 CORPORATE SQUARE 5TH FLOOR
ATLANTA, GA 30329

5. REPAYMENT OBLIGATION

- A. The Borrower agrees that the AHP Subsidy will only be used for the purpose approved by FHLBank Atlanta under the AHP. The Borrower acknowledges and agrees that if FHLBank Atlanta determines by its own monitoring in its sole discretion or FHLBank Atlanta is informed by the Lender that the AHP Subsidy will not be or was not used for the purposes approved by FHLBank Atlanta (an "*Event of Noncompliance*"), the AHP Subsidy that was not used in compliance with the approved purposes (plus interest, if appropriate) must be repaid by the Borrower to the Lender.
- B. In the case of a sale prior to the end of the Retention Period, the Borrower agrees to repay to the Lender an amount equal to a *pro rata* portion of the AHP Subsidy, reduced for every year the Borrower owned the AHP-Assisted Unit, from any net gain realized upon the sale of the AHP-Assisted Unit (the "*Repayment Obligation*") unless the purchaser is a very low-, low-, or moderate-income household, as defined by the AHP Regulations, and as determined by FHLBank Atlanta in its sole discretion. *Pro rata* payments means 20 percent of the AHP Subsidy will be forgiven for each year of the Retention Period that has passed, as determined by FHLBank Atlanta in its sole discretion.
- C. In the event the Borrower refinances prior to the end of the Retention Period, the Borrower must repay an amount equal to a *pro rata* portion of the AHP Subsidy, reduced for every year that the Borrower owned the AHP-Assisted Unit from any net gain realized on the refinancing, unless the AHP-Assisted Unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the covenants set forth in paragraphs 4, 5.B and 5.C contained herein. *Pro*



rata payments means 20 percent of the AHP Subsidy will be forgiven for each year of the Retention Period that has passed, as determined by FHLBank Atlanta in its sole discretion.

D. The Lender shall be entitled to collect the portion of AHP Subsidy owed by the Borrower as determined by this Section 5 by taking the following actions:

- (i) The Lender shall give notice to the Borrower following the Borrower's breach of any covenant or agreement in this Mortgage, specifying the nature of said breach and the action and time within which to cure the default.
- (ii) If the default is not cured on or before the date specified in the notice, the Lender at its option and in its sole discretion may require immediate payment of all sums secured by this Mortgage without further demand and may invoke the statutory powers of sale or foreclosure and any other remedies permitted by applicable law, the Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided herein including, but not limited to, reasonable attorney's fees and costs of title evidence. If the Lender invokes the statutory powers of sale or foreclosure, the Lender shall provide notices in the manner prescribed by applicable law.

6. THIRD PARTY BENEFICIARY

The Borrower agrees that FHLBank Atlanta is an intended, third party beneficiary of this Mortgage and is entitled to rely upon all rights, representations, warranties, and covenants made by Borrower herein to the same extent as if FHLBank Atlanta were the Lender hereunder.

7. RECEIPT OF ADDITIONAL AHP SUBSIDY DURING RETENTION PERIOD

The AHP-Assisted Unit may not receive funds from multiple AHP Competitive or Set-aside product(s) offered by FHLBank Atlanta during the Retention Period.

8. MONITORING

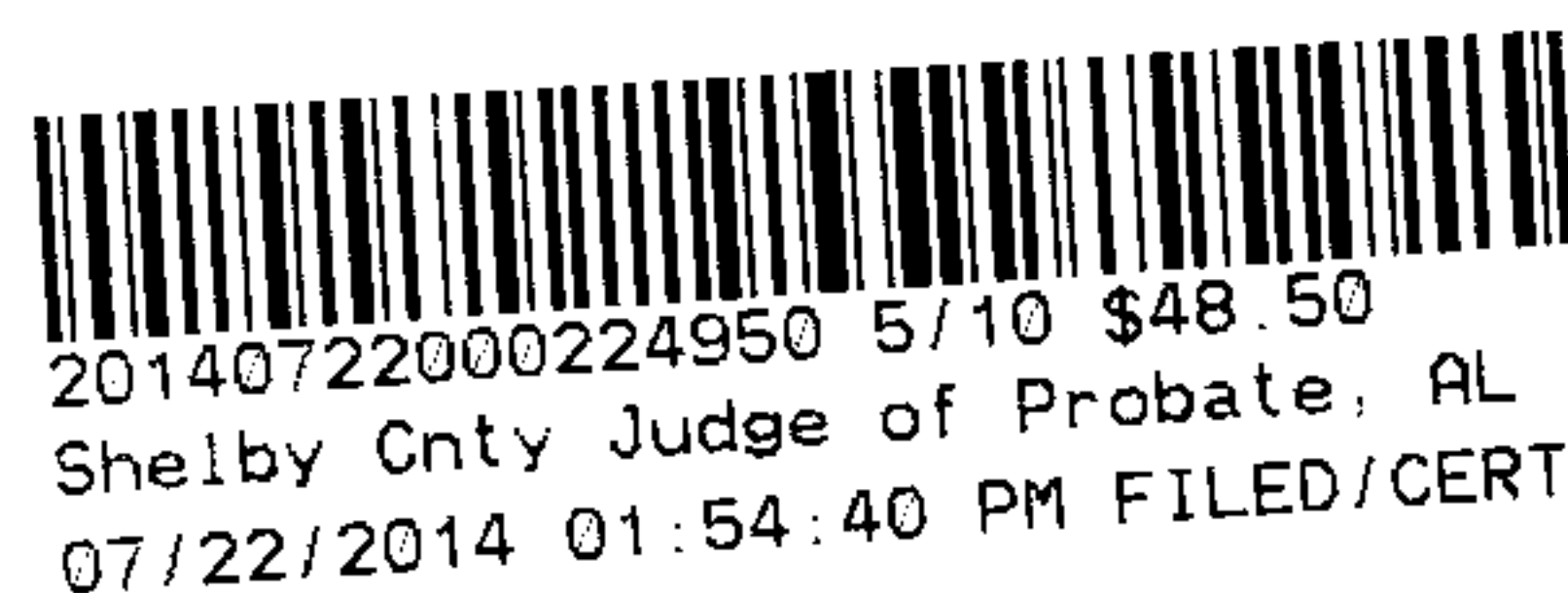
Borrower agrees to comply with all requests by Lender for information or documentation arising from Lender's obligations to obtain information from the Owner under the AHP Requirements. The Owner's failure to respond to a request by Lender shall constitute an Event of Noncompliance, as described in paragraph 5.A above.

9. MISCELLANEOUS

- A. The Borrower acknowledges and agrees that the AHP Subsidy is subject to the terms and conditions of this Mortgage, the Note, and the AHP Requirements, as the same may be amended from time to time.

- B. The Borrower agrees to the terms and conditions of this Mortgage and certifies that its representations contained in its AHP application and any related certifications are true, complete and accurate.
- C. By executing this Mortgage in the space indicated below, the Borrower fully understands and agrees to the terms and conditions contained herein. The Borrower acknowledges that he/she must satisfy all terms and conditions contained in this Mortgage.
- D. The Borrower agrees to be responsible for all tax issues (including, but not limited to, reporting and payment) arising from receipt of the funds secured hereunder.
- E. To the extent the Lender and the Borrower have entered into any other agreements pertaining to the AHP-Assisted Unit, the terms of such agreements remain in full force and effect, provided *however*, in the event of any conflict between such agreements and this Mortgage, unless otherwise expressly provided in this Mortgage, the terms of this Mortgage shall prevail.
- F. The Borrower acknowledges receipt of a true copy of this Mortgage.
- G. This Mortgage shall be governed by the laws of the United States and, to the extent federal law incorporates or defers to state law, the laws of the State where the property is located (excluding, however, the conflict of laws rules of such State).
- H. In the event that any portion of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage that can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable.
- I. The Borrower's obligations hereunder shall terminate after any foreclosure, deed-in-lieu of foreclosure, or assignment of the first mortgage with respect to the AHP-Assisted Unit to the Secretary of HUD.
- J. This Mortgage shall be binding upon and inure to the benefit of the successors and permitted assigns of the Lender, the Borrower, and FHLBank Atlanta.
- K. This Mortgage may not be changed orally, but may be changed only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.
- L. If more than one person is the Borrower of the AHP-Assisted Unit, their obligations under this Mortgage shall be joint and several, and references in this Mortgage to "Borrower" shall be deemed to refer to each of such persons.

[SIGNATURES ON NEXT PAGE]



IN WITNESS WHEREOF, the undersigned Borrower(s) execute(s) this Mortgage under seal on the day and year first above written:

WITNESS:

COURTNEY GARZA
Borrower (SEAL)

Borrower (SEAL)

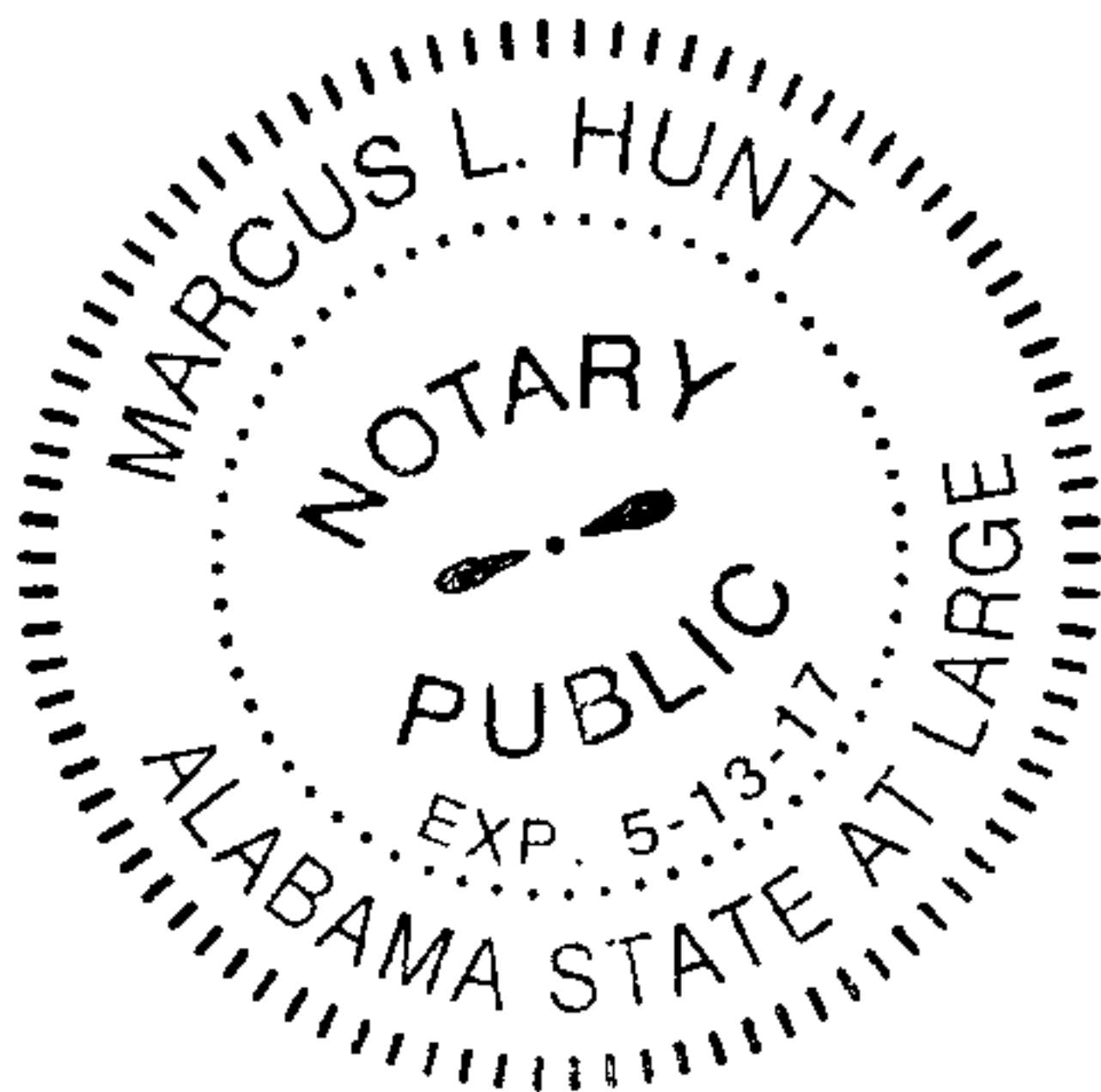
STATE OF ALABAMA, COUNTY OF SHELBY ss.:

On 07/16/2014 before me, the undersigned, a Notary Public in and for said State, personally appeared COURTNEY GARZA, AN UNMARRIED WOMAN personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is subscribed to the within instrument and acknowledged to me that he executed the same in her/his/their capacity, and that by her/his/their signature on the instrument, the individual(s) or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

My Commission Expires:

5/13/17




20140722000224950 6/10 \$48.50
Shelby Cnty Judge of Probate, AL
07/22/2014 01:54:40 PM FILED/CERT

EXHIBIT A

LEGAL DESCRIPTION

Lot 13, Block 1, according to the Survey of Wildewood Village, First Addition, as recorded in Map Book 8, Page 38 in the Office of the Judge of Probate of Shelby County, Alabama.


20140722000224950 7/10 \$48.50
Shelby Cnty Judge of Probate, AL
07/22/2014 01:54:40 PM FILED/CERT

RIDERTOSECURITYINSTRUMENT-

FEDERALHOMELOANBANKOFATLANTA AHPSET- ASIDEPROGRAMRETENTIONAGREEMENT

This Rider to Security Instrument—Federal Home Loan Bank of Atlanta AHP Set-Aside Program, Retention Agreement (this “Rider”) is attached to and made part of the foregoing Security Instrument or similar security instrument (“Security Instrument”). In this Rider, the beneficiary of the Security Instrument is referred to as the “Lender” and the trust or grantor under the Security Instrument is referred to as the “Borrower.” This Rider is a form of “Retention Mechanism Agreement” referred to below.

I. RECITALS:

- A. **Whereas**, pursuant to Section 721 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”), the Federal Housing Finance Agency (“Finance Agency”) is required to cause each Federal Home Loan Bank to establish an affordable housing program (“AHP”), including one or more home ownership set-aside products (“Set-Aside”), to assist members of each Federal Home Loan Bank to finance affordable housing for very low-, low-, or moderate-income households.
- B. **Whereas**, the Bank has also established an Affordable Housing Program Implementation Plan (as the same may be modified from time to time, the “*Implementation Plan*”), and AHP policies, procedures, guidelines, and instructions covering, among other things, feasibility, funding, monitoring and modifying affordable housing projects participating in the Bank’s Set-Aside programs (together with the Implementation Plan, collectively, as the same may be modified from time to time, the “*Bank’s AHP Policies and Procedures*”; and together with the AHP Regulations, collectively, the “*Set-Aside Requirements*”).
- C. **Whereas**, Lender, a member of FHL Bank Atlanta, submitted an application to FHL Bank Atlanta (the “Set-Aside Application”) for Set-Aside subsidy (defined below) in connection with the purchase or rehabilitation, as applicable, of a housing unit located on the real property described in the Security Instrument (the “Set-Aside Assisted Unit”).
- D. **Whereas**, pursuant to applicable regulations (including, without limitation, those contained in 12 CFR Part 129.1) promulgated by the Finance Agency pursuant to FIRREA (the “AHP Regulation”), members of each Federal Home Loan Bank are required to provide for the repayment to any direct subsidy should said direct subsidy be unused or improperly used.
- E. **Whereas**, in connection with the Project, the Borrower entered into a Note secured by a Security Instrument covering the real property being purchased.
- F. **Whereas**, Lender has disbursed or agreed to disburse the Set-Aside Subsidy (defined below) to Borrower in connection with the purchase or rehabilitation, as applicable, of the Set-Aside Assisted Unit, and in connection with the Set-Aside Subsidy, Borrower has executed the Security Instrument, which includes this Rider.
- G. **Whereas**, the Parties desire to set forth those circumstances under which Lenders shall be entitled to the repayment by Borrower of the Set-Aside Subsidy.

20140722000224950 8/10 \$48.50
Shelby Cnty Judge of Probate, AL
07/22/2014 01:54:40 PM FILED/CERT

FHL Bank Atlanta Set-Aside Rider
1/2013

By signing the Security Instrument, Borrower hereby agrees as follows:

1. **Project Information**

Name of the Borrower	COURTNEY GARZA
Address of the Set-Aside Assisted Unit	3427 WILDEWOOD DRIVE, PELHAM, ALABAMA 35124
Set-Aside Program Product (check the appropriate box)	<input type="checkbox"/> First-time Homebuyer Product (FHP) <input type="checkbox"/> Community Stability Homebuyer Product (CSP) <input type="checkbox"/> Foreclosure Recovery Product (FRP) <input type="checkbox"/> Energy Efficiency/Weatherization Rehabilitation Product (EWP) <input type="checkbox"/> Accessibility Rehabilitation Product (ARP) <input type="checkbox"/> Veterans Purchase Product (VPP) <input type="checkbox"/> Returning Veterans Purchase Product (RVPP) <input type="checkbox"/> Veterans Rehabilitation Product (VRP) <input type="checkbox"/> Returning Veterans Rehabilitation Product (RVRP)
Project Number	11610015934
Amount of Set-Aside Subsidy	\$5000.00

2. **Set-Aside Subsidy.** The secured obligation described in and secured by the Security Instrument represents the "Set-Aside Subsidy" used or to be used in connection with the purchase or rehabilitation of the Set-Aside Assisted Unit.

3. **Definitions.** As used in this Rider, the following capitalized terms have the following meanings: "**Loan**" means the advance of funds evidenced by the Note.

"**Loan Documents**" means the Note, the Security Instrument, and all other documents relating to or securing the Note, each as renewed, amended, modified, restated and extended from time to time.

"**Note**" means the promissory notes secured by the Security Instrument.

"**Retention Period**" means five years from the date of Borrower's closing on the Set-Aside Assisted Unit. Borrower agrees to comply with the terms and conditions of this Rider during the Retention Period.

All other capitalized terms not otherwise defined herein or in the Security Instruments shall be as defined in the Set-Aside Requirements.

4. **Notice Requirements.**

Each of FHL Bank Atlanta and the Lender is to be given notice of any sale or refinancing of the Set-Aside Assisted Unit occurring prior to the end of the Retention Period.

Notices

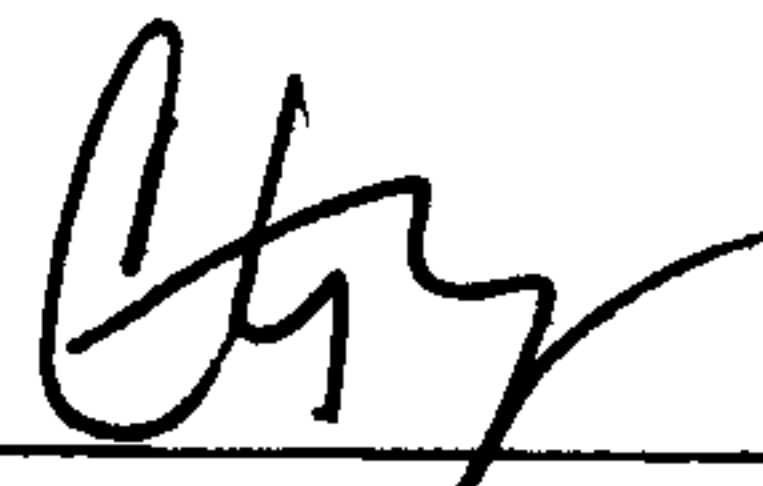


20140722000224950 9/10 \$48.50
Shelby Cnty Judge of Probate, AL
07/22/2014 01:54:40 PM FILED/CERT

FHL Bank Atlanta Set-Aside Rider
1/2013

Instrument, and to FHL Bank Atlanta at 1475 Peachtree Street, Atlanta, Georgia 30309, Attention: Community Investment Services.

5. **Sale of Set-Aside Assisted Unit during Retention Period.** In the case of a sale of the Set-Aside Assisted Unit prior to the end of the Retention Period, an amount equal to a prorata share of the Set-Aside subsidy, reduced for every year the Borrower has owned the Set-Aside Assisted Unit, shall be repaid to FHL Bank Atlanta from any net gain realized upon the sale of the Set-Aside Assisted Unit unless the unit is sold to a very low-, low- or moderate-income household, as defined in the AHP Regulations.
6. **Refinancing of Set-Aside Assisted Unit during Retention Period.** In the case of a refinancing of the Set-Aside Assisted Unit prior to the end of the Retention Period, an amount equal to a prorata share of the Set-Aside subsidy, reduced for every year the Borrower has owned the Set-Aside Assisted Unit, shall be repaid to FHL Bank Atlanta from any net gain realized upon the refinancing, unless the unit continues to be subject to a Retention Mechanism Agreement, as described in the Set-Aside Requirements.
7. **Effect of Foreclosure.** The income-eligibility and affordability restrictions applicable to the Project terminate after any foreclosure, conveyance by deed in lieu of foreclosure or any assignment of the first mortgage to the Secretary of HUD. However, any obligation to repay the AHP subsidy for any period of noncompliance arising prior to the foreclosure, deed in lieu, or assignment to the Secretary of HUD shall not be extinguished by such actions.
8. **Receipt of Additional AHP Subsidy during Retention Period.** The Set-Aside Assisted Unit may not receive funds from multiple AHP competitive program or set-aside product(s) offered by FHL Bank Atlanta during the Retention Period.
9. **Noncompliance by Borrower.** Borrowers shall be required promptly to repay that portion of the Set-Aside Subsidy, plus interest in an amount determined by FHL Bank Atlanta, that as a result of the Borrower's actions or omissions is not used in compliance with the terms of the Set-Aside Requirements, unless (i) Borrower cures such misuse or noncompliance within a reasonable time or (ii) the circumstances of noncompliance are eliminated through a modification of the terms of the approved application for the Set-Aside Subsidy pursuant to the AHP Regulation. Noncompliance by Borrower includes a misrepresentation by Borrower at any time of Borrower's eligibility to receive the Set-Aside Subsidy or the benefit of the Set-Aside Subsidy or of any facts on which such eligibility is based and any other noncompliance with the AHP Regulation resulting from an action or omission by Borrower.
10. **Monitoring.** Borrower agrees to comply with all requests by Lender for information or documentation arising from Lender's obligation to obtain information from the Borrower under the Set-Aside Requirements. The Borrower's failure to respond to a request by Lender shall constitute noncompliance, as described in Section 9 of this Rider.
11. **Joint and Several Obligations.** If more than one person is the Borrower of the Set-Aside Assisted Unit, their obligations under this Rider shall be joint and several, and references in this Agreement to "Borrower" shall be deemed to refer to each of such persons.
12. **Inconsistent Provisions.** The provisions of this Rider shall supersede any conflicting provision contained in the Security Instrument, but only to the extent of such inconsistency. No provision herein shall impair any obligation of Borrower under the Set-Aside Requirements.



COURTNEY GARZA



20140722000224950 10/10 \$48.50
Shelby Cnty Judge of Probate, AL
07/22/2014 01:54:40 PM FILED/CERT

FHL Bank Atlanta Set-Aside Rider
1/2013