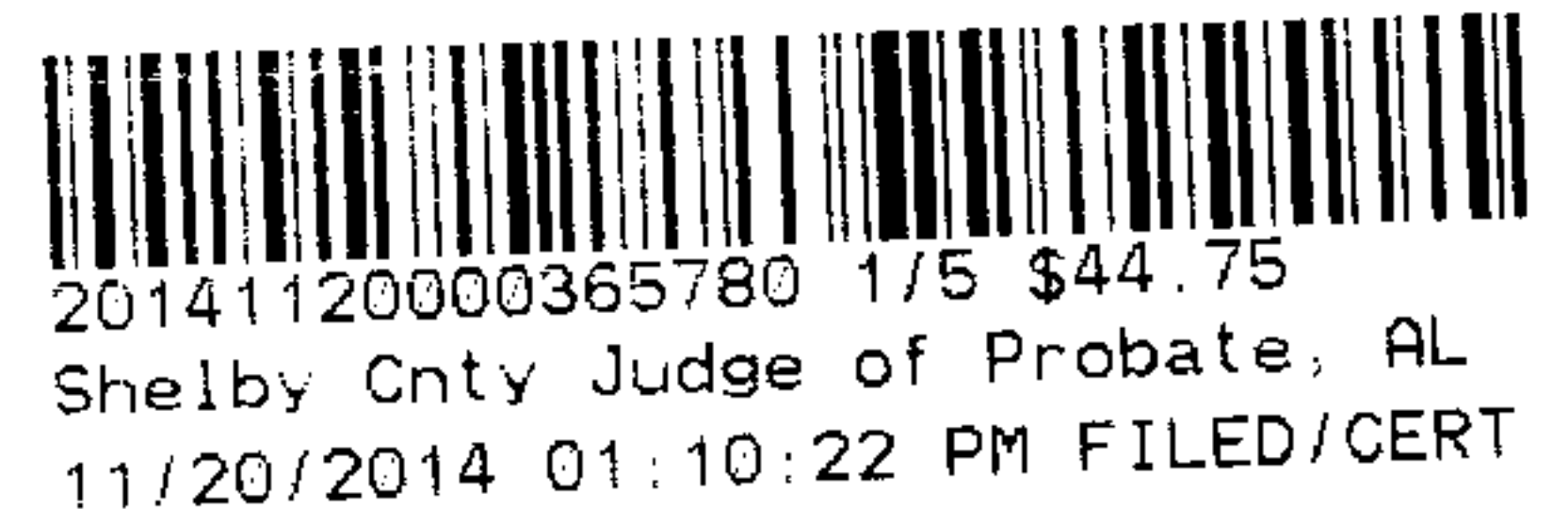


FEDERAL HOME LOAN BANK OF ATLANTA
Affordable Housing Program – Owner-Occupied



SUBORDINATE MORTGAGE

THIS SUBORDINATE MORTGAGE for Affordable Housing Program (the “**AHP**”) funds is made on September 26, 2014, (the “**Closing Date**”) by **William H. Wallace, a single man**, (the “**Borrower**”) residing at **8864 Highway 62, Vincent, Alabama, 35178** to **FIRST BANK** (the “**Lender**”), maintaining offices at **312 Main Street, Wadley, AL 36276**.

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 **September 26, 2014**, 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 **Twelve Thousand ,Four Hundred, Twenty and 00/100 Dollars (\$12,420.00)** 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:

A lot or parcel of land situated in the S.E. ¼ of the S.E. ¼ of Section 16, Township 19 South, Range 2 East, more particularly described as follows;

Commence at the Southeast corner of the above said Quarter-Quarter and run West for a distance of 105.0’ feet to the point of beginning. Thence continue same line for a distance of 105.0’ feet, thence run North and parallel to the East line for a distance of 210.0’ feet, thence run East and parallel to the south line for a distance of 105.0’ feet, thence run South for a distance of 210.0’ feet to the point of beginning.

The street address given below is for informational purposes only and is not intended to, in any way, amend, alter, enlarge, or minimize the legal description described hereinabove and any ambiguity, conflict, or inconsistencies between the said address and the foregoing legal description shall be governed by the legal description.

AHP-Assisted Unit Address: **8864 Highway 62, Vincent, Alabama , 35178**

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.

- 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


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Notices to Lender shall be sent to:

First Bank

8569 US Highway 431
Heflin, AL 36264

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.

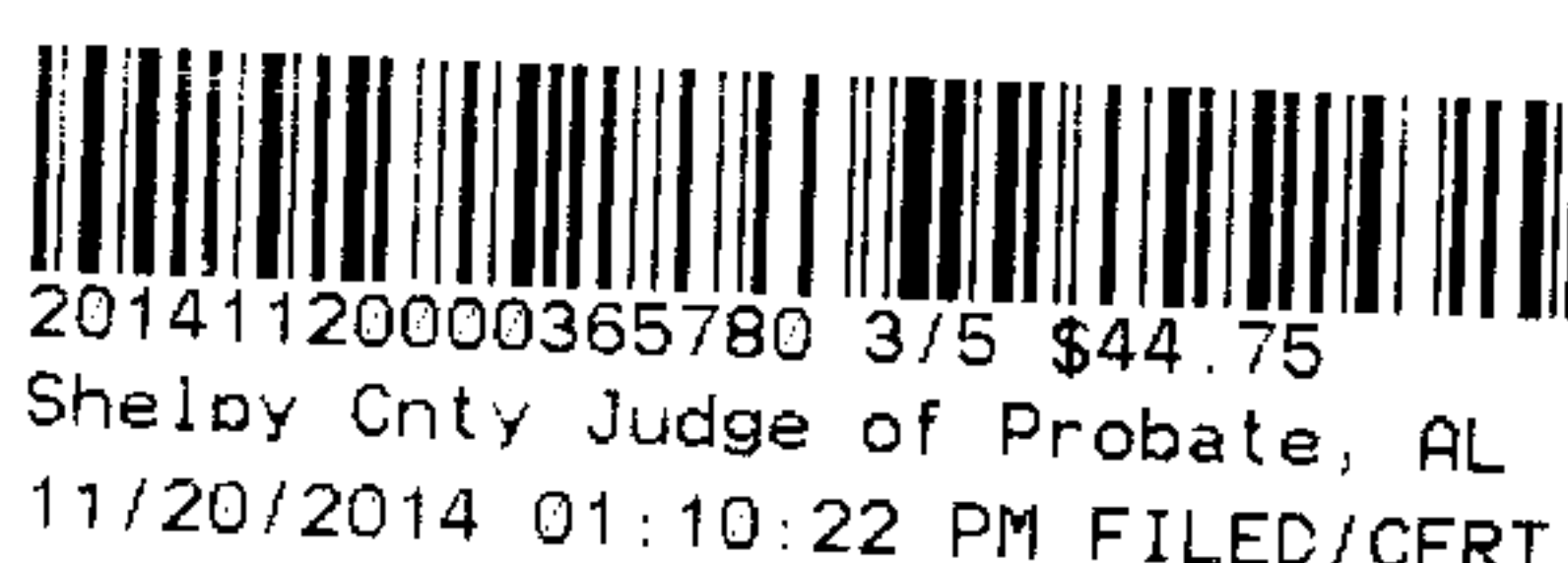
6. THIRD PARTY BENEFICIARY

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]


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