

Reli Settlement Solutions, LLC
3595 Grandview Parkway, Suite 275
Birmingham, Alabama 35243
BHM1700233

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05/17/2017 03:38:41 PM
MORT 1/30

WHEN RECORDED, MAIL TO:
COMPASS BANK MAIL CODE: AL-BI-SC-LLE
P.O. BOX 10566
BIRMINGHAM, ALABAMA 35296

This instrument was prepared by:
POLUNSKY BEITEL GREEN, LLP
17806 I.H. 10 WEST, SUITE 450
SAN ANTONIO, TEXAS 78257
210-349-4488

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MORTGAGE

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 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 **May 16, 2017**, together with all Riders to this document.

(B) "**Borrower**" is **WILLIAM D. BROWN AND SHANNON P. BROWN, A MARRIED COUPLE**. Borrower is the mortgagor under this Security Instrument.

(C) "**Lender**" is **COMPASS BANK**, organized and existing under the laws of **ALABAMA**.

Lender's address is **P.O. BOX 10687, BIRMINGHAM, ALABAMA 35202**. Lender is the mortgagee under this Security Instrument.

(D) "**Note**" means the promissory note signed by Borrower and dated **May 16, 2017**. The Note states that Borrower owes Lender **SEVEN HUNDRED THOUSAND AND NO/100 Dollars (U.S. \$700,000.00)** plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than **June 1, 2047**.

(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 Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input checked="" type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> VA Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Biweekly Payment Rider | |
| <input checked="" type="checkbox"/> Other [Specify] Construction Loan Mortgage 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 Association 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.

WDB *SPB*



(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, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to 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 automated 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 scheduled 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. § 2601 *et seq.*) and its implementing regulation, Regulation X (12 C.F.R. Part 1024), 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 obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to 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, Borrower irrevocably mortgages, grants and conveys to Lender, with power of sale, the following described property located in the County of SHELBY:

LOT 34, ACCORDING TO THE SURVEY OF SHOAL CREEK SUBDIVISION AS RECORDED IN MAP BOOK 6, PAGE 150 IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA.

Parcel ID Number: 03-7-35-0-000-061.000

which currently has the address of: 2 PINEHURST GRN.

SHOAL CREEK, ALABAMA 35242

("Property Address"):

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 Borrower is lawfully seised 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 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 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.

Payments are deemed received by Lender when received at the location 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

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payment or partial payments are insufficient to bring the Loan current. Lender may accept any 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 are 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 this 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 to 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 Borrower to the repayment of the Periodic Payments 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 Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of 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 Payments.

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 at 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 Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts 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 to 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 payment 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 estimates of expenditures of future Escrow Items or otherwise in accordance with 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 an 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 for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, 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 of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all 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 Association 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 agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings 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 charges 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 coverages 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 amounts 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 and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

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 renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction 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, 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 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 progress 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 in Section 2.

If 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 that the insurance carrier has offered to settle a claim, then 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) any other of Borrower's rights (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 within 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 purposes. 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 completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

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 residence.

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 actions can include, but 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 attorneys' 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 includes, 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 date 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 premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially

equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of 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 (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is 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, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement 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 insurers 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 reduce 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, any 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 provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement 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 right 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 Proceeds; 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 such 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 the 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 amount 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 the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or 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, unless 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 fails to respond to Lender within 30 days after the date the notice is given, 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 proceeding, whether civil 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 judgment, 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 restoration 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 of 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 of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right 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-signer's 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-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's 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 of 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, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of 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 that 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 principal, the reduction will be treated as a partial prepayment 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 right of action Borrower might have arising out of such overcharge.

15. Notices. 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 requires 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 specifies 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 not 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 requirement 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 it might be silent, but such silence shall not 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 not 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 these 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 Right 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 of: (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 then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting 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 commence, 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 wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or 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 a 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 of any Hazardous Substances, or threaten to release any Hazardous Substances, 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 Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences 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 and 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 investigation, 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 Condition, 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 authority, 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 obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant 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 payment in full of 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 attorneys' fees and costs of title evidence.

If Lender invokes 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 order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

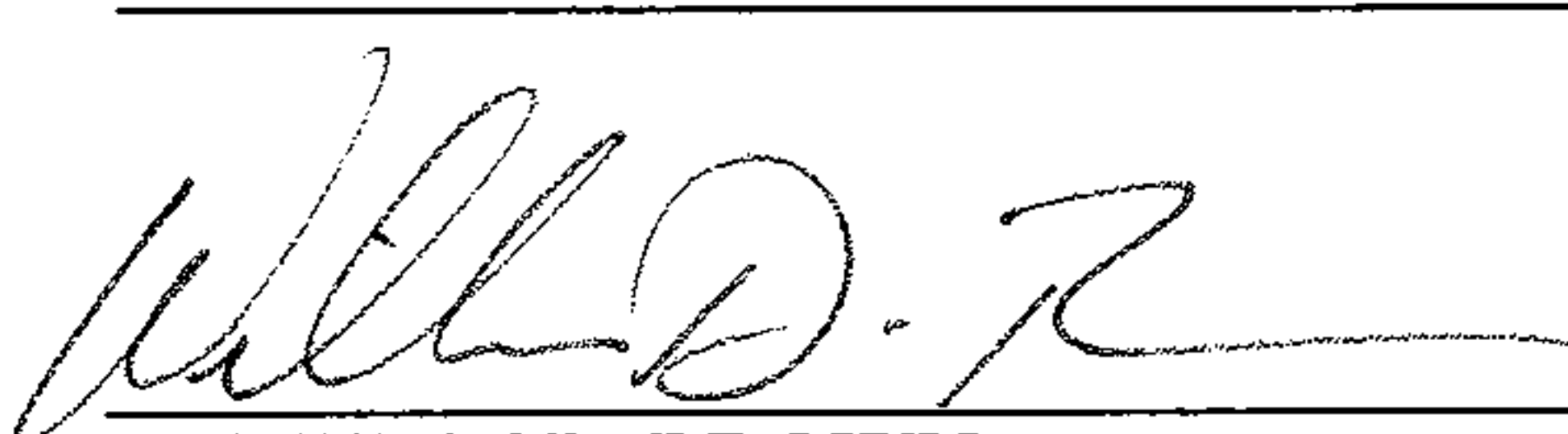
23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

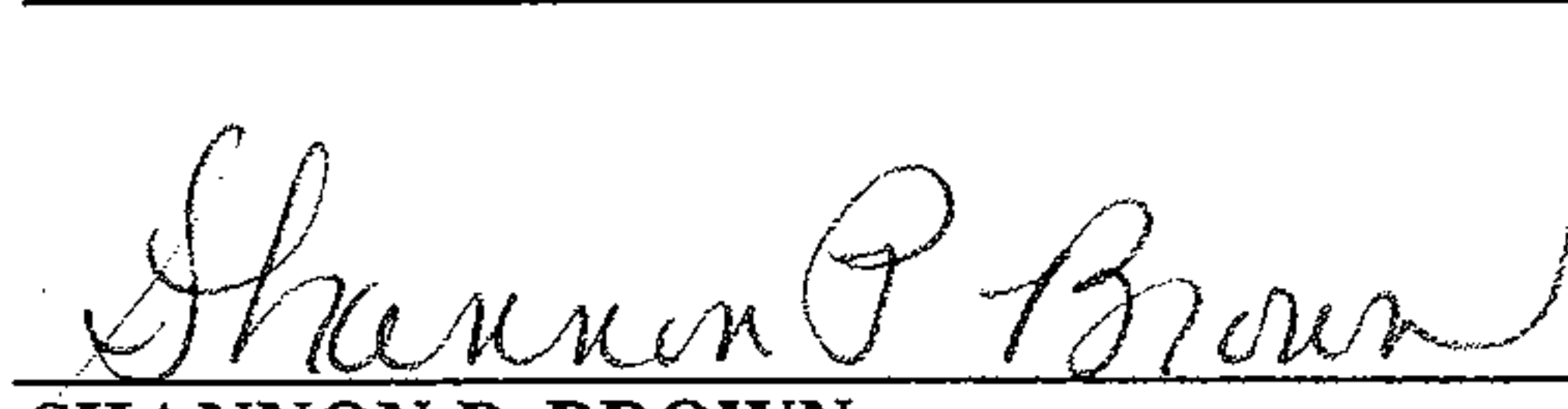
24. Waivers. Borrower waives all rights of homestead exemption in the Property and relinquishes all rights of curtesy and dower in the Property.

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:

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_____-Witness

_____(Seal)
WILLIAM D. BROWN -Borrower

_____-Witness

_____(Seal)
SHANNON P. BROWN -Borrower

STATE OF ALABAMA, JEFFERSON County ss:

On this 14 day of MAY, 2017, I, CAITLIN HARDEE GRAHAM, a Notary Public in and for said county and in said state, hereby certify that **WILLIAM D. BROWN and SHANNON P. BROWN**, whose name(s) is/are signed to the foregoing conveyance, and who is/are known to me, acknowledged 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 date.

Given under my hand and seal of office this 14 day of MAY, 2017.

My Commission Expires: APR. 14, 2019



Notary Public

Loan originator (organization): **COMPASS BANK**; NMLS #: **402936**
Loan originator (individual): **AARON HICKS**; NMLS #: **595162**



PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this **16th day of May, 2017**, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the Borrower") to secure Borrower's Note to **COMPASS BANK** (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

2 PINEHURST GRN.
SHOAL CREEK, ALABAMA 35242
(Property Address)

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in

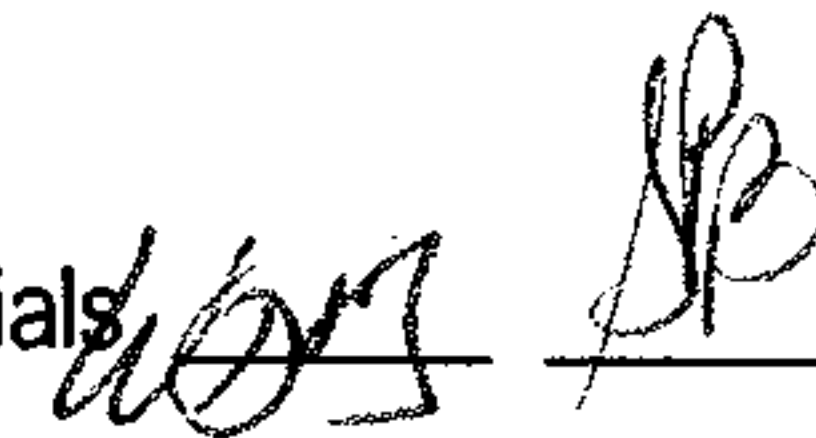
Covenants, Conditions and Restrictions of Record

(the "Declaration"). The Property is a part of a planned unit development known as

SHOAL CREEK
(Name of Planned Unit Development)

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

PUD COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:



A. PUD Obligations. Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Property Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and 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, then: (i) Lender waives the provision in Section 3 for the Periodic Payment to Lender of the yearly premium installments for property insurance on the Property; and (ii) Borrower's obligation under Section 5 to maintain property insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required property insurance coverage provided by the master or blanket policy.

In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Section 11.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire

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or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this PUD Rider.

 (Seal)
WILLIAM D. BROWN -Individual

 (Seal)
SHANNON P. BROWN -Individual

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FIXED/ADJUSTABLE RATE RIDER

(LIBOR One-Year Index (As Published In *The Wall Street Journal*)—Rate Caps)

THIS FIXED/ADJUSTABLE RATE RIDER is made this **16th day of May, 2017**, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Fixed/Adjustable Rate Note (the "Note") to

COMPASS BANK

("Lender") of the same date and covering the property described in the Security Instrument and located at:

**2 PINEHURST GRN.
SHOAL CREEK, ALABAMA 35242**
(Property Address)

THE NOTE PROVIDES FOR A CHANGE IN BORROWER'S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MINIMUM AND MAXIMUM RATES BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of **3.875%**. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the **1st day of June, 2024**, and the adjustable interest rate I will pay may change on that day every **12th month** thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index value available as of the date 45 days before each Change Date is called the "Current Index," provided that if

the Current Index is less than zero, then the Current Index will be deemed to be zero for purposes of calculating my interest rate.

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding **TWO** percentage points (**2.000%**) (the "Margin") to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **8.875%** or less than **2.000%**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **TWO** percentage points from the rate of interest I have been paying for the preceding **TWELVE** months. My interest rate will never be greater than **8.875%** or less than the Margin.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall read as follows:

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 not 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 these 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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

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 not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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 these 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Fixed/Adjustable Rate Rider.


WILLIAM D. BROWN (Seal)
-Individual


SHANNON P. BROWN (Seal)
-Individual
(Sign Original Only)

CONSTRUCTION LOAN MORTGAGE RIDER

This Construction Loan Mortgage Rider amends and supplements the attached Mortgage of the same date ("Security Instrument") given by the undersigned ("Borrower") to **COMPASS BANK** ("Lender") with respect to the property described in the Security Instrument ("Property") to secure payment and performance of the indebtedness and obligations described in the first paragraph of the Security Instrument, including the debt evidenced by the promissory note referred to in that paragraph ("Note"). The following provisions are added to the Security Instrument:

A. Borrower and Lender are entering into a loan agreement of the same date ("Loan Agreement"), under which Lender has agreed to extend to Borrower a loan in an amount of up to the principal amount of the Note ("Loan") to finance Borrower's construction of a residence and related improvements on the Property ("Project"), on the terms and subject to the conditions set forth in the Loan Agreement. The Loan Agreement provides for Lender to make periodic disbursements of the proceeds of the Loan from time to time in the future ("Advances"). The Note evidences Borrower's obligation to repay all Advances that Lender shall make under the Loan Agreement, together with interest accrued on such Advances.

B. In addition to securing payment and performance of the indebtedness and obligations described in it, this Security Instrument also secures (i) Borrower's obligations to repay all Advances, together with interest accrued on them, and (ii) all other obligations of Borrower under the Loan Agreement, including, without limitation, Borrower's obligation to repay all amounts that Lender shall expend under the Loan Agreement to cure any Borrower default, including all interest accrued on those amounts.

C. Paragraph 3 of this Security Instrument and the first sentence of paragraph 6 of this Security Instrument shall not take effect or apply until Lender has made the final Advance of Loan proceeds under the Loan Agreement.

D. This Agreement and the documents evidencing and/or securing the indebtedness and obligations created thereby are intended to evidence a construction loan for improvements to real property, and this Agreement, to the extent necessary, permissible or appropriate, shall constitute and evidence a security agreement and security interest in the materials, goods and property used and/or incorporated in such construction, and shall constitute a financing statement and fixture filing in accordance with the Uniform Commercial Code until released of record. Any release and/or assignment of the Security Instrument shall likewise serve to release or assign any financing statement or fixture filing created hereby. Borrower agrees to execute such further assurances as may be requested by Lender.

E. If the Borrower's interest rate on this loan is "Floating," this rider shall terminate when Borrower and Lender have executed the appropriate Modification Agreement as contemplated on **June 1, 2018** (Conversion Date).

If the Borrower's interest rate has been "Locked" for the entire "Construction Term," this Rider shall expire when the Loan has converted to the "Permanent Loan Status," which is contemplated on **June 1, 2018** (Conversion Date).



WILLIAM D. BROWN

(Seal)

-Individual



(Seal)

SHANNON P. BROWN

-Individual



CONSTRUCTION/PERMANENT LOAN AGREEMENT

This Construction/Permanent Loan Agreement (the "Agreement"), dated **16th day of May, 2017** executed by and between **WILLIAM D. BROWN and SHANNON P. BROWN** hereinafter referred to, jointly and severally, if more than one, as the (the "Borrower"), and **KEN UNDERWOOD DEVELOPMENT, INC.** (the "Builder") and **COMPASS BANK** (the "Lender").

The Borrower and Builder agree to the following, ANYTHING CONTAINED IN ANY OTHER DOCUMENT OR AGREEMENT TO THE CONTRARY NOTWITHSTANDING:

Section 1 The Loan. The Borrower agrees to take and the Lender agrees to make, subject to the terms and conditions hereof, a loan of money in the principal amount of **\$700,000.00** (the "Loan") evidenced by a Note and Note Rider or any other Note Rider (collectively the "Note") of even date herewith and to be secured by a Mortgage, Deed of Trust or Security Deed (hereinafter referred to as the "Security Instrument") of even date on the following said real property on which the Borrower intends to make improvements (the "Property"):

2 PINEHURST GRN., SHOAL CREEK, ALABAMA 35242

The Borrower shall execute and deliver to the Lender on the date of the Agreement, a Note and Security Instrument, which shall provide the Lender a first lien priority on the Property and the improvements to be constructed hereafter. This Agreement is conditioned upon title to the Property being in the name of the Borrower and title to Property being free from all encumbrances other than taxes for the current year, and the Security Instrument given to the Lender encumbering the Property, and to such restrictions and easements shown of record acceptable to the Lender. The Borrower shall furnish the Lender a title policy from a title company acceptable to the Lender.

The Loan consists of two phases:

The first phase is defined as the construction phase of the Loan. The construction phase will cover the time during which the Improvements (the "Improvements") to be constructed by Builder pursuant to the Building Contract (hereinafter defined), are under construction. The construction phase will commence on the date of disbursement of funds as shown on the Closing Disclosure (the "Disbursement Date"), whether such funds are loan funds or Borrower's funds, and will end **June 1, 2018** (the "Construction Phase"). Interest during the construction phase will be calculated on the basis of the actual number of days elapsed over a year of 365 days.

The second phase is defined as the permanent phase. The permanent phase (the "Permanent Phase") shall commence immediately upon the expiration of the Construction Phase. During the Permanent Phase principal and interest (or required interest only) payments on the Loan shall be due and payable pursuant to the terms of the Note. At the expiration of the Construction Phase, the Lender, at its discretion, may: 1) Convert the Loan to the Permanent Phase whether the construction of the improvements to the Property are complete or not and any Loan funds remaining to be disbursed for construction will be disbursed to an interest bearing escrow account and will thereafter be disburse in accordance with Lender's disbursement procedures established herein; or 2) Require the Construction Phase to be extended, which will result in a delay in the loan converting to the Permanent Phase and Lender may require Borrower to pay an extension fee in connection therewith. Interest during the Permanent Phase shall accrue at the rate specified in the Note. During the Permanent Phase any interest which accrues under the Note more than thirty days prior to the date of the first required monthly payment (as stated on page one of the Note) of principal and interest (or interest only) shall be paid to Lender in cash in one lump sum at the commencement of the Permanent Phase.

The Borrower grants and pledges to and the Lender shall have a security interest in any such escrow account and the contents thereof pursuant to the Uniform Commercial Code ("UCC") of the state in which the Property is located (to the extent UCC shall apply to such account).

The Loan is a closed-end form of credit and is not a revolving form of credit. Therefore, once the aggregate of all disbursements under the Loan, whether such disbursements occur during the construction phase of the Loan or during the permanent phase of the Loan, equals the principal amount of the Loan, no further disbursements shall be made.

Section 2 Commencement, Continuity and Completion of Improvements. The improvements shall commence no later than thirty (30) days from the date of this Agreement. The improvements shall be carried on continuously, diligently and with dispatch until completed, and shall be completed within the term of the Note. The Borrower and Builder agree to complete the improvements to the Property free and clear of all claims or liens.



Section 3 Notice of Commencement. The Borrower declares that no notice of commencement has been made, executed, or filed within 45 days of the date of execution of the Note and Security Instrument. The Borrower shall notify the Lender immediately upon receipt of any notice to owner or claim of lien to the Property. The Borrower, the Builder, sub-contractors or suppliers must not start construction on or allow delivery of improvements to the Property prior to recording of the Security Instrument. If at anytime hereafter it appears that any encumbrance against the title or a notice of commencement has been filed prior to the date of the Security Instrument, and such matters have not been corrected, the Lender will be justified in withholding disbursement of any Loan funds pursuant to the Loan.

Section 4 Construction Phase Interest Rate Adjustment. In the event the improvements to the Property are not complete and/or you are unable to meet the requirements of the conversion from the construction phase to the permanent phase prior to the maturity of the construction phase per this agreement, the Construction Phase Interest Rate defined in the Note Rider will be increased .25% for the remainder of the time the loan remains in the Construction Phase, however, Lender does not waive its rights to demand payment of the Note.

Section 5 Possession of Property. The Borrower can not take possession of the Property: (1) Until all improvements are completed; (2) The Lender receives and approves all related documents connected with the construction of the Property (as defined in this Agreement); (3) All applicable City and/or County inspections with approvals, including but not limited to Health Authority approvals have been submitted and approved by Lender, if requested; and (4) The Borrower is not in default under any of the Loan Documents.

Section 6 Builder as an Independent Contractor. The Builder is acting as an independent contractor in the completion of the improvements to the Property. The Builder will at all times maintain current General Liability Insurance and Worker's Compensation (if required by state guidelines) satisfactory to the Lender and provide evidence thereof. If at any time during the construction phase of the Loan any of the above listed insurance policies are canceled or revoked, the Lender, at its sole option, shall have the right to force place the proper coverage at the expense of the Borrower and/or Builder. The Lender assumes the Borrower has performed a diligent investigation of the Builder and the results are satisfactory to the Borrower.

The Borrower accepts full responsibility for the selection of the Builder. Lender approval of the Builder is for the sole benefit of the Lender and neither the Borrower nor the Builder shall be entitled to claim any loss or damage as the result of such an approval. The Lender makes no guarantees or assurances as to the quality or craftsmanship to be performed by the Builder. The Borrower hereby agrees to indemnify and hold harmless the Lender as a result of the Borrower choosing to contract with the Builder for the purpose of constructing improvements on the Property, including the Borrower's authorization to allow funds, as hereinafter defined, to be disbursed directly to the Builder.

Section 7 Contract Between Borrower and Builder. The Borrower and Builder cannot, without prior written consent of the Lender, assign, modify or amend the contract between the Borrower and the Builder (the "Building Contract").

Should either the Borrower or Builder deem it necessary to terminate the Building Contract, written notice must be given to the Lender within five (5) days of termination. The Borrower, Builder and Lender will use its best efforts to determine the appropriate amount due the Builder for the progress of the improvements on the Property. The Lender will have the final decision concerning the appropriate amount due the Builder. The Borrower and Builder must provide the Lender a written termination agreement.

Section 8 Plans and Specifications. The improvements to the Property are to be completed according to the plans and specifications agreed upon by the Borrower and Builder and upon which the Lender has agreed to make this Loan and with all applicable ordinances, reservations, statutes, building codes, or regulatory restrictions. *Any changes to the plans and specifications must first have written approval by the Lender.* The Lender is under no obligation to approve a change to the plans and specifications that may decrease the value of the Property. Any item added to the plans and specifications after Loan closing must be paid for by the Borrower.

Section 9 Inspections. The Lender, Lender's representative, appraiser, consultant, or an independent fee inspector (collectively, the "Inspector"), shall have the right at all times to inspect the Property and all collateral securing the Loan.

The Inspector will make periodic inspections of the improvements to the Property. It is understood and agreed that the Inspector is working for the sole benefit of the Lender and neither the Borrower nor Builder shall be entitled to claim any loss or damage as the result either of such inspections or the failure to make the same. Neither the Lender nor the Inspector assumes any responsibility for the quality of work completed or whether the work conforms to the plans and specifications and any applicable building codes, reservations, ordinances, statutes, restrictions, or regulatory guidelines.

Section 10 Right of Entry. The Lender or its designee shall have at all times the right of entry to said Property to Inspect the Improvements. The Borrower and Builder agree to make available to the Lender or its designee, if requested to do so, all records or information concerning the Property, including, but without limitation, satisfactory proof as to the application of any Funds advanced by the Lender.

Section 11 Interest Payments. The Borrower shall pay monthly interest only payments during the Construction Phase on the amount outstanding accruing under the Note and such payments shall be made in accordance with the Note, Note Rider or any addendum to the Note. The address of the Lender for interest only payment purposes during the Construction Phase is as follows:

**Compass Bank
Attn: Construction/Perm Department
P.O. Box 830927
Birmingham, Alabama 35283-0927**

If the Borrower establishes an interest reserve account with Lender for the purpose of paying the required monthly interest only payments on the Loan, the Lender has the right to deduct the appropriate funds from the account to pay the amount due without requiring written notice from the Borrower each time funds are deducted.

In the event the Borrower is delinquent, the Lender is not required to disburse any Funds until the Borrower remits payment or the Borrower provides written authorization allowing the Lender to pay the interest due and any late fees incurred out of the remaining Funds to be disbursed.

Section 12 Disbursements. The Lender will disburse the proceeds of the Loan and if applicable, any Borrower's Deposit (as hereinafter defined) (collectively the "Funds"), as evidenced by the Note and secured by the Security Instrument, subject to the conditions of this Agreement and the Lender's disbursement procedures.

The Borrower and Builder hereby agrees and understands that disbursement of Funds shall be made in increments consistent with the progress of the improvements to the Property, upon receipts for proper payments, or required deposits, as may be determined by the use of an inspection schedule acceptable to the Lender. The Borrower and Builder hereby agree that in the event there is a conflict in terms relative to payments to the Builder as described in the Building Contract and this Agreement, this Agreement shall modify the language in the Building Contract relative to payment to the Builder to the terms outlined herein.

The following statement applies to the State of Florida: If the Lender is authorized by the Borrower to, although not obligated to, make disbursements directly to the Builder, the Borrower agrees to hold harmless the Lender and agrees to waive any right to seek damages from the Lender as a result of the Lender making potential improper payments under Chapter 713, Florida Statutes.

Section 13 Conditions Precedent to All Disbursements. Disbursement of Funds by Lender shall be made upon the satisfactory completion of the terms, conditions, and requirement listed in this Agreement and other Loan Documentation. The Lender is not obligated to make Disbursements if the Borrower and/or Builder fail to meet any term, condition, or requirement defined in the Agreement and/or Loan Documents. The general requirements for all disbursements are as follows:

- (A) Lien Waivers/Draw Request – The Borrower and Builder will furnish Lender appropriate lien waivers, as requested to do so. The Lender may require the Borrower and Builder to furnish a Draw Request prior to any Disbursement of Funds;
- (B) Inspection - Lender shall receive evidence the Inspector has inspected the Property and determined the progress of the improvements to date. All work which is usually done at the stage of construction when the disbursement is requested must, in the judgment of the Inspector, be done in a good and workmanlike manner, and all materials and fixtures usually furnished and installed at such time shall be furnished and installed;
- (C) All Bills Paid Evidence - Upon request of Lender, Borrower and Builder shall exhibit or cause to be exhibited to Lender satisfactory evidence, by receipts, certificates or vouchers, that there are no outstanding overdue claims or demands for labor and materials used in the improvements on the Property, and if any notice of lien be filed against any of the collateral securing the Loan, under any mechanic's or other lien law, Lender may suspend further disbursements under this Agreement until such lien shall have been discharged of record, or Lender may satisfy such lien by disbursement hereunder if such lien is not discharged of record within thirty (30) days after Lender requests Borrower and/or Builder to have such lien discharged of record;

- (D) No Default - No event shall have occurred or failed to occur which would be a default or Event of Default under this Agreement, the Note, or any of the other Loan Documents or which upon notice or lapse of time or both would constitute such a default or Event of Default;
- (E) Paid Taxes - If Property taxes come due and payable during the construction phase, Borrower must submit a paid receipt from the tax collector or other evidence of such payment satisfactory to the Lender;
- (F) Construction phase interest must be current.
- (G) Other Documents - Lender shall receive other documents and opinions as Lender reasonably may request, including but not limited to an endorsement to the title insurance policy insuring all advances including the requested advance.

Section 14 Conditions Precedent to Initial Post Closing Disbursement. Upon satisfactory receipt of the following documents, the Lender, at its sole discretion, will make the initial post closing disbursement of Funds:

- (A) Surveys – Lender shall receive an acceptable form board survey prior to pouring of any foundation, or a foundation survey after pouring any foundation, or upon completion of improvements, an “as-built survey” together with a loan policy title endorsement or location certificate protecting against encroachments whichever is acceptable to Lender and is typical for the area in which the property is located.
- (B) Flood Insurance – Lender shall receive acceptable insurance coverage, if the Property or any part thereof is located in a designated flood zone.
- (C) Correct Loan Documents - Lender shall receive a properly executed Note, together with the other Loan Documents and such other documents as Lender may require;

Section 15 Conditions Precedent to Final Disbursement. Upon satisfactory receipt of the following documents, the Lender, at its sole discretion, will make the final disbursement of Funds:

- (A) Final Survey - Lender shall receive an acceptable final survey prepared by a licensed surveyor.
- (B) Termite Treatment - Lender shall receive an acceptable soil treatment letter or termite bond.
- (C) Final Inspection - Lender shall receive an acceptable final inspection (Certificate of Completion) by an approved appraiser;
- (D) Governmental Authority Approval – If requested, Lender shall receive the final certificate of approval of the various governmental authorities having jurisdiction over the Property, including without limitation, as applicable, a certificate of occupancy, health authority approval of both the well and septic systems and any necessary development and/or construction certificates;
- (E) Homeowner's Insurance - Lender shall receive an acceptable homeowner's insurance policy with mortgagee or loss payable clause(s) in standard form of the State in which the property is situated in favor of Lender. One year coverage is required.

Section 16 Additional Requirements Regarding Disbursements. The following procedures and requirements apply to all Disbursements:

- (A) The Lender requires forty-eight (48) hours notice to perform a progress inspection. The Inspector will use its best efforts to inspect the Property within forty-eight (48) hours of notice. After receipt of an Inspection of the Property by the Inspector, the Lender will use its best efforts to make disbursements within twenty-four (24) hours of receipt of such Inspection.
- (B) Unless otherwise agreed by Borrower, Builder and Lender, all disbursements will be made at the office of the Lender or at such other places as the Lender designates;

- (C) Disbursements are to be made to the person or persons as designated in writing by the Borrower consistent with Lender's disbursement procedures. Any person or persons designated to receive disbursements must be authorized to execute certain documents as required by the Lender;
- (D) At closing the Borrower will pay a construction fee, which is the estimate for five progress inspections, one final inspection and the related disbursement. In the event the inspections cost more than estimated or the Borrower and/or Builder request additional inspections for which additional disbursement will be made, the additional inspection expense plus \$25.00 per disbursement will be deducted from the Funds.
- (E) The Lender will retain a minimum of five percent (5%) until: (1) Completion of the improvements; and (2) Receipt and approval of the required documentation defined in this Agreement. If required by state law to retain a larger percentage of funds or retain funds for a specific period of time that may be different than Lender's standard procedures, the Lender will follow local and/or state guidelines. Lender will retain from the loan funds any retainage required by law to be retained under applicable Mechanic's Lien laws. However, even if Borrower waives such Statutory Retainage, if any, or if none is required, Lender shall retain 5% of the Loan amount until all of the terms of this loan agreement have been fully performed by borrower (and when applicable Contractor).
- (F) Nothing contained herein shall be construed to require the Lender to follow the disbursement to see to the proper application of any Funds advanced;
- (G) The Lender reserves the right to discontinue and/or withhold disbursements in the event, but not limited to the following circumstances: the Borrower and/or Builder default under the terms of this Agreement or any other Loan Document executed in connection with this Loan, there appears to be change in the plans and specifications not approved in writing by the Lender, the Borrower and/or Builder fail to pay sub-contractors and/or suppliers for work completed, if a lien is filed against the Property, or if insufficient or defective work or materials are not corrected;
- (H) The Borrower and Builder agree to use the Funds only for the purpose of completing the improvements according to the plans and specifications.
- (I) Lender reserves the right to change the method of disbursement, from time to time, as it deems appropriate. The Lender may, from time to time, disburse Funds directly to the Builder, Borrower, sub-contractor, materialmen, or laborers as the Lender deems appropriate. The Lender may, from time to time, at its sole discretion, disburse Funds: (1) Upon receipt of invoices for materials and labor; (2) For required deposits, that may not require the completion of an Inspection of the Property.

Section 17 Deficiency in the Amount of Loan Proceeds. In the event the Lender determines the amount of undisbursed Funds is less than the amount required fully to complete and pay for the improvements to the Property, then, the Lender shall demand that the Borrower deposit with the Lender an amount equal to such deficiency as determined by the Lender. If the Borrower fails to deposit with the Lender additional Funds, within ten (10) days from the date of demand, at the option of the Lender, the Loan may be declared in default. The judgment and determination of the Lender under this Section shall be final and conclusive.

Section 18 Removal of Mechanic, Construction or Materialmen's Liens. The Borrower and Builder specifically agree to have any mechanic's and materialmen's liens which may be filed against the Property released or bonded within ten (10) days of the date of filing of the same, time being of the essence.

Section 19 Events of Default. The happening of any one or more of the following events shall constitute an event of default under this Agreement, the Note, the Security Instrument, and the other Loan documents:

- (A) If the Borrower takes action and/or events occur that cause the Borrower to no longer qualify for the type of loan or loan amount for which the Lender has approved the Borrower. If this default occurs, the Lender may require the Borrower to pay immediately the full amount of principal which has not been paid and all the interest the Borrower owes on that amount, including all of the Lender's costs and expenses for enforcing the Loan Documents.
- (B) If the Borrower fails to make any payment of principal, interest, or any other charge under the Note or this Agreement, including but not limited to the Penalty hereof, as and when the same becomes due and payable.
- (C) If the Borrower, Builder or any other person or entity violates or fails to observe or perform any covenants, term or condition contained in this Agreement, the Note, the Security Instrument, or any other Loan Documents, or is

otherwise in default under any such document, or if there shall occur any default thereunder or any condition or event which with the giving of notice or the passage of time or both, would constitute such a default;

- (D) If any representation or warranty made herein or in any of the other Loan Documents shall prove to be false or misleading in any material respect;
- (E) If in the judgment of the Lender the proceeds of the Loan or any part thereof or of the Funds, are being or shall at any time have been diverted to a purpose other than the payment and discharge of the cost to the materials and labor entering into the Property, and other expenses relating solely to the Property which have been approved by the Lender;
- (F) If the construction work is substantially discontinued without cause for a period of ten (10) days, in the sole determination of the Lender, or if the Borrower or Builder fails to prosecute the work on the Property with diligence and dispatch as may be reasonably required by the Lender;
- (G) If the improvements on the Property shall encroach upon any street or upon adjoining property;
- (H) If the Security Instrument shall not provide the Lender with a first lien on the Property;
- (I) If the improvements on the Property are damaged or destroyed by fire or otherwise to an extent such that the Lender determines, in its sole judgment, that the improvement to the Property cannot be completed on or before the completion date, or that there are insufficient Funds remaining in the construction budget to complete the improvements to the Property, taking into account any insurance proceeds received because of damage;
- (J) If any claim, allegation or litigation shall be made or filed against the Borrower, which claim, allegation or litigation is determined by the Lender, in its sole judgment, to be material to the Borrower's financial condition or ability to pay the Loan, or if any judgment shall be entered against the Borrower by court of competent jurisdiction;
- (K) If the Borrower shall die or be declared incompetent;
- (L) If the Borrower does not disclose to the Lender any and all notices to the Borrower from subcontractors or persons or parties furnishing labor or materials on the Property within ten (10) business days after receipt of such notice by the Borrower;
- (M) If the Borrower fails to comply with the requirement of any governmental authority having jurisdiction within fifteen (15) days after notice in writing of such requirement shall have been given to the Borrower;
- (N) If the construction is not commenced within thirty (30) days after the date hereof.
- (O) At the sole option of the Lender, the Lender can declare the Borrower in default as defined in this Agreement and other Loan Documents if the improvements to the Property are not completed and the required documentation (as defined in the Agreement) is not provided to the Lender on or before the maturity of the Construction Phase of the Loan.

Section 20 Lender's Remedies. Upon the occurrence of any event of default hereunder, the Lender shall have the absolute right, at its sole discretion and election, without notice to the Borrower and the Builder or any other person to do any one or more of the following:

- (A) Institute appropriate proceedings to specifically enforce performance hereof;
- (B) Withhold further disbursements hereunder;
- (C) Protect the improvements from theft, vandalism or weather conditions;
- (D) Complete the improvements, if possible according to the plans and specifications, it being understood that the Lender is not bound to the Building Contract between the Borrower and Builder should the Lender deem it necessary to complete the improvements;
- (E) Complete the improvements, if possible according to the plans and specifications using the Loan proceeds, including but not limited to Borrower's Deposit (if applicable), and any moneys or securities currently held or received by or in transit to the Lender;

- (F) Accelerate the maturity of the Note and demand payment of the principal sums due thereunder, with interest, charges, advances, and costs, and in default of said payment or any part thereof, exercise all other rights and remedies available to the Lender under the laws of the State of Alabama or any other state and under this Agreement, the Note, the Security Instrument, and the other Loan Documents, including without limitation, the right to foreclose and enforce collection of such payment by foreclosure and/or other appropriate action in any court of competent jurisdiction; or
- (G) Exercise the right of setoff described hereinafter.

Section 21 Disbursements After Default. Upon the occurrence of any one or more of the above listed events of default, all obligations on the part of the Lender to make loans and disbursements hereunder shall, if the Lender so elects, cease and terminate; provided, however, the Lender may, in its sole discretion, make additional disbursements without becoming liable to make any other disbursements, notwithstanding anything to the contrary contained or implied herein or in any other Loan Document.

Section 22 Setoff. Lender is hereby granted a continuing lien and security interest as additional security for the Note and all other liabilities and indebtedness of Borrower to Lender upon any and all moneys, securities, and other property of Borrower, and the proceeds thereof, including the Equity Payment and/or Additional Deposit, if applicable, now or hereafter held or received by or in transit to the Lender from or for Borrower, whether for safekeeping, custody, pledge, transmission, collection, or otherwise, and also upon any and all deposit balances (general or special) and credits of Borrower with, and any and all claims of Borrower against the Lender at any time existing, and upon the occurrence of any Event of Default hereunder, the Lender may apply or set off the same against the indebtedness and liabilities secured by the Security Instrument and other Loan Documents.

Section 23 Remedies Cumulative. No right or remedy conferred upon Lender in this Agreement is intended to be exclusive of any other right or remedy contained in the Note, this Agreement, or any other Loan Documentation, and every such right or remedy shall be cumulative and in addition to every other right or remedy contained herein or therein or now or hereafter available to the Lender at law, in equity, by statute or otherwise.

Section 24 Assignment of Contracts, Permits and Records. Borrower hereby assigns to the Lender all of Borrower's right, title and interest, but not its obligations, under and to all of the following (collectively, the "Collateral"):

- (A) The Building Contract and agreements executed now or in the future by Borrower relating to the construction of the improvements of the Property, including that certain construction contract with **KEN UNDERWOOD DEVELOPMENT, INC.** dated **May 16, 2017** (collectively, whether one or more, the "Construction Contract");
- (B) Any and all rights to deposits, rebates, refunds, licenses or permits relating to the Property;
- (C) Any and all survey, plans, engineering reports and any agreements for professional engineering services;
- (D) Any and all of the utility contracts, proposals, agreements and bids, including water, gas, sewer and electrical agreements relating to the Property, including the installation of such utilities to the Property;

and together with all rights, powers, privileges, options and other benefits of Borrower under the Collateral, including without limitation, the right to perform all other necessary or appropriate acts with respect to such Collateral as agent and attorney-in-fact for Borrower, and the right to make all waivers and agreements, to give and receive all notices, consents and releases, to take such action upon the happening of a default under the Collateral, including the commencement, conduct and consummation of proceedings at law or in equity as shall be permitted under any provision of the Collateral or by any law, and to do any and all other things whatsoever which the Borrower is or may become entitled to do under the Collateral. Notwithstanding the provisions of this section, Borrower shall be entitled to the benefits of the Collateral as set forth therein so long as there shall exist no default in the payment of any indebtedness secured hereby, or in the performance of any obligation, covenant or agreement herein or in the Note, the Collateral or any other instrument securing the Note.

Section 25 Borrower Representations Regarding Hazardous Substances. The Borrower represents, warrants and covenants as follows:

- (A) No Hazardous Materials (hereinafter defined) have been, are, or will be while any part of the indebtedness secured by the Security Instrument remains unpaid, contained in, treated, stored, located on, discharged from, or disposed of on, or constitute a part of, the Property. As used herein, the term "Hazardous Materials" includes without limitation, any asbestos, urea formaldehyde foam insulation, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related or unrelated substances or materials defined, regulated,

controlled, limited or prohibited in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. Sections 7401, et seq.). The Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601 et seq.), and in the rules and regulations adopted and publications promulgated pursuant thereto, and in the rules and regulations of the Occupational Safety and Health Administration (OSHA) pertaining to occupational exposure to asbestos, as amended, or in any other federal, state or local environmental law, ordinance, rule or regulation now or hereafter in effect;

- (B) No underground storage tanks, whether in use or not in use, are located in, on or under any part of the Property;
- (C) All of the Property complies and will comply in all respects with applicable environmental laws, rules, regulations, and court or administrative orders;
- (D) There are no pending claims or threats of claims by private or governmental or administrative authorities relating to environmental impairment, conditions, or regulatory requirements with respect to the Property; and

Section 26 Builder Representations Regarding Hazardous Substances. The Builder represents, warrants and covenants as follows:

In regards to the Builder's activities in constructing the improvements to the Property, the Builder hereby makes the same warranties as the Borrower as provided in hereinabove.

The Borrower and/or Builder shall give immediate oral and written notice to the Lender of its receipt of any notice of a violation of any law, rule or regulation covered by this Section, or of any notice of other claim relating to the environmental conditions of the Property, or of its discovery of any matter which would make the representations, warranties and/or covenants herein to be inaccurate or misleading in any respect.

The Borrower and Builder hereby agree to indemnify and hold the Lender harmless from all loss, cost, damage, claim and expense incurred by the Lender on account of (1) the violation of any representation, warranty or covenant set forth in this Section, (2) Borrower's and Builder's failure to perform any obligations of this Section, (3) Borrower's and Builder's or the Project's failure to fully comply with all environmental laws, rules and regulations, or with all occupational health and safety laws, rules and regulations, or (4) any other matter related to environmental conditions on, under or affecting the Project. This indemnification shall survive the closing of the Loan, payment of the Loan, the exercise of any right or remedy under any Loan Document, any subsequent sale or transfer of the Project, and all similar or related events or occurrences.

Section 27 No Assumption; Indemnification. Neither this assignment nor any action by the Lender shall constitute an assumption by the Lender of any obligations under the Collateral and Borrower shall continue to be liable for all obligations of Borrower thereunder. Borrower hereby agrees to punctually perform and observe all of the terms, conditions and requirements of the Collateral to be performed or observed by Borrower. Borrower agrees to indemnify and hold the Lender harmless against and from any loss, cost, liability or expense (including, without limitation, reasonable attorneys' fees, court costs and investigation expenses) resulting from any failure of Borrower to perform its obligations under the Collateral, but in no event will such indemnity apply to the wanton or willfulness conduct of the Lender.

Section 28 Lender's Rights. The Lender shall have the right (but not the obligation) at any time in its name or in the name of Borrower, to take such action as the Lender may at any time determine to be necessary or advisable to cure any default under the Collateral or to protect the rights of Borrower or the Lender thereunder. The Lender shall incur no liability if any action so taken by it or on its behalf shall prove to be inadequate or invalid, and Borrower agrees to indemnify and hold the Lender harmless against and from any loss, cost, liability or expense (including, without limitation, reasonable attorneys' fees, court costs and investigation expenses) incurred in connection with any such action. The Lender may reassign its right, title and interest in the Collateral to any persons or entities in the Lender's discretion upon notice to the parties named therein but without any further requirement for the Borrower's or other party's consent, and any such reassignment shall be valid and binding upon Borrower and the parties named therein as fully as if each had expressly approved the same.

Section 29 Attorney-in-Fact. Borrower hereby irrevocably constitutes and appoints the Lender as Borrower's true and lawful agent and attorney-in-fact, with full power of substitution, to demand, receive and enforce Borrower's rights with respect to the Collateral, to give appropriate receipts, releases and satisfactions for and on behalf of Borrower and to do any and all acts in the name,

place and stead of Borrower or in the Lender's name, with the same force and effect as Borrower could do if this assignment had not been made. The power-of-attorney granted hereby is a power coupled with an interest and is irrevocable.

Section 30 Builder Consent. The Builder:

- (A) Consents to and acquiesces in the assignment of the Building Contract and agrees that Builder will not modify or extend the scope of the Building Contract without the written consent of Lender;
- (B) Agrees with Lender to perform its work under the Building Contract in a good, substantial, workmanlike and timely manner in accordance with the Building Contract, and in accordance with plans and specifications;
- (C) Agrees with Lender that, if a default or an event of default occurs under the instruments evidencing and securing the Loan and in the event Lender elects to assert its rights hereunder: (i) Lender shall have the right, but not the obligation, to enforce Borrower's rights under the Building Contract; (ii) the Builder will not charge or contract any additional costs so long as the work called for by Lender is within the scope of the Building Contract; and (iii) if requested to do so by Lender, and provided the Builder is paid the amounts due the Builder under the Building Contract, the Builder will fully and completely perform its duties and obligations under the Building Contract for Lender without regard for whether it might be required to do the same for Borrower; and
- (D) Agrees, to the extent of the interest of Lender, its successors and assigns, arising out of the Loan, to indemnify and hold Lender, its successors and assigns harmless from any and all claims, suits or actions, liens or claim of, or right to, liens by any subcontractor or employee of Builder, relating to mechanics' or materialmen's liens which would have priority over the claim, lien or interest of Lender, its successors and assigns;
- (E) Agrees and warrants that any and all liens, claims of lien and rights of lien against the Property and the improvements to be constructed thereon, which the Builder has or may have on account of labor or services performed or rendered or to be performed or rendered, or materials supplied or furnished or to be supplied or furnished by the Builder, are and shall be at all times subordinate and inferior to the security interest, lien and title granted to Lender under the Security Instrument (the "Security Instrument"), executed or to be executed by Borrower in favor of Lender and recorded or to be recorded in the real estate records of the County in which the Property is situated, and Loan Documents (as defined in the Note) related thereto; and

This consent will not inure to or otherwise benefit any third party except the successors and assigns of Lender and the title insurance company providing title insurance on the Property. Builder agrees that Lender has no obligation to Builder with respect to the Loan or any advance thereunder, and that Lender's obligations to Borrower with respect thereto are as, or will be, set forth in the Loan Documents between Lender and Borrower, with respect to which Builder is not a third party beneficiary. The relationship of Lender to Borrower is one of a creditor to a debtor and Lender is not a joint venture or partner of Borrower. It is expressly agreed that nothing herein shall impose upon Lender any obligation for payment or performance in favor of Builder unless Lender notifies the Builder in writing, after a default by Borrower, that Lender elects to assert Borrower's rights under the Building Contract and that Lender agrees to pay Builder sums due Builder thereunder.

Section 31 Additional Liens, Rights, Remedies and Privileges. All liens, rights, remedies and privileges conferred upon the Lender by this Agreement are in addition to and supplemental to those conferred by any mortgage, contract or other agreement entered into between the parties in connection of this Loan. All of the terms and conditions hereof shall apply to govern any and all extensions or modification of this loan.

Section 32 Delay No Waiver. The delay or failure of the Lender to demand the performance of any condition set forth in this Agreement or any other agreement in connection to this Loan in one or more cases shall not constitute a waiver of the Lender's right to demand performance of any condition set forth in this Agreement or any other agreement in connection with this Loan.

Section 33 Additional Documentation. The Borrower and Builder agree to execute and deliver to the Lender such further documents, affidavits, assignments, conveyances, notes, other and different instruments, pledges and all documents of every kind and character as required by the Lender from time to time in connection to this Loan.

Section 34 Conflict in Loan Document. In the event of conflict in the terms of any provision in this Agreement, the Note, the Security Instrument or the other Loan Documents, the terms of the provision most favorable to the Lender shall apply.

Section 35 Loan Cost. The Borrower shall pay all costs associated in the making of this Loan including but not limited to attorney's fees, title policy fees, inspection fees, taxes, insurance, and any and all other costs as may be reasonably incurred in making

this Loan. If the Lender pays or disburses any money for cost associated with making this Loan, the Lender may reimburse itself out of any disbursement to be made in accordance herewith, and such reimbursement shall be deemed a disbursement under this Agreement, covered by the Note and secured by the Note and the Loan Documents.

Section 36 Insurance Coverage. The Borrower and Builder agree to keep the improvements on the Property fully insured against such hazards as required by the Lender including but not limited to fire, windstorm, theft and vandalism, at all times for an amount of coverage equal to the full insurable value of the improvements or an amount acceptable to the Lender. Satisfactory proof of coverage shall be delivered to the Lender and bear appropriate mortgagee or loss payable clauses in favor of the Lender. If proper insurance coverage is not provided, the Lender reserves the right to force place insurance coverage satisfactory to the Lender. The Borrower shall be liable for the cost of such force place insurance coverage.

Section 37 Sign or Advertisement. The Lender shall have the right to erect a sign on the Property stating that financing for the Property is being provided by the Lender. The sign shall be in accordance with the restrictions of the subdivision or development.

Section 38 Headings. Under Seal; Entire Agreement. All sections and descriptive headings are inserted for convenience only, and shall not affect any construction or interpretation hereof. This Agreement is intended to be under the seal of all parties hereto and to have the effect of a sealed instrument in accordance with the law. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding between the parties, supersedes all prior agreements and understandings related to the subject matter hereof and thereof, and may not be amended except by written agreement between the Borrower, Builder and the Lender. No oral promise, agreement, representation or statement may be relied upon or have any effect whatsoever unless reduced to writing and executed by the party against whom such statement is to be enforced.

Section 40 Governing Law. This Agreement, the Note, and the other Loan Documents shall be construed in accordance with and shall be governed by the laws in which the Property is located except where otherwise provided or where required to be governed by the laws of another state in order to be effective and enforceable. This Agreement, the Note and all other Loan documents are being executed and delivered in Birmingham, Alabama, or if executed outside the State of Alabama, shall become effective upon being received and accepted by the Lender in the State of Alabama; provided, however the Lender shall be under no obligation to give, nor shall the borrower, Builder or any other person be entitled to receive notice of such acceptance for this Agreement, the Note and other Loan Documents to become effective.

Section 41 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 42 Number: Successors and Assigns. Plural or singular words used herein to designate the Borrower shall be construed to refer to the person or persons, whether one or more than one, obtaining the Loan from the Lender; and all covenants and agreements herein made by the undersigned Borrower shall bind the heirs, personal representatives, successors and assigns of all those undersigned designated as the Borrower; and every option, right and privilege herein reserved or secured to the Lender, shall inure to the benefit of the Lender's successors and assigns.

Section 43 Assignments. The Lender may assign this Loan or any parts thereof. The Borrower shall not assign this Agreement or any part of any disbursement to be made hereunder, nor convey, nor encumber the Property by mortgage or other liens without the prior written consent of the Lender. Any assignment, conveyance or encumbrance without such consent of the Lender shall constitute an immediate default under this Agreement, the Note, and the other Loan Documents.

Section 44 Lender's Right to Appear in Litigation. The Lender shall have the right, but not the obligation, to appear in, or to defend any action or proceeding purporting to affect the rights or duties of the parties hereunder and in connection therewith payout of the Loan proceeds all necessary expenses, employ counsel and pay reasonable attorney's fees, all of which the Borrower agrees to repay to the Lender upon demand.

Section 45 Indemnification. The Borrower and the Builder hereby indemnify and hold harmless the Lender from and against any and all claims, charges, losses, expenses, and costs, including without limitation, reasonable attorney's fees, resulting from any claims, actions or proceedings in connection with the execution, delivery and performance of this Agreement, the Note or the other Loan Documents, including actions that may arise out of the alleged negligence of Lender.

Section 46 Enforceability. Any condition of this Agreement deemed to be unenforceable by a court of law shall be separated from this Agreement and will not affect any remaining conditions of this Agreement.

Section 47 Borrower must select Borrower's preferred manner of disbursement of the construction loan funds by placing an "X" in the brackets to the left of the selected Disbursement Option set forth below and signing to the right of the selected option.

DISBURSEMENT OPTIONS (select only one- "X" and sign)☐ Jointly to Borrower and Builder _____☐ Directly to Borrower _____☐ Directly to Builder _____

(Note: **If Borrower selects "Directly to Builder" then the form "Addendum to Construction/Permanent Loan Agreement Borrower's Authorization for Disbursement Directly to Builder" must be executed by Borrower and Builder and attached to form a part of this Agreement for all purposes.**)

Lender will make disbursements of the construction loan funds in accordance with Borrower's selected preferred manner as indicated above unless Lender determines in its sole and exclusive judgment that it is not appropriate to make disbursements in the manner selected in which event Lender can make disbursements as it deems prudent, and such determination can be made at any time during the term of this Agreement.

The undersigned hereby acknowledge they have read the foregoing Agreement and understand and agree to the terms and conditions as stated.

 5-16-17

WILLIAM D. BROWN Date

 5-16-17

SHANNON P. BROWN Date

Builder: **KEN UNDERWOOD DEVELOPMENT, INC.**

By: _____ -Date
Its: _____

Lender: **COMPASS BANK**

By: _____ -Date
Its: _____

ADDENDUM TO CONSTRUCTION/PERMANENT LOAN AGREEMENT**Borrower's Authorization for Disbursement Directly to Builder**

Execution of this document is optional.

This Addendum is made to the Construction/Permanent Loan Agreement (the "Agreement") dated May 16, 2017 by and between **WILLIAM D. BROWN and SHANNON P. BROWN** (herein singularly or collectively referred to as "Borrower"), **KEN UNDERWOOD DEVELOPMENT, INC.** (the "Builder") and **COMPASS BANK** (the "Lender").

Unless otherwise specified in this Addendum, all capitalized terms used in this Addendum shall have the respective meanings given to them in the Agreement.

Whereas, the Lender, Borrower and Builder have entered into an Agreement which provides for the disbursement of Funds under the Agreement;

Whereas, the Borrower has requested the Lender make disbursements of Funds under the Agreement directly to the Builder rather than directly to the Borrower or jointly to the Borrower and Builder and that such disbursement of Funds be made to the Builder upon either oral or written notice from the Builder rather than from the Borrower;

Whereas, the Borrower and Builder acknowledge this request is solely for the convenience and benefit of the Borrower and Builder and not the Lender. The Lender is willing to honor the Borrower's request provided the Lender will not have any liability for doing so;

Now therefore, in consideration of the premises and to induce the Lender to make disbursements of the Funds directly to the Builder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Lender and Builder hereby agree as follows:

1. **Disbursement of Funds:** Borrower hereby requests Lender to make disbursement of Funds directly to Builder upon oral or written notice from the Builder rather than the Borrower. Borrower further requests the Lender to issue and deliver to the Builder rather than the Borrower all drafts for disbursements of Funds payable solely to the Builder without further written notice to or approval from the Borrower. The Borrower covenants and agrees the Lender does not have any obligation to notify the Borrower prior to or after the Lender disburses the Funds to the Builder. The Borrower covenants and agrees that any and all disbursements of Funds so made and any and all drafts so issued shall be deemed to be in compliance with the Agreement, notwithstanding any contrary provision of the Agreement.

Lender may in its sole discretion, comply with the Borrower's request by making disbursement of Funds directly to the Builder, but the Lender is not required to comply with such request. If the Lender does, in any instance, comply with such request, the Lender may, at any time, in its sole discretion, discontinue making disbursement of Funds directly to the Builder and choose another method of disbursement of Funds.
2. **Builder as Authorized Agent:** The borrower hereby appoints the Builder as the Borrower's duly authorized agent for the purpose of taking any and all actions, including, but not limited by way of limitation, submission of either written or oral draw requests, necessary on Borrower's behalf to obtain Funds or disbursements pursuant to the Agreement. The Borrower represents to the Lender, its successors, assigns, agents and counsel that each and all of them may rely on the Builder's authority to act on behalf of the Borrower. The Builder's authority to act on behalf of the Borrower shall survive any disability of Borrower.
3. **Compliance with Agreement:** The Borrower covenants and agrees that Borrower will not object to any disbursements of Funds made to the Builder on the ground that any or all of the requirements of the Agreement were not met. Accordingly, the Borrower hereby releases the Lender from future compliance with the Agreement in regards to the disbursement of Funds as requested herein by the Borrower.
4. **Disbursement of Funds to Builder:** The Builder shall promptly apply the Funds received by it from the Lender to the payment of such costs as are properly allocated to the construction of the Improvements described in the Agreement. The Builder shall make such payments to such persons as are legally entitled thereto pursuant to invoices, contracts, labor and/or material supply releases, or other supporting documentation. The Builder shall

provide lien waivers, if requested to do so by the Lender and/or the Borrower, for each payment to such persons as are legally entitled.

5. **Borrower Indemnification:** The Borrower hereby releases and agrees to save, defend, indemnify and hold harmless the Lender and its directors, officers, employees, and agents, from and against any and all loss, liability, costs, damages, expenses, claims, actions, suits and causes of action of any kind or nature whatsoever (whether or not caused by or resulting from, in whole or in part by the Lender's own negligence) including without limitation reasonable attorney's fees resulting from, relating to or arising out of the Lender's making disbursements of Funds directly to the Builder rather than directly to the Borrower or jointly to the Borrower and Builder.

It is understood and agreed to by the parties hereto that this provision shall survive termination of the Agreement.

6. **Builder Indemnification:** The Builder shall indemnify and hold harmless the Lender and its directors, officers, employees and agents from and against any and all losses, costs, liabilities, claims, damages, fines, penalties, expenses, causes of action of any kind or nature whatsoever which the Lender may incur or that it may sustain, including reasonable attorney's fees and court costs from (1) any and all actions or omissions to act by the Builder relating to this Addendum, the Agreement, and/or Lender's procedures; and/or (2) any violations by the Builder of any applicable law, rule or regulations governing the services to be provided hereunder.

It is understood and agreed to by the parties hereto that this provision shall survive termination of the Agreement.

7. **Termination:** The Borrower may terminate the request made in this Addendum only by notifying the Lender in writing and which termination shall only be effective when delivered to and received by the Lender. Any such termination, properly given and received by the Lender shall not abrogate, impair or affect in any manner whatsoever any other term or provision of this Addendum or of the Agreement.

8. **Addendums:** Except as specifically amended by this Addendum, the Agreement shall remain in full force and effect in accordance with its terms.

By signing below, the Borrower and Builder accepts and agrees to the terms and covenants contained in this Addendum to Construction/Permanent Loan Agreement Borrower's Authorization for Disbursement Directly to Builder.


WILLIAM D. BROWN

5-16-17
Date

 5-16-17
SHANNON P. BROWN
Date

CONTRACTOR:

KEN UNDERWOOD DEVELOPMENT, INC.

By:

Its:



