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# DEED OF TRUST

*State of Alabama*

THIS DEED OF TRUST (the "Trust") dated _____, is made by and between:

_____ (the "Borrower")
of
_____

- AND -

_____ (the "Lender")
of
_____

- AND -

_____ (the "Trustee")
of
_____

WITNESSETH:

*THAT FOR AND IN CONSIDERATION OF* the sum lent to the Borrower by the Lender, in the amount of $2 (two US dollars) (the "Principal Amount") as evidenced by the Secured Promissory Note (the "Note"), the receipt of which the Borrower does hereby

acknowledge itself indebted, the Borrower IRREVOCABLY GRANTS, TRANSFERS, AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, the following described real property (the "Property") located at the following address:

_____

with the following legal description:

_____

*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 will also be covered by this Trust.

*BORROWER COVENANTS* that Borrower is the legal owner of the Property hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered (including mortgages, leases, servitudes, and all other relevant third party interests in the property), except for encumbrances of record. Borrower further warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

To protect the security of this Deed of Trust, the Parties do hereby agree as follows:

**I. PAYMENT.**

1. The Borrower, for value received, promises to pay to the Lender the Principal Amount and accrued interest and any applicable fees on the terms outlined in this Trust or in any amendment, extension, or renewal of the Trust and any additional amounts secured by this Trust on the terms elsewhere provided for such debts and liabilities.

2. The Borrower agrees to pay the Principal Amount with interest before and after maturity and before and after default at the rate of 100% (the "Interest Rate"). The Interest Rate will be calculated from the date this trust begins on _____ (the "Adjustment Date") and accrues until the whole of the Principal Amount is paid.

3. The Principal Amount will be repaid on the following terms:

a. It is agreed that a payment in the amount of $2 (two US dollars) will be surrendered to the Lender annually on _____ of each year.

b. The Borrower will continue to make payments according to this schedule until

_____ (the "Due Date"), at which point the Borrower will be required to pay a balloon payment of $2 (two US dollars), which constitutes the remaining balance of the Principal Amountand accrued interest due on the Principal Amount.

c. THE BORROWER UNDERSTANDS THAT THE PAYMENT OF THE ABOVE INSTALLMENT PAYMENTS MAY NOT FULL AMORTIZE THE PRINCIPAL BALANCE OF THE NOTE, AND THEREFORE, A BALLOON PAYMENT MAY BE DUE ON THE DUE DATE.

d. Unpaid Principal Amount after the Due Date listed above shall accrue interest at a rate of 100% annually until paid in full.

e. All payments shall be applied first to payment of accrued interest and any remainder shall be applied to payment of Principal Amount.

**II. FUNDS FOR ESCROW ITEMS.**

4. The Borrower will pay to Lender, on the day payment is due under this Trust, until the Principal Amount is paid in full, a sum (the "Funds") to provide for payment for: (a) any taxes, assessments, or other items which can take priority over this Trust as a lien or encumbrance on the Property; (b) lease payments on the Property, if any; (c) premiums for any and all insurance, including Mortgage Insurance required by the Lender. These items will be called "Escrow Items."

5. The Borrower must notify the Lender of all amounts to be paid under this Section. If the Lender requires, the Borrower must provide receipts evidencing such payments to the Lender. If the Borrower does not make timely payments, the Lender can, at their discretion, make any and all past due payments for Escrow Items and the Borrower will be obligated to repay the Lender for any such amount. The Lender may waive the Borrower's obligation to pay the Lender for any and all Escrow Items at any time by providing written notice to the Borrower. If such waiver occurs, the Borrower may pay directly, when and where payable, the amounts due for any and all Escrow Items. If the Borrower is obligated to pay Escrow Items directly, and the Borrower fails to make payments on time, then the Lender may exercise its rights under this Section and pay for any such amounts and Borrower will be obligated to repay Lender for any such amount.

6. The Borrower will collect and hold the Funds in accordance with the Real Estate Settlement Procedures Act (the "RESPA"). The Lender will estimate the amount of Funds due in accordance with Applicable Law. If there is a surplus of Funds held in escrow, as defined under RESPA, the Lender must provide to Borrower the excess funds in accordance with RESPA. If there is a shortage or deficiency of Funds held in

escrow, as defined under RESPA, Lender must notify Borrower in writing and Borrower must pay to Lender the amount necessary to make up the shortage or deficiency.

7. Upon payment in full of all Funds relating to Escrow Items, Lender will promptly refund to Borrower any excess Funds held by Lender.

## III. OBLIGATION TO PAY.

8. The Borrower agrees to pay all moneys payable pursuant to this Trust and all additional amounts secured by this Trust without abatement, set-off, or counterclaim.

9. Should the Borrower make any claims against the Lender either initially or by way of abatement, set-off, or counterclaim, the Borrower agrees that any such claim will not reduce or postpone their obligation to make all payments as provided by this Trust.

## IV. PREPAYMENT.

10. When not in default, the Borrower may prepay, without penalty, all or a portion of the Principal Amount and any accrued interest earlier than it is due (i.e. make payment prior to the time that it is due).

11. Partial prepayment will not postpone the due date of any subsequent payment or change the payment amount, unless the Lender otherwise agrees in writing.

12. Prepayments will first be applied to any accrued interest calculated at the Interest Rate, and second to the Principal Amount.

## V. ADDITIONAL CHARGES AND ENCUMBRANCES.

13. The Borrower must pay all taxes, assessments, charges, fines, and all other impositions attributable to the Property and all trusts, liens, and other encumbrances on the Property.

14. To the extent that these items are Escrow Items, the Borrower will pay them, in the manner provided in the Section titled "FUNDS FOR ESCROW ITEMS."

## VI. RELEASE AND RECONVEYANCE.

15. Upon payment of all sums secured by this Trust, including the Principal Amountand any accrued interest, the Lender will request the Trustee to reconvey the Property and must surrender this Trust and the Note evidencing debt secured by this Trust to Borrower.

16. Trustee must reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay a recordation cost.

17. The Lender may charge such person or persons a fee for reconveying the Property, but only if the fee is paid to a third party, such as the Trustee, for services rendered and the charging of the fee is permitted under Applicable Law.

**VII. NO SALE WITHOUT CONSENT.**

18. The Trustee will not sell, transfer, assign, or otherwise dispose of all or part of the Property or any interest in the Property, without the Borrower's and Lender's prior written consent as evidenced by this Deed and its terms and conditions.

**VIII. PROPERTY INSURANCE.**

19. The Borrower must 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 the Lender requires insurance. The insurance carrier providing the insurance will be chosen by the Borrower. However, the Lender will have the right to disapprove the Borrower's choice, which right may not be unreasonable.

20. If the Borrower fails to maintain any of the coverage described above, then Lender may obtain insurance coverage, at Lender's discretion and Borrower's expense. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of the insurance that the Borrower could have obtained. However, any amounts paid by Lender will become additional debt of the Borrower and secured by this Trust. The amounts paid by the Lender will bear interest at the Interest Rate from the date of payment and will be payable, with such interest, upon notice from Lender to Borrower requesting payment.

21. All insurance policies must include a standard mortgage and/or trust clause and will name Lender as mortgagee and/or as an additional loss payee, stating that any loss is payable to the Lender. Borrower further agrees to generally assign rights to insurance proceeds to the Lender up to the amount of the outstanding loan balance. If, at the

request of the Lender, Borrower will provide Lender a copy of the insurance policy and all receipts of paid premiums and renewal notices.

22. In the event of loss, the Borrower must give prompt notice to the insurance carrier and to the Lender. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds must be applied to restoration or repair of the Property, if the restoration or repair is economically feasible. If the restoration or repair is not economically feasible, the insurance proceeds will be applied to the remainder of this Trust, whether or not the balance of the Trust is then due, with the excess, if any, paid to the Borrower.

**IX.**

**X.**

**XI. ACCELERATION.**

23. If at any time the Borrower should be in default under this Trust, the Lender must give notice to the Borrower. The notice must specify: (a) the default; (b) the action required to cure the default (if allowable); (c) a date, not less than 30 days from the date of the notice, 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 Trust and sale of the Property.

24. If the default is not cured on or before the date specified in the notice, the Lender at its option may require immediate payment in full of all sums, including the Principal Amount, interest, and all other amounts secured by this Trust. If the default is cured, the Trust will be reinstated. If the default is not cured, the Lender may invoke the power of sale and begin foreclosure proceedings.

25. The Lender will at all times retain the right to required immediate payment in full in the event of default. Any forbearance on the part of the Lender upon default, which includes but is not limited to acceptance of late payment, acceptance of payment from third parties, or acceptance of payments less than the amount due, will not constitute a waiver to enforce acceleration upon default.

## XII. PROTECTION OF LENDER'S INTEREST.

26. If at any time the Borrower fails to perform the covenants and agreements under this Trust, or if there is a legal proceeding that significantly affects the Lender's interest in the Property, or if the Borrower has abandoned the Property, then the Lender may do and pay for whatever is reasonable or appropriate to protect the Lender's interest in the Property and/or rights under this Trust, which includes, but is not limited to:

(a). Paying any sums secured by a lien which as priority over this Trust;

(b). Appearing in court;

(c). Paying reasonable attorney's fees to protect its interest in the Property and/or rights under this Trust; and

(d). Paying for reasonable costs to repair and maintain the Property

27. The Lender will at all times retain the right to take action under this Section. However, the Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that the Lender will not incur any liability for not taking any or all actions to perform such tasks. Furthermore, any amounts paid by the Lender will become additional debt of the Borrower secured by this Trust.

## XIII. POWER OF SALE.

28. If at any time the Borrower is in default under this Trust, the Lender will have the right and authority to foreclose and force the sale of the Property without any judicial proceeding.

29. Any delay in the exercising of this right will not constitute a waiver to exercise this right at a later date should the Borrower remain in default or subsequently default again in the future.

## XIV. REMEDIES.

30. The Lender will have the right to invoke all remedies permitted under Applicable Law, whether or not such remedies are expressly granted in this Trust, including but not limited to any foreclosure proceedings.

31. If the Lender invokes the power of sale, the Trustee will execute a written notice of

the occurrence of an event of default and of the Lender's decision to sell the Property. The Lender or Trustee will mail copies of the notice to the Borrower and Guarantor and will also give public notice of sale in the manner provided by Applicable Law.

32. After the time required by Applicable Law, the Trustee will sell the Property at a public auction to the highest bidder at the time and place and under the terms designated by the Trustee in the notice of sale.

33. The Trustee may postpone sale of the Property by public announcement at the time and place of any previously scheduled sale.

34. The Lender or their designee may purchase the Property at any sale.

**XV. MISCELLANEOUS.**

35. No modification of this Trust shall be valid unless in writing and agreed upon by both Parties.

36. This Trust shall be governed in all respects by the laws of the state of Alabama and any applicable federal law ("Applicable Law"). Borrower consents to jurisdiction under the state and federal courts within the state of Alabama. Borrower agrees that this choice of law, venue, and jurisdiction provision is not permissive, but rather mandatory in nature. All rights and obligations under this Trust are subject to any requirements and limitations of Applicable Law.

37. The provisions contained in this Trust are additional and supplemental, to the extent permitted by law, to the provisions set out in the Applicable Law as they relate to trusts.

38. If the Borrower is more than one person or legal entity, each Borrower who signs this Trust will be jointly and severally bound to comply with all the obligations and liabilities of the other Borrower(s).

39. Headings to this Trust are for convenience only and shall not be construed to limit or otherwise affect the terms of this Trust.

40. In the event any provision of this Trust is held to be invalid, illegal, or unenforceable for any reason, then the Parties agree that such provision shall be deemed to be struck and the remainder of the Trust shall be enforced as if the struck provision were never included in the Trust.

41. The Lender may, at their option, from time to time appoint a successor Trustee by an

instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument will contain the name of the original Lender, Trustee, and Borrower, the book and page where this Trust is recorded and the name and address if the successor Trustee. Without conveyance of the Property, the successor trustee will succeed to all the title, powers, and duties of the Trustee.

42. In the event the Lender conveys their interest in the secured Promissory Note to a third party, this Deed of Trust shall be revoked. A new Deed of Trust shall be executed and recorded with the County to reflect the third party's interest in this Trust.

43. All notice given by either party in connection with this Trust must be in writing. Notice will be considered sufficient when mailed by first-class or certified mail to the address of the recipient. The recipient's address will be the property address as stated under this Trust unless another address has been designated. If there is a change of address by any party, that party must promptly notify all parties under this Trust of the change of address. Any notice will be considered effective on the same day that it was sent, unless the day falls on a national holiday or weekend day, in which case the next business day will be considered as the day of receipt.

*IN WITNESS WHEREOF* this Trust has been executed by the Borrower in the manner prescribed by the law as of _____ as stated above. The Borrower is bound by the Trust as follows:

_____
_____, *Borrower*

Date: _____

## BORROWER ACKNOWLEDGEMENT

State of _____

County of _____

On _____ before me, _____, personally

appeared _____, who is proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and by their signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

_____ (notary seal)
Notary Public

_____
My Commission Expires