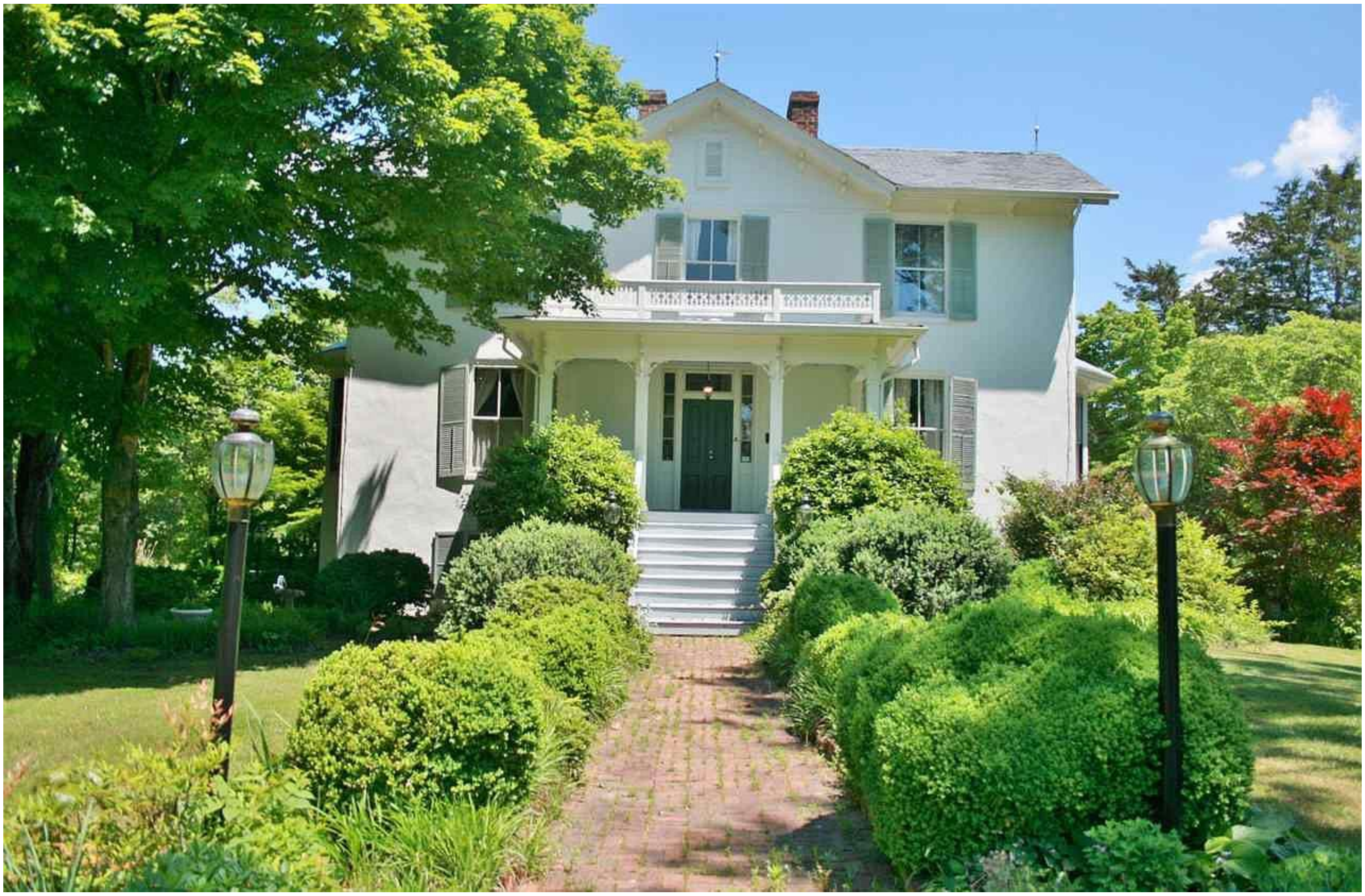
FORECLOSURE SALE OF VALUABLE REAL ESTATE
AT PUBLIC AUCTION

A 7 Bedroom, 8 Bath Home and
1 Bedroom, 2 Bath Cottage on 13± Acres
55 High Meadows Lane, Scottsville, VA

Albemarle County Tax Map No. 130A1-00-00-00400



SALE: WEDNESDAY, JULY 22, 2026, at 12:00 P.M.
AT THE PROPERTY LOCATED AT 55 HIGH MEADOWS LANE, SCOTTSVILLE, VA

PROPERTY FOR SALE: 55 HIGH MEADOWS LANE, SCOTTSVILLE, VA

FLORA
ATTORNEYS AT LAW | PETTIT

Nancy R. Schlichting
Attorney at Law

Direct: (434) 220-6108
nrs@fplegal.com

Phone: (434) 979-1400
Fax: (434) 977-5109
530 East Main Street
P.O. Box 2057
Charlottesville, Virginia 22902

July 7, 2026

Dear Sir/Madam:

I enclose a copy of the sale ad regarding property for which we will be conducting a foreclosure sale at public auction on **Wednesday, July 22, 2026, at 12:00 p.m., at the Property located at 55 High Meadows Lane, Scottsville, VA.**

I do not know what the foreclosure sale price for this property will be since it will be a sale at public auction, but the 2026 Albemarle County tax assessed value is $961,600.00. All deposits should be in the form of a cashier's check made payable to yourself which can be endorsed over to the Trustee if you are the successful bidder.

I believe this will be a great investment and encourage you to attend the auction.

Please do not hesitate to call me with any questions about this fantastic investment opportunity.

Very truly yours,

Nancy R. Schlichting

NRS:lmg

Enclosure

TABLE OF CONTENTS

Nancy R. Schlichting
Flora Pettit PC
530 East Main Street
P.O. Box 2057
Charlottesville, VA 22902
Telephone: (434) 220-6108
Fax: (434) 977-5109
nrs@fplegal.com

FORECLOSURE SALE OF VALUABLE REAL ESTATE
AT PUBLIC AUCTION

A 7 Bedroom, 9½ Bath Home
55 High Meadows Lane, Scottsville, VA 22950
Albemarle County Tax Map No. 130A1-00-00-00400

SALE: WEDNESDAY, JULY 22, 2026, AT 12:00 P.M.
AT THE PROPERTY LOCATED AT 55 HIGH MEADOWS LANE, SCOTTSVILLE, VA

In execution of a Deed of Trust, being dated April 15, 2020, and recorded on April 16, 2020, in the Clerk's Office of Albemarle County Circuit Court, Virginia (the "Clerk's Office"), as Instrument No. 202000004232 (the "Deed of Trust"). The undersigned as Trustee under said Deed of Trust will offer for sale at public auction the parcel listed below:

> ALL that certain tract or parcel of land, with improvements thereon and appurtenances thereto, situated in Albemarle County, Virginia, on the east side of State Route 20 in the Town of Scottsville, containing 13.09 acres, more or less, shown as TM 130A(l)-4, on a plat by Lum's Land Surveys, Inc., dated April 24, 2007, and recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia in Deed Book 3415, page 168; TOGETHER WITH a 25' nonexclusive easement for ingress and egress to and from State Route 20 as shown on plat recorded in Deed Book 826, page 359.
>
> Property Address: 55 High Meadows Lane, Scottsville, VA 24590
>
> Tax Map No. 130A1-00-00-00400

(the "Property").

TERMS OF SALE: A bidder's deposit of the greater of $30,000 or 10% of the winning bid, shall be paid <u>at the sale</u> by cashier's check made payable to Bidder (to be assigned to Trustee if Bidder is successful), with the balance of the winning bid plus a 10% buyer's premium to be paid upon delivery of a trustee's deed within 30 days of sale. If the initial deposit is less than 10% of the winning bid, then the successful bidder's deposit MUST be increased to 10% of the winning bid by cashier's check or wired funds within three (3) business days. Settlement shall be held within 30 days after the date of sale unless otherwise postponed at the sole discretion of the Trustee. Sale is subject to the covenants, conditions, restrictions, rights of way, and easements, if any, contained in the deeds and other documents forming the chain of title to the property. Property is sold **"AS IS, WHERE IS," "WITH ALL FAULTS"** and **"WITH ABSOLUTELY NO WARRANTIES."**

Neither the Substitute Trustee nor the Lender shall have any obligation to obtain possession of the Property. It shall be the purchaser's obligation, at the purchaser's sole cost, to obtain possession of the Property.

The purchaser waives and releases the Substitute Trustee and Lender and each of their respective agents, successors and assigns from any and all claims the purchaser and/or its successors and assigns may now have or may have in the future relating to: (1) any condition, problem or violation affecting the Property; (2) any existing or future building or zoning code problems or violations, and (3) the accuracy or validity of any information described herein. Purchaser has not relied on anything in the foreclosure advertisement but rather has relied solely on such investigations, examinations or inspections of the Property as the purchaser has made.

TIME SHALL BE OF THE ESSENCE WITH RESPECT TO SETTLEMENT. The deposit shall be applied to the credit of successful bidder at settlement; or, in the event of failure to complete settlement within the time set forth after the date of sale, in accordance with the terms of sale, the deposit shall be forfeited and applied to the costs of sale, including Trustee's fee, and the Property shall be resold at the cost and expense of the defaulting Purchaser. Risk of loss or damage to the Property shall be borne by successful bidder from the time of auctioneer's strike down at the sale. Purchaser shall pay all settlement fees, title examination charges, title insurance premiums, and recording costs. Current real estate property taxes will be prorated at closing as of date of sale. Rollback taxes, if any, will be the responsibility of the Purchaser.

THE TRUSTEE RESERVES THE RIGHT: (i) to waive the deposit requirements; (ii) to extend the period of time within which the Purchaser is to make full settlement; (iii) to withdraw the Property from sale at any time prior to the termination of the bidding; (iv) to keep the bidding open for any length of time; (v) to reject all bids; and (vi) to postpone or continue this sale from time to time, such notices of postponement or setting over shall be in a manner deemed reasonable by the Trustee.

Announcements made on day of sale take precedence over all other advertised terms and conditions.

FOR INFORMATION SEE: **www.countsauction.com** or **www.fplegal.com/foreclosures**

Flora Pettit PC, Trustee
Nancy R. Schlichting
530 E. Main Street
P. O. Box 2057
Charlottesville, VA 22902
(434) 220-6113
lmg@fplegal.com

Albemarle County, Virginia

Parcel Summary Report

PARCEL IDENTIFICATION

PIN:	130A1000000400
Short PIN:	130A1-4
Deed Acreage:	13.092 ac
Legal Description:	TOWN OF SCOTTSVILLE HIGH MEADOWS INN

OWNER & LOCATION

Owner:	PALLADIO DESIGNS LLC
Mailing Address:	300 WEST MAIN STREET SUITE 102
City / State / Zip:	CHARLOTTESVILLE VA 22903

PROPERTY ADDRESS(ES)

Address 1:	55 HIGH MEADOWS LN, SCOTTSVILLE
Address 2:	65 HIGH MEADOWS LN, SCOTTSVILLE

ZONING

Primary:	Town of Scottsville
Secondary:	—
Other:	—
Proffered:	No
Related ZMA:	—

OVERLAYS & ENVIRONMENTAL

Airport Impact Area:	No
Dam Inundation Zone:	No
Entrance Corridor:	No
Flood Hazard Overlay:	No
Scenic Byway Overlay:	Yes
Scenic Stream Overlay:	No
Steep Slopes Managed:	No
Steep Slopes Preserved:	No
Natural Heritage Area:	Yes
NR Extraction Overlay:	No

ASSESSMENT

Land Value:	$225,200
Land Use Value:	$0
Improvements Value:	$736,400
Total Value:	$961,600

SALE INFORMATION

Last Sale Date:	7/2/2019
Last Sale Price:	$700,000

SCHOOL DISTRICTS

Elementary:	SCOTTSVILLE
Middle:	WALTON
High:	MONTICELLO

PLANNING & UTILITIES

MPO Chart Area:	No
Traffic Analysis Zone:	—
ACSAJA:	Water and Sewer
Watershed:	James River-Little George Creek
Water Supply Protection:	No
Development Area:	Yes
Other Rural Land:	No

CONSERVATION

Ag/Forest District:	No
Ag/Forest District Name:	—
Ag/Forest Review Date:	—
Conservation Easement:	No
Conservation Easement Holder:	—
OSUA:	No
OSUA Expiration:	—

POLITICAL & CENSUS

Magisterial District:	Scottsville
Voting Precinct:	Scottsville
Census Tract:	114
Census Block Group:	2

HISTORICAL DESIGNATIONS

Historic District:	SOUTHERN ALBEMARLE RURAL
VA Landmark Register:	Yes
National Historic Landmark:	No
Natl Register Historic Places:	Yes
World Heritage Site:	No

OTHER DESIGNATIONS

FBC:	No
LUST:	Yes
Biosolids:	No
MS4:	No

Card #1 R

GENERAL

Year Built:	
Year Remodeled:	
Use Code:	Bed & Breakfast
Condition:	
Grade:	B-1: B-1 Good Minus Quality

SQUARE FOOTAGE

Finished:	740
Unfinished:	0
Attic Total:	0
Basement Finished:	0
Basement Total:	0

CONSTRUCTION

House Style:	1 Story
Wall Frame:	Wood Joists
Exterior Covering:	Cedar Siding
Roof Material:	Wood Shakes
Heating:	Heat Pump
Cooling:	Central Air
Basement Type:	None

FIREPLACE

Type:	None
Stacks:	0
Open:	0

ROOMS

Dining Room:	0
Family Room:	0
Living Room:	1
Bedroom:	1
Full Bath:	1
Half Bath:	0

Card #2 R

GENERAL

Year Built:	1832
Year Remodeled:	1986
Use Code:	Bed & Breakfast
Condition:	Average
Grade:	B+1: B+1 Good Plus Quality

SQUARE FOOTAGE

Finished:	2,918
Unfinished:	0
Attic Total:	0
Basement Finished:	1928
Basement Total:	1928

CONSTRUCTION

House Style:	2 Story
Wall Frame:	Wood Joists
Exterior Covering:	Brick, Approx 2/3 & Siding
Roof Material:	Copper
Heating:	Electric Baseboard
Cooling:	Central Air
Basement Type:	Full

FIREPLACE

Type:	Inoperable
Stacks:	4
Open:	8

ROOMS

Dining Room:	1
Family Room:	0
Living Room:	1
Bedroom:	7
Full Bath:	7
Half Bath:	0

Improvements 10 record(s) found

Type	Description	Sq Ft	Type	Description	Sq Ft
Outbuilding Improvements	Gazebo	—	Primary Building Addition	Porch, Enclosed	176
Outbuilding Improvements	Shed - Lump Sum (Att & Det)	—	Primary Building Addition	Porch	144
Primary Building Addition	Deck	132	Primary Building Addition	Porch, Enclosed	176
Primary Building Addition	Porch	32	Primary Building Addition	Patio	252
Primary Building Addition	BSMT	1,222	Primary Building Addition	Porch	204

Sales History 9 record(s) found

Sale Date	Owner	Sale Price	Instrument #	Deed Book	Deed Page
7/2/2019	PALLADIO DESIGNS LLC	$700,000	201900006877	5187	575
6/16/2017	ST GEORGE PARTNERS LLC	$360,000	N/A	4923	1
2/17/2010	HIGH MEADOWS RE LLC C/O CYNTHIA BRUCE	$785,000	N/A	3850	713
4/20/2007	HIGH MEADOWS VINEYARD INN LLC	$300,720	N/A	3403	675
11/26/2001	HIGH MEADOWS VINEYARD INN LLC	$0	N/A	2114	469
11/9/1998	UNASSIGNED	$82,950	N/A	826	361
11/9/1998	SUSHKA, PETER W OR M JAE ABBITT	$0	N/A	826	361
11/9/1998	ABBITT, MARY JAE & PETER W SUSHKA TRUSTEES OF THE MARY JAE ABBITT LIVING ETAL	$0	N/A	1760	105
1/1/1754	SUSHKA, PETER W OR M JAE ABBITT	$0	N/A	N/A	

Assessment History Showing 15 of 31 record(s)

Year	Market Land	Land Use Land	Improvements	Market Total	Assessed Total
2004	$111,700	$39,100	$448,200	$559,900	$487,300
2016	$236,100	$0	$459,200	$695,300	$695,300
2015	$236,100	$0	$505,000	$741,100	$741,100
2014	$236,100	$0	$498,200	$734,300	$734,300
2013	$236,100	$0	$483,500	$719,600	$719,600
2012	$243,100	$0	$490,100	$733,200	$733,200
2011	$243,100	$0	$496,700	$739,800	$739,800
2010	$243,100	$0	$486,900	$730,000	$730,000
2009	$243,100	$0	$515,700	$758,800	$758,800
2008	$243,100	$0	$544,800	$787,900	$787,900
2007	$243,100	$0	$569,300	$812,400	$812,400
2006	$155,400	$71,600	$504,100	$659,500	$575,700
2005	$155,400	$71,600	$504,100	$659,500	$575,700
2003	$111,700	$39,100	$448,200	$559,900	$487,300
2002	$79,200	$29,800	$373,100	$452,300	$402,900

Instrument Control Number

Commonwealth of Virginia
Land Record Instruments
Cover Sheet - Form A

[ILS VLR Cover Sheet Agent 1.0.66]

TAX EXEMPT | CORP

Date of Instrument: [4/15/2020]
Instrument Type: [DOT]

Number of Parcels [1]
Number of Pages [12]
City [ ] County [x] [Albemarle County]

(Box for Deed Stamp Only)

First and Second Grantors

Last Name	First Name	Middle Name or Initial	Suffix
[Palladio Designs, LLC]	[ ]	[ ]	[ ]
[ ]	[ ]	[ ]	[ ]

First and Second Grantees

Last Name	First Name	Middle Name or Initial	Suffix
[Phillips, TR]	[J]	[Keith]	[ ]
[Bowers, TR]	[John]	[P]	[ ]

Grantee Address (Name) [Palladio Designs, LLC]
(Address 1) [55 High Meadow Lane]
(Address 2) [ ]
(City, State, Zip) [Scottsville] [VA] [24590]

Consideration [373,000.00] **Existing Debt** [0.00] **Assumption Balance** [0.00]

Prior Instr. Recorded at: City [ ] **County** [x] [Albemarle County] **Percent. in this Juris.** [100]
Book [3415] **Page** [168] **Instr. No** [ ]
Parcel Identification No (PIN) [130A1-00-00-00400]
Tax Map Num. (if different than PIN) [130A1-00-00-00400]
Short Property Description [State Route 20 in the Town of Scottsville, containing 13.09 acres]
[ ]
Current Property Address (Address 1) [55 High Meadows Ln]
(Address 2) [ ]
(City, State, Zip) [Scottsville] [VA] [24590]

Instrument Prepared by [Hope Meeks]
Recording Paid for by [E. Randall Ralston, Esq.]
Return Recording to (Name) [E. Randall Ralston, Esq.]
(Address 1) [943 Glenwood Station Lane Ste 101]
(Address 2) [ ]
(City, State, Zip) [Charlottesville] [VA] [22901]
Customer Case ID [ ] [ ] [ ]

Instrument Control Number

Commonwealth of Virginia
Land Record Instruments
Continuation Cover Sheet
Form B

[ILS VLR Cover Sheet Agent 1.0.66]

Date of Instrument:	[4/15/2020]
Instrument Type:	[DOT]
Number of Parcels	[1]
Number of Pages	[12]
City ☐ **County** ☒	[Albemarle County]

(Box for Deed Stamp Only)

Grantors/Grantees/Parcel Continuation Form B

TAX EXEMPT	GRANTOR	GRANTEE	CORP	Last Name	First Name	Middle Name or Initial	Suffix
☐	☐	☒	☐	[The First Bank and Trus]	[ ]	[ ]	[ ]

Prior Instr. Recorded at: City ☐ **County** ☐ [ ] **Percent. in this Juris.** [ ]

Book [ ] **Page** [ ] **Instr. No** [ ]

Parcel Identification No (PIN) [ ]

Tax Map Num. (if different than PIN) [ ]

Short Property Description [ ]

[ ]

Current Property Address (Address 1) [ ]

(Address 2) [ ]

(City, State, Zip) [ ][ ][ ]

When recorded, return to:
The First Bank and Trust Company
Attn: Mortgage Division
1030 Richmond Rd
Staunton, VA 24402
866-849-2323

This document was prepared by:
Hope Meeks
The First Bank and Trust Company
1030 Richmond Rd
Staunton, VA 24402
540-885-8000

APN #: 130A1 00 00 00400

Escrow No.: 20-208PALLIDIO
LOAN #: 8208010180

AMOUNT OF CONSIDERATION: $373,000.00

[Space Above This Line For Recording Data]

DEED OF TRUST

The following information, as further defined below, is provided in accordance with Virginia law:

This Deed of Trust is given by **PALLADIO DESIGNS, LLC,**

as Borrower (trustor), to **J. Keith Phillips and John P. Bowers,**

as Trustee, for the benefit of **The First Bank and Trust Company ,**

as beneficiary.

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 **April 15, 2020,** together with all Riders to this document.

Initials: SSB

LOAN #: 8208010180

(B) "Borrower" is **PALLADIO DESIGNS, LLC.**

Borrower is the trustor under this Security Instrument.
(C) "Lender" is **The First Bank and Trust Company .**

Lender is **a Banking Corporation,** organized and existing under the laws of **Virginia.**
Lender's address is
191 Bristol East Rd, Ste 201, Bristol, VA 24202.

Lender is the beneficiary under this Security Instrument.
(D) "Trustee" is **J. Keith Phillips and John P. Bowers.**

Trustee (whether one or more persons) is a Virginia resident and/or a United States- or Virginia-chartered corporation whose principal office is located in Virginia. Trustee's address is **120 University Blvd., Harrisonburg, VA 22801 and 1030 Richmond Rd., POB 2625, Staunton, VA 24402.**

(E) "Note" means the promissory note signed by Borrower and dated **April 15, 2020.**
The Note states that Borrower owes Lender **THREE HUNDRED SEVENTY THREE THOUSAND AND NO/100*** Dollars (U.S. **$373,000.00**) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than **May 1, 2035.**
(F) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."
(G) "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.
(H) "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]:

- ☐ Adjustable Rate Rider
- ☐ Balloon Rider
- ☐ Biweekly Payment Rider
- ☐ Other(s) [specify]
- ☐ Condominium Rider
- ☐ Planned Unit Development Rider
- ☐ V.A. Rider
- ☐ Second Home Rider
- ☐ 1-4 Family Rider

(I) **"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.
(J) "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.
(K) **"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.
(L) "Escrow Items" means those items that are described in Section 3.
(M) **"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.
(N) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.
(O) "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.

Initials: SSB

(P) "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.
(Q) "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 grants and conveys to Trustee, in trust, with power of sale, the following described property located in the
County [Type of Recording Jurisdiction]
of **Albemarle**
[Name of Recording Jurisdiction]:

See Exhibit/Schedule A for full description of all properties on this security instrument.
APN #: 130A1 00 00 00400

which currently has the address of **55 High Meadows Ln, Scottsville,**
[Street] [City/County]
Virginia **24590** ("Property Address"):
[Zip Code]

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 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

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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.

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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. Borrower shall not surrender the leasehold estate and interests herein conveyed or terminate or cancel the ground lease. Borrower shall not, without the express written consent of Lender, alter or amend the ground 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

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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

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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

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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

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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 or Trustee shall give to Borrower, the owner of the Property, and all other persons, notice of sale as required by Applicable Law. Trustee shall give public notice of sale by advertising, in accordance with Applicable Law, once a week for two successive weeks in a newspaper having general circulation in the county or city in which any part of the Property is located, and by such additional or any different form of advertisement the Trustee deems advisable. Trustee may sell the Property on the eighth day after the first advertisement or any day thereafter, but not later than 30 days following the last advertisement. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by advertising in accordance with Applicable Law. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property with special warranty of title. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to discharge the expenses of executing the trust, including a reasonable commission to Trustee; (b) to discharge all taxes, levies, and assessment, with costs and interest if these costs have priority over the lien of this Security Instrument, including the due pro rata thereof for the current year;

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(c) to discharge in the order of their priority, if any, the remaining debts and obligations secured by this Security Instrument, and any liens of record inferior to this Security Instrument under which sale is made, with lawful interest; and, (d) the residue of the proceeds shall be paid to Borrower or Borrower's assigns. Trustee shall not be required to take possession of the Property prior to the sale thereof or to deliver possession of the Property to the purchaser at the sale.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to release this Security Instrument and shall surrender all notes evidencing debt secured by this Security Instrument to Trustee. Trustee 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. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

NOTICE: THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED.

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.

4.15.20 **(Seal)**

STEVEN S BISS **DATE**

MGR 4.15.20 **(Seal)**

PALLADIO DESIGNS, LLC BY STEVEN S BISS, MANAGER **DATE**

STATE OF VIRGINIA
COUNTY ss: ALBEMARLE

The foregoing instrument was acknowledged before me this April 15, 2020 **(date) by STEVEN S BISS AND PALLADIO DESIGNS, LLC BY STEVEN S BISS, MANAGER (name of person acknowledged).**

John S. Ralston

Notary Public

7695082

My commission expires: 11/30/2020

JOHN STEWART RALSTON
COMMONWEALTH
REGISTRATION NO.
7695082
MY COMM. EXPIRES
11/30/2020
OF VIRGINIA
NOTARY PUBLIC

Lender: The First Bank and Trust Company
NMLS ID: 486426
Loan Originator: Ashley Nicole Mundy
NMLS ID: 1638498

Initials: SSB

SCHEDULE A

ALL that certain tract or parcel of land, with improvements thereon and appurtenances thereto, situated in Albemarle County, Virginia, on the east side of State Route 20 in the Town of Scottsville, containing 13.09 acres, more or less, shown as TM 130A(1)-4, on a plat by Lum's Land Surveys, Inc., dated April 24, 2007, and recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia in Deed Book 3415, page 168; TOGETHER WITH a 25' non-exclusive easement for ingress and egress to and from State Route 20 as shown on plat recorded in Deed Book 826, page 359.

INSTRUMENT # 202000004232
E-RECORDED IN THE CLERK'S OFFICE OF
ALBEMARLE ON
APRIL 16, 2020 AT 02:47PM

JON R. ZUG, CLERK
RECORDED BY: EMJ

CONTRACT FOR PURCHASE OF PROPERTY
AT FORECLOSURE SALE

THIS CONTRACT OF PURCHASE is made and effective as of the 22nd day of July, 2026 ("Sale Date"), by and between ____________________________ ("Purchaser(s)"), and NANCY R. SCHLICHTING, acting for Flora Pettit, PC Substitute Trustee ("Seller" and sometimes referred to as "Trustee") to convey the following parcel in Albemarle County, Virginia:

> ALL that certain tract or parcel of land, with improvements thereon and appurtenances thereto, situated in Albemarle County, Virginia, on the east side of State Route 20 in the Town of Scottsville, containing 13.09 acres, more or less, shown as TM 130A(l)-4, on a plat by Lum's Land Surveys, Inc., dated April 24, 2007, and recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia in Deed Book 3415, page 168; TOGETHER WITH a 25' nonexclusive easement for ingress and egress to and from State Route 20 as shown on plat recorded in Deed Book 826, page 359.
>
> Property Address: 55 High Meadows Lane, Scottsville, VA 24590
>
> Tax Map No. 130A1-00-00-00400

(the "Property").

WHEREAS, Purchaser was last and highest bidder at the public auction held on the Sale Date with a bid of $_________________ ("Purchase Price") for the purchase of the Property; and

WHEREAS, as a participant in the public auction, Purchaser agreed to the terms and conditions of the auction with the auctioneer The Counts Realty & Auction Group ("Counts"), which includes the agreement to pay separately to Counts at closing a Buyer's Premium of $___________ representing ten percent (10%) of the Final Bid ("Buyer's Premium") which is in addition to the Purchase Price and shall be paid at settlement; and

WHEREAS, in connection with this sale, Purchaser acknowledges and agrees to the terms and conditions as stated in the advertised foreclosure notice.

NOW, THEREFORE, in consideration of the premises, the parties do hereby agree as follows:

1. Seller hereby acknowledges the receipt of $_______________ as an initial deposit for the purchase of the Property.

2. Within three (3) business days from the Sale Date, Purchaser shall pay to Seller the sum of $_________, representing the balance due of the deposit required (10% of the Purchase Price).

3. Purchaser shall pay to Seller the balance of the Purchase Price, by cash or certified or cashier's check, at settlement.

4. At settlement, Seller shall deliver to Purchaser a deed with Special Warranty Deed conveying the Property to Purchaser. The conveyance of the Property is subject to the covenants, conditions, easements, restrictions and reservations, if any, superior to the lien of the Deed of Trust, duly of record and constituting constructive notice.

5. At settlement, Purchaser shall pay the Buyer's Premium to Counts.

6. Settlement shall occur **on or before 2:00 p.m. on August 24, 2026** (the "Closing Date")**,** unless otherwise extended at the sole discretion of the Trustee.

7. If Seller is unable to convey title to the subject property for any reason, the sole remedy of Purchaser is the return of the deposit. If Seller believes any challenge to the validity of the sale has merit, Seller may declare in her sole discretion the sale void and return the deposit, and Purchaser shall have no further remedy.

8. Purchaser agrees that this Contract is not contingent upon Purchaser's obtaining financing from any third party and shall be treated as a cash sale. Purchaser further agrees that this Contract is not contingent upon an appraisal of the Property being equal to or greater than the Purchase Price or any other contingency.

9. The deposit shall be applied to the credit of Purchaser at settlement; or, in the event of Purchaser's failure to complete settlement within the time set forth after the Closing Date, including any postponement by the Seller, and in accordance with the terms of sale, the deposit shall be forfeited as a measure of liquidated damages and applied to the costs and expenses of sale, including the auction expenses and Trustee's fee and then to the balance due under the applicable promissory note. Thereafter, the Property may be readvertised and resold at the cost and expense of the defaulting Purchaser, or Trustee may accept the next highest available bid from the auction sale. Purchaser shall be liable for any deficiency resulting from the resale of the Property as well as for all costs, expenses, and reasonable attorneys' fees connected to and arising out of Purchaser's failure to fulfill its obligations under this Contract, including but not limited to cost of the process for a new sale (including but not limited to re-advertising) or the Trustee's acceptance of the next

highest available bid. This provision shall in no way affect the right of the Seller and Auctioneer to exercise any other legal right or to pursue any legal remedy or recourse available to them including, but not limited to, specific performance or monetary damages.

10. The Property is sold "AS IS, WHERE IS" with all faults and without reliance on any warranty of any kind whatsoever, and Purchaser hereby accepts the Property in its condition as of the Sale Date. Risk of loss or damage to the Property shall be borne by Purchaser from Sale Date. Purchasers were encouraged to conduct their own investigation and due diligence to determine if they should purchase the Property.

11. Purchaser acknowledges that the Property is connected to a public sewer line but has an unpermitted well connection. Prior to closing, Purchaser agrees to apply to the Albemarle County Service Authority ("ACSA") for the purpose of reconnecting the Property to public water which will require Purchaser to engage a plumber to reconnect the water line and arrange for the ACSA to personally witness the disconnection of the unpermitted well. The ACSA is an intended beneficiary of this contractual obligation.

12. Grantor's tax and pro-rated real estate taxes up to the Sale Date, and the cost of preparing the deed, shall be paid by Seller. All other costs and expenses shall be paid by Purchaser. Each party shall pay their own attorney's fees. Roll back taxes, if any, shall be the responsibility of Purchaser.

13. The Trustee is selling the Property, and it is understood and agreed that the Property is not guaranteed or warranted in any way by the Trustee in any capacity.

14. **Choice of Settlement Agent: Virginia's Consumer Real Estate Settlement Protection Act provides that the purchaser or borrower has the right to select the settlement agent to handle the closing of this transaction. The settlement agent's role in closing this transaction involves the coordination of numerous administrative and clerical functions relating to the collection of documents and the collection and disbursement of funds required to carry out the terms of the contract between the parties. If part of the purchase price is financed, the lender for the Purchaser will instruct the settlement agent as to the signing and recording of loan documents and the disbursement of loan proceeds. No settlement agent can provide legal advice to any party to the transaction except a settlement agent who is engaged in the private practice of law in Virginia and who has been retained or engaged by a party to the transaction for the purpose of providing legal services to the party.**

15. **Variation by Agreement: The provisions of the Consumer Real Estate Settlement Protection Act may not be varied by agreement, and rights conferred by this chapter may not be waived. Seller may not require the use of a particular settlement agent as a condition of the sale of the property.**

16. **Escrow, Closing and Settlement Service Guidelines: The Virginia State Bar issues guidelines to help settlement agents avoid and prevent the unauthorized practice of law in connection with furnishing escrow, closing or settlement services. As a party to a real estate transaction, the Purchaser is entitled to receive a copy of these guidelines from their settlement agent, upon request, in accordance with the provisions of the Consumer Real Estate Settlement Protection Act.**

17. The covenants and agreements contained in this Contract shall survive closing.

18. This Contract shall be construed, interpreted and applied according to the law of the Commonwealth of Virginia and it shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

19. Ratification by Trustee. This Contract shall not be valid or enforceable unless and until Trustee has executed and ratified this Contract.

20. This Contract may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same document. This Contract may also be executed by facsimile and/or scanned signature which shall be deemed originals for all purposes.

[SIGNATURE PAGE TO FOLLOW]

WITNESS the following signatures and seals:

I, _______________, Auctioneer of The Counts Realty & Auction Group do hereby certify that the amount stated above was the highest bid received at the auction of the aforesaid Property.
Date: July 22, 2026

____
Auctioneer

____
Seller: Nancy R. Schlichting, acting for Flora Pettit PC Substitute Trustee

____
Purchaser

____
Address

____
City / State / Zip

_________________ / _________________
Email Telephone

____
Co-Purchaser

____
Address

____
City / State / Zip

_________________ / _________________
Email Telephone

Purchaser's Settlement Agent (if known):

____
Name

____
Address

____
City / State / Zip

_________________ / _________________
Email Telephone