

JACK J. PHILLIPS  
JOHNNIE B. PHILLIPS  
5263 MEADOW BROOK ROAD  
BIRMINGHAM, AL 35243  
MORTGAGOR  
"I" includes each mortgagor above.

This instrument was prepared by  
(Name) MARTHA PEEPLES  
(Address) 213 N 20TH ST., BIRMINGHAM, AL 35203  
SECOR BANK, FEDERAL SAVINGS BANK  
110 OFFICE PARK DRIVE  
P. O. BOX 1745 35202  
BIRMINGHAM, AL 35202  
"You" means the mortgagee, its successors and assigns.

REAL ESTATE MORTGAGE: For value received, I, JACK J. PHILLIPS & WIFE JOHNNIE B. PHILLIPS  
grant, bargain, sell and convey to you, with power of sale, to secure the payment of the secured debt described below, on 7/20/90  
the real estate described below and all rights, easements, appurtenances, rents, leases and existing and future improvements, together with  
all fixtures, appliances, machinery, equipment and other articles of personal property at any time installed in, attached to, or situated in or on  
the real estate, or the buildings and improvements to be erected on the real estate, or to be used or intended to be used in connection with  
the real estate, or in the operation of the buildings, improvements, plant, business or dwelling on the real estate, whether or not the personal  
property is or shall be affixed to the real estate (all of which is called the "property").  
PROPERTY ADDRESS: 5263 MEADOW BROOK ROAD, BIRMINGHAM, Alabama 35243  
(Street) (City) (Zip Code)

LEGAL DESCRIPTION: LOT 20, ACCORDING TO THE SURVEY OF MOUNTAIN RIDGE ESTATES, FIRST  
SECTOR, AS RECORDED IN MAP BOOK 7, PAGE 100, IN THE OFFICE OF THE  
JUDGE OF PROBATE OF SHELBY COUNTY, ALABAMA. SITUATED IN  
SHELBY COUNTY, ALABAMA.

located in SHELBY County, Alabama.  
TITLE: I covenant and warrant title to the property, except for encumbrances of record, municipal and zoning ordinances, current taxes and  
assessments not yet due and PRIOR MORTGAGE TO COLLATERAL MORTGAGE, LTD. DATED 4-23-87 AND  
FILED 4-29-87 IN REAL VOLUME 127, PAGE 829.

SECURED DEBT: This mortgage secures repayment of the secured debt and the performance of the covenants and agreements contained in  
this mortgage and in any other document incorporated herein. Secured debt, as used in this mortgage, includes any amounts I owe you  
under this mortgage or under any instrument secured by this mortgage, all advances made to me hereunder, any amounts I owe you  
under any future renewals, extensions or modifications of any instrument secured by this mortgage, and any sums I owe you under  
promissory notes, homeowner's cash reserve agreements or other documents executed in substitution of or for any instrument secured  
by this mortgage.

The secured debt is evidenced by (List all instruments and agreements secured by this mortgage and the dates thereof.):

☐ \_\_\_\_\_  
☐ Future Advances: All amounts owed under the above agreement are secured even though not all amounts may yet be  
advanced. Future advances under the agreement are contemplated and will be secured and will have priority to the same  
extent as if made on the date this mortgage is executed.  
☒ Revolving credit loan agreement dated JULY 20, 1990. All amounts owed under this agreement are secured even  
though not all amounts may yet be advanced. Future advances under the agreement are contemplated and will be secured and  
will have priority to the same extent as if made on the date this mortgage is executed.

The above obligation is due and payable on JULY 20, 2010 if not paid earlier.  
The total unpaid balance secured by this mortgage at any one time shall not exceed a maximum principal amount of:  
FIFTY ONE THOUSAND FOUR HUNDRED AND NO/100 Dollars (\$ 51,400.00),  
plus interest, plus any disbursements made for the payment of taxes, special assessments, or insurance on the property, with interest  
on such disbursements.

☒ Variable Rate: The interest rate on the obligation secured by this mortgage may vary according to the terms of that obligation.  
☒ A copy of the loan agreement containing the terms under which the interest rate may vary is attached to this mortgage and  
made a part hereof.

TERMS AND COVENANTS: I agree to the terms and covenants contained in this mortgage and in any riders described below and signed by me.  
☐ Commercial ☐ Construction ☐ \_\_\_\_\_

SIGNATURES:  
JACK J. PHILLIPS (Seal)  
JOHNNIE B. PHILLIPS (Seal)

WITNESSES: \_\_\_\_\_

ACKNOWLEDGMENT: STATE OF ALABAMA, JEFFERSON County ss:  
I, DONNA CLEM, a Notary Public in and for said county and in said state, hereby certify that

Individual ☐ JACK J. PHILLIPS & WIFE JOHNNIE B. PHILLIPS  
whose name(s) \_\_\_\_\_ signed to the foregoing conveyance, and who ARE known to me, acknowledged before me on  
this day that, being informed of the contents of the conveyance, THEY executed the same voluntarily on the day the  
same bears date.  
Corporate ☐ \_\_\_\_\_ of the \_\_\_\_\_  
a corporation, \_\_\_\_\_ signed to the foregoing conveyance and who \_\_\_\_\_ known to me, acknowledged before me on  
this day that, being informed of the contents of the conveyance, \_\_\_\_\_ he \_\_\_\_\_, as such officer and with full authority,  
executed the same voluntarily for and as the act of said corporation.

Given under my hand this the 20TH day of JULY, 1990  
My commission expires: MAY 8, 1991  
Donna Clem (Notary Public)

## COVENANTS

1. **Payments.** I agree to make all payments on the secured debt when due. Unless we agree otherwise, any payments you receive from me or for my benefit will be applied first to any amounts I owe you on the secured debt (exclusive of interest or principal), second, to interest and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any subsequently scheduled payment until the secured debt is paid in full.
2. **Claims against Title.** I will pay all taxes, assessments, liens and encumbrances on the property when due and will defend title to the property against any claims which would impair the lien of this mortgage. You may require me to assign any rights, claims or defenses which I may have against parties who supply labor or materials to improve or maintain the property.
3. **Insurance.** I will keep the property insured under terms acceptable to you at my expense and for your benefit. You will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within your discretion, to either the restoration or repair of the damaged property or to the secured debt. If you require mortgage insurance, I agree to maintain such insurance for as long as you require.
4. **Property.** I will keep the property in good condition and make all repairs reasonably necessary.
5. **Expenses.** I agree to pay all your expenses, including reasonable attorneys' fees if I break any covenants in this mortgage or in any obligation secured by this mortgage. Attorneys' fees include those awarded by an appellate court. I will pay these amounts to you as provided in Covenant 10 of this mortgage.
6. **Default and Acceleration.** If I fail to make any payments when due, or break any covenants under this mortgage or any obligations secured by this mortgage, or sell or transfer the property without your prior written consent, you are authorized to take possession of the mortgaged property, and with or without taking possession of said property after advertising the time, place and terms of sale, for three successive weeks immediately prior to sale thereof in some newspaper published in the county in which the property is situated, proceed to sell the property covered by this mortgage in lots or parcels or en masses as you, your agents or assigns deem best, at the courthouse door in the county in which the mortgaged property or a part thereof is situated. If the mortgaged property is situated in Jefferson County, Alabama, the sale will be conducted at the door of the courthouse of the Jefferson County, Alabama, in Birmingham, 21st Street entrance, at public outcry, to the highest bidder for cash, the proceeds of sale to be applied first to the payment of any liens for taxes, assessments or other prior charges against the property and second to the payment of expenses of sale, including the costs of advertising and reasonable attorney's fees, together with the cost of executing and recording deeds to the purchaser. Thirdly, any balance shall be applied to the payment of the indebtedness owed you and secured by this mortgage. You are hereby authorized to bid for and become the purchaser of the property at any such sale, and we do hereby authorize your attorney making the sale to execute deed to the purchaser of the property covered by this mortgage.
7. **Assignment of Rents and Profits.** I assign to you the rents and profits of the property. Unless we have agreed otherwise in writing, I may collect and retain the rents as long as I am not in default. If I default, you, your agent, or a court appointed receiver may take possession and manage the property and collect the rents. Any rents you collect shall be applied first to the costs of managing the property, including court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amount of rents will then apply to payments on the secured debt as provided in Covenant 1.
8. **Waiver of Homestead.** I hereby waive all right of homestead exemption in the property.
9. **Leaseholds; Condominiums, Planned Unit Developments.** I agree to comply with the provisions of any lease if this mortgage is on a leasehold. If this mortgage is on a unit in a condominium or a planned unit development, I will perform all of my duties under the covenants, by-laws, or regulations of the condominium or planned unit development.
10. **Authority of Mortgagee to Perform for Mortgagor.** If I fail to perform any of my duties under this mortgage, you may perform the duties or cause them to be performed. You may sign my name or pay any amount if necessary for performance. If any construction on the property is discontinued or not carried on in a reasonable manner, you may do whatever is necessary to protect your security interest in the property. This may include completing the construction.
- Your failure to perform will not preclude you from exercising any of your other rights under the law or this mortgage.
- Any amounts paid by you to protect your security interest will be secured by this mortgage. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect on the secured debt.
11. **Inspection.** You may enter the property to inspect if you give me notice beforehand. The notice must state the reasonable cause for your inspection.
12. **Condemnation.** I assign to you the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.
13. **Waiver.** By exercising any remedy available to you, you do not give up your rights to later use any other remedy. By not exercising any remedy, if I default, you do not waive your right to later consider the event a default if it happens again.
14. **Joint and Several Liability; Co-signers; Successors and Assigns Bound.** All duties under this mortgage are joint and several. If I co-sign this mortgage but do not co-sign the underlying debt I do so only to mortgage my interest in the property under the terms of this mortgage. I also agree that you and any party to this mortgage may extend, modify or make any other changes in the terms of this mortgage or the secured debt without my consent. Such a change will not release me from the terms of this mortgage.
- The duties and benefits of this mortgage shall bind and benefit the successors and assigns of either or both of us.
15. **Notice.** Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by certified mail addressed to me at the Property Address or any other address that I tell you. I will give any notice to you by certified mail to your address on the front side of this mortgage, or to any other address which you have designated.
- Any notice shall be deemed to have been given to either of us when given in the manner stated above.
16. **Transfer of the Property or a Beneficial Interest in the Mortgagor.** If all or any part of the property or any interest in it is sold or transferred without your prior written consent, you may demand immediate payment of the secured debt. You may also demand immediate payment if the mortgagor is not a natural person and a beneficial interest in the mortgagor is sold or transferred. However, you may not demand payment in the above situations if it is prohibited by federal law as of the date of this mortgage.
17. **Release.** When I have paid the secured debt, you will discharge this mortgage without charge to me. I agree to pay all costs to record this mortgage.
18. **Due-On-Sale.** Without your prior written consent, we will abstain from and will not cause or permit any sale, exchange, transfer or conveyance of all or any part of the mortgaged property or any interest therein, voluntarily or by operation of law. Upon any such sale, exchange, transfer or conveyance all sums owed and secured by this mortgage, shall, at your sole option and discretion become immediately due and payable and, in such event, you may exercise remedies provided in paragraph 6 above.

JACK J. PHILLIPS  
JOHNNIE B. PHILLIPS  
5263 MEADOW BROOK ROAD  
BIRMINGHAM, AL 35243

**Borrower's Name and Address**

"You" means each borrower above, jointly and severally.

SECOR BANK  
FEDERAL SAVING BANK  
110 OFFICE PARK DRIVE, P.O. BOX 1745  
BIRMINGHAM, ALABAMA 35202

**Lender's Name and Address**

"We" or "us" means the lender named above.

No. 0004102290  
Date JULY 20, 1990  
Trans. Acct. # 0004102290  
Line of Credit \$ 51,400.00  
Triggering Balance \$ N/A

Initial Advance \$ N/A  
Minimum Advance \$ 100.00  
Minimum Balance \$ N/A  
Draw Period N/A  
Repayment Period N/A

Maturity Date JULY 20, 2010  
Billing Cycle: Ends the last day  
of every month  
Payment Date 15th day  
of every month

**HOMEOWNER'S CASH RESERVE - 3 YEAR ADJUSTABLE PLAN**

**GENERALLY:** This is an agreement about your home equity line of credit. Many of the terms we use in this agreement have special meanings. The term "loan account balance" means the sum of the unpaid principal of loans made under this plan, plus unpaid but earned finance charges, plus any credit insurance premiums that are due. "Transaction Account" means an account you carry with us. The number of this account is listed at the top of the form on the line labeled "Trans. Acct. #." "Line of Credit" means the maximum amount of principal we will ordinarily allow you to owe us under this plan at any time.

In addition, we will use the following terms for this home equity plan: "Minimum Advance" means the smallest amount of money we will advance to you at your request.

If any term of this agreement violates any law or for some other reason is not enforceable, that term will not be part of this agreement. This agreement is subject to the laws of the state where we are located.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges under this home equity plan.

**REQUESTING A LOAN:** You request a loan under this plan whenever you:

- write a check for at least the minimum advance listed above using one of the special checks you have for that purpose.
- request in person or by phone that you be advanced directly an amount at least as large as the minimum advance listed above.

**HOW FINANCE CHARGES ARE COMPUTED:** To calculate your finance charge and average daily balance, we first determine the daily balance of your loan for each period where there is a balance change or a rate change. Balance changes may be due to advances or debits on your account, which are added to the balance, or payments or credits, which are subtracted from the balance. Rate changes will occur as often as the base rate changes (refer to terms and conditions of the variable rate and interest rate option paragraphs below for scheduled rate changes). For the period during which the appropriate balance applies, we determine the number of days active and multiply the sum of the days active times the daily balance to determine the periodic daily balance. Then we calculate the daily periodic rate (interest rate divided by the number of days in the year) for the period which applies to the periodic daily balance. This figure is multiplied times the periodic daily balance to determine the amount of finance charge which applies to the periodic daily balance. Then we add all of the periodic daily balances and divide by the sum of the number of days active to determine the average daily balance. The finance charges which applies to each periodic daily balance are totaled to determine the amount of finance charge calculated for the billing cycle. The number of days in each billing cycle varies depending upon the number of calendar days in each month covered by the billing cycle. The billing cycle ends on the statement date listed on the front of your monthly statement and begins on the first day after the previous statement date.

The amount of finance charge listed on the front of your monthly statement is based upon daily balances from the beginning to the end of the current billing cycle, calculated in accordance with the preceding paragraph. Any payment made in excess of the minimum monthly payment listed on the front of the monthly statement will be applied to any finance charge accrued from the end of the statement cycle to the payment posting day, then any remainder will be applied to the principal balance. Finance charges in the succeeding month reflected on your statement will continue to be calculated in accordance with the above paragraph, however, the amount you actually owe in finance charge will consider previous payments in excess on the minimum payment, which were applied to any finance charge accrued to the payment posting date.

The periodic rate of **FINANCE CHARGE** today is .03287 % which is equal to an **ANNUAL PERCENTAGE RATE** of 12.00%.

**VARIABLE RATE:** The annual percentage rate may change, and will be 2.0% above the following "base rate": The Wall Street Journal Prime Rate. The annual percentage rate may increase if this "base rate" increases. An increase will take effect every 36 months. An increase will result in an increase in the finance charge and it may have the effect of increasing your periodic minimum payment. The annual percentage rate will not increase more often than once every 36 months. A decrease will have the opposite effect of an increase disclosed above.

If the base rate changes more frequently than the annual percentage rate, we will always use the base rate in effect on the day we adjust the annual percentage rate to determine the new annual percentage rate. In such a case, we will ignore any changes in the base rate that occur between annual percentage rate adjustments.

The "annual percentage rate" referred to in this section is the annual rate which corresponds to the periodic rate applied to the balance as described above. This corresponding **ANNUAL PERCENTAGE RATE** will never exceed 18%, and will never exceed the highest allowable rate for this type of agreement as determined by applicable state or federal law.

The **ANNUAL PERCENTAGE RATE** will never decrease below 8%.

**ADJUSTMENT FREQUENCY CONVERSION:** On the third anniversary date of this agreement, and each three (3) year period thereafter, you may elect to convert this Homeowner's Cash Reserve plan to one with a monthly adjustment term. It is understood that the original term will not be altered by the adjustments. If you do so, you must sign a new Homeowner's Cash Reserve agreement.

**MINIMUM CHARGE:** If, during a billing cycle, you have any outstanding principal balance at all and if the finance charge computed above is less than \$.50, you will be charged a minimum **FINANCE CHARGE** of \$.50 for that billing cycle.

**HOW YOU REPAY YOUR LOANS:** On or before each payment date, you agree to make a minimum payment to reduce your debt. The minimum monthly payment will equal 1.5% of the loan account balance (principal plus accrued finance charges) on the last day of the billing cycle or \$50.00, whichever is greater.

**FINAL PAYMENT:** On the maturity date listed above, you must pay the amount of any remaining loan account balance outstanding. The minimum payment will not fully repay the principal that is outstanding on your line. At that time you:

**XXX** may be required to pay the entire balance in a single balloon payment. (The amount of \_\_\_\_\_ of credit, the timing of your payments and your pattern of advance \_\_\_\_\_ affect whether you will have to make such

☐ will be required to pay the entire balance in a single balloon payment.

If you have any loan account balance at that time, we are not obligated to refinance your account, but will consider your request to do so. If you refinance this account at maturity, you may have to pay some or all of the closing costs normally associated with a new loan even if you obtain financing from us.

**SECURITY:** To secure the payment of what you owe, we have the right of set-off. This means we can pay the amount you owe us out of money that we are required to pay you (such as money in your savings or checking account). However, we cannot use in this way money in your IRA or other tax-deferred retirement account. State law may further limit our right of set-off.

However, we will have no right of set-off against your loan account balance if you can obtain credit under this plan by using a debit or a credit card.

We have also secured your obligations under this plan by taking a security interest (by way of a separate security agreement, mortgage or other instrument dated JULY 20, 1990) in the

following property, described by item or type:

LOT 20, ACCORDING TO THE SURVEY OF MOUNTAIN RIDGE ESTATES, FIRST SECTOR, AS RECORDED IN MAP BOOK 7, PAGE 100, IN THE OFFICE OF THE JUDGE OF PROBATE OF SHELBY COUNTY, ALABAMA. SITUATED IN SHELBY COUNTY, ALABAMA.

☐ If checked, collateral securing other loans you have with us may also secure loans under this agreement.

You may buy property insurance from anyone you want who is acceptable to us, or you may provide the insurance through an existing policy. If you buy the insurance from or through us, your premium will be \_\_\_\_\_.

**CREDIT INSURANCE:** Credit life insurance is not required to obtain credit. We will provide no coverage unless you sign and agree to pay the additional cost. The rates listed below are applied to the loan account balance at the end of each billing cycle to determine the premium you owe for each billing cycle. The credit insurance premium is then added to the loan account balance on the last day of each billing cycle.

|   | TYPE               | RATE  |
|---|--------------------|-------|
| You <input type="checkbox"/> do <input checked="" type="checkbox"/> do not want | single credit life | _____ |
| You <input type="checkbox"/> do <input checked="" type="checkbox"/> do not want | joint credit life  | _____ |
| X <u>JOP</u> X  |                    |       |

**ADDITIONAL CHARGES:** You agree to pay the following additional charges

- You agree to pay an additional fee of \$40.00 per year in order to participate in this plan. We will add this amount to the minimum monthly payment on the anniversary date of the loan.
- A late charge on any payment not paid within 10 days of the payment date of 5% of the payment or \$100.00, whichever is less.

• Appraisal Fee \$ \_\_\_\_\_; Property Survey \$ \_\_\_\_\_  
• Attorney's Fees \$ \_\_\_\_\_; Recording Fees \$ \_\_\_\_\_  
• Title Insurance/Title Opinion \$ \_\_\_\_\_  
• Property Damage Insurance \$ \_\_\_\_\_  
(Other) \_\_\_\_\_ \$ \_\_\_\_\_

**ATTORNEY'S FEES:** If you default on this agreement and of we are required to hire a lawyer to collect what you owe under this agreement, you agree to pay our reasonable attorney's fees not exceeding 15% of the unpaid debt after default. However if the unpaid debt does not exceed \$300.00, you do not agree to pay our reasonable attorney's fees.

**NOTICE:** See the reverse side for additional terms and for information about your rights in the event of a billing error.

**SIGNATURES:** By signing below, you agree to the terms on both sides of this agreement and you promise to pay any amounts you owe under this agreement. You also state that you received a completed copy of this agreement on today's date.

CAUTION-IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

Signature Jack J. Phillips  
JACK J. PHILLIPS  
Signature Johnnie B. Phillips  
JOHNNIE B. PHILLIPS

## ADDITIONAL TERMS

**HOW THE LOAN IS ADVANCED:** When you request a loan, we will, subject to any limitations contained in this agreement, advance exactly the amount you request, so long as the requested amount equals or exceeds the minimum advance listed on the front of the form. We will make the advance by depositing the amount in your transaction account, by advancing the money directly to you, or by paying a designated third person or account, depending on how we agree to make the advance. We will record the amount as a loan in your loan account.

If your request is for less than the minimum advance, we may, at our option, grant the request. However, granting the request does not mean we will be required to grant requests for less than the minimum advance in the future. We always have the option to deny any such request.

However, we will not ordinarily grant any request for a loan which would cause the unpaid principal of your loan account balance to be greater than the Line of Credit listed on the front of the form. We may, at our option, grant such a request without obligating ourselves to do so in the future.

**ADDITIONAL REPAYMENT TERMS:** You can pay off all or part of what you owe at any time without penalty. However, so long as you owe any amount you must continue to make your periodic minimum payment.

The amounts you pay will first reduce the finance charges, and finally will reduce the amount of unpaid loans.

**CHANGING THE TERMS OF THIS AGREEMENT:** Generally, we may not change the terms of this agreement. However, we may change the terms in the following circumstances:

- If this is a variable rate plan, we may change the index and margin if the original index described above becomes unavailable. Any new index will have a historical movement similar to the original, and, together with a new margin, will produce a similar interest rate.
- We may make changes that you have agreed to in writing.
- We may make changes that unequivocally benefit you.
- We may make changes to insignificant terms of this agreement.

If we are required to send notice of a change in terms, we will send the notice to your address listed above. (You should inform us of any change in address.)

**DEFAULT AND REMEDIES:** You will be in default on this agreement if any of the following occur:

- (1) You engage in fraud or material misrepresentation, by your actions or failure to act, in connection with any phase of this home equity line of credit;
- (2) Subject to any right to cure you may have, you do not meet the repayment terms;
- (3) Your action or inaction adversely affects the collateral or our rights in the collateral, including but not limited to: (a) failure to maintain required insurance on the dwelling; (b) your transfer of the property; (c) failure to maintain the property or use of it in a destructive manner; (d) commission of waste; (e) failure to pay taxes on the property or otherwise fail to act and thereby cause a lien to be filed against the property that is senior to our lien; (f) death; (g) the property is taken through eminent domain; (h) a judgment is filed against you and subjects you and the property to action that adversely affects our interest; or (i) a prior lien holder forecloses on the property and as a result, our interest is adversely affected.

We may terminate your account, require you to pay the entire outstanding balance in one payment and charge you a termination fee (if provided for on the other side of this agreement), and fees related to the collection of the amount owing, if you are in default in any manner described above. In that instance, we may take other action short of termination, such as charging you a fee if you fail to maintain required property insurance and we purchase insurance. If we elect to terminate and accelerate the amounts owing on your account, we may use our right to set-off, unless prohibited.

Even if we choose not to use one of our remedies when you default, we do not forfeit our right to do so if you default again. If we do not use a remedy when you default, we can still consider your actions as a default in the future.

**SUSPENSION OF CREDIT AND REDUCTION OF CREDIT LIMIT:** We may temporarily prohibit you from obtaining additional extensions of credit, or reduce your credit limit if:

- (1) The value of the dwelling securing this home equity line of credit declines significantly below its appraised value for purposes of this line;
- (2) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (3) You are in default of a material obligation of this agreement, which shall include, but is not limited to, your ongoing obligation to supply us with information we feel we need to assess your financial condition;
- (4) A governmental action prevents us from imposing the annual percentage rate provided for in this agreement;
- (5) The action of a governmental body adversely affects our security interest to the extent that the value of the security interest is less than 120% of the home equity line;
- (6) The annual percentage rate corresponding to the periodic rate reaches the maximum rate allowed under this plan (if provided for on the other side of this agreement); or
- (7) A regulatory agency has notified us that continued advances would constitute an unsafe business practice.

In the event that we suspend your right to additional advances or reduce your credit line, we will send you notice of our decision at the address listed on the front of this agreement. (You should inform us of any change in your address.) If we have based our decision to suspend or reduce your credit privileges on an assessment of your financial condition or performance under this plan, and you believe that your situation has changed, you must request that we re-evaluate your situation, and reinstate your credit privileges.

**CREDIT INFORMATION:** You agree to supply us with whatever information we reasonably feel we need to decide whether to continue this plan. We agree to make requests for this information without undue frequency, and to give you reasonable time in which to supply the information.

You authorize us to make or have made any credit inquiries we feel are necessary. You also authorize the persons or agencies to whom we make these inquiries to supply us with the information we request.

**PROPERTY INSURANCE:** You are required to obtain and maintain insurance on the improvements on the real property which is collateral for your account. The insurance policy must name us as mortgagee and must provide for at least 10 days notice to us prior to cancellation. We may also require flood damage insurance. You may provide such insurance through an existing policy or a policy independently obtained and paid by you. If you fail to maintain insurance on the property you have mortgaged to secure your account, we may (but are under no obligation to) purchase such insurance and charge the cost to your account.

**PERIODIC STATEMENT:** You will be mailed a periodic statement each month. You agree to notify us in writing within 60 days of our mailing the periodic statement to you of any errors or questions respecting your account. The periodic statement will show the outstanding balance on your account at the beginning of the billing cycle called the "Previous Balance" the amount, date and a brief description of each advance or other charge debited your account during the billing cycle; the amount, date and a brief description of any payments or credits to your account; the amount of any finance charge debited to your account during the billing cycle; and the outstanding balance of your account on the closing date of the billing cycle called the "New Balance." A billing cycle shall be the period commencing on the beginning of a particular day of one month and ending on the close of the date immediately preceding the corresponding day in the next month.

**STOP PAYMENT ON CHECKS:** You may request Secor Bank to stop payment on a check by going by your nearest Secor Bank office during normal business hours, which are Monday through Thursday 9:00 a.m. to 4:30 p.m. and Friday 9:00 a.m. to 6:00 p.m., excluding Holidays. You must tell us the party to whom the check is payable, the check number, and the date and amount of the check. We must receive your written authorization to make the stop payment request. If you choose to stop payment on any check, you agree to pay our standard service charge of \$12.00.

**UNAUTHORIZED CHECK TRANSACTIONS AND FORGERIES:** Our records will be deemed correct unless you timely establish with us that we made an error. It is essential that any unauthorized checks, alterations or forgeries (collectively referred to as "exceptions") be reported to us as promptly as possible. Otherwise we may not be liable for such exceptions. Therefore, it is necessary that you carefully examine each monthly periodic statement and report any exceptions to us. We will not return any checks to you after they are paid, but you may obtain copies if needed. You agree that this is a reasonable manner for making checks available to you and agree to pay any charge that we may reasonably impose for providing you with copies of any paid checks.

In order to determine whether you have acted in a prompt and reasonable manner in reviewing your statement and reporting any forgeries or alterations to us, you agree that we may impose the following time limitations:

- (1) You must request that we send any suspected forged or altered item to you within sixty (60) days after the monthly periodic statement covering such item which was sent by us and (2) you must report any suspected forgery or alterations to us within thirty (30) days after we send the requested item to you. If you fail to request any disputed item or discover and report any forgery or alteration to us within the periods specified above, we may not be liable for such exception. You further agree that we are not required to retain the original of any check for any period beyond those specified above.

## YOUR BILLING RIGHTS KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

### Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
  - The dollar amount of the suspected error.
  - Describe the error and explain, if you can, why you believe there is an error.
- If you need more information, describe the item you are not sure about

If you have authorized us to pay your bill automatically from your savings, checking or other account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

### Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

### Special Rule for Credit Card Purchases

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

## LIABILITY FOR UNAUTHORIZED USE OF A CREDIT CARD

You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify us at the address on the other side of this form, orally or in writing, of the loss, theft, or possible unauthorized use. In any case, your liability will not exceed \$50.

## ADDENDUM

Notwithstanding the **FINANCE CHARGE** and **ANNUAL PERCENTAGE RATES** depicted on the attached Homeowners Cash Reserve Agreement, throughout the initial twelve (12) months, the **ANNUAL PERCENTAGE RATE** will be computed by adding one and one-half percentage points to the base rate rather than two percentage points as depicted in the Agreement. This will result in an initial first year **ANNUAL PERCENTAGE RATE** of 11.50, decreasing the periodic rate of **FINANCE CHARGE** during the period to .03150. On the first anniversary date the **ANNUAL PERCENTAGE RATE** will revert to and equal two percentage points above the base rate, with the **FINANCE CHARGE** adjusted accordingly.

SECOR BANK, FEDERAL SAVINGS BANK

By: \_\_\_\_\_

Date: JULY 20, 1990

Signature: \_\_\_\_\_

JACK J. PHILLIPS

Signature: \_\_\_\_\_

JOHNNIE B. PHILLIPS

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STATE OF ALA. SHERIFF'S OFFICE  
I CERTIFY THIS  
INSTRUMENT WAS FILED  
90 JUL 24 AM 8:45

STATE OF ALA. SHERIFF'S OFFICE  
I CERTIFY THIS  
INSTRUMENT WAS FILED  
90 JUL 24 AM 8:45

|       |       |
|-------|-------|
| 1     | 77.10 |
| 2     | 12.50 |
| 3     | 3.00  |
| 4     | 1.00  |
| 5     | 1.00  |
| Total | 93.60 |