

M24338

NOTICE 1994-34833

THIS MORTGAGE SECURES AN OPEN-END CREDIT PLAN WHICH CONTAINS A PROVISION ALLIANCE ANNUAL PERCENTAGE RATE. INCREASES IN THE ANNUAL PERCENTAGE RATE MAY RESULT IN AN INCREASED FINANCE CHARGE. THIS MORTGAGE IS A VARIABLE RATE MORTGAGE. THE PROCEEDS OF THE OPEN-END CREDIT SECURED BY THIS MORTGAGE WILL BE ADVANCED BY THE MORTGAGEE UNDER THE TERMS OF A CREDIT AGREEMENT BETWEEN THE MORTGAGEE AND THE BORROWER (BORROWER) NAMED HEREIN.

STATE OF ALABAMA  
COUNTY OF JEFFERSON

**VARIABLE RATE LINE OF CREDIT MORTGAGE**

This Variable Rate Line of Credit Mortgage, made and entered into on **OCTOBER 24, 1994**, by and between **ROY THOMAS LANGFORD AND WIFE, SHARRIAN ANN LANGFORD** (hereinafter referred to as "Mortgagor", whether one or more) and the **MARVEL CITY FEDERAL CREDIT UNION** (hereinafter referred to as "Mortgagee"), whose address is **316 17TH STREET NORTH, BESSEMER, ALABAMA 35020** to secure the indebtedness of **ROY THOMAS LANGFORD AND SHARRIAN ANN LANGFORD** (hereinafter referred to as "Borrower", whether one or more) to Mortgagee.

**RECITALS**

- A. **THE SECURED LINE OF CREDIT.** The Borrower is now or may become justly indebted to the Mortgagee in the maximum principal amount of **\$25,000.00**. This indebtedness is evidenced by a certain open-end line of credit established by the Mortgagee for the Borrower pursuant to an Equity Line of Credit Agreement of even date herewith, (the "Credit Agreement"). The Credit Agreement provides for an open-end credit plan pursuant to which the Borrower may borrow and repay, and re-borrow and repay, amounts from the Mortgagee up to a maximum principal amount at any one time outstanding not exceeding the Credit Limit.
- B. **RATE AND PAYMENT CHANGES.** The Credit Agreement provides for finance charges to be computed on the unpaid balance outstanding from time to time under the Credit Agreement at an adjustable annual percentage rate. The annual percentage rate may be increased or decreased based on changes in an index.
- C. **MATURITY DATE.** If not sooner terminated as set forth therein, the Credit Agreement will terminate on **OCTOBER 24, 2009**, and all sums payable thereunder (principal, interest, expenses and charges) shall become due and payable in full.

**AGREEMENT**

NOW THEREFORE, in consideration of the premises and to secure the payment of (a) all advances heretofore or from time to time hereafter made by the Mortgagee to the Borrower under the Credit Agreement, or any extension or renewal thereof, up to a maximum principal amount at any one time outstanding not exceeding the Credit Limit; (b) all finance charges payable from time to time on said advances, or any part thereof; (c) all other charges, costs and expenses now or hereafter owing by the Borrower to the Mortgagee pursuant to the Credit Agreement, or any extension or renewal thereof; (d) all other indebtedness, obligations and liabilities now or hereafter owing by the Borrower to the Mortgagee under the Credit Agreement; or any extension of or renewal thereof; and (e) all advances by the Mortgagee under the terms of this Mortgage (the aggregate amount of all such items described in (a) through (e) above being hereinafter collectively called "Debt") and the compliance with all the stipulations herein contained, the Mortgagor does hereby grant, bargain, sell and convey unto the Mortgagee, the following described real estate:

**A PART OF LOT 1 AND PLAT A, ACCORDING TO THE MAP OF R. B. JONES AND WIFE, JESSIE T. JONES, AS RECORDED IN MAP BOOK 4, PAGE 69, JUDGE OF PROBATE OFFICE, SHELBY COUNTY, ALABAMA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGIN AT THE SE CORNER OF SAID LOT 1, AND RUN IN A NORTHWESTERLY DIRECTION ALONG THE SOUTHERLY LINE OF SAID LOT 1 A DISTANCE OF 10.0 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE LAST DESCRIBED COURSE A DISTANCE OF 155.0 FEET; THENCE TURN RIGHT AN ANGLE OF 93 DEGREES 38 MINUTES IN A NORTHEASTERLY DIRECTION A DISTANCE OF 212.51 FEET; THENCE TURN RIGHT AN ANGLE OF 58 DEGREES 47 MINUTES IN AN EASTERLY DIRECTION AND ALONG THE NORTHERLY LINE OF SAID PLAT A A DISTANCE OF 175.5 FEET; THENCE TURN RIGHT AN ANGLE OF 120 DEGREES 21 MINUTES IN A SOUTHWESTERLY DIRECTION A DISTANCE OF 294.0 FEET TO THE POINT OF BEGINNING.**

TO HAVE AND TO HOLD the real estate unto the Mortgagee, its successors and assigns forever, together with all the improvements now or hereafter erected on the real estate and all easements, rights, privileges, tenements, appurtenances, rents, royalties, mineral, oil and gas rights, water, water rights and water stock and all fixtures now or hereafter attached to the same real estate, all of which, including replacements and additions thereto shall be deemed to be and remain a part of the real estate covered by this Mortgage; and all of the foregoing are hereinafter referred to as "Real Estate" and shall be conveyed by this Mortgage.

The Mortgagor covenants with the Mortgagee that the Mortgagor is lawfully seized in fee simple of the Real Estate and has a good right to sell and convey the Real Estate as aforesaid; that the Real Estate is free of all encumbrances, except as stated herein, and the Mortgagor will warrant and forever defend the title to the Real Estate unto the Mortgagee against the lawful claims of all persons, except as otherwise herein provided.

The Mortgage is junior and subordinate to that certain Mortgage recorded in book N/A, page N/A, if any and if assigned as recorded in book N/A, page N/A as applicable, in the County Probate Office where the land is situated (hereinafter called the "First Mortgage"). It is specifically agreed that in the event default should be made in the payment of principal, interest or any other sums payable under the terms and provisions of the First Mortgage, the Mortgagee shall have the right without notice to anyone, but shall not be obligated, to pay part or all of whatever amounts may be due under the terms of the First Mortgage, and any and all payments so made shall be added to the debt secured by this Mortgage and the Debt (including all such payments) shall be immediately due and payable, at the option of the Mortgagee, and this Mortgage shall be subject to foreclosure in all respects as provided by law and by the provisions hereof.

The Mortgagor hereby authorizes the holder of any prior mortgage encumbering the Real Estate to disclose to the Mortgagee the following information: (1) the amount of indebtedness secured by such mortgage; (2) the amount of such indebtedness that is unpaid; (3) whether any amount owned on such indebtedness is or has been in arrears; (4) whether there is or has been any default with respect to such mortgage or the indebtedness secured hereby; and (5) any other information regarding such mortgage or the indebtedness secured thereby which the Mortgagee may request from time to time.

For the purpose of securing the payment of the Debt, the Mortgagor agrees to: (1) pay promptly when due all taxes, assessments, charges, fines and other liens which may attain priority over this Mortgage (hereinafter jointly called "Liens"), when imposed legally upon the Real Estate and if default is made in the payment of the Liens, or any part thereof, the Mortgagee, at its option, may pay the same; (2) keep the Real Estate continuously insured, in such manner and by such companies as may be satisfactory to the Mortgagee; against loss by fire, vandalism, malicious mischief and other perils usually covered by a fire insurance policy with standard extended coverage endorsements, with loss, if any, payable to the Mortgagee, as its interest may appear; such insurance to be in an amount sufficient to cover the Debt. The original insurance policy, and all replacements therefor, shall be delivered to and held by the Mortgagee until the Debt is paid in full. The original insurance policy and all replacements therefor must provide that they may not be canceled without the insurer giving at least ten days prior written notice of such cancellation to the Mortgagee. The Mortgagor hereby assigns and pledges to the Mortgagee, as further security for the payment of the Debt, each and every policy of hazard insurance now or hereafter in effect which insures said improvements, or any part thereof, together with all the right, title and interest of the Mortgagor in and to each and every such policy, including but not limited to all of the Mortgagor's right, title and interest in and to any premiums paid on such hazard insurance, including all rights to returned premiums. If the Mortgagor fails to keep the Real Estate insured as specified above then, at the election of the Mortgagee and without notice to any person, the Mortgagee may declare the entire Debt due and payable and this Mortgage subject to foreclosure, and this Mortgage may be foreclosed as hereinafter provided; and, regardless of whether the Mortgagee declares the entire Debt due and payable, the Mortgagee may, but shall not be obligated to, insure the Real Estate for its full insurable value (or for such lesser amount as the Mortgagee may wish) against such risks of loss, for its own benefit the proceeds from such insurance (less cost of collecting same), if collected, to be credited against the Debt, or, at the election of the Mortgagee, such proceeds may be used in repairing or reconstructing the improvements located on the Real Estate. All amounts spent by the Mortgagee for insurance or for the payment of Liens shall become a debt due by the Borrower and Mortgagor to the Mortgagee and at once payable without demand upon or notice to the Borrower or Mortgagor, and shall be secured by the lien of this Mortgage, and shall bear interest from the date of payment by the Mortgagee until paid at the rate of interest provided for in the Credit Agreement. The Borrower and Mortgagor agrees to pay promptly when due the principal and interest of the Debt and keep and perform every other covenant and agreement of the Credit Agreement secured hereby.

As further security for the payment of the Debt, the Mortgagor hereby assigns and pledges to the Mortgagee, the following described property rights, claims, rents, profits, issues and revenues: (1) All rents, profits, issues, and revenues of the Real Estate from time to time accruing, whether under leases or tenancies now existing or hereafter created, reserving to the Mortgagor, so long as the Mortgagor is not in default hereunder, the right to receive and retain such rents, profits, issues and revenues; (2) All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Real Estate, or any part thereof, under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Real Estate, or any part thereof, or to any rights appurtenant thereto, including any award for change of grade of streets, and all payments made for the voluntary sale of the Real Estate, or any part thereof, in lieu of the exercise of the power of eminent domain, shall be paid to the Mortgagee. The Mortgagee is hereby authorized on behalf of and in the name of the Mortgagor to execute and deliver valid acquittances for, or appeal from, any such judgments or awards. The Mortgagee may apply all such sums received, or any part thereof, after the payment of all the Mortgagee's expenses incurred in connection with any proceeding or transaction described in this subparagraph 2, including court costs and attorney's fees, on the Debt in such manner as the Mortgagee elects, or, at the Mortgagee's option, the entire amount or any part thereof so received may be released or may be used to rebuild, repair or restore any or all of the improvements located on the Real Estate.

The Mortgagor hereby incorporates by reference into this Mortgage all of the provisions of the Credit Agreement of even date herewith. Mortgagor agrees that, in the event that any provision or clause of this Mortgage or the Credit Agreement conflicts with applicable law, such conflict shall not affect any other provisions of this Mortgage or the Credit Agreement which can be given effect. It is agreed that the provisions of this Mortgage and the Credit Agreement are severable and that, if one or more

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SHELBY COUNTY JUDGE OF PROBATE  
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of the provisions contained in this Mortgage or in the Credit Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof; this Mortgage shall be construed as if such invalid, illegal or unenforceable provision has never been contained herein. If enactment or expiration of applicable laws has the effect of rendering any provision of the Credit Agreement or this Mortgage unenforceable according to its terms, Mortgagee, at its option, may require the immediate payment in full of all sums secured by this mortgage and may invoke any remedies permitted hereunder.

The Mortgagor agrees to keep the Real Estate and all improvements located thereon in good repair and further agrees not to commit waste or permit impairment or deterioration of the Real Estate, and at all times to maintain such improvements in as good condition as they are, reasonable wear and tear excepted.

If all or any part of the Real Estate or any interest therein is sold or transferred by Mortgagor without Mortgagee's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage (b) the creation of a purchase money security interest for household appliances (c) the transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Mortgagee may, at Mortgagee's option, declare all of the sums secured by this Mortgage to be immediately due and payable. Mortgagee shall have waived such option to accelerate if, prior to the sale or transfer, Mortgagee and the person to whom the Real Estate is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Mortgagee and that the interest payable on the sums secured by this Mortgage shall be at such rate as Mortgagee shall request.

The Mortgagor agrees that no delay or failure of the Mortgagee to exercise any option to declare the Debt due and payable shall be deemed a waiver of the Mortgagee's right to exercise such option, either as to any past or present default, and it is agreed that no terms or conditions contained in this Mortgage shall be waived, altered or changed except by a written instrument signed by the Mortgagor and signed on behalf of the Mortgagee by one of its duly authorized representatives.

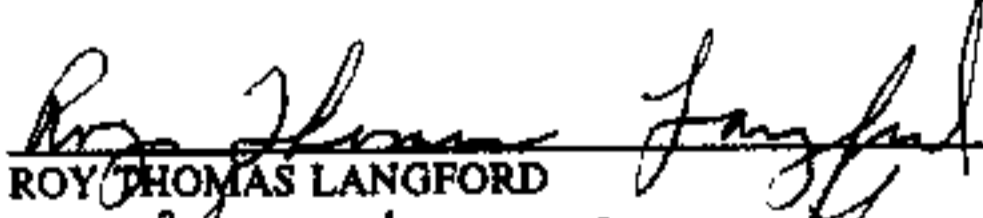
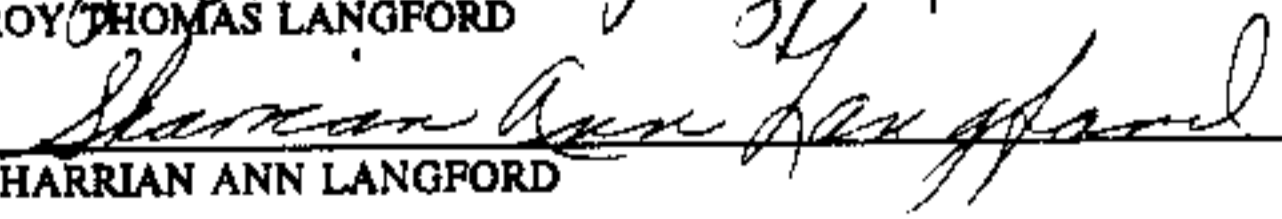
After default on the part of the Borrower or Mortgagor, the Mortgagee, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, shall be entitled to the appointment by any competent court, without notice to any party, of a receiver for the rents, issues and profits of the Real Estate, with power to lease and control the Real Estate, and with such other powers as may be deemed necessary.

Upon request of Borrower (separately or severally, if more than one), Mortgagee, at Mortgagee's option prior to release of this Mortgage, may make future advances to Borrower (separately or severally, if more than one). Such future advances, with interest thereon, shall be secured by this Mortgage when evidenced by promissory notes stating that said notes are received hereby.

UPON CONDITION, HOWEVER, that if the Borrower pays the Debt (which debt includes the indebtedness evidenced by the Credit Agreement hereinabove referred to and any or all extensions and renewals thereof and advances and any interest due on such extensions, renewals and advances) and all other indebtedness secured hereby and reimburses the Mortgagee for any amounts the Mortgagee has paid in payment of Liens or insurance premiums, and interest thereon, and fulfills all of mortgagor's obligations under this Mortgage, this conveyance shall be null and void. But if: (1) any warranty or representation made in this Mortgage is breached or proves false in any material respect; (2) default is made in the due performance of any covenant or agreement of the Mortgagor under this Mortgage; (3) default is made in the payment to the Mortgagee of any sum paid by the Mortgagee under the authority of any provision of this Mortgage; (4) the Debt, or any part thereof, remains unpaid at maturity; (5) the interest of the Mortgagee in the Real Estate becomes endangered by reason of the enforcement of any prior lien or encumbrance; (6) any statement of lien is filed against the Real Estate, or any part thereof, under the statutes of Alabama relating to the liens of mechanics and materialmen (without regard to the existence or nonexistence of the debt or the lien on which such statement is based; (7) any law is passed imposing or authorizing the imposition of any specific tax upon this mortgage or the Debt or permitting or authorizing the deduction of any such tax from the principal or interest of the Debt, or by virtue of which any tax lien or assessment upon the Real Estate shall be chargeable against the owner of this Mortgage; (8) any of the stipulations contained in this Mortgage is declared invalid or inoperative by any court of competent jurisdiction; (9) Borrower or Mortgagor or any of them (a) shall apply for or consent to the appointment of a receiver, trustee or liquidator thereof of the Real Estate or of all or a substantial part of such Borrower's or Mortgagor's assets, (b) be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy, (c) fail, or admit in writing such Borrower's or Mortgagor's inability, generally to pay such Borrower's or Mortgagor's debts as they come due, (d) make a general assignment for the benefit of creditors, (e) file a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law, (f) file an answer admitting the material allegations of, or consent to, or default in answering a petition filed against such Borrower or Mortgagor in any bankruptcy, reorganizing; or insolvency proceedings; or (g) an order for relief or other judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking liquidation or reorganization of the Borrower or Mortgagor, or any of them, if more than one, or appointing a receiver, trustee or liquidator of any Borrower or Mortgagor or of the Real Estate or of all or a substantial part of the assets of any Borrower or Mortgagor; then, upon the happening of any one or more of said events, at the option of the Mortgagee, the unpaid balance of the Debt shall at once become due and payable and this Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past-due mortgages; and the Mortgagee shall be authorized to take possession of the Real Estate and, after giving notice of the time, place and terms of sale by publication once a week for three consecutive weeks in some newspaper published in the county in which the Real Estate is located to sell the Real Estate in front of the courthouse door of said county at public outcry, to the highest bidder for cash and to apply the proceeds of said sale as follows: first, to the expense of advertising, selling and conveying the Real Estate and foreclosing this mortgage, including a reasonable attorney's fee; second, to the payment of any amounts that have been spent, or that it may then be necessary to spend, in paying insurance premiums, liens or other encumbrances, with interest thereon; third, to the payment in full of the balance of the Debt and interest thereon, whether the same shall or shall not have fully matured at the date of said sale, but no interest shall be collected beyond the day of sale and any unearned interest shall be credited to the Borrower; and fourth, the balance, if any, to be paid to the party or parties appearing of record as the owner of the Real Estate at the time of sale, after deducting the cost of ascertaining who is such owner. The Mortgagor agrees that the Mortgagee may bid at any sale had under the terms of this Mortgage and may purchase the Real Estate if the highest bidder thereof. At the foreclosure sale the Real Estate may be offered for sale and sold as a whole without first offering it in any other manner or may be offered for sale and sold in any other manner the Mortgagee may elect. The Borrower and Mortgagor agrees to pay all costs, including reasonable attorney's fees, incurred by the Mortgagee in collecting or securing or attempting to collect or secure the Debt, or any part thereof, or in defending or attempting to defend the priority of this Mortgage against any lien or encumbrance on the Real Estate, unless this Mortgage is herein expressly made subject to any such lien or encumbrance; and/or all costs incurred in the foreclosure of this Mortgage, either under the power of sale contained herein, or by virtue of the decree of any court of competent jurisdiction. The full amount of such costs incurred by the Mortgagee shall be a part of the Debt and shall be secured by this Mortgage. The purchaser at any such sales shall be under no obligation to see to the proper application of the purchase money. In the event of a sale hereunder, the Mortgagee, or the owner of the Debt and Mortgage, or auctioneer, shall execute to the purchaser for and in the name of the Mortgagor a deed to the Real Estate.

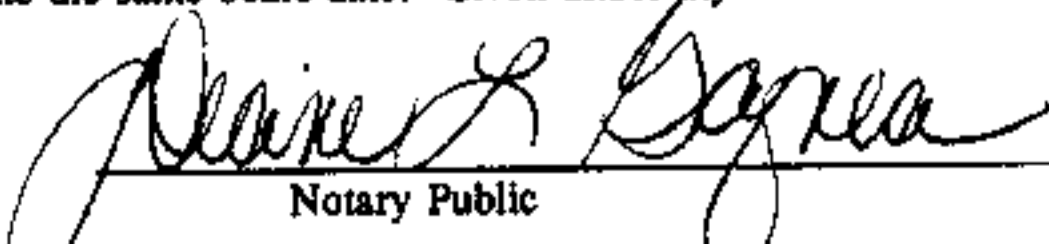
Mortgagor waives all rights of homestead exemption in the Real Estate and relinquishes all rights of curtesy and dower in the Real Estate. Plural or singular words used herein to designate the undersigned shall be construed to refer to the maker or makers of this Mortgage, whether one or more natural persons. All covenants and agreements herein made by the undersigned shall bind the heirs, personal representatives, successors and assigns of the undersigned, and every option, right and privilege herein reserved or secured to the Mortgagee, shall inure to the benefit of the Mortgagee's successors and assigns.

Mortgagor agrees that all of the provisions printed above are agreed to and accepted by Mortgagor and constitute valid and enforceable provisions of this Mortgage. IN WITNESS WHEREOF, the undersigned Mortgagor has executed this instrument on OCTOBER 24, 1994.

  
ROY THOMAS LANGFORD  
  
SHARRIAN ANN LANGFORD

STATE OF ALABAMA  
COUNTY OF JEFFERSON

I, the undersigned authority, a Notary Public, in and for said County in said State, hereby certify that ROY THOMAS LANGFORD AND WIFE, SHARRIAN ANN LANGFORD whose name(s) is (are) signed to the foregoing conveyance, and who is (are) known to me, acknowledged before me on this day that, being informed of the contents of said conveyance, (s)he (they) executed the same voluntarily on the date the same bears date. Given under my hand and official seal on OCTOBER 24, 1994.

  
Notary Public

My commission expires: 8/26/96

THIS INSTRUMENT PREPARED BY: CU LENDING, INC., 22 Inverness Center Parkway, Suite 210, Birmingham, AL 35242  
NOTE TO CLERK OF COURT: Mortgagee certifies that if at any point this mortgagee is assigned to a non-tax exempt holder that such Holder will comply with Alabama Code 40-22-2(5)(1975).

ADDENDUM FOR OPEN END LOANS

CREDIT INSURANCE DISCLOSURE

We, the undersigned, do hereby state that we do not want or are ineligible to receive credit life or credit disability insurance through MARVEL CITY FEDERAL CREDIT UNION. We understand that we have the right to obtain this insurance elsewhere, but we are not required to obtain such insurance as a condition of receiving this loan.

OWNERS AFFIDAVIT

We, the undersigned borrowers, are the owners and are in possession of the property described below which we are mortgaging to the Credit Union. There has been no labor performed or materials furnished on the premises for the past 90 days that could constitute a lien against the property. We certify that there are no judgments, liens, executions, suit or bankruptcies against or pending against us. We further certify that there are no fire district dues, governmental or municipal assessments, homeowner association fees or dues, condominium assessments, fees or dues, library assessments, garbage fees or other charges and liens which would attach to the property described below, except for any such items which are being paid from the proceeds of the loan we are closing on this date. We further state that in the event it is determined that such assessments, fees, dues, charges or liens should be due, we shall pay the same and shall indemnify and hold harmless all parties relying on this affidavit and indemnity. This affidavit is given for the purpose of inducing JEFFERSON TITLE to insure the below described property without exception as to any such assessments, fees, dues, charges or liens.

A PART OF LOT 1 AND PLAT A, ACCORDING TO THE MAP OF R. B. JONES AND WIFE, JESSIE T. JONES, AS RECORDED IN MAP BOOK 4, PAGE 69, JUDGE OF PROBATE OFFICE, SHELBY COUNTY, ALABAMA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGIN AT THE SE CORNER OF SAID LOT 1, AND RUN IN A NORTHWESTERLY DIRECTION ALONG THE SOUTHERLY LINE OF SAID LOT 1 A DISTANCE OF 10.0 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE LAST DESCRIBED COURSE A DISTANCE OF 155.0 FEET; THENCE TURN RIGHT AN ANGLE OF 93 DEGREES 38 MINUTES IN A NORTHEASTERLY DIRECTION A DISTANCE OF 212.51 FEET; THENCE TURN RIGHT AN ANGLE OF 58 DEGREES 47 MINUTES IN AN EASTERLY DIRECTION AND ALONG THE NORTHERLY LINE OF SAID PLAT A A DISTANCE OF 175.5 FEET; THENCE TURN RIGHT AN ANGLE OF 120 DEGREES 21 MINUTES IN A SOUTHWESTERLY DIRECTION A DISTANCE OF 294.0 FEET TO THE POINT OF BEGINNING.

We signed this Addendum on OCTOBER 24, 1994.

Roy Thomas Langford
ROY THOMAS LANGFORD

Sharrion Ann Langford
SHARRIAN ANN LANGFORD

Executed, subscribed and sworn to before me on the day this same bears date.

My commission expires:

Notary Public signature

826.96

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 LOAN ACCOUNT STATEMENT. If you think your statement is wrong, or if you need more information about a transaction on your statement, write us on a separate sheet at the address listed on your statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first statement 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 loan account automatically from your savings or share draft 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 statement 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 send statements to 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 statement that are not in question.

If we find that we made a mistake on your statement, 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 statement. 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 statement 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 the credit card issuer owns or operates the merchant, or mailed you the advertisement for property or services.

**Marvel City Federal Credit Union HomeLine Credit Agreement Disclosure Statement**

**RETENTION OF INFORMATION:** This disclosure contains important information about our HomeLine Credit Agreement. You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS:** All of the terms described below are subject to change. If any of these terms changes (other than your annual percentage rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**SECURITY INTEREST:** We will take a mortgage on your home. You could lose your home if you don't meet the obligations in your agreement with us.

**POSSIBLE ACTIONS:** We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- \* You engage in fraud or material misrepresentation in connection with the line.
- \* You do not meet the repayment terms.
- \* Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- \* The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- \* We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- \* You are in default of a material obligation in the agreement.
- \* Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- \* A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- \* The maximum annual percentage rate is reached.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**MINIMUM PAYMENT REQUIREMENTS:** The length of the draw period is five years and may be renewed annually thereafter. The length of the repayment period is ten years. Payments will be due monthly. Your minimum payment will equal \$16.00 per \$1,000.00 (or fraction thereof) of the outstanding account balance. If the minimum payment will not repay the balance that is outstanding on your account by the maturity date, you will then be required to pay the entire balance in a single payment at maturity.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum payments and took no other credit advances, it would take 86 months to payoff a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 9.25%. During that period, you would make 86 monthly payments of \$160.00.

**FEES AND CHARGES:** To open and maintain a line of credit, you must pay certain fees to third parties. These fees generally total between \$300.00 and \$800.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. You must carry insurance on the property that secures this plan.

**MINIMUM DRAW AND BALANCE REQUIREMENTS:** The minimum credit advance you can receive is \$500.00 or your remaining available credit, whichever is less. You must maintain an outstanding balance of at least \$500.00.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**VARIABLE RATE FEATURE:** The plan has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the number of monthly payments can change as a result. Increases in the annual percentage rate will result in more monthly payments of the same amount. If there is still a balance due at maturity, you will then be required to pay the entire balance in a single payment at maturity. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the Weekly Auction Rate for the 26 Week Treasury Bill (rounded to the nearest 1/4 of 1%) and is published in the Wall Street Journal. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index. Ask us for the current index value, margin and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change semi-annually. There is no limit to the amount the rate can change in any one year period. The ANNUAL PERCENTAGE RATE cannot increase by more than 8.00% above the initial rate. The minimum ANNUAL PERCENTAGE RATE that can apply is 8.00%.

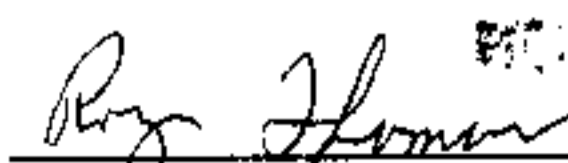

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 8.00% above the initial rate would be \$160.00. This annual percentage rate could be reached on the first change date.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first full week in July of each year, as shown in the Wall Street Journal. The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index Rate	Margin*	ANNUAL PERCENTAGE RATE †	Minimum Monthly Payment
1980	8.10	4.50	12.50	\$160.00
1981	13.62	4.50	18.00 ‡	\$160.00
1982	13.42	4.50	18.00 ‡	\$160.00
1983	9.14	4.50	13.75	\$160.00
1984	10.54	4.50	15.00	\$160.00
1985	7.08	4.50	11.50	\$160.00
1986	5.96	4.50	10.50	\$160.00
1987	6.00	4.50	10.50	\$160.00
1988	6.75	4.50	11.25	\$160.00
1989	7.63	4.50	12.25	\$160.00
1990	7.60	4.50	12.00	\$160.00
1991	5.71	4.50	10.25	\$160.00
1992	3.36	4.50	8.00 †	\$160.00
1993	3.10	4.50	8.00 †	\$160.00
1994	4.74	4.50	9.25	\$160.00

\* This is a margin we have used recently; your margin may be different. † The interest rate is rounded to the nearest 1/4 of 1 percent. ‡ This rate reflects a maximum legal interest rate of 18.00%. † This interest rate reflects a minimum interest rate of 8.00%.

I/we hereby acknowledge receipt of this disclosure statement on OCTOBER 24, 1994, and a copy of the initial disclosure statement and a copy of the booklet "When Your Home Is On The Line: What You Should Know About Home Equity Lines of Credit" at application.

  
 ROY THOMAS LANGFORD  
  
 SHARRIAN ANN LANGFORD

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