

Inst # 1996-11898

04/12/1996-11898  
08:25 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
007 MCD 49.00

## HOME EQUITY LINE MORTGAGE

BORROWER		MORTGAGOR	
GREGORY N ANDERSON KATHY D ANDERSON		GREGORY N ANDERSON KATHY D ANDERSON HUSBAND AND WIFE	
ADDRESS 136 CARRIAGE DRIVE MAYLENE, AL 35114		ADDRESS 136 CARRIAGE DRIVE MAYLENE, AL 35114	
TELEPHONE NO.	IDENTIFICATION NO.	TELEPHONE NO.	IDENTIFICATION NO.

In consideration of the loan or other credit accommodation specified and any future advances or future Obligations which may be advanced or incurred, and other good and valuable consideration, Mortgagor warrants, bargains, sells, assigns, conveys, and mortgages to **Pinnacle Bank**, 701 Montgomery Highway, 201, Birmingham, AL 35216

("Lender"), its successors and assigns, with power of sale and right of entry and possession all of Mortgagor's present and future estate, right, title and interest in and to the real property described in Schedule A, which is attached to this Mortgage and incorporated herein, together with all present and future improvements and fixtures; privileges, hereditaments, and appurtenances; leases, licenses and other agreements; rents, issues and profits; water, well, ditch, reservoir and mineral rights and stocks pertaining to the real property (cumulatively "Property"), until payment in full of all Obligations secured hereby.

Moreover, in further consideration, Mortgagor does, for Mortgagor and Mortgagor's heirs, representatives and assigns, hereby expressly warrant, covenant, and agree with Lender, its successors and assigns as follows:

1. **OBLIGATIONS.** This Mortgage shall secure the payment and performance of all present and future indebtedness, liabilities, obligations and covenants of Borrower or Mortgagor (cumulatively "Obligations") to Lender pursuant to:

(a) this Mortgage and the following promissory notes and other agreements:

INTEREST RATE	PRINCIPAL AMOUNT/ CREDIT LIMIT	FUNDING/ AGREEMENT DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
VARIABLE	\$17,000.00	03/25/96	04/15/11		1564051313

(b) all other present or future, written agreements with Lender that refer specifically to this Mortgage (whether executed for the same or different purposes than the foregoing);

(c) any guaranty of obligations of other parties given to Lender now or hereafter executed that refers to this Mortgage;

(d) future advances, whether obligatory or optional, to the same extent as if made contemporaneously with the execution of this Mortgage, made or extended on behalf of Mortgagor or Borrower. Mortgagor agrees that if one of the Obligations is a line of credit, the lien of this Mortgage shall continue until payment in full of all debt due under the line notwithstanding the fact that from time to time (but before termination of the line) no balance may be outstanding. At no time shall the lien of this Mortgage, not including sums advanced to protect the security of this Mortgage, exceed \$ 17,000.00; and

(e) all amendments, extensions, renewals, modifications, replacements or substitutions to any of the foregoing.

2. **REPRESENTATIONS, WARRANTIES AND COVENANTS.** Mortgagor represents, warrants and covenants to Lender that:

(a) Mortgagor has fee simple marketable title to the Property and shall maintain the Property free of all liens, security interests, encumbrances and claims except for this Mortgage and those described in Schedule B which is attached to this Mortgage and incorporated herein by reference, which Mortgagor agrees to pay and perform in a timely manner;

(b) Mortgagor is in compliance in all respects with all applicable federal, state and local laws and regulations, including, without limitation, those relating to "Hazardous Materials" as defined herein, and other environmental matters (the "Environmental Laws"), and neither the federal government nor the state where the real property is located or any other governmental or quasi governmental entity has filed a lien on the Property, nor are there any governmental, judicial or administrative actions with respect to environmental matters pending, or to the best of the Mortgagor's knowledge, threatened, which involve the Property. Neither Mortgagor nor, to the best of Mortgagor's knowledge, has any other party used, generated, released, discharged, stored, or disposed of any Hazardous Materials as defined herein, in connection with the Property or transported any Hazardous Materials to or from the Property. Mortgagor shall not commit or permit such actions to be taken in the future. The term "Hazardous Materials" shall mean any substance, material, or waste which is or becomes regulated by any governmental authority including, but not limited to, (i) petroleum; (ii) friable or nonfriable asbestos; (iii) polychlorinated biphenyls; (iv) those substances, materials or wastes designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act or listed pursuant to Section 307 of the Clean Water Act or any amendments or replacements to these statutes; (v) those substances, materials or wastes defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act or any amendments or replacements to that statute; and (vi) those substances, materials or wastes defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, or any amendments or replacements to that statute or any other similar state or federal statute, rule, regulation or ordinance now or hereafter in effect. Mortgagor shall not lease or permit the sublease of the Property to a tenant or subtenant whose operations may result in contamination of the Property with Hazardous Materials or toxic substances;

(c) All applicable laws and regulations including, without limitation, the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq. (and all regulations promulgated thereunder) and all zoning and building laws and regulations relating to the Property by virtue of any federal, state or municipal authority with jurisdiction over the Property, presently are and shall be observed and complied with in all material respects, and all rights, licenses, permits, and certificates of occupancy (including but not limited to zoning variances, special exceptions for nonconforming uses, and final inspection approvals), whether temporary or permanent, which are material to the use and occupancy of the Property, presently are and shall be obtained, preserved and, where necessary, renewed;

(d) Mortgagor has the right and is duly authorized to execute and perform its Obligations under this Mortgage and these actions do not and shall not conflict with the provisions of any statute, regulation, ordinance, rule of law, contract or other agreement which may be binding on Mortgagor at any time;

(e) No action or proceeding is or shall be pending or threatened which might materially affect the Property; and

(f) Mortgagor has not violated and shall not violate any statute, regulation, ordinance, rule of law, contract or other agreement which might materially affect the Property (including, but not limited to, those governing Hazardous Materials) or Lender's rights or interest in the Property pursuant to this Mortgage.

**3. PRIOR MORTGAGES.** Mortgagor represents and warrants that there are no prior mortgages or deeds of trust affecting any part of the Property except as set forth on Schedule B attached to this Mortgage which Mortgagor agrees to pay and perform in a timely manner. If there are any prior mortgages or deeds of trust then Mortgagor agrees to pay all amounts owed, and perform all obligations required, under such mortgages or deeds of trust and the indebtedness secured thereby and further agrees that a default under any prior mortgage or deed of trust shall be a default under this Mortgage and shall entitle Lender to all rights and remedies contained herein or in the Obligations to which Lender would be entitled in the event of any other default.

**4. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN MORTGAGORS OR BORROWERS.** In the event of a sale, conveyance, lease, contract for deed or transfer to any person of all or any part of the real property described in Schedule A, or any interest therein, or of all or any beneficial interest in Borrower or Mortgagor (if Borrower or Mortgagor is not a natural person or persons but is a corporation, limited liability company, partnership, trust, or other legal entity), Lender may, at its option declare the outstanding principal balance of the Obligations plus accrued interest thereon immediately due and payable.

**5. ASSIGNMENT OF RENTS.** Mortgagor absolutely assigns to Lender all present and future rents, royalties, income and profits which arise from the use or occupancy of all or any portion of the property. Until Mortgagor is in default under this Mortgage or any of the obligations, Mortgagor shall have a license to collect and receive the rents, royalties, income and profits. Upon any default under this mortgage or any of the Obligations, Lender may terminate Mortgagor's license without notice and may thereafter proceed to collect the rents, royalties, income, and profits with or without the appointment of a receiver. All rents, royalties, income and profits collected by Lender or a receiver will be applied first to all expenses of collection, then to the payment of all costs of operation and maintenance of the property, and then to the payment of the obligations secured by this Mortgage in the order determined by Lender in its sole discretion.

**6. LEASES AND OTHER AGREEMENTS.** Mortgagor shall not take or fail to take any action which may cause or permit the termination or the withholding of any payment in connection with any Lease or other agreement ("Agreement") pertaining to the Property. In addition, Mortgagor, without Lender's prior written consent, shall not: (a) collect any monies payable under any Agreement more than one month in advance; (b) modify any Agreement; (c) assign or allow a lien, security interest or other encumbrance to be placed upon Mortgagor's rights, title and interest in and to any Agreement or the amounts payable thereunder; or (d) terminate or cancel any Agreement except for the nonpayment of any sum or other material breach by the other party thereto. If Mortgagor receives at any time any written communication asserting a default by Mortgagor under an Agreement or purporting to terminate or cancel any Agreement, Mortgagor shall promptly forward a copy of such communication (and any subsequent communications relating thereto) to Lender. All such Agreements and the amounts due to Mortgagor thereunder are hereby assigned to Lender as additional security for the Obligations.

**7. COLLECTION OF INDEBTEDNESS FROM THIRD PARTY.** Lender shall be entitled to notify or require Mortgagor to notify any third party (including, but not limited to, lessees, licensees, governmental authorities and insurance companies) to pay Lender any indebtedness or obligation owing to Mortgagor with respect to the Property (cumulatively "Indebtedness") whether or not a default exists under this Mortgage. Mortgagor shall diligently collect the Indebtedness owing to Mortgagor from these third parties until the giving of such notification. In the event that Mortgagor possesses or receives possession of any instruments or other remittances with respect to the Indebtedness following the giving of such notification or if the instruments or other remittances constitute the prepayment of any Indebtedness or the payment of any insurance or condemnation proceeds, Mortgagor shall hold such instruments and other remittances in trust for Lender apart from its other property, endorse the instruments and other remittances to Lender, and immediately provide Lender with possession of the instruments and other remittances. Lender shall be entitled, but not required, to collect (by legal proceedings or otherwise), extend the time for payment, compromise, exchange or release any obligor or collateral, or otherwise settle any of the Indebtedness whether or not an event of default exists under this Agreement. Lender shall not be liable to Mortgagor for any action, error, mistake, omission or delay pertaining to the actions described in this paragraph or any damages resulting therefrom. Notwithstanding the foregoing, nothing herein shall cause Lender to be deemed a mortgagee in possession.

**8. USE AND MAINTENANCE OF PROPERTY.** Mortgagor shall take all actions and make any repairs needed to maintain the Property in good condition. Mortgagor shall not commit or permit any waste to be committed with respect to the Property. Mortgagor shall use the Property solely in compliance with applicable law and insurance policies. Mortgagor shall not make any alterations, additions or improvements to the Property without Lender's prior written consent. Without limiting the foregoing, all alterations, additions and improvements made to the Property shall be subject to the beneficial interest belonging to Lender, shall not be removed without Lender's prior written consent, and shall be made at Mortgagor's sole expense.

**9. LOSS OR DAMAGE.** Mortgagor shall bear the entire risk of any loss, theft, destruction or damage (cumulatively "Loss or Damage") to the Property or any portion thereof from any cause whatsoever. In the event of any Loss or Damage, Mortgagor shall, at the option of Lender, repair the affected Property to its previous condition or pay or cause to be paid to Lender the decrease in the fair market value of the affected Property.

**10. INSURANCE.** The Property will be kept insured for its full insurable value against all loss or damage caused by flood, earthquake, tornado, fire, collision, theft or other casualty to the extent required by Lender. MORTGAGOR HAS THE RIGHT TO PROVIDE SUCH INSURANCE THROUGH AN EXISTING POLICY OR A POLICY INDEPENDENTLY OBTAINED AND PAID FOR BY MORTGAGOR, subject to the right of Lender to decline the insurance offered by Mortgagor for reasonable cause before credit is extended. The insurance policies shall require the insurance company to provide Lender with at least 30 days' written notice before such policies are altered or cancelled in any manner. The insurance policies shall name Lender as a loss payee and provide that no act or omission of Mortgagor or any other person shall affect the right of Lender to be paid the insurance proceeds pertaining to the loss or damage of the Property. In the event Mortgagor fails to acquire or maintain insurance, Lender (after providing notice as may be required by law) may in its discretion procure appropriate insurance coverage upon the Property and the insurance cost shall be an advance payable and bearing interest as described in Paragraph 21 and secured hereby. Mortgagor shall furnish Lender with evidence of insurance indicating the required coverage. Lender may act as attorney-in-fact for Mortgagor in making and settling claims under insurance policies, cancelling any policy or endorsing Mortgagor's name on any draft or negotiable instrument drawn by any insurer. All such insurance policies shall be immediately assigned, pledged and delivered to Lender as further security for the Obligations. In the event of loss, Mortgagor shall immediately give Lender written notice and Lender is authorized to make proof of loss. Each insurance company is directed to make payments directly to Lender instead of to Lender and Mortgagor. Lender shall have the right, at its sole option, to apply such monies toward the Obligations or toward the cost of rebuilding and restoring the Property. Any amounts may at Lender's option be applied in the inverse order of the due dates thereof.

**11. ZONING AND PRIVATE COVENANTS.** Mortgagor shall not initiate or consent to any change in the zoning provisions or private covenants affecting the use of the Property without Lender's prior written consent. If Mortgagor's use of the Property becomes a nonconforming use under any zoning provision, Mortgagor shall not cause or permit such use to be discontinued or abandoned without the prior written consent of Lender. Mortgagor will immediately provide Lender with written notice of any proposed changes to the zoning provisions or private covenants affecting the Property.

**12. CONDEMNATION.** Mortgagor shall immediately provide Lender with written notice of any actual or threatened condemnation or eminent domain proceeding pertaining to the Property. All monies payable to Mortgagor from such condemnation or taking are hereby assigned to Lender and shall be applied first to the payment of Lender's attorneys' fees, legal expenses and other costs (including appraisal fees) in connection with the condemnation or eminent domain proceedings and then, at the option of Lender, to the payment of the Obligations or the restoration or repair of the Property.

**13. LENDER'S RIGHT TO COMMENCE OR DEFEND LEGAL ACTIONS.** Mortgagor shall immediately provide Lender with written notice of any actual or threatened action, suit, or other proceeding affecting the Property. Mortgagor hereby appoints Lender as its attorney-in-fact to commence, intervene in, and defend such actions, suits, or other legal proceedings and to compromise or settle any claim or controversy pertaining thereto. Lender shall not be liable to Mortgagor for any action, error, mistake, omission or delay pertaining to the actions described in this paragraph or any damages resulting therefrom. Nothing contained herein will prevent Lender from taking the actions described in this paragraph in its own name.

**14. INDEMNIFICATION.** Lender shall not assume or be responsible for the performance of any of Mortgagor's obligations with respect to the Property under any circumstances. Mortgagor shall immediately provide Lender with written notice of and indemnify and hold Lender and its shareholders, directors, officers, employees and agents harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (cumulatively "Claims") pertaining to the Property (including, but not limited to, those involving Hazardous Materials). Mortgagor, upon the request of Lender, shall hire legal counsel to defend Lender from such Claims, and pay the attorneys' fees, legal expenses and other costs incurred in connection therewith. In the alternative, Lender shall be entitled to employ its own legal counsel to defend such Claims at Mortgagor's cost. Mortgagor's obligation to indemnify Lender under this paragraph shall survive the termination, release or foreclosure of this Mortgage.

**15. TAXES AND ASSESSMENTS.** Mortgagor shall pay all taxes and assessments relating to the Property when due and immediately provide Lender evidence of payment of same. Upon the request of Lender, Mortgagor shall deposit with Lender each month one-twelfth (1/12) of the estimated annual insurance premium, taxes and assessments pertaining to the Property. So long as there is no default, these amounts shall be applied to the payment of taxes, assessments and insurance as required on the Property. In the event of default, Lender shall have the right, at its sole option, to apply the funds so held to pay any taxes or against the Obligations. Any funds applied may, at Lender's option, be applied in reverse order of the due date thereof.

**16. INSPECTION OF PROPERTY, BOOKS, RECORDS AND REPORTS.** Mortgagor shall allow Lender or its agents to examine and inspect the Property and examine, inspect and make copies of Mortgagor's books and records pertaining to the Property from time to time. Mortgagor shall provide any assistance required by Lender for these purposes. All of the signatures and information contained in Mortgagor's books and records shall be genuine, true, accurate and complete in all respects. Additionally, Mortgagor shall report, in a form satisfactory to Lender, such information as Lender may request regarding Mortgagor's financial condition or the Property. The information shall be for such periods, shall reflect Mortgagor's records at such time, and shall be rendered with such frequency as Lender may designate. All information furnished by Mortgagor to Lender shall be true, accurate and complete in all respects, and signed by Mortgagor if Lender requests.

**TERMINATION BY LENDER.** Upon the occurrence, or at any time during the continuance, of any one or more of the following events ("Events of Default"), Borrower shall be in default and at Lender's option, this line of credit shall be terminated and the entire unpaid balance of Borrower's Account, including all finance charges and fees provided for in this Agreement, shall become immediately due and payable without notice or demand (except as required by law). Lender may declare the Borrower to be in default if the Borrower:

- commits fraud or makes a material misrepresentation through acts of commission or omission at any time in connection with this Agreement or the Security Instrument;
- fails to meet the repayment terms under this Agreement;
- violates or fails to comply with a covenant contained in the Security Instrument which adversely affects Borrower's Home or Lender's rights in Borrower's Home; such as, but not limited to, Borrower transferring title without permission of the Lender, Borrower's failure to maintain insurance or Borrower's failure to pay taxes.

In addition, Lender may exercise all rights on default of a secured party permitted under applicable law, and all rights under this Agreement and the Security Instrument. Lender may set off and apply to amounts due under this Agreement monies and property now or hereafter in Lender's possession, including deposits.

**TEMPORARY SUSPENSIONS OF CREDIT AND REDUCTION OF CREDIT LIMIT.** Lender can refuse to make additional Advances or reduce Borrower's Credit Limit if any Event of Default occurs or during any period in which any one of the following conditions (hereinafter called "Conditions of Suspension") exist:

- The value of Borrower's Home declines significantly below its appraised value for purposes of the line of credit. For example, if the difference between the initial Credit Limit and the available equity (based on appraised value) is reduced by 50%, then the value of Borrower's Home has significantly declined.
- Lender reasonably believes that Borrower will not be able to meet the repayment requirements of this Agreement due to a material change in Borrower's financial circumstances.
- Borrower is in default of a material obligation in this Agreement.
- Government action prevents Lender from imposing the agreed upon **ANNUAL PERCENTAGE RATE** or impairs Lender's security interest in Borrower's Home such that the value of the interest is less than 120 percent of the Credit Limit.
- A regulatory agency has notified Lender that continued Advances would constitute an unsafe and unsound practice.
- The maximum **ANNUAL PERCENTAGE RATE** specified above is reached.

If Lender refuses to make additional advances or reduces the credit limit because of the existence of a Condition of Suspension, it will notify Borrower in writing after taking such action. Borrower must request reinstatement of the line of credit and show Lender that the Condition of Suspension which triggered the Lender's action no longer exists unless the Condition of Suspension is not within Borrower's knowledge or control.

**TERMINATION BY BORROWER.** Any Borrower may terminate this Agreement by notifying Lender in writing at the address indicated on this Agreement. If no termination shall be effective until Lender has processed (at its option) all advances requested by any Borrower. Termination by any one Borrower shall terminate this Agreement for all Borrowers. Borrower's obligation to pay all amounts due to Lender shall continue until all amounts due and owing have been paid. If this Agreement is signed initially or subsequently by more than one Borrower, termination by any one terminates the line of credit for all.

**10. AMENDMENT.** Lender may amend this Agreement if Borrower specifically agrees to the amendment in writing at the time the amendment is made. Lender also may amend this Agreement without the Borrower's agreement thereto by notifying Borrower of the amendment if the amendment unequivocally benefits Borrower throughout the remainder of the plan or if the amendment is insignificant. All amendments will be made in accordance with applicable law.

**11. TAX DEDUCTIBILITY.** Borrower should consult a tax advisor regarding the deductibility of interest and charges on the Account.

**12. JOINT ACCOUNT.** If there is more than one Borrower, their obligations under this Agreement shall be joint and several. This liability exists regardless of which Borrower creates the debt, and in spite of any divorce, legal proceedings or agreement that may affect liability between the Borrowers. This joint and several liability shall continue until all obligations are paid in full. A release of one joint Borrower or a release of any collateral securing this Agreement shall not operate as a release of any other joint Borrower.

**13. MODIFICATION AND WAIVER.** The modification or waiver of any of Borrower's obligations or Lender's rights under this Agreement must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Borrower's obligations under this Agreement shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or collateral.

**14. ASSIGNMENT.** Borrower will not be entitled to assign any of its rights, remedies or obligations described in this Agreement without the prior written consent of Lender which may be withheld by Lender in its sole discretion. Borrower agrees that Lender is entitled to assign some or all of its rights and remedies described in this Agreement without notice to or the prior consent of Borrower in any manner.

**15. SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees. (The term "Lender" shall mean the Lender specified in this Agreement, its successors and assigns, and subsequent holders of this Agreement).

**16. NOTICES.** Any notice or other communication to be provided under this Agreement shall be in writing and sent to the parties at the addresses described in this Agreement or such other address as the parties may designate in writing from time to time.

**17. APPLICABLE LAW.** This Agreement shall be governed by the laws of the state indicated in Lender's address. Unless applicable law provides otherwise, Borrower consents to the jurisdiction of any court located in such state selected by Lender, in its discretion, in the event of a legal proceeding under this Agreement.

**18. SIGNATURES.** The signature of the Borrower shall indicate that Borrower has read this Agreement, agreed to the terms and conditions of the Agreement, and received a completed copy of this Agreement and Billing Rights Statement.

**19. COLLECTION COSTS.** If the original amount of this Agreement exceeds \$300, and if Lender hires an attorney who is not its salaried employee to collect any amount due under this Agreement or enforce any right or remedy of Lender, Borrower agrees to pay Lender's reasonable expenses and collection costs, including reasonable attorney's fees not exceeding 15% of the unpaid debt after default.

**20. SEVERABILITY.** If any provision of this Agreement violates the law or is unenforceable, the rest of the Agreement shall remain valid.

**21. MISCELLANEOUS.** Borrower will provide Lender with current financial statements and other information upon request. All references to Borrower in this Agreement shall include all of the parties signing this Agreement. This Agreement shall be binding upon the heirs, successors and assigns of Borrower and Lender. Borrower and Lender agree that time is of the essence. Borrower and any person who endorses this Agreement waives presentment, demand for payment, notice of dishonor and protest and further waives any right (if any) to require Lender to proceed against anyone else before proceeding against Borrower or said person. All references to Borrower in this Agreement shall include all of the parties signing on the reverse side. This Agreement represents the complete and integrated understanding between Borrower and Lender with respect to the terms hereof.

**22. JURY TRIAL WAIVER. BORROWER HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF, OR BASED UPON, THIS AGREEMENT OR THE COLLATERAL SECURING THIS AGREEMENT.**

**23. ADDITIONAL TERMS:**



## CREDIT LIFE AND ACCIDENT AND HEALTH INSURANCE

Credit Life Insurance and Accident and Health Insurance are not required to obtain credit, and will not be provided unless Borrower signs below and agrees to pay the additional costs. Credit Life insurance ☒ is not available. ☐ Is available at a cost of \$ \_\_\_\_\_ per \$ \_\_\_\_\_ of the \_\_\_\_\_ per billing period for single coverage and \$ \_\_\_\_\_ per \$ \_\_\_\_\_ of the \_\_\_\_\_ per billing period for joint coverage (if available). Credit Accident and Health Insurance ☒ is not available. ☐ Is available at a cost of \$ \_\_\_\_\_ per \$ \_\_\_\_\_ of the \_\_\_\_\_ per billing period.

ELECTS INSURANCE:

DECLINES INSURANCE:

Borrower requests Credit Life Insurance

Borrower declines Credit Life and Accident and Health Insurance

Borrower requests Accident and Health Insurance

Co-Borrower requests Credit Life Insurance

Co-Borrower declines Credit Life Insurance

## BILLING RIGHTS STATEMENT

**YOUR (BORROWER'S) BILLING RIGHTS, KEEP THIS NOTICE FOR FUTURE USE.**

This notice contains important information about the Borrower's rights and the Lender's responsibilities under the Fair Credit Billing Act.

**NOTIFY LENDER IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR (BORROWER'S) BILL.**

If Borrower thinks that a bill is incorrect or if Borrower needs more information about a transaction on a bill, Borrower should write to Lender as soon as possible at the address indicated on the bill. Lender must hear from the Borrower no later than sixty (60) calendar days after Lender sent Borrower the first bill on which the error or problem appeared. Borrower may telephone Lender, but doing so will not preserve the Borrower's rights.

Borrower should provide the following information in the letter.

Borrower's name and account number.

The dollar amount of the suspected error.

A description of the error and an explanation, if possible, why Borrower believes there is an error. If Borrower needs more information, Borrower should describe the item Borrower is unsure about.

If Borrower has authorized Lender to pay the bill automatically from a savings or checking account, Borrower can stop payment on any amount that the Borrower believes is wrong. To stop payment the Borrower's letter must reach Lender at least three (3) business days before the automatic payment is scheduled to occur.

**BORROWER'S RIGHTS AND LENDER'S RESPONSIBILITIES AFTER LENDER RECEIVES WRITTEN NOTICE.**

Lender must acknowledge Borrower's letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill is correct.

After Lender receives Borrower's letter, Lender cannot try to collect any amount in question, or report the Borrower as delinquent. Lender may continue to bill the Borrower for the amount in question, including finance charges, and Lender may apply any unpaid amount against the Borrower's credit limit. Borrower does not have to pay any questioned amount while Lender is investigating, but Borrower is still obligated to pay the parts of the bill that are not in question.

If Lender finds that Lender has made a mistake on the bill, Borrower will not have to pay any finance charges related to the amount in question. If Lender did not make a mistake, Borrower may have to pay finance charges and Borrower will be required to make up any missed payments on the questioned amount. In either case, Lender will send Borrower a statement of the amount owed and the date it is due.

If Borrower fails to pay the amount owed, Lender may report the Borrower as delinquent. However, if Lender's explanation does not satisfy Borrower and Borrower writes to Lender within ten (10) days telling Lender that Borrower still refuses to pay, Lender must tell anyone Lender reported Borrower to that Borrower has a question regarding Borrower's bills. Furthermore, Lender must tell Borrower the name of anyone that Lender reported Borrower to. Lender must tell anyone Lender reports Borrower to that the matter has been settled between us when it finally is.

If Lender doesn't follow these rules, Lender cannot collect the first \$50.00 of the questioned amount, even if the bill was correct.

**17. ESTOPPEL CERTIFICATES.** Within ten (10) days after any request by Lender, Mortgagor shall deliver to Lender, or any intended transferee of Lender's rights with respect to the Obligations, a signed and acknowledged statement specifying (a) the outstanding balance on the Obligations; and (b) whether Mortgagor possesses any claims, defenses, set-offs or counterclaims with respect to the Obligations and, if so, the nature of such claims, defenses, set-offs or counterclaims. Mortgagor will be conclusively bound by any representation that Lender may make to the intended transferee with respect to these matters in the event that Mortgagor fails to provide the requested statement in a timely manner.

**18. DEFAULT.** Mortgagor shall be in default under this Mortgage in the event that Mortgagor, Borrower or any guarantor of any Obligation:

- (a) commits fraud or makes a material misrepresentation at any time in connection with the Obligations or this Mortgage, including, but not limited to, false statements made by Mortgagor about Mortgagor's income, assets, or any other aspects of Mortgagor's financial condition;
- (b) fails to meet the repayment terms of the Obligations; or
- (c) violates or fails to comply with a covenant contained in this Mortgage which adversely affects the Property or Lender's rights in the Property, including, but not limited to, transferring title to or selling the Property without Lender's consent, failing to maintain insurance or to pay taxes on the Property, allowing a lien senior to Lender's to result on the Property without Lender's written consent, allowing the taking of the Property through eminent domain, allowing the Property to be foreclosed by a lienholder other than Lender, committing waste of the Property, using the Property in a manner which would be destructive to the Property, or using the Property in an illegal manner which may subject the Property to seizure, confiscation or condemnation.

**19. RIGHTS OF LENDER ON DEFAULT.** If there is a default under this Mortgage, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the Obligations immediately due and payable in full;
- (b) to collect the outstanding Obligations with or without resorting to judicial process;
- (c) to require Mortgagor to deliver and make available to Lender any personal property or Chattels constituting the Property at a place reasonably convenient to Mortgagor and Lender;
- (d) to enter upon and take possession of the Property in accordance with applicable law;
- (e) to pay any sums in any form or manner deemed expedient by Lender to protect the security of this Mortgage or to cure any default other than payment of interest or principal on the Obligations;
- (f) to foreclose this Mortgage under the power of sale and in accordance with the requirements of law or by judicial action, at Lender's election;
- (g) to set-off Mortgagor's Obligations against any amounts owed Mortgagor by Lender including, but not limited to, monies, instruments, and deposit accounts maintained with Lender or any currently existing or future affiliate of Lender; and
- (h) to exercise all other rights available to Lender under any other written agreement or applicable law.

If a Mortgagor is in default under this Mortgage, this Mortgage shall be subject to foreclosure at Lender's option. Notice of the exercise of such option is expressly waived by Mortgagor, and Lender shall have the right to enter upon and take possession of the Property, and after, or without taking possession of the Property, to sell the Property at the front or main door of the courthouse of the county where the Property is located, at public outcry for cash, after first giving notice of the description of the property to be sold and the time, place, and terms of such sale by publication once a week for three consecutive weeks prior to the sale in a newspaper published in the county or counties in which the property to be sold is located. Mortgagor waives any requirements that the Property be sold in separate tracts and agrees that Lender may sell the Property en masse regardless of the number of parcels conveyed by this Mortgage. The power of sale granted to Lender is a continuing power of sale and shall not be fully exercised until all of the Property not previously sold is sold or all of the Obligations are satisfied in full. Upon the payment of the purchase price, Lender or the auctioneer conducting the sale is authorized to execute a deed to the property in Mortgagor's name and deliver the deed to the purchaser at the foreclosure sale. Lender, its successors, assigns, agents or attorneys may bid all or any part of the debt owed and become the purchaser of the property at any sale hereunder.

The proceeds from the sale of the Property shall be applied as follows: first, to the expenses of advertising, preparing, selling, and conveying the Property for sale, including reasonable attorney fees incurred by Lender in the foreclosure action or any injunction proceeding, bankruptcy, appeal, or other proceeding challenging the right of Lender to foreclose this Mortgage or sell any of the Property; second, to the payment of any amounts expended or that may be necessary to expend to pay insurance, taxes, assessments, and other liens and mortgages; third, in full or partial payment of the Obligations in such order as Lender may elect; and fourth, the balance, if any, to be paid in accordance with the requirements of law.

**20. SECURITY INTEREST UNDER THE UNIFORM COMMERCIAL CODE.** This Mortgage shall be considered a financing statement and a fixture filing pursuant to the provisions of the Uniform Commercial Code (as adopted by the state where the real property is located) covering fixtures, chattels, and articles of personal property now owned or hereafter attached to or to be used in connection with the Property together with any and all replacements thereof and additions thereto (the "Chattels"), and Mortgagor hereby grants Lender a security interest in such Chattels. The debtor is the Mortgagor described above. The secured party is the Lender described above. Upon demand, Mortgagor shall make, execute and deliver such security agreements (as such term is defined in said Uniform Commercial Code) as Lender at any time may deem necessary or proper or required to grant to Lender a perfected security interest in the Chattels, and upon Mortgagor's failure to do so, Lender is authorized to sign any such agreement as the agent of Mortgagor. Mortgagor hereby authorizes Lender to file financing statements (as such term is defined in said Uniform Commercial Code) with respect to the Chattels, at any time, without the signature of Mortgagor. Mortgagor will, however, at any time upon request of Lender, sign such financing statements. Mortgagor will pay all filing fees for the filing of such financing statements and for the refiling thereof as the same required, in the opinion of Lender, by said Uniform Commercial Code. If the lien of this Mortgage be subject to any security agreement covering the Chattels, then in the event of any default under this Mortgage, all the right, title and interest of Mortgagor in and to any and all of the Chattels is hereby assigned to Lender, together with the benefit of any deposits of payments now or hereafter made thereof by Mortgagor or the predecessors or successors in title of Mortgagor in the Property.

**21. REIMBURSEMENT OF AMOUNTS EXPENDED BY LENDER.** Lender, at Lender's option, may expend funds (including attorneys' fees and legal expenses) to perform any act required to be taken by Mortgagor or to exercise any right or remedy of Lender under this Mortgage. Upon demand, Mortgagor shall immediately reimburse Lender for all such amounts expended by Lender together with interest thereon at the lower of the highest rate described in any Obligation or the highest rate allowed by law from the date of payment until the date of reimbursement. These sums shall be included in the definition of Obligations herein and shall be secured by the beneficial interest granted herein. If the Obligations are paid after the beginning of publication of notice of sale, as herein provided, or in the event Lender shall, at its sole option, permit Mortgagor to pay any part of the Obligations after the beginning of publication of notice of sale, as herein provided, then, Mortgagor shall pay on demand all expenses incurred by the Lender in connection with said publication, including reasonable attorneys' fees, and this Mortgage shall be security for all such expenses and fees.

**22. APPLICATION OF PAYMENTS.** All payments made by or on behalf of Mortgagor may be applied against the amounts paid by Lender (including attorneys' fees and legal expenses) in connection with the exercise of its rights or remedies described in this Mortgage and then to the payment of the remaining Obligations in whatever order Lender chooses.

**23. POWER OF ATTORNEY.** Mortgagor hereby appoints Lender as its attorney-in-fact to endorse Mortgagor's name on all instruments and other documents pertaining to the Obligations or Mortgage. In addition, Lender shall be entitled, but not required, to perform any action or execute any document required to be taken or executed by Mortgagor under this Mortgage. Lender's performance of such action or execution of such documents shall not relieve Mortgagor from any Obligation or cure any default under this Mortgage. The powers of attorney described in this Mortgage are coupled with an interest and are irrevocable.

**24. SUBROGATION OF LENDER.** Lender shall be subrogated to the rights of the holder of any previous lien, security interest or encumbrance discharged with funds advanced by Lender regardless of whether these liens, security interests or other encumbrances have been released of record.

**25. COLLECTION COSTS.** If the original amount of the Obligations exceed \$300, and if Lender hires an attorney who is not its salaried employee to collect any amount due under the Obligations or enforce any right or remedy of Lender under this Mortgage, Mortgagor agrees to pay Lender's reasonable expenses and collections costs, including reasonable attorneys' fees not exceeding 15% of the unpaid debt after default.

**26. PARTIAL RELEASE.** Lender may release its interest in a portion of the Property by executing and recording one or more partial releases without affecting its interest in the remaining portion of the Property. Nothing herein shall be deemed to obligate Lender to release any of its interest in the Property (except as required Paragraph 33), nor shall Lender be obligated to release any part of the Property if Mortgagor is in default under this Mortgage.

**27. MODIFICATION AND WAIVER.** The modification or waiver of any of Mortgagor's Obligations or Lender's rights under this Mortgage must be contained in a writing signed by Lender. Lender may perform any of Borrower's or Mortgagor's Obligations, delay or fail to exercise any of its rights or accept payments from Mortgagor or anyone other than Mortgagor without causing a waiver of those Obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Mortgagor's Obligations under this Mortgage shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the Obligations belonging to any Mortgagor, Borrower or third party or any of its rights against any Mortgagor, Borrower or third party or any of the Property. Lender's failure to insist upon strict performance of any of the Obligations shall not be deemed a waiver and Lender shall have the right at any time thereafter to insist upon strict performance.

**28. SUCCESSORS AND ASSIGNS.** This Mortgage shall be binding upon and inure to the benefit of Mortgagor and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees and devisees.

**29. NOTICES.** Except as otherwise required by law, any notice or other communication to be provided under this Mortgage shall be in writing and sent to the parties at the addresses described in this Mortgage or such other address as the parties may designate in writing from time to time. Any such notice so given and sent by first class mail, postage prepaid, shall be deemed given the earlier of three (3) days after such notice is sent or when received by the person to whom such notice is being given.

**30. SEVERABILITY.** Whenever possible, each provision of this Mortgage shall be interpreted so as to be effective and valid under applicable state law. If any provision of this Mortgage violates the law or is unenforceable, the rest of the Mortgage shall remain valid.

**31. APPLICABLE LAW.** This Mortgage shall be governed by the laws of the state where the real property is located. Unless applicable law provides otherwise, Mortgagor consents to the jurisdiction of any court selected by Lender, in its sole discretion, located in that state.

**32. MISCELLANEOUS.** Mortgagor and Lender agree that time is of the essence. Mortgagor waives presentment, demand for payment, notice of dishonor and protest except as required by law. All references to Mortgagor in this Mortgage shall include all persons signing below. If there is more than one Mortgagor, their Obligations shall be joint and several. This Mortgage represents the complete integrated understanding between Mortgagor and Lender pertaining to the terms and conditions hereof.

33. **SATISFACTION.** This Mortgage secures an open end revolving line of credit which provides for future advances, and satisfaction of the Obligations shall not occur until there is no outstanding indebtedness under any of the Obligations secured by this Mortgage and no commitment or agreement by Lender to make advances or otherwise give value under any agreement evidencing the Obligations. Upon written request to satisfy this Mortgage signed by Mortgagor and all other persons who have a right to require Lender to extend value, and provided there is no outstanding Obligation at that time, Lender will cause this Mortgage to be satisfied in accordance with law. After the written request for satisfaction, neither Mortgagor nor any other person shall have any right to request or demand that Lender extend value under this Mortgage or any other agreements as Lender shall be released from all commitments to extend value thereunder. Until the request to satisfy this Mortgage is duly signed and delivered to Lender, this Mortgage shall continue in full force and effect. Mortgagor shall pay any costs of recordation of the satisfaction.

34. **JURY TRIAL WAIVER.** MORTGAGOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF, OR BASED UPON, THIS MORTGAGE.

35. **ADDITIONAL TERMS.**

Mortgagor acknowledges that Mortgagor has read, understands, and agrees to the terms and conditions of this Mortgage, and acknowledges receipt of an exact copy of it.

Dated this 25th day of March, 1996

MORTGAGOR: GREGORY N ANDERSON

  
GREGORY N ANDERSON

MORTGAGOR:

MORTGAGOR:

MORTGAGOR:

MORTGAGOR: KATHY D ANDERSON

  
KATHY D ANDERSON

MORTGAGOR:

MORTGAGOR:

MORTGAGOR:

State of Alabama )  
County of Jefferson )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that  
Gregory N and wife, Kathy D. Anderson  
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 the conveyance, they/he/she executed the same voluntarily on the day the same bears  
date.

Given under my hand and official seal this 25 day of March, 19 96.  
(Notarial Seal)

NOTARY PUBLIC  
MY COMMISSION EXPIRES 12/31/99  
BONDED TO THE STATE OF ALABAMA

State of Alabama )  
County of \_\_\_\_\_ )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that  
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 the conveyance, they/he/she executed the same voluntarily on the day the same bears  
date.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.  
(Notarial Seal)

Notary Public

State of Alabama )  
County of \_\_\_\_\_ )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that  
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 the conveyance, they/he/she executed the same voluntarily on the day the same bears  
date.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.  
(Notarial Seal)

Notary Public

State of Alabama )  
County of \_\_\_\_\_ )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that  
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 the conveyance, they/he/she executed the same voluntarily on the day the same bears  
date.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.  
(Notarial Seal)

Notary Public

#### SCHEDULE A

The following described real property located in SHELBY County, Alabama:

LOT 12, ACCORDING TO THE MAP AND SURVEY OF CARRIAGE HILL, PHASE II  
A RESIDENTIAL SUBDIVISION, AS RECORDED IN MAP BOOK 13, PAGE 129,  
IN THE PROBATE OFFICE OF SHELBY COUNTY ALABAMA.

#### SUBJECT TO:

EXISTING EASEMENTS, RESTRICTIONS, SET-BACK LINES AND LIMITATIONS OF  
RECORD.

#### SCHEDULE B

GRANTEES AGREED TO ASSUME THE INDEBTEDNESS OF CERTAIN NOTE EVIDENCED  
BY CERTAIN MORTGAGE EXECUTED BY JOE B EVANS AND KARRIE S EVANS TO COLLATERAL  
MORTGAGE LTD., IN THE AMOUNT OF \$85,166.00 DATED MARCH 24, 1993, FILED  
FOR RECORD APRIL 1, 1993, AND BEING RECORDED IN INSTRUMENT #1993-8715  
IN THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA. TRANSFERRED AND ASSIGNED TO  
NEW SOUTH FEDERAL SAVINGS BANK IN INSTRUMENT #1993-12115.

2ND MORTGAGE TO PINNACLE BANK DATED 3/22/96.

Inst # 1996-11898

THIS DOCUMENT WAS PREPARED BY: Pinnacle Bank

04/12/1996-11898  
08:25 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
007 MCD 49.00