COOSA PINES FEDERAL CREDIT UNION

HIGHWAY 235
COOSA PINES, ALABAMA 35044

20050617000301210 1/2 $15.00
Shelby Cnty Judge of Probate, AL
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NOTICE: THIS MORTGAGE SECURES AN OPEN-END CREDIT PLAN WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE ANNUAL PERCENTAGE RATE. INCREASES IN THE ANNUAL PERCENTAGE RATE MAY RESULT IN INCREASED MINIMUM MONTHLY PAYMENTS AND INCREASED FINANCE CHARGES. DECREASES IN THE ANNUAL PERCENTAGE RATE MAY RESULT IN LOWER MINIMUM MONTHLY PAYMENTS AND LOWER FINANCE CHARGES.

THIS IS A **FUTURE ADVANCE MORTAGE** AND THE PROCEEDS OF THE OPEN-END CREDIT PLAN SECURED BY THIS MORTGAGE WILL BE ADVANCED BY THE MORTGAGEE UNDER THE TERMS OF A CREDIT AGREEMENT BETWEEN THE MORTGAGEE AND THE BORROWER NAMED HEREIN.

STATE OF ALABAMA
COUNTY OF Talladega

ADJUSTABLE-RATE LINE OF CREDIT MORTGAGE

THIS INDENTURE is made and entered into this 7th day of June, 2005, 19____ by and between James Stewart Smith and wife, Rita A. Smith (hereinafter called the "Mortgagor," whether one or more) and COOSA PINES FEDERAL CREDIT UNION, (hereinafter called the "Mortgagee").

RECITALS

A. **THE SECURED LINE OF CREDIT.** The 'Mortgagor,' (hereinafter called the 'Borrower,' whether one or more) are now and may become in the future justly indebted to the Mortgagee in the maximum principal amount of Twenty Thousand Dollars and NO/100 Dollars ($ 20,000.00) stated (the 'credit limit').

Pursuant to a certain open-end line of credit established by the Mortgagee for the Borrower under an Agreement entitled Home Equity Line of Credit Agreement and Disclosure Statement executed by the Borrower in favor of the Mortgagee, dated June 7, 2005, 19____ (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 fifteen (15) years from the date of the Credit Agreement, and all sums payable thereunder (including without limitation principal, interest, expenses and charges) shall become due and payable in full.

AGREEMENT

NOW, THEREFORE, in consideration of the Agreement and in order to secure the payment of all advances now or hereafter made to or at the request of the Borrowers named above, or, if more than one Borrower is named, all advances now or hereafter made to or at the request of any one or more of the Borrowers, the payment of all interest and finance charges on such advances whenever incurred, the payment and performance of all obligations of the Borrowers under the Credit Agreement, and compliance with all covenants and stipulations hereinafter contained, the undersigned Mortgagors do hereby assign, grant, bargain, sell and convey unto Mortgagee the following described real property situated in SHELBY County, State of Alabama, viz:

Lot 364, according to the Survey of Forest Lakes, Sector 4, as recorded in Map Book 33, Page 25 A, B & C, in the Probate Office of Shelby County, Alabama.

together with all rents and other revenues thereof and all rights, privileges, easements, tenements, interests, improvements and appurtenances thereunto belonging or in anywise appertaining, including any after-acquired title and easements and all rights, title and interest now or hereafter owned by Mortgagors in and to all buildings and improvements, storm and screen windows and doors, gas, steam, electric, solar and other heating, lighting, ventilating, air-conditioning, refrigerating and cooking apparatus, elevators, plumbing, sprinkling, smoke, fire, and instrusion detection devices, and other equipment and fixtures now or hereafter attached or appertaining to said premises, all of which shall be deemed to be real property and conveyed by this mortgage, and all of which real property, equipment and fixtures are sometimes hereinafter called the 'mortgaged property.'

TO HAVE AND TO HOLD the same and every part thereof unto Mortgagee, its successors and assigns forever.

(Complete if applicable:)

This mortgage is junior and subordinate to that certain mortgage dated December 7, 2004, 19____, and recorded in INST Volume #2004-69651, at Page _____ in the Probate Office of Shelby County, Alabama.

The Mortgagor hereby authorizes the holder of a prior mortgage encumbering the mortgaged property, if any, 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 owed 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 thereby; and (5) any other information regarding such mortgage or the indebtedness secured thereby which the Mortgagee may request from time to time.

If this Mortgage is subordinate to a prior mortgage, the Mortgagor expressly agrees that if default should be made in the payment of principal, interest or any other sum payable under the terms and provisions of such prior mortgage, or if any other event of default (or event which upon the giving of notice or lapse of time, or both, would constitute an event of default) should occur thereunder, the Mortgagee may, but shall not be obligated to, cure such default, without notice to anyone, by paying whatever amounts may be due, or taking whatever other actions may be required, under the terms of such prior mortgage so as to put the same in good standing.

For the purpose of further securing the paymet of such indebtedness Mortgagors warrant, covenant and agree with Mortgagee, its successors and assigns, as follows:

1. That they are lawfully seized in fee simple and possessed of the mortgaged property and have a good right to convey the same as aforesaid, that they will warrant and forever defend the title against the lawful claims of all persons whomsoever, and that the mortgaged property is free and clear of all encumbrances, easements and restrictions not herein specifically mentioned.

(Continued on Reverse)

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her signature and seal this 7th day of June, 2005, 19____.

James Stewart Smith (SEAL)
Borrower James Stewart Smith

Rita A. Smith (SEAL)
Borrower Rita A. Smith

_____ (SEAL)
Borrower

_____ (SEAL)
Borrower

STATE OF ALABAMA
COUNTY OF Talladega

Before me, the undersigned authority, in and for said County in said State, personally appeared James Stewart Smith and wife, Rita A. Smith, whose name(s) ~~is~~/are signed to the foregoing instrument and who ~~is~~/are known to me and who acknowledged before me on this day that being informed of the contents of this instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 7th day of June, 2005, 19____.

Notary Public J. Bradley Proctor

THIS INSTRUMENT PREPARED BY: Proctor and Vaughn, PO Box 2129, Sylacauga, Al 35150

Form #HE1 Revised 3/91

2. That they will pay all taxes, assessments, or other liens taking priority over this mortgage when imposed upon the mortgaged property, and should default be made in the payment of the same, or any part thereof, Mortgagee may pay the same (but Mortgagee is not obligated to do so). If the mortgaged property or any part thereof is a unit in a condominium or a planned unit development, Mortgagors shall perform all of Mortgagors' obligations under the declaration or covenants creating or covering the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents. Should Mortgagors default in any of such obligations, Mortgagee may perform Mortgagors' obligations (but Mortgagee is not obligated to do so).

3. That they will keep the buildings on the mortgaged property continuously insured in such amounts, in such manner and with such companies as may be satisfactory to Mortgagee against loss by fire (including so-called extended coverage), wind and such other hazards (including flood and water damage) as Mortgagee may specify from time to time, with loss, if any, payable to Mortgagee, and will deposit with Mortgagee policies of such insurance or, at Mortgagee's election, certificates thereof, and will pay the premiums therefor as the same become due. Mortgagors shall have the right to provide such insurance through a policy or policies independently obtained and paid for by Mortgagors or through an existing policy. Mortgagee may, for reasonable cause, refuse to accept any policy of insurance obtained by Mortgagors. Mortgagors shall give immediate notice in writing to Mortgagee of any loss or damage to the mortgaged property obtained by Mortgagors. Mortgagors shall give immediate notice in writing to Mortgagee of any loss or damage to the mortgaged property from any cause whatsoever. If Mortgagors fail to keep said property insured as above specified, Mortgagee may insure said property (but Mortgagee is not obligated to do so) for its insurable value against loss by fire, wind or other hazards for the benefit of Mortgagee or for the benefit of Mortgagee alone, at Mortgagee's election. The proceeds of such insurance shall be paid by the insurer to Mortgagee, which is hereby granted full power to settle and compromise claims under all policies, to endorse in the name of Mortgagors any check or draft representing the proceeds of any such insurance, and to demand, receive and give receipt for all sums becoming due thereunder. Said insurance proceeds, if collected, may be credited on the indebtedness secured by this mortgage, less costs of collection, or may be used in repairing or reconstructing the premises on the mortgaged property, at Mortgagee's election. Any application of the insurance proceeds to repairing or reconstructing premises on the mortgaged property shall not extend or postpone the due date of any installment payments of the indebtedness hereby secured or reduce the amount of such installments.

4. That subject to the rights of the holder of the prior mortgage, if any, set forth above, the Mortgagor hereby assigns and pledges to the Mortgagee the following property, rights, claims, rents, profits, issues and revenues:

A. All rents, profits, issues, and revenues of the mortgaged property 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;

B. All judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the mortgaged property, 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 mortgaged property, or any part thereof, in lieu of the exercise of power of eminent domain. The Mortgagee is hereby authorized on behalf of, and in the name of, the Mortgagor to execute and deliver valid acquittances for, and appeal from, any such judgments or awards. The Mortgagee may apply all such sums so received, or any part thereof, after the payment of all the Mortgagee's expenses, including court costs and attorneys' 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 mortgaged property.

5. That they will take good care of the mortgaged property and will not commit or permit any waste thereon or thereof, and that they will keep the same repaired and at all times will maintain the same in as good condition as it now is, reasonable wear and tear alone excepted. If Mortgagors fail to make repairs to the mortgaged property, Mortgagee may make such repairs at Mortgagors' expense (but Mortgagee is not obligated to do so). Mortgagee, its agents and employees, may enter the mortgaged property and any improvements thereon at any reasonable time for the purpose of inspecting or repairing such improvements.

6. That all amounts expended by Mortgagee for insurance or for the payment of taxes or assessments or to discharge liens on the mortgaged property or other obligations of Mortgagors or to make repairs to the mortgaged property or any improvements thereon shall become a debt due Mortgagee, shall be payable at once without demand upon or notice to any person, shall bear interest at the rate of interest payable on advances under the Agreement, or if the rate specified would be unlawful, at the rate of 8% per annum from the date of payment by Mortgagee, and such debt and the interest thereon shall be secured by this mortgage. Upon failure of Mortgagors to reimburse Mortgagee for all amounts so expended, at the election of Mortgagee and with or without notice to any person, Mortgagee may declare the entire indebtedness secured by this mortgage due and payable and may foreclose this mortgage as hereinafter provided or as provided by law.

7. That no delay or failure of Mortgagee to exercise any option to declare the maturity of any debt secured by this mortgage shall be taken or deemed as a waiver of the right to exercise such option or to declare such forfeiture either as to past or present defaults on the part of Mortgagors, and that the procurement of insurance or payment of taxes or other liens or assessments or obligations by Mortgagee shall not be taken or deemed as a wavier of the right to accelerate the maturity of the indebtedness hereby secured by reason of the failure of Mortgagors to procure such insurance or to pay such taxes, liens, assessments or obligations, it being agreed by Mortgagors that no terms or conditions contained in this mortgage can be wavied, altered or changed except by a writing signed by Mortgagee.

8. That those Mortgagors who are obligated to pay the indebtedness hereby secured will well and truly pay and discharge such indebtedness as it shall become due and payable, whether such indebtedness is now owed or hereafter incurred.

9. That if default shall be made in the payment of any of the indebtedness hereby secured, or in the performance of any of the terms or conditions of this mortgage, Mortgagee may proceed to collect the rent, income and profits from the mortgaged property, either with or without the appointment of a receiver (to which appointment Mortgagors hereby consent), and Mortgagee may notify the lessees or other payors thereof to make payment directly to Mortgagee. Any rents, income and profits collected by Mortgagee prior to foreclosure of this mortgage, less the costs of collecting the same, including any real estate or property management commissions and attorney's fees incurred, shall be credited first to advances made by Mortgagee and the interest thereon, then to interest due on the indebtedness hereby secured, and the remainder, if any, shall be applied toward the payment of the principal sum hereby secured.

10. That if possession of the mortgaged property is allowed to remain in any other person or entity to the exclusion of Mortgagors for a period of one year or more, or if all or any part of the mortgaged property or any interest therein is sold, assigned, transferred or conveyed by Mortgagors, or any of them, without Mortgagee's prior written consent, excluding only, (a) the creation of a purchase money security interest for household appliances, (b) a transfer by devise, descent or by operation of law upon the death of a joint tenant, or (c) the grant of any leasehold interest of one year or less (including all mandatory or optional renewal periods) not containing an option to purchase, Mortgagee may, at Mortgagee's option, declare all indebtedness secured by this mortgage to be due and payable immediately with or without notice to Mortgagors. Mortgagee may condition its consent to any such transfer of possession of, or an interest in, the mortgaged property upon the transferee's agreeing to pay a greater rate of interest on all or any part of the indebtedness secured by this mortgage or to adjust the payment schedule of all or any part of the indebtedness secured by this mortgage, upon Mortgagee's approval of the creditworthiness of the transferee, and upon the transferee's payment to Mortgagor of a reasonable transfer or assumption fee. Upon breach by Mortgagors, or any of them, of the covenants herein contained, Mortgagee may, at its election, proceed to foreclose this mortgage as hereinafter provided or as provided by law.

11. That all the covenants and agreements of Mortgagors herein contained shall extend to and bind their respective heirs, executors, administrators, successors and assigns, and that such covenants and agreements and all options, rights, privileges and powers herein given, granted or secured to Mortgagee shall inure to the benefit of the successors and assigns of Mortgagee.

12. That the provisions of this mortgage and the Agreement secured hereby are severable, and that the invalidity or unenforceability of any provision of this mortgage or of such Agreements shall not affect the validity and enforceability of the other provisions of this mortgage or of such Agreements. The remedies provided to Mortgagee herein are cumulative with the rights and remedies of Mortgagee at law and in equity, and such rights and remedies may be exercised concurrently or consecutively. A carbon or photostatic copy of this mortgage may be filed as a financing statement in any public office.

This mortgage shall continue in full force and effect until all of the indebtedness (including future advances) secured by this mortgage shall have been paid in full. Mortgagee shall have no further obligation to extend any credit to the Borrowers under the Agreement, and Mortgagee shall have executed and delivered to Mortgagors a release or satisfaction of this mortgage in recordable form, even though from time to time and for extended periods of time there may be no indebtedness owed to Mortgagee under the Agreement described above and no other indebtedness hereby secured, it being the intention of the Mortgagors that this mortgage and the title to the mortgaged premises hereby conveyed to Mortgagee shall remain in full force and effect and shall secure all indebtedness described above in this mortgage whether now owed or hereafter incurred at any time prior to termination of this mortgage by the means just described. Mortgagee agrees to execute and deliver to Mortgagors a release or satisfaction of this mortgage within a reasonable time after written demand therefor at any time there is no indebtedness secured by this mortgage and no obligation on the part of Mortgagee to extend any credit to the Borrowers under this Agreement. Upon termination of this mortgage by the means hereinabove described, the grant and conveyance herein made shall be and become null and void; but should default be made in the payment of any indebtedness hereby secured or any renewals or extensions thereof or any part thereof or should any interest or finance charge thereon remain unpaid at maturity or should default be made in the repayment of any sum expended by Mortgagee under the authority of any provision of this mortgage, or should the interest of Mortgagee in the mortgaged property become endangered by reason of the enforcement of any lien or encumbrances thereon, or should a petition to condemn any part of the mortgaged property be filed by any authority, person or entity having power of eminent domain, or should any law, either state or federal, be passed imposing or authorizing the imposition of a specific tax upon this mortgage or the indebtedness hereby secured or permitting or authorizing the deduction of any such tax from the principal or interest secured by this mortgage or by virtue of which any tax or assessment upon the mortgaged property shall be charged against the owner of this mortgage, or should at any time any of the covenants contained in this mortgage or in any Agreement secured hereby be declared invalid or unenforceable by any court of competent jurisdiction, or should Mortgagors fail to do and perform any other act or thing herein required or agreed to be done, then in any of said events the whole of the indebtedness hereby secured, or any portion or part thereof which may at said date not have been paid, with interest thereon, shall at once become due and payable and this mortgage, subject to foreclosure at the option of Mortgagee, notice of the exercise of such option being hereby expressly waived by Mortgagors, and Mortgagee shall have the right to enter upon and take possession of the mortgaged property and after or without taking such possession to sell the same before the Courthouse door of the County (or the division thereof) where said property, or any substantial part of said property, is located, at public outcry for cash, after first giving notice of the time, place and terms of such sale by publication once a week for three consecutive weeks prior to said sale in some newspaper published in said County; and upon the payment of the purchase price, Mortgagee or the auctioneer at said sale is authorized to execute to the purchaser for and in the name of Mortgagors a good and sufficient deed to the property sold. Mortgagee shall apply the proceeds of said sale or sales under this mortgage as follows: First, to the expenses of advertising, selling and conveying, including a reasonable attorney's fee if the unpaid debt after default exceeds $300.00; second, to the payment of any amounts that may have been expended or that may then be necessary to expend in paying insurance, taxes and other encumbrances, with interest thereon; third, to the payment of the indebtedness hereby secured and interest and finance charges thereon in such order as Mortgagee may elect, whether such debts shall or shall not have fully matured at the date of said sale; and fourth, the balance, if any, to be paid over to Mortgagors or to whomsoever then appears of record to be the owner of Mortgagors' interest in said property. Mortgagee may bid and become the purchaser of the mortgaged property at any foreclosure sale hereunder. Mortgagors hereby waive any requirement that the mortgaged property be sold in separate tracts and agree that Mortgagee may, at its option, sell said property en masse regardless of the number of parcels hereby conveyed.

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