

WHEN RECORDED MAIL TO:
Franklin American Mortgage Company
501 Corporate Centre Drive, Suite 400
Franklin, Tennessee 37067

20051011000528370 1/11 \$71.00
Shelby Cnty Judge of Probate, AL
10/11/2005 10:16:05AM FILED/CERT

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MORTGAGE
(Home Equity Line of Credit)

CATO
Loan Number 1000268021
MIN 100052200002680214

THIS MORTGAGE, dated **SEPTEMBER 27, 2005**, is between **ROBERT L. CATO**
and **PATTI CATO, HUSBAND AND WIFE**

residing at **1601 WINGFIELD DRIVE, BIRMINGHAM, ALABAMA 35242**

the person or persons signing as "Borrower" or "Mortgagor", whether one or more, below and hereinafter referred to as "we", or "us" and "Mortgage Electronic Registration Systems, Inc. ("MERS") (solely as nominee for **FRANKLIN AMERICAN MORTGAGE COMPANY** (hereinafter "you" or "Lender") and Lender's successors and assigns)," with an address at Post Office Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS, referred to as the "Mortgagee."

WHEREAS, Borrower has entered into a Home Equity Credit Line Agreement and Disclosure Statement ("Agreement" or "Note") of even date herewith, the terms and provisions of which are included herein by reference as though fully set out herein verbatim; that the Note is an open-end credit agreement under which Borrower may borrow, repay, and re-borrow from Mortgagee from time to time so long as the aggregate unpaid principal balance of such loans outstanding from time to time does not exceed the sum of \$ **20,000.00**; that the rate of interest ("Finance charge") payable on such loan made under the Note is a variable daily percentage rate and annual percentage rate which may change at any time as defined in the Note; that the Note is an open-end credit agreement which will continue in effect until terminated by either the Borrower or Mortgagee, so that there is no fixed maturity date of loans made under the Note; and that the Note will continue in effect until terminated even though from time to time there may be no loans outstanding to the Borrower under the Note.

Now, THEREFORE, in consideration of the Note and in order to secure the payment of all loans now or hereafter made to or at the bequest of Borrower named above, or if more than one Borrower is named, all loans hereafter made to or at the request of any one or more of the Borrowers, the payment of all interest and costs, late charges and all other charges related to the Note, all of which sums are repayable according to the Note; and also to secure the performance of all of the promises and agreements made by us and each Borrower and Co-signer in the Note, all of our promises and agreements in this Mortgage, any extensions, renewals, amendments, supplements and other modifications of the Note, and any amounts advanced by you under the terms, of the section of this Mortgage entitled "Our Authority To You", all of which loans under the Note may be made, repaid and re-made from time to time in accordance with the terms of the Note and subject to the Credit Limit set forth in the Note, and in consideration of the foregoing the undersigned Borrower (whether one or more) does/do hereby mortgage, assign, grant, bargain, sell and convey unto Mortgagee the real property set forth and further described as:

HELOC - AL Mortgage with MERS
FE - 4331 (AL) (0204)
GV2250.HP

Page 1 of 7

2/95

Initials



Handwritten signature/initials

**LOT 809, ACCORDING TO THE MAP OF BROOK HIGHLAND, AN EDDLEMAN COMMUNITY,
8TH SECTOR, 2ND PHASE, AS RECORDED IN MAP BOOK 16, PAGE 96, IN THE PROBATE
OFFICE OF SHELBY COUNTY, ALABAMA**

Subject to: all easements, restrictions and rights of way of record.

The proceeds of this loan have been applied against the purchase price of the property described herein, conveyed to mortgagor/s simultaneously herewith.

(the "Premises" or "Property"), which has the address of

1601 WINGFIELD DRIVE

BIRMINGHAM
Municipality

Street
JEFFERSON
County

ALABAMA
State

35242
ZIP

TO HAVE AND TO HOLD such Property unto MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS, forever, together with all buildings and other improvements now or hereafter erected on the Property and all easements, appurtenances, and fixtures, now or hereafter a part of the Property, and all rights and interests which derive from our (Borrower/Borrowers) ownership, use or possession of the Property and all appurtenances thereto. All of the foregoing is referred to in this Mortgage as the "Property" or "premises". Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Mortgage; but, if necessary to comply with law or custom, MERS, (as nominee for Lender and Lender's successors and assigns), has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Premises; and to take any action required of Lender including, but not limited to, releasing or canceling this Mortgage.

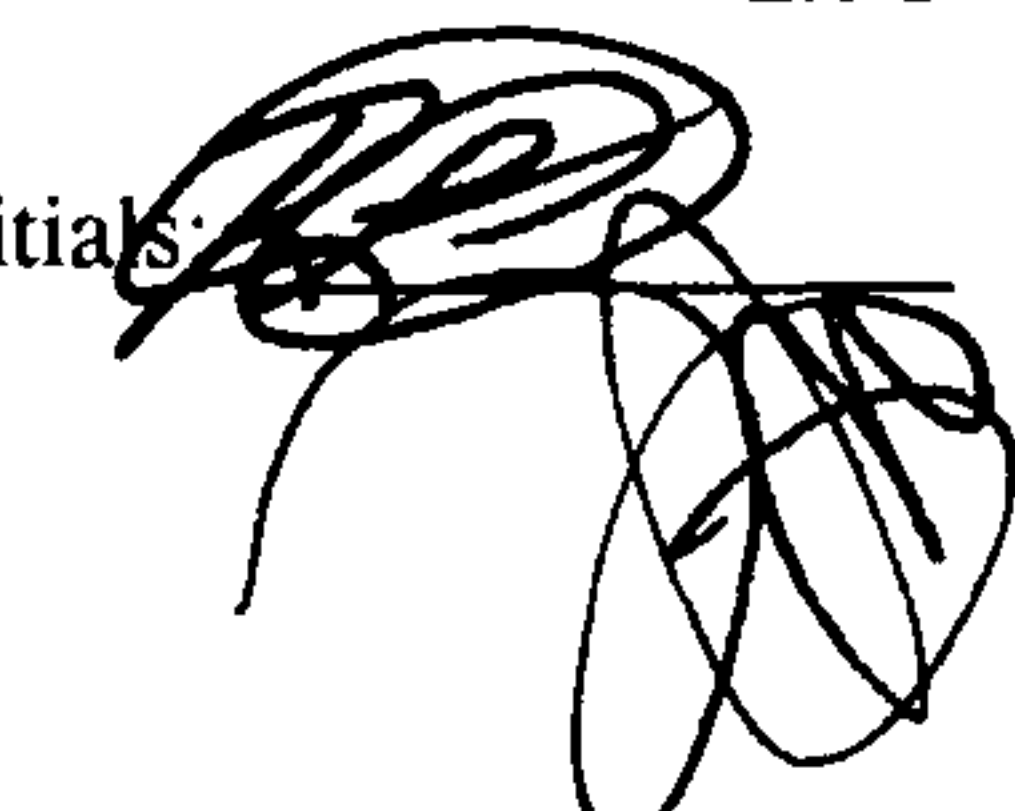
OWNERSHIP: Borrower covenants that Borrower is the sole owner(s) of the Property and is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property to you (Mortgagee) and that the Property is unencumbered, except for encumbrances of record. Borrower warrants that it will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

BORROWER'S IMPORTANT OBLIGATIONS:

(a) **PAYMENT OF ALL CHARGES REQUIRED TO BE PAID UNDER THE TERMS OF THE NOTE AND THIS MORTGAGE:** We shall promptly pay to you when due all advances and charges to our Account plus interest (Finance Charges) and any other amounts due and required to be paid to you under the terms and provisions of the Note or under this Mortgage.

(b) **TAXES:** We will pay all real estate taxes, assessments, water charges and sewer rents relating to the Premises when they become due. We will not claim any credit on, or make deduction from, the loan under the Note because we pay these taxes and charges. We will provide you with proof of payment upon request.

(c) **MAINTENANCE:** We will maintain the building(s) on the Premises in good condition. We will not make major changes in the building(s) except for normal repairs. We will not tear down any of the building(s) on the Premises without first getting your consent. We will not use the Premises illegally. If this Mortgage is on a unit

Initials: 

in a condominium or a planned unit development, we shall perform all of our obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development and constituent documents.

(d) **INSURANCE:** We will keep the building(s) on the Premises insured at all times against loss by fire, flood and any other hazards you may specify. We may choose the insurance company, but our choice is subject to your reasonable approval. The policies must be for at least the amounts and the time periods that you specify. We will deliver to you upon your request the policies or other proof of the insurance. The policies must name you as "mortgagee" and "loss-payee" so that you will receive payment on all insurance claims, to the extent of your interest under this Mortgage, before we do. The insurance policies must also provide that you be given not less than 10 days prior written notice of any cancellation or reduction in coverage, for any reason. Upon request, we shall deliver the policies, certificates or other evidence of insurance to you. In the event of loss or damage to the Premises, we will immediately notify you in writing and file a proof of loss with the insurer. You may file a proof of loss on our behalf if we fail or refuse to do so. You may also sign our name to any check, draft or other order for the payment of insurance proceeds in the event of loss or damage to the Premises. If you receive payment of a claim, you will have the right to choose to use the money either to repair the Premises or to reduce the amount owing on the Note.

(e) **CONDEMNATION:** We assign to you the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Premises, or part thereof, or for conveyance in lieu of condemnation, all of which shall be paid to you, subject to the terms of any Prior Mortgage.

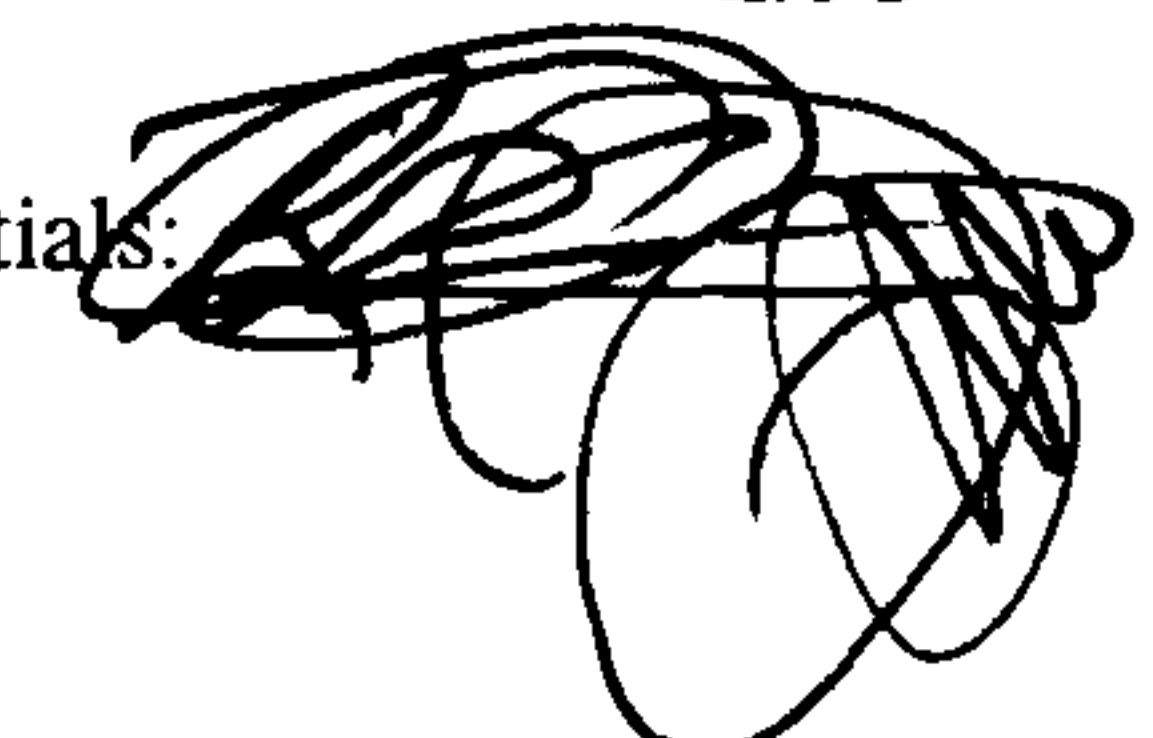
(f) **SECURITY INTEREST:** We will join with you in signing and filing documents and, at our expense, in doing whatever you believe is necessary to perfect and continue the perfection of your lien and security interest in the Premises.

(g) **OUR AUTHORITY TO YOU:** If we fail to perform our obligations under this Mortgage, you may, if you choose, perform our obligations and pay such costs and expenses. You will add the amounts you advance to the sums owing on the Note, on which you will charge interest at the interest rate set forth in the Note. If, for example, we fail to honor our promises to maintain insurance in effect, or to pay filing fees, taxes or the costs necessary to keep the Premises in good condition and repair or to perform any of our other agreements with you, you may, if you choose, advance any sums to satisfy any of our agreements with you and charge us interest on such advances at the interest rate set forth in the Note. This Mortgage secures all such advances. Your payments on our behalf will not cure our failure to perform our promises in this Mortgage. Any replacement insurance that you obtain to cover loss or damages to the Premises may be limited to the amount owing on the Note plus the amount of any Prior Mortgages.

(h) **PRIOR MORTGAGE:** If the provisions of this paragraph are completed, this Mortgage is subject and subordinate to a prior mortgage dated _____ and given by us to **FRANKLIN AMERICAN MORTGAGE**

as mortgagee, in the original amount of \$ **300,000.00** (the "Prior Mortgage"). We shall not increase, amend or modify the Prior Mortgage without your prior written consent and shall upon receipt of any written notice from the holder of the Prior Mortgage promptly deliver a copy of such notice to you. We shall pay and perform all of our obligations under the Prior Mortgage as and when required under the Prior Mortgage.

(i) **HAZARDOUS SUBSTANCES:** We shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Premises. We shall not do, nor allow anyone else to do, anything affecting the Premises that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Premises of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Premises. As used in this paragraph, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used

Initials: 

in this paragraph, "Environmental Law" means federal laws and laws of the jurisdiction where the Premises are located that relate to health, safety or environmental protection.

(j) **SALE OF PREMISES:** We will not sell, transfer ownership of, mortgage or otherwise dispose of our interest in the Premises, in whole or in part, or permit any other lien or claim against the Premises without your prior written consent. If all or any part of the Premises or any interest in it is sold or transferred without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by you, as Mortgagee, if exercise is prohibited by federal law as of the date of this Mortgage.

(k) **INSPECTION:** We will permit you to inspect the Premises at any reasonable time.

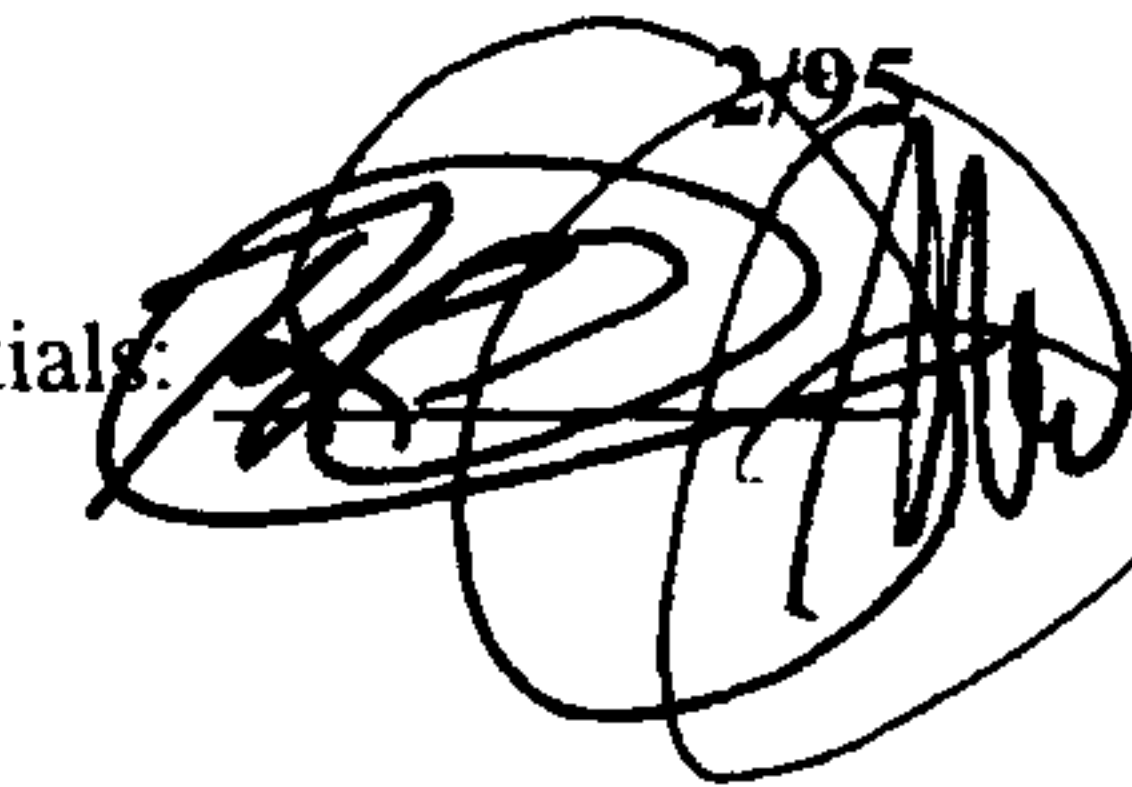
NO LOSS OF RIGHTS: The Note and this Mortgage may be negotiated or assigned by you without releasing us or the Premises. You may add or release any person or property obligated under the Note and this Mortgage without losing your rights in the Premises.

DEFAULT: Except as may be prohibited by applicable law, and subject to any advance notice and cure period if required by applicable law, if any event or condition described in Paragraph 12.A. of the Note occurs, or we fail to perform any of the obligations and agreements assumed by us under the provisions of this Mortgage, you may foreclose upon this Mortgage pursuant to the provisions of the paragraph hereinafter set forth, entitled "Foreclosure by Power of Sale". This means that you may arrange for the Premises to be sold in the manner provided in the preceding sentence herein, in order to pay off what we owe on the Note and under this Mortgage. If the money you receive from the sale is not enough to pay off what we owe you, we will still owe you the difference which you may seek to collect from us in accordance with applicable law. In addition, you may, in accordance with applicable law, (i) enter on and take possession of the Premises; (ii) collect the rental payments, including overdue rental payments, directly from tenants; (iii) manage the Premises; and (iv) sign, cancel and change leases. We agree that the interest rate set forth in the Note will continue before and after a default, entry of a judgment and foreclosure. In addition, you shall be entitled to collect all reasonable fees and costs actually incurred by you in proceeding to foreclosure, including, but not limited to, reasonable attorneys' fees and costs of documentary evidence, abstracts and title reports.

ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER: As additional security, we assign to you the rents of the Premises. You or a receiver appointed by the courts shall be entitled to enter upon, take possession of and manage the Premises and collect the rents of the Premises including those past due.

ACCELERATION; REMEDIES: Upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, you, prior to acceleration, shall give notice to us, as provided by applicable law specifying, among other things: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure and sale of the Property pursuant to the provisions of the Power of Sale set forth in the next following paragraph. The notice shall further inform us of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of us to acceleration and foreclosure. If the breach is not cured on or before the date specified in the notice, you, at your option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage in accordance with the provisions of the Power of Sale set forth in the next following paragraph. You shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorney's fees, and costs of documentary evidence, abstracts and title reports.

FORECLOSURE BY POWER OF SALE: Upon condition, however, that if we pay all of the indebtedness required to be paid by us under the terms and provisions of the Note and this Mortgage, and perform all of the other obligations and agreements assumed and agreed to be performed by us under the terms and provisions of the Note

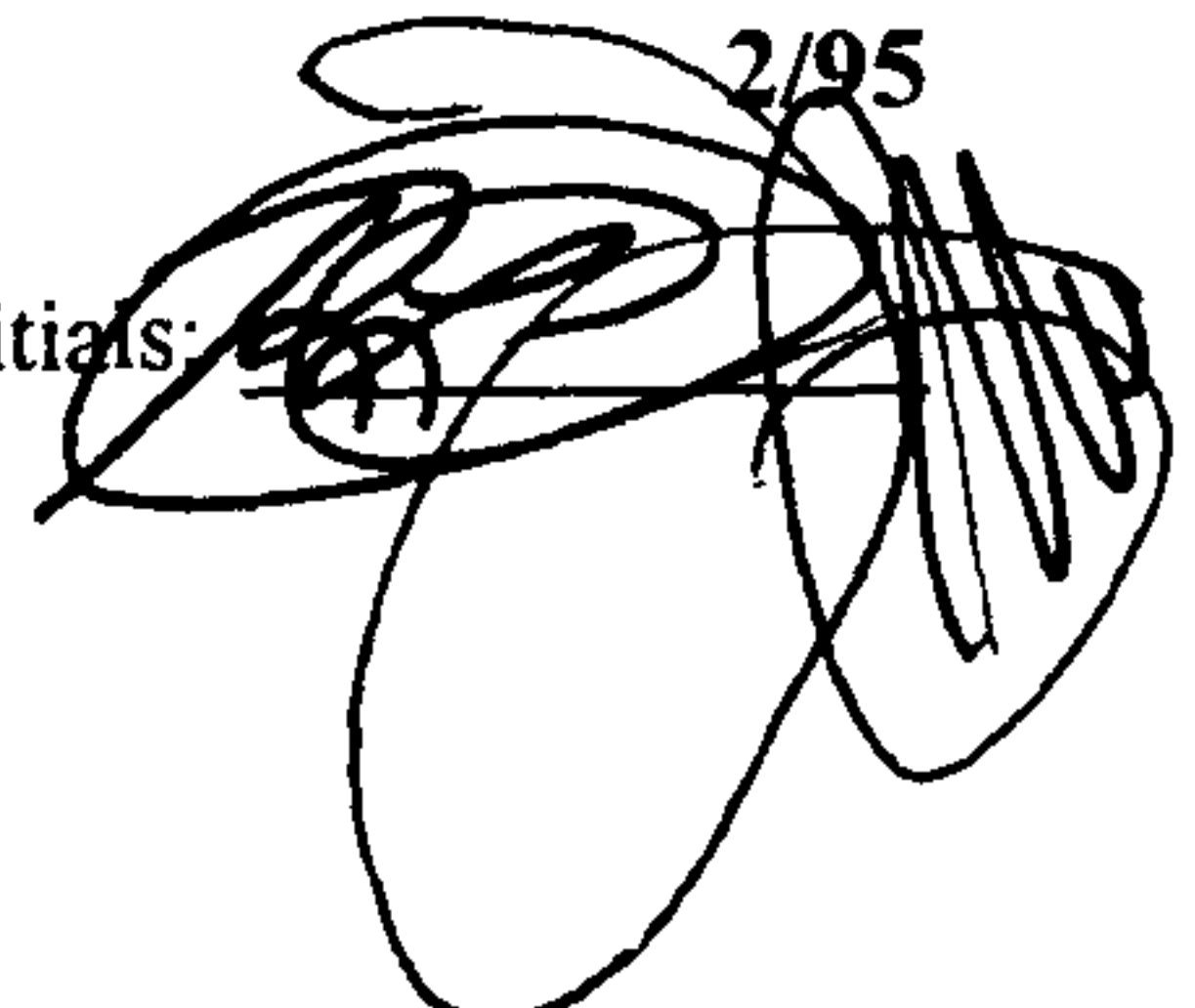
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and the within Mortgage, the grant and conveyance herein to you shall become null and void; but should default be made by us under the terms and provisions set forth in the preceding paragraph, entitled "DEFAULT", or should we fail to do and perform any other act or thing in the Note or in the within Mortgage required or agreed to be done and performed by us, 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 you, notice of the exercise of such option being hereby expressly waived by us, as Borrower, and you 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 Court House 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 sale in some newspaper published in said County; and upon the payment of the purchase price, you or the auctioneer at said sale are authorized to execute to the purchaser for and in the name of us, a good and sufficient deed to the property sold. You 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, such as attorney's fee to include fees for attorneys employed by you, or by your agents, and for such reasonable expenses incurred by you in protecting the Property providing insurable title to the purchaser and such other reasonable expenses that you, as Mortgagee, may incur to enforce all of the provisions of this mortgage, and the Note; 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, including any funds advanced by you for our transactions pursuant to the Note, even though we may then be in default; third, to the payment of the indebtedness hereby secured and interest and finance charges thereon in such order as you 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 us or to whomsoever then appears of record to be the owner of our interest in said property. You may bid and become the purchaser of the mortgaged property at any foreclosure sale hereunder. We hereby waive any requirement that the mortgaged property be sold in separate tracts and agree that you may, at your option, sell said property en masse regardless of the number of parcels hereby conveyed.

BORROWER'S RIGHT TO REINSTATE: Notwithstanding your acceleration of the sums secured by this Mortgage due to our breach, we shall have the right to have any proceedings begun by you to enforce this Mortgage discontinued at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the Power of Sale set forth in the preceding paragraph, or (ii) entry of a judgment enforcing the Mortgage if: (a) we pay to you all sums which would then be due under this Mortgage and the Note had no acceleration occurred; (b) we cure all breaches of any other covenants or agreements of us contained in this Mortgage; (c) we pay all reasonable expenses incurred by you in enforcing the covenants and agreements of us contained in this Mortgage, and in enforcing your remedies as provided in the paragraph set forth hereinabove entitled "ACCELERATION; REMEDIES", including, but not limited to, reasonable attorneys' fees; and (d) we take such action as you may reasonably require to assure that the lien of this Mortgage, your interest in the Property and our obligation to pay the sums secured by this Mortgage and the Note shall continue unimpaired. Upon such payment and cure by us this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

RELEASE: 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, you shall have no further obligation to extend any credit to us under the Note, and you shall have executed and delivered to us 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 you under the Note described above and no other indebtedness hereby secured, it being the intention of the Borrower that this Mortgage and the title to the mortgaged premises hereby conveyed to you 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. You agree to execute and deliver to us a release or satisfaction of this Mortgage within a reasonable time after written demand therefore at any time there is no indebtedness secured by this Mortgage and no obligation on the part of you to extend any credit to us under the Note. We shall pay all costs of recordation of such release.

ATTORNEY FEES: As used in this Mortgage and the Note, "attorney fees" shall include any attorney fees awarded by an appellate court.

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WAIVERS: To the extent permitted by applicable law, we waive and release any error or defects in proceedings to enforce this Mortgage and hereby waive the benefit of any present or future laws providing for stay of execution, extension of time, exemption from attachment, levy and sale and homestead exemption.

BINDING EFFECT: Each of us shall be fully responsible for all of the promises and agreements in this Mortgage. Until the Note has been paid in full and your obligation to make further advances under the Note has been terminated, the provisions of this Mortgage will be binding on us, our legal representatives, our heirs and all future owners of the Premises. This Mortgage is for your benefit and for the benefit of anyone to whom you may assign it. Upon payment in full of all amounts owing to you under the Note and this Mortgage, and provided any obligation to make further advances under the Note has terminated, this Mortgage and your rights in the Premises shall end.

NOTICE: Except for any notice required under applicable law to be given in another manner, (a) any notice to us provided for in this Mortgage shall be given by delivering it or by mailing such notice by regular first class mail addressed to us at the last address appearing in your records or at such other address as we may designate by notice to you as provided herein, and (b) any notice to you shall be given by certified mail, return receipt requested, to your address at **1601 WINGFIELD DRIVE, BIRMINGHAM, ALABAMA 35242**


or to such other address as you may designate by notice to us. Any notice provided for in this Mortgage shall be deemed to have been given to us or you when given in the manner designated herein.

WAIVER OF HOMESTEAD EXEMPTION: We waive the benefit of our Homestead Exemption as to the indebtedness secured by the Agreement or Note and this Mortgage.

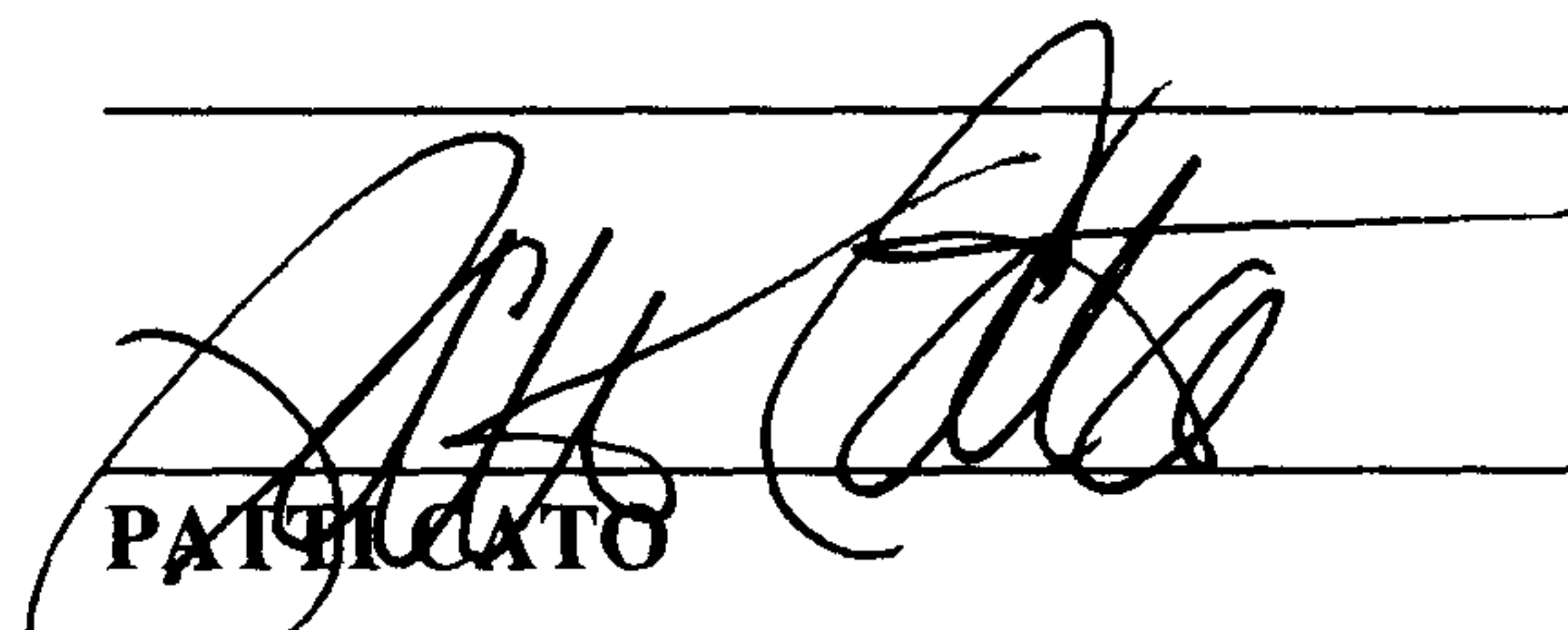
GENERAL: You can waive or delay enforcing any of your rights under this Mortgage without losing them. Any waiver by you of any provisions of this Mortgage will not be a waiver of that or any other provision on any other occasion.

THIS MORTGAGE has been signed by each of us under seal on the date first above written.

Witnesses:

 (Seal)
ROBERT L. CATO -Borrower

(Seal)
-Borrower

 (Seal)
PATRICIA CATO -Borrower

(Seal)
-Borrower

STATE OF ALABAMA,

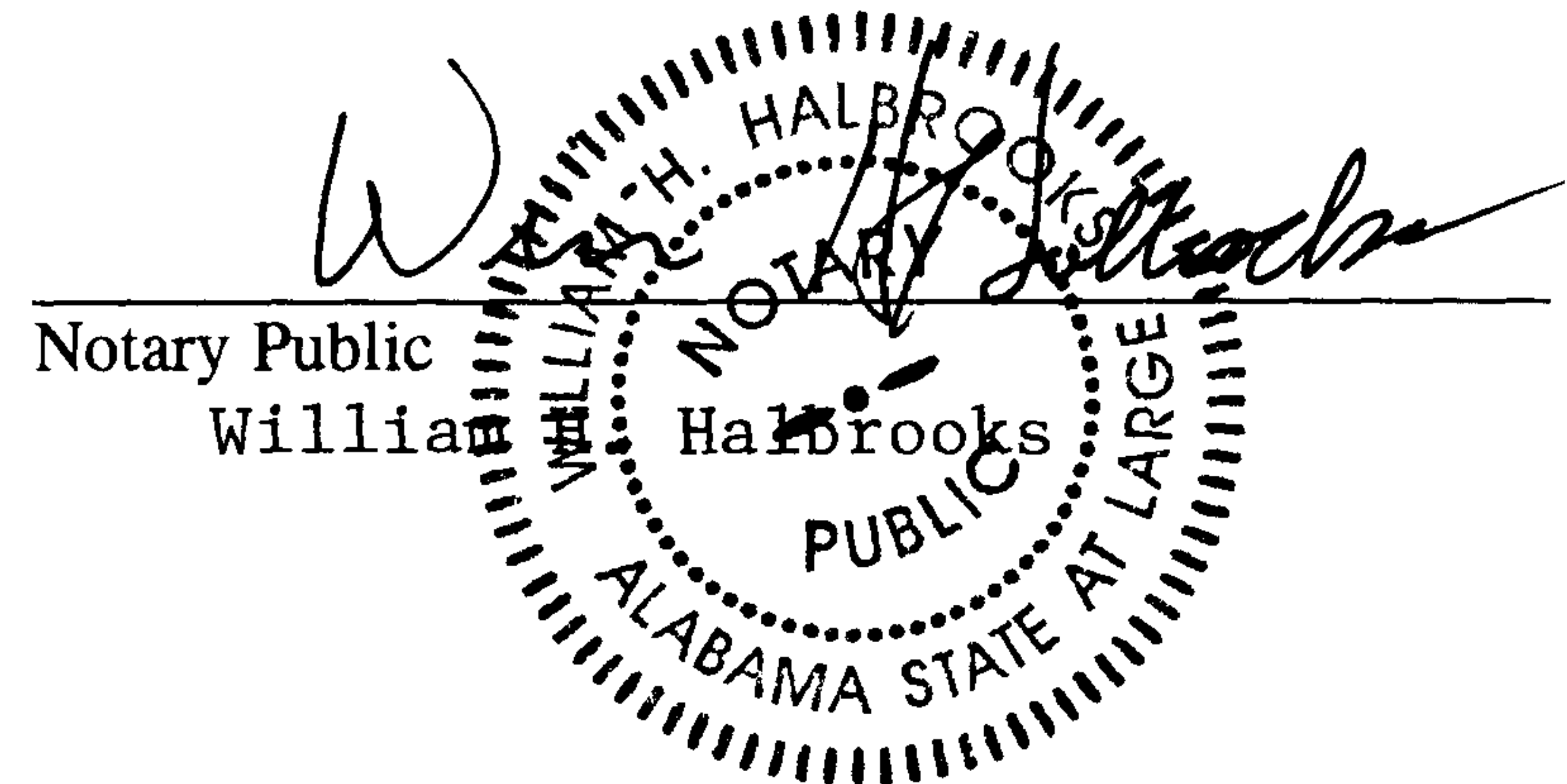
Jefferson

County ss:

The foregoing instrument was acknowledged before me this 27th day of September, 20 05, by **ROBERT L. CATO and PATTI CATO**.

Given under my hand and seal of office this 27th day of September, 2005.

My Commission Expires: 4/21/08



This instrument was prepared by

William H. Halbrooks, Attorney
#1 Independence Plaza - Suite 704
Birmingham, AL 35209

DATE: **SEPTEMBER 27, 2005**
BORROWER: **ROBERT L. CATO AND PATTI CATO**

LOAN #: **1000268021**
PROPERTY ADDRESS: **1601 WINGFIELD DRIVE, BIRMINGHAM, ALABAMA 35242**

**IMPORTANT TERMS
OF OUR
HOME EQUITY LINE OF CREDIT**

This disclosure contains important information about our home equity line of credit. 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 these terms change (other than the annual percentage rate) and you decide, solely as a result of such change, 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 do not meet the obligations in your agreement with us. **YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR MORTGAGE.**

Possible Actions: We can terminate your line and require you to pay us the entire outstanding balance in one payment 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, or both, 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 the priority of our security interest such that the value of the interest is less than 120 percent of the credit line.
- The maximum annual percentage rate is reached.
- The creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice.

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

Minimum-Payment Requirements: The period during which you can obtain advances of credit (the "draw period") is 5 years. Unless you receive written notice from the lender, such draw period will automatically renew for an additional 5 years. During the draw period, your payments, except for the first payment, will be due monthly and your minimum monthly payment will equal the finance charges that accrued on the outstanding balance during the billing cycle. The first payment will be determined in the same manner and will be due 25 days after the date of the first periodic statement. The first periodic statement normally will be generated and mailed between 30 and 60 days after you open your line. The minimum payment during the draw period will not reduce the principal that is outstanding on your line.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over a specified period of years (the "repayment period"). The repayment period is 15 years, and, during the 15-year repayment period, your payments will be due monthly and your minimum monthly payment will equal 1/180th of the principal balance that was outstanding at the end of the draw period plus finance charges that accrued on the outstanding balance during the billing cycle.

Minimum Payment Example: If you made only the minimum payments and your outstanding balance was \$10,000 and the ANNUAL PERCENTAGE RATE was 5.75%, it would take 20 years to pay off the \$10,000 balance. During that period, you would make 60 payments of \$47.92, followed by 180 payments varying between \$55.56 and \$103.47.

Fees and Charges: To open and maintain an account, you must pay the following fees:

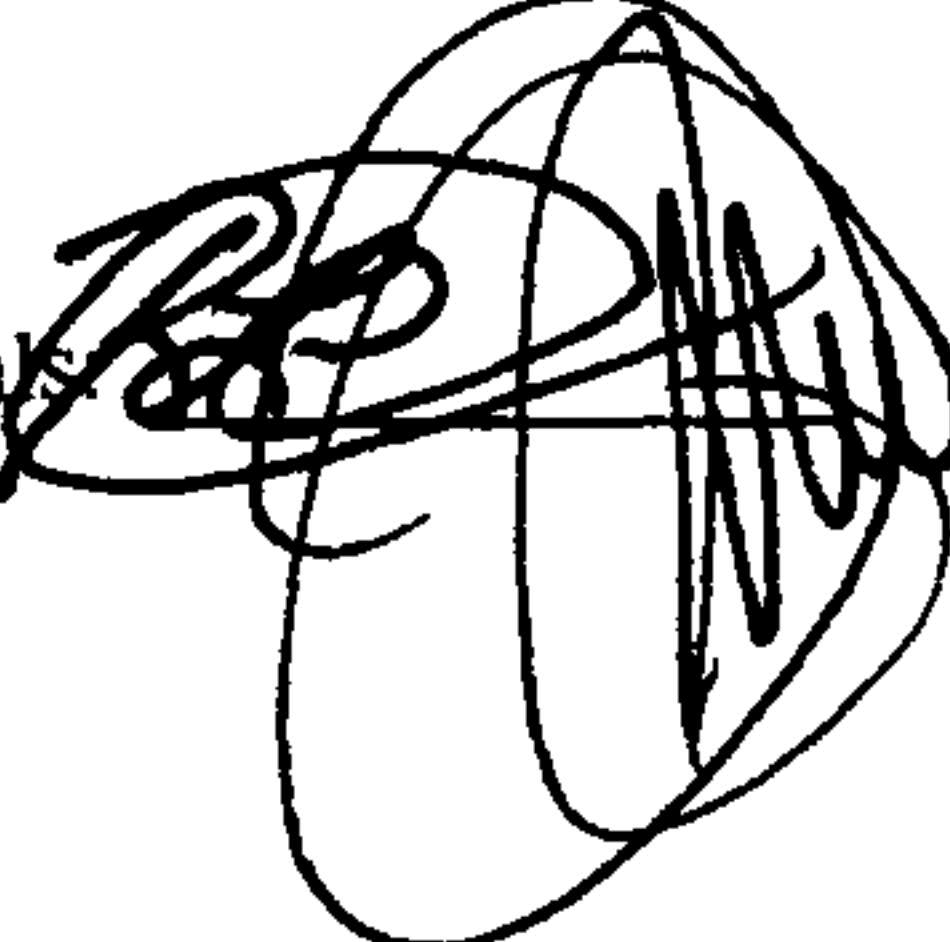
Application Fee:	\$ _____	(due at application)
Points:	_____	% of credit limit (due when account is opened)
Origination Fee:	\$ _____	(due when account is opened)
Loan Processing Fee:	_____	% of credit line (due when account is opened)
Other: TAXES TO JUDGE OF PROBATE	\$ 30.00	(due when account is opened)
Other:	\$ _____	(due when account is opened)
Annual Fee:	\$ 75.00	(due each year beginning on the first anniversary of opening the account)
Termination Fee:	\$ 350.00	(due when account is terminated)

You may also be required to pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. These fees generally total between \$ 300.00 and \$ 600.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. In New York, the title insurance premium (if applicable) and mortgage recording tax will be based on the maximum amount of the credit line available to you, regardless of how much is advanced to you at any time. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for his/her services.

Refundability of Fees: If you decide not to enter into this line of credit within three days of receiving this disclosure and the Home Equity brochure, you are entitled to a refund of any fee you may have already paid.

Property Insurance: In addition to these fees and charges, you must carry insurance (including, without limitation, flood insurance if required) on the property that secures the line. You may select the insurance company or agent of your choice, provided the insurance company and coverage meet our requirements.

Minimum Credit Line Requirement: The minimum credit line you can receive is generally \$10,000, except in Kentucky where the minimum is \$15,100; and in Arizona, where it is \$10,100.

Initials 

Minimum Initial Draw Requirements: To open a home equity line of credit in Connecticut, the initial credit advance must exceed \$5,000 and in Kentucky, the initial credit advance must be at least \$15,100.

Minimum-Draw Requirement: Except as limited above, the minimum credit advance that you can receive is \$250.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Variable-Rate Feature: The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

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 highest prime rate as published in the "Money Rates" table of *The Wall Street Journal* as of the first business day of the calendar month. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index.

☒ The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial, discounted rate will be in effect during the first 3 billing periods (approximately 3 months) after your line is open.

☐ The initial annual percentage rate is not discounted.

Ask us for the current index value, margins, discount and annual percentage rates. Margins vary depending on combined loan to value ratios, underwriting criteria and certain account features. After you open a credit line, rate information will be provided on periodic statements that we send you.

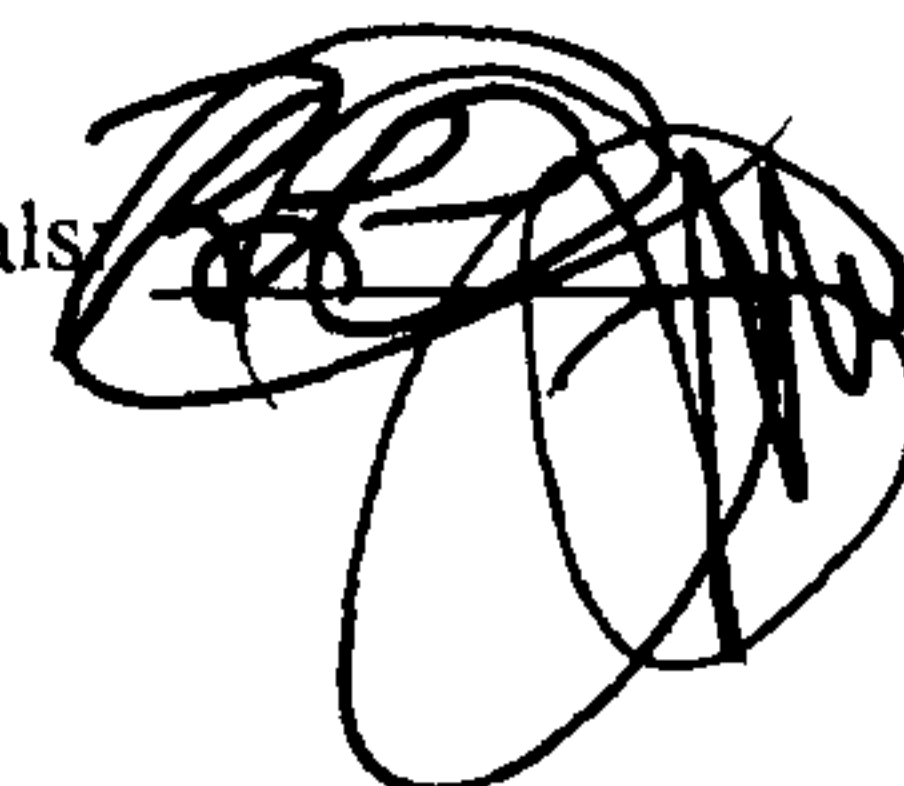
Rate Changes: The annual percentage rate can change monthly. (If the initial rate is "discounted," the annual percentage rate can change monthly once the initial "discount" period expires.) The maximum ANNUAL PERCENTAGE RATE that can apply is 18%, except for non-owner occupied properties in New York, then the maximum is 16%. Apart from this rate "cap," there is no limit on the amount by which the rate can change during any one-year period.

Maximum-Rate and Payment Examples: If the ANNUAL PERCENTAGE RATE during the draw period equaled the 18% maximum and you had an outstanding balance of \$10,000, the minimum monthly payment would be \$150.00. If the initial rate is "discounted," this maximum ANNUAL PERCENTAGE RATE could be reached during the 4TH billing cycle (approximately the 4TH month) of the draw period. If the initial rate is not "discounted," this maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$205.56. This annual percentage rate could be reached during the first month of the repayment period.

Historical Example: The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a \$10,000 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of January of each year. While only one payment amount per year is shown, payments during the repayment period would have varied during each year.

The table assumes an outstanding balance of \$10,000, 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 (%)	¹ Margin (%)	ANNUAL PERCENTAGE RATE (%)	Monthly Minimum Payment (\$)
<u>Draw Period</u>	1991	9.50	.500	10.000	83.33
	1992	6.50	.500	7.000	58.33
	1993	6.00	.500	6.500	54.17
	1994	6.00	.500	6.500	54.17
	1995	8.50	.500	9.000	75.00
<u>Repayment Period</u>	1996	8.50	.500	9.000	130.56
	1997	8.25	.500	8.750	123.62
	1998	8.50	.500	9.000	120.56
	1999	7.75	.500	8.250	110.56
	2000	8.50	.500	9.000	110.56
	2001	9.50	.500	10.000	111.11
	2002	4.75	.500	5.250	81.81
	2003	4.25	.500	4.750	76.67
	2004	4.00	.500	4.500	73.06
	2005	5.25	.500	5.750	74.72

¹ This is a margin we have used or made available recently.

By signing below, you hereby acknowledge receipt of this "Important Terms of Our Home Equity Line of Credit" Disclosure and a copy of the Home Equity Brochure, "When Your Home is on the Line," on the date indicated next to your signature.

 9/27/05
ROBERT L. CATO Date

 9/27/05
PATTI CATO Date