

Information & Instructions: Deed of trust security agreement financing statement and assignment of rentals Long form

PREVIEW

1. This longer Deed of Trust is used to obtain a Lien and security interest in the property that is the subject of the Deed with Vendor's Lien.

Form: Deed of trust security agreement, financing statement, and assignment of rentals - Long form

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

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DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT,
AND ASSIGNMENT OF RENTALS**

1. PARTIES AND PROPERTY CONVEYED

1.1 [Name] of [address], [Name of County] County, Texas, hereafter called Grantors (whether one or more), for the purpose of securing the indebtedness described below, and in consideration of the sum of \$10 to Grantors paid by the Trustee named below, the receipt of which is hereby acknowledged, have granted, sold and conveyed _____, Trustee, whose address is _____, of [Name of County] County, Texas and his or her substitutes or successors, for and on behalf of _____ (hereafter referred to as "Beneficiary"), whose address is _____, all of the property described in Exhibit "A" attached to this agreement, and situated in [Name of County] County, Texas (hereafter designated as the "Property").

THIS DOCUMENT

1.2 Grantor hereby also conveys to the Trustee named above the following described Property and a security interest in that Property as follows:

(a) The Property, described in Exhibit "A," together with any and all buildings, improvements, fixtures, equipment, property, and proceeds from the use or sale of these items on the Property described in Exhibit "A" and hereafter placed on that property, including, but not limited to, all fixtures, materials, equipment, apparatus, furniture, furnishings, and other property, real and personal, now or hereafter installed or used on the Property, including but not limited to, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water heating, cooling and air conditioning equipment fixtures and appurtenances, all engines and machinery, elevators, pumps, motors, window screens, window shades, venetian blinds, awnings, floor coverings and shrubbery and other chattels and personal property used or furnished in connection with the operation, use and enjoyment of such real Property and the improvements on it, and all renewals, replacements, substitutions, and additions thereto, all of which property and fixtures shall be deemed to be a part of and affixed to the Property; and

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(b) All rents, revenues and proceeds from the sale, lease or use of the Property, including profits and income from the Property and the improvements described above; and

(c) All rights and privileges incident or pertaining to the Property.

1.3 The expression "Grantor's successors" as used in this agreement shall mean each and all of the Grantor's heirs, executors, administrators, personal representatives, successors and assigns.

2. PURPOSE

2.1 In order to permit the Trustee and his or her assigns or successors to hold the Property together with all of the rights and privileges that go with the Property, Grantors bind themselves, their heirs, executors, administrators, and assigns to warrant and forever defend the property unto the Trustee, his or her assigns or successors and assigns forever, against the claim, or claims, of all persons who claim the Property or any part of it.

2.2 In addition to the Lien created above, Grantors grant to the Beneficiary, and all successors and assigns, a security interest in:

(a) each and every part of the Property, including, but not limited to, fixtures or personal property; and

(b) all proceeds from the Property, including, but not limited to, the use, rent, sale, lease or other disposition of the property; and

(c) any and all sums, proceeds, profits and reserves due or to be or referred to in this agreement, providing that this grant of a security interest in proceeds shall not be deemed to authorize any action otherwise prohibited by this agreement.

3. NOTE SECURED

3.1 This conveyance and Deed of Trust are made in Trust to secure payment of the Promissory Note in the amount of \$[Amount], executed by Grantor, payable to the order of _____ (hereafter referred to as "Beneficiary") in the City of _____, [Name of County] County, Texas, as provided in that Note, bearing interest as stipulated in the Note, and providing for acceleration of maturity, and for attorney's fees, plus:

(a) any and all renewals or extensions of loans or any prior Note or Notes (hereafter, whether one or more, called "the Note"), or any part of the Note;

(b) all loans and advances that Beneficiary may hereafter make to the Grantors, and any and all renewals or extensions of these amounts; and

(c) all other debts, obligations, and liabilities owed by Grantors to Beneficiary, regardless of whether such debt, obligation and liabilities are direct or indirect, primary or secondary, joint, several, joint and several, fixed, or contingent, and regardless of whether

such present or future debt, obligations and liabilities may, prior to their acquisition by Beneficiary, be or have been payable to, or be or have been in favor of, some other person, or have been acquired by Beneficiary in a transaction with one other than Grantors, together with any and all renewals and extensions of such debts, obligations, and liabilities, or any part thereof.

(d) The words "Secured Indebtedness" shall mean all of the indebtedness, obligations and liabilities described or referred to above. The word "Holder" shall also mean the holder of the Secured Indebtedness.

3.2 The Note secured in this Agreement is payable in _____ monthly installments of \$[Amount], as stated in the Note, the first of such monthly installments being due and payable on [date], and one on the same day of each succeeding calendar month until [date], when the Note shall be due and payable in full.

3.3 This conveyance is also made in trust to secure and enforce the payment of all other indebtedness of the Makers of the Note to Beneficiary presently existing or which may in any manner or means hereafter be incurred by the Makers of this Note and evidenced in any manner whatsoever.

3.4 It is also expressly agreed and understood that any and all sums now owed to or advanced in the future by the Beneficiary to the Makers of the Note shall be payable at Beneficiary's offices in the City of _____, [Name of County] County, Texas, and shall bear interest as provided in such Notes or other evidences of indebtedness given by the Makers of the Note to the Beneficiary.

3.5 Default in the terms of any Note or Security Agreement signed by the Maker in favor of the Holder shall be an event of default under this agreement, and the breach of any covenant under such Note or Security Agreement shall give the beneficiary the right to accelerate the payment under each and all Notes and to invoke all of the rights under those Notes, Security Agreements, and accompanying Deeds of Trust, including this Deed of Trust.

3.6 The Liens created by this agreement and in any other Note or Deed of Trust held by the Holder that has been executed by Maker shall continue in full force and effect until expressly released by the Beneficiary, regardless of whether the debt secured hereby may from time to time be paid in part or in full.

3.7 Should Grantors do not perform all of the covenants and agreements in this instrument contained, and make prompt payment of all indebtedness as it shall become due and payable, then subject to any "future advances" or "other indebtedness" clauses contained in this agreement, this conveyance shall become null and void and of no further force and effect, and may be released, at the expense of Grantors, by the Holder, sometimes referred to as Beneficiary, Secured Party, or Lender interchangeably (whether one or more).

4.1 As further security for the payment of the above-described indebtedness, Grantors hereby transfer, assign, and convey unto Beneficiary all rents that may issue from the Property.

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(a) In the event of any default in the payment of this Note, Beneficiary, its agent or representative, is hereby authorized, at its option, to collect rents, or, if such Property is vacant, to rent the same and collect the rents, and apply them, less the reasonable costs and expenses of collection of such rents, to the payment of the indebtedness, whether then matured or to mature in the future, and in such manner as Beneficiary may elect.

(b) The collection of rents by Beneficiary shall not constitute a waiver of his or her right to accelerate the maturity of the indebtedness, nor of his or her right to proceed with the enforcement of this Deed of Trust.

4.2 The transfer of rents, revenues, profits and income from the Property is specific in nature and irrevocable.

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(a) So long as no default exists in the punctual payment of the indebtedness or in the keeping and performance of Grantors' covenants and obligations as stated in this document, Grantors may collect and retain the currently accruing rents, revenues, profits and income from the Property, but in no event for more than one month in advance of any such collection.

(b) In the event, however, any of the indebtedness is not paid at its maturity, regardless of how such maturity may be brought about, or if default is made in the keeping or performance of any of Grantor's covenants and obligations, then at such time or at any time thereafter, while such or any subsequent default continues, the Holder of the indebtedness may, personally or through an agent selected by the Holder, take, or have the Trustee take, possession and control of the Property, and any buildings and improvements on it, or any part of them, and receive and collect all rents, revenues, profits and income accrued or accruing, as long as any of the indebtedness remains unpaid or until foreclosure of the Lien.

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(c) Any amount collected prior to the sale of the Property shall be applied first to the expenses incident to such possession, control and collection, and second to the payment of the indebtedness.

(d) The Holder of the indebtedness, its agent, or the Trustee may use against Grantors or any other persons, such lawful or peaceable means as they may see fit to enforce the collection of any such rents, revenues, profits and income, and to secure possession of the Property, and may settle or compromise on any terms the Holder or the Trustee sees fit.

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(e) The Holder or the Trustee may institute and prosecute to final conclusion actions of forcible entry and detainer, or actions of trespass to try title, or actions for damages, or any other appropriate actions in the name of the Holder or in the name of Grantors or the Trustee, and may settle, compromise, or abandon any such actions as the Holder or the Trustee may see fit.

(f) The Grantors and the Trustee shall take whatever lawful or peaceful steps the Holder or the Trustee may ask them to take for such purposes, provided, however, neither the Trustee nor

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the Holder of said indebtedness shall be required to collect any such rents or income or be liable or chargeable for failure so to do.

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5. CREATION OF SECURITY INTEREST

5.1 It is understood and agreed that by this document Grantors, in addition to fixing and creating a Deed of Trust Lien upon and against the Property, have also created and granted to the Beneficiary, pursuant to the Uniform Commercial Code of Texas, a Security Interest in the Property.

5.2 Without limiting any of the provisions of this document, the Grantors, as Debtors, and referred to in this paragraph as "Debtors" (whether one or more), expressly grant to the Holder of the indebtedness described in this agreement, as Secured Party (and in this paragraph called "Secured Party," whether one or more) a secured interest in all the Property to the full extent that such Property may be subject to the Uniform Commercial Code (specifically, Chapter 9, Business and Commerce Code of Texas, as amended) (hereinafter called the "Uniform Commercial Code"), and covenant and agree with the Secured Party that:

(a) In addition to any other remedies granted in this document to the Secured Party or Trustee, the Secured Party may, in event of any default, proceed under the Uniform Commercial Code as to all or any part of the personal property (tangible or intangible) and fixtures included in or on the Property (such Property and fixtures being herein referred to as the "Collateral"), and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a Secured Party under the Uniform Commercial Code, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize the Collateral, and any part or parts thereof, in any manner authorized or permitted under the Uniform Commercial Code after default by a debtor, and to apply the proceeds first towards payment of any costs, expenses, attorney's fees, and legal expenses thereby incurred by Secured Party, and second towards payment of the indebtedness described in this agreement.

(b) Secured Party shall, in the event of default, have the right to take possession of the Collateral, and to enter upon the premises where it is located, without being deemed guilty of trespass and without liability for damages, and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease, or other use or disposition as authorized in this agreement.

(c) To the extent permitted by law, Debtors expressly waive any notice of sale or other disposition of the Collateral, and any other rights or remedies of a debtor, or formalities prescribed by law, relative to sale or disposition of the Collateral or exercise of any other right or remedy of Secured Party existing after default. To the extent any such notice is required and cannot be waived, Debtors agree that if such notice is mailed postage prepaid to the Debtors at the address shown opposite their signatures at least five days before the date of the sale or disposition, and if notice can be deemed reasonable and shall from satisfy any notice requirement.

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(d) The Secured Party is also expressly granted the right, at its option, to transfer at any time to itself or to its nominee, the Collateral, or any part of it, or to receive the monies, income, proceeds or benefits attributable or accruing to it, and to hold the Collateral as security for the indebtedness or to apply it to the principal and interest or other amounts owing on any of the indebtedness, whether or not then due, in such order or manner as Secured Party may elect. All rights to marshaling of assets of Debtors, including any such right with respect to the Collateral, are hereby waived.

(e) No other proof than this document is necessary to establish the full legal propriety of the sale or other action, or of any fact, condition, or thing incident thereto, and all prerequisites of such sale or other action, and of the fact, condition, or thing incident thereto, shall be presumed conclusively to have been performed or to have occurred.

(f) Secured Party may require Debtors to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, selling, leasing or otherwise using or disposing of the Collateral, that are incurred or paid by Secured Party as authorized or permitted under this agreement, including all attorney's fees, legal expenses, and costs, shall be added to the indebtedness secured by this document and the Debtors shall be liable for them.

(g) This Deed of Trust and Security Agreement, upon being filed for record in the real estate records, shall operate also as a financing statement upon item of Collateral that are, or may become, fixtures.

(h) Any copy of this document that is signed by Debtors may also serve as a Financing Statement under the Uniform Commercial Code between the Debtors, whose addresses are set forth opposite their respective signatures, and the Secured Party, whose address is set forth.

(i) So long as any amount remains unpaid on any indebtedness described in this agreement, Debtors will not execute, and there will not be filed in any public office, any Financing statement or statements affecting the Collateral, other than Financing Statements in favor of Secured Party, unless the prior written specific consent and approval of Secured Party shall have first been obtained.

(j) Secured Party is authorized to file a Financing Statement signed only by Secured Party covering the Collateral. At the request of Secured Party, Debtors agree to join Secured Party in executing one or more Financing Statements, pursuant to the Uniform Commercial Code, in a form satisfactory to Secured Party, and will pay the cost of filing and recording these documents as a Financing Statement in all public offices, at any time, and from time to time, whenever filing or recording of any Financing Statement or of this document is deemed by Secured Party to be necessary or desirable.

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6. GRANTORS' COVENANTS

Grantors covenant and agree as follows:

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6.1 Grantors are lawfully seized of the Property, and have the right to convey it; that the Property is free from all Liens and encumbrances, recorded or unrecorded, except as provided for by this agreement.

6.2 Grantors will protect the title and possession of the Property and will pay, when due, all taxes and assessments now existing or hereafter levied or assessed on the Property, and will preserve and maintain the Lien created by this agreement as a first and prior Lien on the Property, including any improvements made to or on the Property.

6.3 Grantors will keep the improvements on the Property in good repair and condition, and not permit or commit any waste on it.

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6.4 Grantors will insure and keep the Property, and all improvements now or hereafter created upon it, insured against loss or damage by fire and windstorm, and any other hazard or hazards, as may be reasonably required from time to time by Beneficiary during the term of the indebtedness secured by this agreement, and name the Trustee of this Deed of Trust as the policy beneficiary to the extent of the original amount of indebtedness secured, or to the extent of the full insurable value of the improvements, whichever is the lesser, in such form and with such insurance company or companies as may be approved by the Beneficiary, and deliver to the Beneficiary the policies of such insurance, having attached to the policies such mortgage indemnity clauses as Beneficiary shall direct, and deliver renewals of such policies to Beneficiary at least ten days before any such insurance policies shall expire.

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(a) Any proceeds that Beneficiary may receive under any such policy, or policies, may be applied by Beneficiary, at its option, to reduce the indebtedness secured by this agreement, whether then matured or to mature in the future, and in such manner as Beneficiary may elect.

(b) Beneficiary may at its sole option permit Grantors to use the proceeds of any policy to repair or replace all improvements damaged or destroyed and covered by the policy.

(c) In addition, Grantors shall maintain such mortgage cancellation insurance and flood insurance on the Property as may be required from time to time by Beneficiary.

6.5 In the event Grantors fail to keep the improvements on the Property hereby conveyed in good repair and condition, or to pay promptly, when due, all taxes and assessments, or to preserve the prior Lien of this Deed of Trust on the Property, or to keep the building and improvements insured as required by this agreement, or to deliver the policy, or policies, of insurance, or their renewal, to Beneficiary, as required, then Beneficiary may, at its option, but without being required to do so, make such repairs, pay such taxes and assessments, remove any prior Liens, and prosecute or defend any suits in relation to the preservation of the prior Lien of this Deed of Trust on the Property, or insure and keep insured the improvements on the Property in an amount not to exceed the amount insured.

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(a) Any sums that may be so paid out by Beneficiary, and all sums paid for insurance premiums, including the costs, expenses and attorney's fees paid in any suit affecting the Property when necessary to protect the Lien, shall bear interest from the dates of such payments at the rate of 12% per annum, or such higher sum as may be deemed reasonable by a court of law, and shall be paid by Grantors to Beneficiary upon demand, at the same place at which the Note is payable, and shall be deemed a part of the debt secured by this agreement and recoverable as such in all respects.

6.6 Grantors shall comply with all restrictive covenants and all laws, ordinances, regulations and rules, whether state, federal, or municipal, applicable to the Property and its ownership, use and occupancy.

(a) Grantors have obtained all approvals, licenses, and permits necessary for the ownership, use, and occupancy of the Property.

(b) The Property does not lie within any area designated by any governmental authority as having flood hazard or flood prone characteristics.

6.7 Grantors shall not sell, transfer, mortgage, encumber, convey or otherwise alienate the Property or any part thereof, or any interest therein, by means of any instrument of conveyance, security or contract of any kind or character, without of the prior written consent of the Holder; excluding,

(a) a transfer by devise, descent or operation of law upon death of a joint tenant; or

(b) the grant of any leasehold interest of one (1) year or less, not containing an option to purchase; and

(c) the creation of the Lien or encumbrance subordinate to this Deed of Trust.

6.8 Upon breach of any of the covenants contained in this agreement, the Holder may, at its option, accelerate the maturity of all monies owed by Maker to Beneficiary.

6.9 If Grantors sell or transfer all or part of the Property without the Beneficiary's prior written consent, the Beneficiary may declare the entire indebtedness due and payable.

6.10 The Beneficiary may return at any time all payments tendered by Grantors or its successors in interest without waiving any rights given to it by this document.

6.11 The Beneficiary shall not be deemed to have waived its option to accelerate maturity of any or all sums secured by this Deed of Trust by accepting one or more payments from Grantor or its successor in interest.

(a) Any payments accepted by Beneficiary prior to its written consent shall be conclusively deemed to have been paid on behalf of Grantors.

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6.12 Grantors shall not sell, transfer, lease, purchase, enter into a contract of sale, or otherwise dispose of the Property without Beneficiary's express written permission.

(a) Failure of Grantors to abide by this provision shall be an event of default and the entire unpaid principal and interest balance shall be immediately due and payable.

6.13 Beneficiary may withhold its consent to the assumption of the Note and obligations secured by this Deed of Trust, or Beneficiary may condition its consent to a transfer or assumption by Grantors and Grantors' successor in interest (except transfers occurring by operation of law) on Beneficiary's receiving during the remaining term of the Note a higher rate of interest.

(a) Notwithstanding any provision in conflict herewith in the Note or this Deed of Trust, Beneficiary's consent, if any, to the assumption of the Note and Deed of Trust obligations shall not discharge or release Grantors from such obligations.

6.14 Beneficiary may, at its option, require the payment of a processing fee for its services in processing a request for Beneficiary's consent to the transfer or assumption of the indebtedness secured by this Deed of Trust.

6.15 In the event the Beneficiary approves a future conveyance or encumbrance of the Property, or any part thereof, and title becomes vested in a person or entity other than Grantors, the Beneficiary may, without notice to Grantors, deal with such successor or successors in interest, legal or equitable, with reference to this Deed of Trust and the indebtedness secured hereby in the same manner as with Grantors, without in any way vitiating or discharging Grantors' liability under this agreement or on the Property.

6.16 No sale or mortgage of the Property, no forbearance on the part of the Beneficiary, and no extension of the time for the payment of indebtedness given by the Beneficiary shall operate to release, modify, change, or affect the original liability of Grantors, either in whole or in part.

7. GRANTOR'S REPRESENTATIONS

Grantors hereby further represent, agree, covenant and stipulate to the following:

7.1 They have executed on the date of this agreement a Loan Agreement, Real Estate Note or other loan and security documents governing and controlling the indebtedness secured by this agreement, the use of the proceeds of the loan, and the performance of Grantors in regard to the indebtedness; and

7.2 Each term, condition, right, and duty of such documents, if any, are incorporated into this agreement, and made a part of it as if expressly set forth in it; and

7.3 Violation of any such document shall constitute material default under this agreement; and

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7.4 If any term or condition of any such document be determined illegal or unenforceable by a Court of competent jurisdiction, the balance of all remaining terms, conditions, rights, duties, and documents shall remain in full force and effect as if such illegal or unenforceable item had been omitted initially; and

7.5 The rights and remedies of Beneficiary, its successors or assigns, created under this agreement and under the other said loan documents, are cumulative of, and in addition to, and not in lieu of, each other. Beneficiary, its successors or assigns, may exercise any or all of such rights and remedies as it may elect.

(a) Failure to so exercise any such right or remedy shall not constitute a waiver of such right or remedy upon a subsequent default. Exercise of any right or remedy shall not operate as a waiver of any right or remedy created by any of the Security Documents; and

7.6 If any of the terms, covenants or conditions contained in any Security Agreement securing the indebtedness described by this agreement appear inconsistent, contradictory, or ambiguous, Grantors shall be bound by the decision of Beneficiary, its successors or assigns, as to whether such conflict does in fact exist; and

(a) if so, which term, covenant, or condition shall control; and

(b) no such inconsistency, ambiguity or contradiction, if the same shall be determined to exist by Beneficiary, its successors or assigns, shall render all or any part of any such document void, voidable, ineffective or in any way impair Beneficiary's rights and remedies thereunder.

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8. DEFAULT AND REMEDIES

8.1 In the event of default in the payment of any installment, principal, or interest of the Note secured by this agreement, or any other Note that may be cross-collateralized in the agreement, in accordance with the terms of the agreement, or of a breach of any of the covenants contained herein to be performed by Grantors, Beneficiary may elect to declare the entire principal indebtedness, with all interest accrued thereon and all other sums secured by this agreement, immediately due and payable, and Grantors hereby expressly waive presentment and demand for payment.

(a) In the event of default in the payment of the indebtedness when due or declared due, it shall be the duty of the Trustee, or his or successor or substitute, at the request of the Beneficiary (which request is hereby conclusively presumed), to enforce this Trust by selling the Property secured by this Deed of Trust.

(b) Trustee shall advertise the time, place, and terms of the sale of the Property for at least 21 days preceding the date of sale by posting written or printed notice of the sale at the Courthouse door and filing the Notice in the County Clerk's office of the county where the Property is situated.

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(c) The notice may be posted by the Trustee or by any person acting for him or her.

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(d) Beneficiary (the holder of the indebtedness secured hereby), or Trustee shall, at least 21 days preceding the date of sale, serve written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness secured by this Deed of Trust according to the records of Beneficiary.

(e) Such notice shall be enclosed in a postpaid envelope, properly addressed to such debtor at debtor's most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service.

8.2 The Trustee shall thereafter also send Grantors any other notice required by law.

8.3 The Trustee shall sell the Property then subject to the Lien at public auction, in accordance with the laws of this state and in accordance with the terms of the notice which states the time period that the property shall be sold.

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(a) The property shall be sold at the Courthouse door of said county where such Property is situated, on the first Tuesday in any month between the hours of ten o'clock a.m. and four o'clock p.m., to the highest bidder for cash, cashier's check or any other equivalent which is acceptable to the holder of the Note or the beneficiary, selling all of the Property as an entirety or in such parcels as the Trustee acting may elect, and make due conveyance to the Purchaser or Purchasers, with a general warranty Deed binding Grantors, their heirs and assigns.

(b) If the Property is situated in more than one county, the notice shall be posted as provided at the Courthouse door of each of such counties where the Property is situated, and the Property may then be sold at the Courthouse door of any one of such counties, and the notices so posted shall designate the county where the Property will be sold.

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(c) Out of the money arising from such sale, the Trustee shall first pay all the expenses of advertising the sale and making the conveyance, including a commission of five percent to himself or herself, which commission shall be due and owing in addition to the attorney's fees provided for in the Note, and then pay to Beneficiary the full amount of principal, interest, attorney's fees and other charges due and unpaid on the Note, and all other indebtedness secured hereby, giving the balance of the sales price, if any, to Grantors, their heirs or assigns.

(d) The recitals in the conveyance to the Purchase or Purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to the sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against Grantors, their heirs and assigns.

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8.4 The affidavit of any person having knowledge that service of notice of such proposed sale was completed shall be prima facie evidence of the fact of service. In this respect and to the full extent they may legally do so, Grantors also expressly covenant, stipulate and agree that:

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(a) The address of Grantors set out opposite their signature hereto shall conclusively be deemed and considered to be, and remain at all time, the most recent address of Grantors obligated to pay such indebtedness as shown by the records of the Holder of such indebtedness.

(b) Such address may be changed from time to time by express written notice of the change signed by all debtors obligated to pay such indebtedness and actually delivered to and received by the Holder of such indebtedness, setting forth a new address which shall conclusively be deemed and considered to be, and remain at all time thereafter, the most recent address of all debtors obligated to pay such indebtedness as shown by the records of the Holder of such indebtedness until such address is changed in the manner provided for.

(c) The records of the Holder of such indebtedness will not be deemed to reflect any change in the name or identity of the debtors obligated to pay the indebtedness (to whom notice of a proposed sale shall be required to be given as provided for above) unless in writing express written notice of such changes by all debtors obligated to pay such indebtedness is actually delivered to and received by the Holder of the indebtedness, and no notice of the sale or sales other than the notices provided for by this agreement shall be required to be given to Grantors or any other person, and any other notice is expressly waived.

8.5 It is agreed that in the event a foreclosure under this agreement should be commenced by the Trustee, or his or her substitute or successor, Beneficiary may at any time before the sale of the Property direct the Trustee to abandon the sale, and may then institute suit for the collection of the Note, and for the foreclosure of this Deed of Trust Lien. It is further agreed that if Beneficiary should institute such a suit it may, at any time before the entry of a final judgment in the suit, dismiss it and require the Trustee, or his or her substitute or successor, to sell the Property in accordance with the provisions of this Deed of Trust.

8.6 Beneficiary shall have the right to purchase at any sale of the Property if he or she is the highest bidder, and to have the amount for which such property is sold credited on the debt then owing.

8.7 Beneficiary is hereby authorized to appoint a substitute Trustee or a successor Trustee to act instead of the Trustee named in this agreement without other formality than the designation in writing of a substitute or successor trustee. The authority hereby conferred shall extend to the appointment of other successor and substitute Trustees successively until the indebtedness has been paid in full, or until the Property is sold. Each substitute and successor Trustee shall succeed to all of the rights and powers of the original Trustee.

8.8 Grantors expressly waive and renounce the benefit of all present and future laws providing for any appraisal before sale of any of the Property covered by this Deed of Trust, commonly known as "appraisal laws," and all present and future laws extending in any manner the time for enforcement of collection of the indebtedness secured hereby, commonly known as "stay laws" and "redemption laws."

8.9 If a sale is made of the Property or any portion hereof under the terms of this Deed of Trust, Grantors, their heirs, and assigns, shall upon the making of such sale, surrender and

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deliver possession of the Property to the Purchaser at such sale, and in the event of their failure to do so they shall after the making of the sale by terms set forth in such Purchase. In the event of their failure to surrender possession of the Property upon demand, the Purchaser, or his or her heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of the Property in the Justice of the Peace Court in the Precinct in which such Property, or any part of it, is situated.

8.10 It is agreed that the Lien hereby created shall take precedence over, and be a prior Lien to, any other Lien of any character, whether Vendor's, materialmen's, or mechanic's Lien created on the Property after the date of this agreement, and in the event the proceeds of the indebtedness secured by this agreement are used to pay off and satisfy any Liens existing on the Property prior to the date of this agreement, then Beneficiary is, and shall be, subrogated to all of the rights, Liens and remedies of the Holders of the indebtedness so paid.

8.11 It is further agreed that if Grantors, their heirs or assigns, while owning the Property, should commit an act of bankruptcy, or authorize the filing of a voluntary petition in bankruptcy, or should an act of bankruptcy be committed and involuntary proceedings instituted or threatened, or should the Property be taken over by a Receiver for Grantors, their heirs or assigns, the Note above-described shall, at the option of Beneficiary, immediately become due and payable, and the acting Trustee may then proceed to sell the Property under the provisions of this Deed of Trust.

8.12 If the Holder of the indebtedness deems itself insecure, the Note shall, at the option of Beneficiary, immediately become due and payable, and the acting Trustee may then proceed to act under the provisions of this Deed of Trust, Security Agreement, and Financing Statement.

8.13 It is agreed that if default is made in the payment of any installment of the Note secured by this Deed of Trust, or any other Note that is cross collateralized in this agreement, or if advancements are made under the terms of this Deed of Trust, the Holder shall have the option to proceed with foreclosure in satisfaction of such items, either through the courts or by directing the Trustee, or his or her successors in trust, to proceed as if under a foreclosure, conducting the sale as provided, without declaring the whole debt due.

(a) If the sale is made because of such default, such sale may be made subject to the unmatured part of the Note and debt secured by this Deed of Trust. It is agreed that such sale, if so made, shall not in any manner affect the unmatured part of the debt secured by this Deed of Trust, but as to such unmatured part this Deed of Trust shall remain in full force and effect, just as though no sale had been made under the provisions of this paragraph.

(b) It is further agreed that several sales may be made without exhausting the right of sale for any unmatured part of the debt secured, it being the purpose to provide for a foreclosure and sale of the security for any matured portion of the debt secured without exhausting the power of foreclosure, and to sell the security for any other part of the debt secured hereby whether matured at the time or subsequently maturing.

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(c) An assignee holding any installment or installments, or part of any installments, of the Note shall have the same power as is conferred on the Note Holder to proceed with foreclosure on a matured installment or installments, and also to request the Trustee or successors in trust to sell the Property.

(d) If an assignee of one or more installments less than the full principal of the Note forecloses or causes a sale to be made to satisfy any installment, or part of an installment, then such foreclosure or sale shall be made subject to the unmatured part of the Note and the debt owned by the Holder at the time of partial assignment. Such partial assignee shall have no power to appoint substitute Trustees, but upon request the Holder shall appoint a substitute Trustee under the terms of this Deed of Trust.

8.14 Without limiting any of the powers or remedies provided elsewhere herein, Grantors agree that in the event the indebtedness is payable in installment or includes, at any time, items of matured as well as unmatured indebtedness, the Holder of the matured installments or items of indebtedness, as the case may be, shall have the right to have the Property sold, subject to the part of the secured indebtedness that is unmatured at the time the Trustee is requested to make such sale.

(a) The Trustee is expressly authorized and empowered to conduct such sale, which is called an "installment foreclosure."

(b) Any such installment foreclosure made under this paragraph shall not affect the Lien securing that portion of the indebtedness to which the sale is to be made subject.

(c) No installment foreclosure shall exhaust the power of the Trustee to conduct future installment foreclosures, nor in any way limit the power of sale provided elsewhere in this document. The provisions elsewhere in this document relating to the manner of conducting Trustee's sales, including the advertising thereof, shall also apply to any installment foreclosure.

8.15 The filing of a suit to foreclose any Lien, mortgage or security interest hereunder, either on any matured portions of the indebtedness or for the whole indebtedness, shall never be considered an election so as to preclude foreclosure, under any power of sale contained in this agreement, after dismissal of the suit.

9. Trustee Not Liable For Damages

9.1 Trustee shall not be liable for any error or judgment of action done by Trustee, or be otherwise responsible or accountable under any circumstances whatever.

9.2 Trustee shall not be personally liable in case of entry by him or anyone acting by virtue of the powers granted him upon the mortgaged premises for debts contracted or liability or damages incurred in the management or operation of the mortgaged premises.

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9.3 Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder or believed by him in good faith to be genuine.

9.4 Trustee shall be entitled to reimbursement for expenses incurred by him in the performance of his duties hereunder and to reasonable compensation for such of his services hereunder as shall be rendered. Grantor will save and hold him harmless from and against any and all loss, cost, liability, damage and expense whatsoever incurred by him in the performance of his duties.

9.5 All monies received by Trustee shall, until used or applied as herein provided be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other monies (except to the extent required by law) and Trustee shall be under no liability for interest on any monies received by him hereunder.

9.6 Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting in the execution of this Trust or fail or refuse to exercise the same when requested by Beneficiary so to do or if for any reason and without cause Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the Trustee.

9.7 Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Beneficiary (whether acting pursuant to a power of attorney or otherwise), and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the Board of Directors or any superior officer of Beneficiary.

9.8 Any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, Deed of conveyance, become vested with all the estates, properties, rights, powers and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but, nevertheless, upon the written request of Beneficiary or his successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trust herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and monies held by the Trustee to the successor trustee so appointed in its or his place.

9.9 Trustee may authorize one or more parties to act on his behalf to perform the ministerial functions required of him hereunder, including, without limitation, the transmittal and posting of any notices.

9.10 Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in or defend any action, suit or other proceeding in connection therewith where in his opinion such action will be likely to involve him in expense or liability, unless he is requested to do so by a written instrument signed by Beneficiary and Trustee

so requests, unless Trustee is tendered security and indemnity satisfactory to him against any and all costs, expenses and liabilities arising therefrom.

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10. GENERAL PROVISIONS

10.1 In the event any item, term, or provision contained in this document is in conflict, or may hereafter be held to be in conflict, with the laws of Texas, this document shall be affected only as to its application to such item, term or provision, and shall in all other respects remain in full force and effect. In no event and upon no contingency shall the Maker or Makers of the Note or Notes secured hereby, or any party liable thereon or therefor, be required to pay interest in excess of the maximum interest that may be lawfully charged by the Holder of the indebtedness under the laws of Texas.

10.2 The execution and delivery of this Deed of Trust shall not impair or affect any other security (by endorsement or otherwise) for the payment of the secured indebtedness, and no security taken hereafter as security for payment of any part, or all, of the obligation shall impair in any manner or affect this Deed of Trust, all such present and future additional security being considered as cumulative security.

(a) Any of the property or collateral secured hereby may be released or partially released from this Deed of Trust without altering, varying, or diminishing in any way the force or effect of this Deed of Trust as to the Property or Collateral not expressly released.

(b) This Deed of Trust shall continue as a first Lien, security interest, and charge on all of the Property and Collateral not expressly released until all sums and indebtedness secured by this agreement have been paid in full. Any future assignment or attempted assignment or transfer of the interest of Grantors in and to any of the Property or Collateral described above shall not deprive the Beneficiary of the right to sell or otherwise dispose of all or any part of the Property.

10.3 It is agreed that a time extension, or time extensions, may be made concerning the payment of all, or any part, of the indebtedness secured by this agreement without altering or affecting the priority of the Lien created by this Deed of Trust.

10.4 In the event any portion of the indebtedness cannot be lawfully secured by this Deed of Trust Lien on the Property, it is agreed that the first payments made on the indebtedness shall be applied to the discharge of such portion of the indebtedness.

10.5 Beneficiary is entitled to receive any and all sums that may become payable to Grantors for the condemnation of the Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu of condemnation, as well as any sums that may be awarded or become payable to Grantors for damages caused by public works or construction on or near the Property.

(a) All such sums are assigned to Beneficiary, who may, after deducting all expenses actually incurred, including attorney's fees, release the remainder of the amount to Grantor or apply it to the reduction of the secured indebtedness, whether then matured or to mature in the

future, or on any money obligation under this agreement, as and in such manner as Beneficiary may elect.

PREVIEW

(b) Beneficiary shall not, in any event or circumstances, be liable or responsible for failure to collect, or to exercise diligence in the collection of, any such sums.

10.6 Nothing contained herein or in the Note shall ever entitle Beneficiary, upon the arising of any contingency whatsoever, to receive or collect interest in excess of the highest rate allowed by the laws of the State of Texas on the principal indebtedness, or on any money obligation under this agreement, and in no event shall Grantors be obligated to pay interest in excess of such rate.

10.7 If this Deed of Trust is executed by only one person or by a corporation, the plural reference to Grantors shall be held to include the singular, and all of the covenants and agreements undertaken to be performed by, and the rights conferred upon, the respective Grantors shall be binding upon and inure to the benefit of not only the parties, but also their heirs, executors, administrators, grantees, successors, and assigns.

10.8 For the purpose of creating a fund for the payment of taxes and insurance premiums on the property conveyed, Grantors covenant and agree, when requested by Beneficiary from time to time, to deposit monthly with Beneficiary, in addition to the initial deposit to such fund, on the payment dates specified in the Note, a sum equivalent to one-twelfth of the estimated annual taxes and insurance premiums on the Property, such estimates to be made by Beneficiary.

(a) Said monthly deposits are in addition to the payments called for in the Note. The Beneficiary shall hold these deposits in trust, without bond and without the accrual of interest, to pay such taxes and premiums as they become due.

THIS DOCUMENT

(b) Should such deposits at any time be insufficient to pay the taxes and insurance premiums when due, Grantors agree to deposit the deficiency with Beneficiary immediately upon demand.

10.9 If an excess of funds should accumulate in such fund, the excess shall be credited to the next maturing monthly deposits to such fund, or at Beneficiary's option, refunded to Grantors, their heirs, or assigns.

(a) If Grantors make full payment of the secured indebtedness, Beneficiary will, before accepting such full payment, apply to the reduction of principal any and all amounts then accumulated in such fund.

THANK YOU

(b) Grantors covenant and agree that any default in the making of the deposits to the fund shall, at the option of Beneficiary, mature at once the entire amount remaining unpaid on the Note.

(c) Any balance on hand in such fund at the time of any sale of the property herein described, or the voluntary liquidation or satisfaction of the terms of this Deed of Trust, shall

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without assignment thereof, inure to the benefit of the purchaser at such sale, and shall be applied under and subject to the provisions of this agreement.

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(d) Beneficiary may require the deposit payments to be made by Grantors from time to time.

(e) Such requirement may commence with the execution of this document or may be commenced any time thereafter.

(f) In addition, the Beneficiary may at its option temporarily waive such requirement by written notice to Grantors. Provided, however, any such temporary waiver shall not be construed as a permanent waiver, and the Beneficiary may thereafter assert the requirements of Grantor under this paragraph without limitation as to the number of times asserted. It is the purpose of this paragraph to insure the payment of taxes and insurance premiums in the most convenient manner possible, which shall be determined from time to time by the Beneficiary in its sole discretion.

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10.10 The Grantor hereby agrees to furnish the Beneficiary with proof that insurance premiums and property taxes have been paid on the property on a timely basis, in order to assure the Beneficiary that the property is insured and that insurance coverage cannot or has not lapsed and that property taxes shall not become delinquent. Grantor agrees to furnish the Beneficiary with such verification as the Beneficiary may reasonably require throughout the duration of the Promissory Note and Deed of Trust, until such time as the Promissory Note subject to this Deed of Trust has been paid in full.

10.11 It is agreed that an extension may be made at the time of the payment and that any part of the above described property may be released from this Lien without affecting the priority of the Lien which was created by this original deed of trust in favor of any junior Lien holder, mortgagee or purchaser or any other persons acquiring interest in the property that has been conveyed. It is the intention of the parties in this document to preserve the Lien priority on the property which has been described herein on all improvements referred to in this Deed of Trust.

THIS DOCUMENT

10.12 Nothing contained in this Deed of Trust shall entitle the beneficiary to receive or collect interest in excess of the highest rate allowed by the laws of this state or any federal regulation if any on the principle indebtedness hereby secured or on any money obligation here under and in no event shall grant or be obligated to pay interest thereon in excess of such a rate.

10.13 The beneficiary shall be entitled to receive any and all sums which may become payable to the grantor in the event the property is condemned. For public or quasi-public use or by virtue of any private cell arising from a condemnation proceeding. Any and all sums that may become payable to grantor for damages caused by such condemnation shall be assigned to the beneficiary who may after deducting therefrom all expenses actually incurred including attorneys fees release the same to grantor or apply the same to the reduction of the indebtedness hereby secured whether matured or to mature in the future. Beneficiaries shall not be liable in any event or circumstances for the failure to conduct or exercise diligence in the collection of any such sums.

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10.14 This Deed of Trust is executed by only one person or by a corporation than the plural reference to grantor shall be held to include the singular and all the conveyance and agreements herein required to be performed by , and the rights conferred upon by the respective grantor named herein shall be binding upon and inure to the benefit of not only said parties respectively but also their respective heirs, executors, administrators, grantees, successors and assigns.

11. OPTIONAL CLAUSES

11.1 Inferior or Secondary Liens: It is stipulated, covenanted, and agreed that the Liens created by this instrument shall be and remain secondary and inferior to the Liens securing the payment of that other Promissory Note in the original sum of \$[Amount] dated _____ executed by _____, and payable to the order of _____, fully described in a Deed of Trust recorded under Clerk's File No. _____ in the Real Property Records of [Name of County] County, Texas, and Grantors expressly covenant and agree that should default be made in the payment of said Note, or any part thereof, principal or interest, as shall become due and payable, or in any of the covenants of the Deed of Trust securing the payment thereof, then the indebtedness evidenced by the Note secured by this agreement, at the option of the holder thereof, shall at once become due and payable.

11.2 Renewals and Extensions: The Note hereby secured is given in renewal and extension of the sums left owing and unpaid by Grantors on that Promissory Note in the original principal sum of _____, dated _____, executed by _____, and payable to order of _____, more fully described in and secured by a Deed of Trust of even date therewith duly recorded under Clerk's File No. _____ of the Real Property Records of [Name of County] County, Texas, all upon and against the herein described real property, which Liens are hereby expressly acknowledged by Grantors as valid and subsisting Liens against the property described in this agreement (which Note, together with the Liens securing it, has been duly assigned and transferred to _____), and it is expressly agreed that such Liens are hereby renewed, extended, and continued in full force and effect to secure the payment of the Note secured by this agreement.

11.3 Homestead Disclaimer or Designation: Grantors represent to Beneficiary that no part of the Property described above is exempt as homestead from sale under the Texas Constitution or other laws. All real estate constituting Grantors' homestead exempt from sale under the Texas Constitution or other laws consists of the Property described in a homestead designation of even date herewith. Accordingly, Grantors renounce all present and future rights to a homestead exemption for the Property described above.

11.4 Assignment of Insurance Policies and Unearned Premiums: If the Property is transferred, the transferee shall acquire title to all insurance policies on the Property, including all paid but unearned premiums.

11.5 Assumption: If any part of the Property is transferred the transferee must assume the debt and become personally liable for its payment, and he or she shall execute any and all documents the Beneficiary may desire in order for the Purchaser to become personally liable.

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Signed on _____

PREVIEW

Grantor:

Prepared by:

[Name and address of law firm]

After recording return to:

[Name and address of title company or law firm]

State of Texas

County of _____

PLEASE DO NOT COPY

This instrument was acknowledged before me on _____ by

_____.

Notary Public, State of Texas

THIS DOCUMENT

Notary's typed or printed name

My commission expires: _____

[or Notary's Stamp]

THANK YOU

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