

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**
Order Number: **201211010091**

PeirsonPatterson, LLP
Loan Transmittal Memorandum

www.ppdocs.com

NOTE TO TITLE COMPANY: PeirsonPatterson's fee will not change if our warranty deed is not used or is not provided. PeirsonPatterson still needs to review the deed unless this *review* is waived by the lender.

This loan package was prepared by: **Ambra Costner**

Comments:

Thanks, have a great day!

Attorney Invoice
PeirsonPatterson, LLP
2310 Interstate 20 W, Suite 100
Arlington, TX 76017
Phone: (817) 461-5500 Fax: (817) 856-6060

Invoice To: Joe Rep
Your Title Company
123 Oak Street
Dallas, TX 75205
Phone: (214) 555-5555 Fax:
GF Number:

Date	Order #	Description	Amount
11/1/2012	201211010091	For professional services in connection with the preparation of real estate documents.	\$150.00

Lender:
PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017
Phone: (817) 461-5500 Fax:
Closer: Ambra Costner
Loan # 132456

Property:
100 Main Street
Levelland, TX 79336

Borrower(s):
John Smith

Seller(s):
Roger Rabbit and Jessica Rabbit, husband and wife

TO INSURE PROPER CREDIT, PLEASE RETURN COPY OF INVOICE WITH REMITTANCE AND PLEASE REFERENCE OUR INVOICE NUMBER ON YOUR CHECK.

MAKE CHECK PAYABLE TO: * PeirsonPatterson, LLP. - ARLINGTON *
DO NOT MAIL TO DALLAS - MAIL CHECK TO ARLINGTON

The fee(s) on this invoice must be separately itemized on the closing statement and shown as a fee to the Lender's attorney. Please contact this office immediately should the transaction be cancelled so that our billing department can close this account. Please make your payment within three days following the closing.

Please do not staple checks to this invoice.
THANK YOU FOR YOUR BUSINESS.

To Settlement Agent:
Your Title Company
123 Oak Street
Dallas, TX 75205
 Attn: **Joe Rep**
 Phone No.: **(214) 555-5555**
 Fax No.:
 Email:

From Lender:
PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017
 Attn: **Ambra Costner**
 Phone No.: **(817) 461-5500**
 Fax No.:
 Email: **ambra@ppdocs.com**

Loan Closing Instructions

SECTION I. LOAN INFORMATION

Borrower(s): **John Smith**
 Seller(s): **Roger Rabbit and Jessica Rabbit, husband and wife**
 Property Address: **100 Main Street, Levelland, TX 79336**
 Sales Price: **\$200,000.00**
 Down Payment: **\$40,000.00**
 Loan Amount: **\$160,000.00**
 Loan Type: **First Lien-Conventional-Purchase**

Loan # **132456**
 GF No:
 Order Number: **201211010091**
 Invoice Number: **2-11-00104**
 Closing Date: **November 20, 2012**
 Document Exp. Date: **November 27, 2012**
 First Payment Date: **January 1, 2013**
 Final Payment Date: **December 1, 2017**

SECTION II. LOAN FEES AND ESCROWS

Settlement agent fees are provided as an estimate. Final settlement fees must comply with applicable federal laws, rules and regulations; and any applicable state laws or local ordinances.

A. Fees Paid at Closing.

The following fees must be indicated on the HUD-1 Settlement Statement. Collect same unless indicated as "POC" (Paid Outside Closing). Show all "POC"s as such on the HUD-1 Settlement Statement.

100. Gross Amount Due from Borrower	
101. Contract sales price	\$200,000.00
102. Personal Property	
103. Settlement charges to Borrower (line 1400)	\$7,106.59
104.	
105.	
106. City/town taxes to	
107. County taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. Gross Amount Due From Borrower	\$207,106.59
200. Amounts Paid by or in Behalf of Borrower	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	\$160,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206. Deposit with lender	
207.	
208.	
209.	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	

400. Gross Amount Due to Seller	
401. Contract sales price	\$200,000.00
402. Personal property	
403.	
404.	
405.	
406. City/town taxes to	
407. County taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. Gross Amount Due To Seller	\$200,000.00
500. Reductions in Amount Due to Seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513.	

Loan Closing Instructions

214.	
215.	
216.	
217.	
218.	
219.	
300. Case at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	\$207,106.59
302. Less amounts paid by/for Borrower (line 220)	(\$160,000.00)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$47,106.59

514.	
515.	
516.	
517.	
518.	
519.	
600. Case at Settlement to/from Seller	
601. Gross amount due to Seller (line 420)	\$200,000.00
602. Less reductions in amount due seller (line 520)	\$0.00
603. Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$200,000.00

700. Total Real Estate Broker Fees		Paid From	Paid From
Division of commission (line 700) as follows:		Borrower's	Seller's
701. \$0.00		Funds at	Funds at
702. \$0.00		Settlement	Settlement
703. Commission paid at settlement		\$0.00	\$0.00
704.		\$0.00	\$0.00

800. Items Payable in Connection with Loan			
801. Our origination charge	PPDOCS	\$596.50	(GFE #1)
802. Credit or charge for interest rate			
803. Your adjusted origination charges			(GFE A)
804. Appraisal fee to Appraisal Group			(GFE #3)
805. Credit report to Credit Agency			(GFE #3)
806. Tax service			
807. Flood certification to Flood Group			(GFE #3)
808. Document preparation to PeirsonPatterson, LLP \$150.00 (included in 801)			(GFE #1)
809.			
810.			
811.			
812.			
813.			
814.			

900. Items Required by Lender to Be Paid in Advance			
901. Daily interest charges from 11/20/2012 to 12/1/2012 @ \$19.7260 /day	(GFE #10)	\$216.99	
902. Mortgage insurance premium	for months		
903. Homeowner's insurance	for years		
904.			
905.			
906.			

1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account	(GFE #9)	\$3,994.00	
1002. Homeowner's insurance	3 mo. @ \$100.00 per month	\$300.00	
1003. Mortgage insurance			
1004. Property taxes	14 mo. @ \$271.00 per month	\$3,794.00	
1005.			
1006.			
1007. Aggregate Escrow Adjustment	-\$100.00		
1008.			
1009.			
1010.			

1100. Title Charges			
1101. Title services and lender's title insurance to Your Title Company	(GFE #4)	\$924.10	
1102. Settlement or closing fee	\$350.00		
1103. Owner's title insurance to Your Title Company	(GFE #5)	\$1,025.00	
1104. Lender's title insurance to Your Title Company	\$240.10		
1105. Lender's title policy limit	\$160,000.00		
1106. Owner's title policy limit	\$200,000.00		
1107. Agent's portion of the total title insurance premium			
1108. Underwriter's portion of the total title insurance premium			
1109. Preparation/Review of Warranty Deed to PeirsonPatterson, LLP.			

Loan Closing Instructions

1110.		
1111.		
1112.		

1200. Government Recording and Transfer Charges				
1201.	Government recording charges to Hockley County Clerk	(GFE #7)	\$100.00	
1202.	Deed \$100.00	Mortgage	Releases	
1203.	Transfer Taxes			
1204.	City/County tax/stamps	Deed	Mortgage	
1205.	State tax/stamps	Deed	Mortgage	
1206.				

1300. Additional Settlement Charges				
1301.	Additional services that you can shop for			
1302.				
1303.				
1304.				
1305.				
1306.				
1307.				

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges	
Charges That Cannot Increase	HUD-1 Line Number
Our origination charge	# 801
Your credit or charge (points) for the specific interest rate chosen	# 802
Your adjusted origination charges	# 803
Transfer taxes	# 1203

Good Faith Estimate	HUD-1
\$650.00	\$596.50
\$0.00	\$0.00
\$650.00	\$596.50
\$0.00	\$0.00

Charges That in Total Cannot Increase More Than 10%	
Government recording charges	# 1201
Appraisal fee	# 804
Credit report	# 805
Flood certification	# 807
Title services and lender's title insurance	# 1101
Owner's title insurance	# 1103

Good Faith Estimate	HUD-1
\$100.00	\$100.00
\$125.00	\$125.00
\$50.00	\$50.00
\$75.00	\$75.00
\$1,000.00	\$924.10
\$1,000.00	\$1,025.00

Total	
Increase between GFE and HUD-1 Charges	

\$2,350.00	\$2,299.10
N/A	

Charges That Can Change	
Initial deposit for your escrow account	# 1001
Daily interest charges	# 901 \$19.7260 /day
Homeowner's insurance premium	# 903

Good Faith Estimate	HUD-1
\$4,000.00	\$3,994.00
\$0.00	\$216.99
\$0.00	\$0.00

Loan Terms

Your initial loan amount is	\$160,000.00
Your loan term is	5 years
Your interest rate is	4.500%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$810.94 includes: X Principal X Interest ___ Mortgage Insurance
Can your interest rate rise?	<input checked="" type="checkbox"/> No. ___ Yes, it can rise to a maximum of ____%. The first change will be on _____ and can change again every _____ after _____. Every change date, your interest rate can increase or decrease by ____%. Over the life of the loan, your interest rate is guaranteed to never be lower than _____ % or higher than ____%.
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No. ___ Yes, it can rise to a maximum of \$_____
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input checked="" type="checkbox"/> No. ___ Yes, the first increase can be on _____ and the monthly amount owed can rise to \$_____. The maximum amount it can ever rise to is \$_____.
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No. ___ Yes, your maximum prepayment penalty is \$_____.

Loan Closing Instructions

Does your loan have a balloon payment?	<input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes, you have a balloon payment of \$146,665.97 due in 5 years on December 1, 2017
Total monthly amount owed including escrow account payments	<input type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input checked="" type="checkbox"/> You have an additional monthly escrow payment of \$371.00 that results in a total initial monthly amount owed of \$ 1,181.94. This includes principal, interest, any mortgage insurance and any items checked below: <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Property taxes <input type="checkbox"/> Flood insurance <input type="checkbox"/> _____ </div> <div> <input checked="" type="checkbox"/> Homeowner's insurance <input type="checkbox"/> _____ <input type="checkbox"/> _____ </div> </div>

Itemization of Our Origination Fee (Line 801)	
Underwriting fee to PPDOCS	\$200.00
Processing fee to PPDOCS	\$150.00
Application fee to PPDOCS	\$50.00
Review fee to PPDOCS	\$46.50
Attorney fee for docprep to PeirsonPatterson, LLP	\$150.00

Itemization of Title Services and Lender's Title Insurance (Line 1101)	
Title escrow fee to Your Title Company	\$300.00
Copy fee to Your Title Company	\$30.00
Guaranty fee to Your Title Company	\$4.00

B. Per Diem Interest and Escrows:

Per Diem Interest is **19.7260** per day. Collect per diem interest from the date of funding (including date of funding) to **12/1/2012**. Collect from **Borrower(s)** and remit by separate check to **Lender**.

Aggregate Analysis. Borrower must sign enclosed initial escrow account disclosure statement. Collect and illustrate escrows on HUD-1 Settlement Statement according to the top half of the enclosed Aggregate Escrow Entry Sheet. Do not close if "Payments From Escrow Account" is not accurate.

C. Issuance of Separate Checks:

Lender requires the issuance of additional separate checks for the following, which have not been deducted from the loan proceeds.

-
- **Invoice number 2-11-00104 to PeirsonPatterson LLP. For professional services in connection with the preparation of real estate documents. \$150.00**

SECTION III. LOAN DOCUMENTS

We are enclosing the following documents in connection with the above-referenced loan. Do not allow anyone to execute the loan documents before the date indicated on the Note. ALL PAPERS MUST BE SIGNED AS THE LEGAL DOCUMENTATION HAS BEEN TYPED. IF YOU HAVE INFORMATION THAT THE TYPED NAMES OR OTHER FACTUAL INFORMATION ARE INCORRECT, PLEASE CONTACT LENDER IMMEDIATELY. All documents requiring execution in the presence of a notary public shall be so executed, and this notary shall complete the proper notary acknowledgment and affix the proper seal to such documents. If there is any question as to the identity of the person executing any document, the responsibility of determining that person's identity is that of the notary public and the Settlement Agent. No corrections, erasures, changes or substitutions may be made to the documents without Lender's prior written approval. Such documents are conditionally delivered to Settlement Agent only for loan settlement and should under no circumstances leave Settlement Agent's possession or control except for delivery to Lender unless Settlement Agent is in receipt of written instructions otherwise from Lender. Powers of Attorney are not allowed unless specifically approved in writing by Lender. If you have information that the typed names are incorrect, please contact Lender immediately. Please follow the respective instructions for the disposition of each document.

Loan Transmittal Memorandum

Attorney Invoice Return with payment to PeirsonPatterson, LLP. @ 2310 W. Interstate-20, Suite 100, Arlington, Texas, 76017-1668.

Loan Closing Instructions Originals to be signed by Settlement Agent and returned to Lender.

Master Closing Instructions (Texas) Originals to be signed by Settlement Agent and returned to Lender.

HUD-1 Settlement Statement (RESPA 2010) Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

HUD-1 Settlement Statement Addendum (RESPA 2010) Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

Aggregate Escrow Account Entry Use these calculations to establish the initial escrow account.

Initial Escrow Disclosure Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Loan Closing Instructions

Texas Notice of Penalties for Making False or Misleading Written Statement Borrower(s) must sign. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

Truth in Lending Disclosure Statement Each Borrower must sign original counterpart prior to signing the Note and Security Instrument (Mortgage / Deed of Trust). Return Original and one (1) certified copy to Lender. Give each Borrower one (1) copy.

APR & Finance Charge Summary Give to Borrower(s).

Itemization of Amount Financed Borrower(s) must initial. Return original to Lender. Give One (1) copy to Borrower(s).

Note Borrower(s) must sign Original and initial each page. Return Original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Deed of Trust (Borrower) The indicated Borrower(s) must sign original Security Instrument (Mortgage / Deed of Trust). Obtain acknowledgements and file original. After recording, return original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Deed of Trust (Modified FNMA) The indicated Borrower(s) must sign original Security Instrument (Mortgage / Deed of Trust). Obtain acknowledgements and file original. After recording, return original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

1st Payment Letter & Mailing Add Cert/Coupons Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Flood Insurance Coverage Subject to Possible Change Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

First Payment Letter Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Borrower(s) Acknowledgement of Receipt of Disclosures Borrower(s) must acknowledge disclosures indicated therein. Return original to Lender. Give Borrower(s) one (1) copy.

Appraisal Report Disclosure Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Attorney Representation Notice Borrower(s) and Seller(s) must sign. Return original to Lender. Give Borrower(s) and Seller(s) one (1) copy.

Borrower's Closing Affidavit Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

Texas Deletion of Arbitration Provision Return unsigned to Lender for signature, unless signed original forwarded direct by Lender under separate cover.

Disclosure of Right to Receive a Copy of an Appraisal Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Disclosure of Multiple Roles in a Consumer Real Estate Transaction Obtain signaturer(s), return Original to Lender and give Borrower(s) one (1) copy.

Document Correction Agreement Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Error & Omissions/Compliance Agreement Borrower(s) must sign and signature(s) notarized. Return original to Lender. Give Borrower(s) one (1) copy.

Fair Credit Reporting Act Notice Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Hazard Insurance Information Settlement Agent must complete. Return original to Lender.

Mineral Rights Acknowledgment Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Mortgage Fraud Warning FBI Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Name Affidavit - Borrower 1 Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

Notice of No Oral Agreements All Parties must sign. Return original to Lender. Give each Party one (1) copy.

Property Tax Information Settlement Agent must complete. Return original to Lender.

Collateral Protection Insurance Notice (Texas) Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

W-9 Cover Sheet

Request for Taxpayer Identification Number and Certification - Borrower 1 Each Borrower must complete and sign a separate W-9. Return Original(s) to Lender.

SECTION IV. ADDITIONAL REQUIREMENTS

Title Insurance.

* Mortgagee's Clause in Title Policy (T-2) must read: "(Lender's name as appearing in the Note), and/or (the Secretary of Housing and Urban Development) (the Administrator of the Department of Veteran's Affairs, an officer of The United States of America) (the Veteran Land Board of the State of Texas), "and each successor in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provisions of Section 12(c) of the Conditions and Stipulations" depending on the type of loan as indicated in the Master Closing Instructions.

* Provide T-30 endorsement to the Loan Policy of Title Insurance at the Borrower's expense. Real estate taxes must be shown as being current or as being future taxes that are not yet due and payable. Any situation in which taxes are not current is not acceptable.

* Provide T-36 Environmental Protection Lien Endorsement to Loan Policy of Title Insurance at Borrower's expense. If provided, see Master Instructions No. 4.13(p)

* As to any encroachment that is an exception or any exclusion to coverage with respect to minerals in either Schedule A, Item 2 or Schedule B in the Loan Policy of Title Insurance which falls under the provisions of Procedural Rule 50 of the MANUAL OF RULES, RATES AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS ("Texas Title Rules"), the Lender hereby requests that any such matter be insured by providing a T-19 Restrictions, Encroachments, Mineral Rights Endorsement at borrower's expenses. If provided, see Master Closing Instructions 4.13(h).

If, however, the title company does not issue the above-referenced T-19 Restrictions, Encroachments, Minerals Endorsement without amendment for any reason, Lender requests the title company to issue, as applicable and pursuant to Texas Title Rules P-5.1, and P-50.1, its Minerals and Surface Damage Endorsement (T-19.2) if the Property insured is one acre or less and is improved or intended to be improved for one-to-four family residential use. If the Property is improved or intended to be improved for office, industrial, retail, mixed use retail/residential or multifamily purposes, lender requests that the title company issue the Minerals and Surface Damage Endorsement (T-19.3). Please see Master Closing Instructions 4.13(i), 4.13(j), and 4.18.

* Delete Section 13 of the conditions and stipulations of the Loan Policy of Title Insurance relating to Arbitration.

* Provide T-39 Balloon Mortgage Endorsement to Mortgagee's Title Policy at Borrower's expense.

Corrected Title Commitment. In addition to the requirements contained in the Master Closing Instructions, if provided, the Commitment must be amended as follows: (WE REQUIRE THE FOLLOWING ITEMS WITHIN TWENTY-FOUR HOURS OF THE EXECUTION OF THE DOCUMENTATION.)

Schedule A: Legal Description MUST match exactly on Survey, Title Commitment and Legal Documents.

Schedule A: Proposed Insured to read "PPDOCS" and add Conventional verbiage.

Schedule B: Locate and Note ALL Building Lines, Easements and/or Right of Ways on Survey or delete.

Schedule B: Reflect Survey and Tax deletions. Guarantee all taxes are paid current.

Schedule C: Clear ALL Items. All Liens MUST be paid in full and released.

Loan Closing Instructions

STRICTLY ADHERE TO THE MASTER CLOSING INSTRUCTIONS.

Provide a full T-19 endorsement without deletion.

Provide all applicable Endorsements @ Borrower's expense.

Hazard Insurance. Obtain a one year paid comprehensive Texas HO-B - homeowner's insurance policy with paid receipt or if unavailable at time of submission to Lender, complete and return Original Hazard Insurance Certification of payment by Settlement Agent. Any binder must meet requirements (1)-(4) of Section 2, subsection (e) of Article 21.48 A of the Texas Insurance Code. The policy should have a minimum deductible and be in an amount not less than the loan amount. The policy must be A + V Class or better in the Best Key Rating Guide. "Its Successors and/or Assigns" should follow the Lender's name in the mortgage clause of the policy.

Borrower's HUD-1 Settlement Statement. HUD-1 must reference SETTLEMENT AGENT NAME, ADDRESS and PHONE NUMBER in Section H "Settlement Agent" and at least SETTLEMENT AGENT ADDRESS in "Place of Settlement" box. Three (3) certified copies. The Borrower(s) cannot receive any credit against the Sales Price for repairs or any other matter(s) without Lender's specific approval. Must reflect the name and address, including zip code of the Borrower(s), the Lender and the Settlement Agent.

Seller's HUD-1 Settlement Statement. Three (3) certified copies. Reflect Seller(s) new address.

Loan Application. Borrower(s) must sign. Return Original to Lender. Give Borrower(s) one (1) copy.

Lender's Privacy Requirements. Maintaining public confidence is important to the success and well-being of Lender. Additionally, Lender is bound by certain state and federal laws and regulations that require Lender and Lender's employees to transact business mindful that information shall be properly safeguarded. These closing instructions hereby put Settlement Agent on notice that the laws, regulations and safeguards that apply to Lender and its employees equally apply to vendors, agents and service providers [VASPs] of Lender. In conducting the business of Lender, certain customer information is obtained, used, created, stored and disposed. It is expected and required that all persons or entities with access to Lender's customer information shall keep that information confidential. VASPs are not authorized to access Lender's customer information except as is minimally necessary to complete assigned work. VASPs are not to make unauthorized copies of customer information. VASPs are not to discuss customer information with anyone other than authorized persons. Casual conversation about customers and customer information is prohibited and should be avoided even with other VASPs or Lender employees. VASPs shall not sell or otherwise share any customer information with any third party persons or companies. It is understood by Settlement Agent that Lender's customer information shall only be obtained, used, stored and disposed by methods and means that are necessary and permitted in order to conduct the business of Lender and Settlement Agent. All such access shall be in a safe guarded manner consistent with Lender's business practices and generally accepted professional business standards.

Other Items:

- **Borrower(s) must complete Social Security Number(s) or Tax ID number on any applicable documents.**
- **Provide any and all other state specific documents necessary to properly close and insure this transaction.**
- **HUD-1 must reference SETTLEMENT AGENT NAME, ADDRESS and PHONE NUMBER in Section H "Settlement Agent" and at least SETTLEMENT AGENT ADDRESS in "Place of Settlement" box.**
- **According to information provided to Lender, settlement agent will charge Borrower(s) an escrow fee of \$300.00 and a wire/courier/Fed-X fee (to meet Lender's requirements) of \$0.00. Do not increase or decrease these fees without Lender's prior written consent. These fees have been included as a prepaid finance charge in Borrower(s)' Truth in Lending Disclosure.**
- **Title Company to prepare and fax a copy of the Warranty Deed to PeirsonPatterson, LLP @ (817) 856-6060 for approval prior to closing. RE: 201211010091.**
- **Verify all liens against subject property are paid in full.**
- **Title Company to complete the enclosed Borrower's Closing Affidavit (#6 on Page 3 Hold Harmless) with ANY/ALL Survey violations, if any. Return executed original to Lender.**

SECTION V: LOAN FUNDING

All papers must be signed as the legal documentation has been typed. If you have information that the typed names or other factual information are incorrect, please contact Lender immediately. All fees and charges required to be paid and known by Settlement Agent must be reflected on the Settlement Statement. The Settlement Statement must be faxed to Lender for approval prior to Closing. After Lender approval, no charges or fees can be added to the Settlement Statement without lender's written consent. The loan must close and fund by the Document Expiration Date indicated on page one of these Instructions. Do not file the Deed of Trust prior to Lender's funding authorization. The Closing of this loan is contingent upon the Sales Price captioned herein being true and correct. Should you have information indicating a lesser Sales Price or any secondary financing not shown above, do not close this loan and contact Lender immediately.

The escrow agent shall prepare the HUD-1 Settlement Statement in accordance with these instructions and provide it to us for our approval at least 24 hours before the real estate settlement transaction is closed. Then, the escrow agent shall close the transaction and disburse funds only in accordance with the approved HUD-1 Settlement Statement. If any party to the transaction requests that his/her funds be disbursed in any manner different from the approved HUD-1, the escrow agent shall advise us of the request and obtain prior approval from us before any funds are disbursed in a manner different from the approved HUD-1 Settlement Statement.

SUBJECT TO ANY LIMITATIONS IMPOSED BY PROCEDURAL RULE P-35 OF THE BASIC MANUAL OF TITLE INSURANCE IN THE STATE OF TEXAS, THE UNDERSIGNED AS AUTHORIZED AGENT FOR SETTLEMENT AGENT HEREBY ACKNOWLEDGES RECEIPT OF AND AGREES TO FOLLOW ALL THE TERMS AND REQUIREMENTS CONTAINED IN THESE CLOSING INSTRUCTIONS, AND THE REVISED COMMITMENT FOR TITLE INSURANCE ISSUED FOR THIS LOAN WHICH ARE INCORPORATED HEREIN BY REFERENCE PRIOR TO THE REQUEST FOR LOAN FUNDING, UNLESS OTHERWISE AUTHORIZED HEREIN. THIS ACKNOWLEDGEMENT DOES NOT OTHERWISE IMPLY A CERTIFICATION OR GUARANTY OF FACT, INSURANCE COVERAGE OR CONCLUSION OF LAW.

Loan Closing Instructions

Your Title Company

By: _____

Settlement Agent Signature

[ORIGINAL SIGNATURE, NOT STAMP, REQUIRED AS A CONDITION OF FUNDING.]

Loan Closing Instructions

MASTER CLOSING INSTRUCTIONS

Loan # 132456

These Master Closing Instructions are for closing the loan referenced in the Supplemental Closing Instructions. Do not proceed unless you accept full responsibility for following these instructions. All Master and Supplemental Closing Instructions must be strictly followed. Do Not Close The Loan Otherwise. Have any questions answered prior to commencement of closing. Any modifications must be in writing and signed by the Lender. SETTLEMENT AGENT IS NOT AUTHORIZED TO MAKE ANY CHANGES ON THE NOTE, SECURITY INSTRUMENT OR TRUTH-IN-LENDING DISCLOSURE STATEMENT. THE DOCUMENTS MUST BE REORDERED BY THE LENDER.

If any ambiguities, obvious errors, or questions arise in connection with the loan or any matter contained in the Master or Supplemental Closing Instructions, the Closing Coordinator specified in the Supplemental Closing Instructions must be contacted prior to closing. The Settlement Agent will be liable for losses incurred by the Lender as a result of the agent closing the loan with knowledge that errors were contained in any documents or instructions. If the Settlement Agent determines that the loan cannot be closed in accordance with these Master Closing Instructions, do not proceed to closing without further instructions from the Lender. An attempt has been made to provide complete and correct forms necessary to close the loan. However, if any required forms are missing, obviously incorrect, or obsolete, contact the Lender.

1. FRAUD PREVENTION.

- 1.1 Settlement Agent has special knowledge that the Lender cannot obtain from any other source. Lender is relying on Settlement Agent to communicate any material information, such as, by way of example, an adverse change of the value or title of the property, changes to the sales contract (if purchase), changes to the financing, bankruptcy, or enforcement of creditor's rights are material to Lender. If Settlement Agent receives any such material information, the Settlement Agent shall suspend loan closing and immediately disclose the information to Lender.
- 1.2 If Settlement Agent has knowledge that anyone in Settlement Agent's office is a party to the transaction, is a family member or relative of any of the parties to the transaction, or has a conflict of interest, obtain Lender's written consent before closing.
- 1.3 If Settlement Agent has reason to believe there is a fraud or scheme related to the transaction, Settlement Agent shall suspend loan closing and immediately contact Lender.
- 1.4 Information related to the Borrower, Seller, Real Estate Broker, Builder, Mortgage Broker, Title Insurer, Settlement Agent, or property may be a material inducement to Lender for making the loan. If Settlement Agent knows any party to the transaction made a material misstatement or discovers a falsehood, Settlement Agent shall suspend the closing and immediately contact the Lender.
- 1.5 If Settlement Agent has knowledge or belief that any document has been tampered with, falsely generated, bears an incorrect or falsified date, bears different names and addresses for the same party, bears a fictitious name, or a party's handwriting is inconsistent throughout the file, suspend closing and immediately contact the Lender.
- 1.6 If the Borrower or Seller appear to be coerced, under undue influence, or lack capacity to

understand the transaction, suspend closing and immediately contact the Lender.

- 1.7 The Borrower(s) must appear to be able to read the loan documents and the nature of the transaction.
- 1.8 To comply with the US Patriot Act, the Bank Secrecy Act, and regulations promulgated by the Secretary of the Treasury, Lender has established a customer identification program. The reason for this program is to ascertain and verify the Borrower's, and any Signatory's, true identity. To this end, and because the Settlement Agent has face-to-face contact with the Borrower, perform the following activities for each Borrower and Signatory:
 - (a) explain to the Borrower that information is being obtained to verify identity;
 - (b) complete the Identity Affidavit, either electronically or manually, in accordance with the instructions accompanying it;
 - (c) for U.S. residents, obtain a copy of an **unexpired** government-issued identification that bears a photograph or similar safeguard;
 - (d) for non-U.S. residents, obtain a copy of one or more of the following: a copy of an **unexpired** government-issued document evidencing nationality or residence and bearing a photograph; and/or an **unexpired** passport with passport number and country of issuance; and/or an **unexpired** alien identification card;
 - (e) if a customer is unable to produce an unexpired form of identification, contact the Lender for assistance in independently verifying the true identity of the customer;
 - (f) for corporations, partnerships, trusts, and other persons that are not individuals, obtain from the state of incorporation certification of good standing and a copy of the authorizing resolution duly certified by a corporate official, a government-issued business license, Partnership Agreement, or Trust Agreement;
 - (g) if Settlement Agent cannot form a reasonable belief that the true identity of the Borrower is known, suspend closing and immediately contact the Lender; and
 - (h) include in the closing package returned to Lender copies of all identifying information provided by the Borrower, copies of all documents relied on to establish the Borrower's true identity, and any documents pertaining to the resolution of any discrepancy in the identifying information obtained.
- 1.9 Settlement Agent must obtain Borrower's acknowledgement supplied by Lender, that no third party is paying the Borrower to lend credit or identity to the transaction.
- 1.10 If Settlement Agent has knowledge that there is, or will be, a "silent second mortgage" placed on the property, or that any monies Borrower is required to pay or deposit at closing are not from the Borrower's own funds or a bona fide gift, the Settlement Agent shall suspend loan closing and immediately contact Lender.
- 1.11 Settlement Agent is only to accept Borrower funds from Borrower's deposited accounts in the financial institutions verified and disclosed on Fannie Mae Form 1003, Freddie Mac Form 65, or from the account and institution specified elsewhere in these Closing Instructions. Settlement Agent must verify the source of funds; if Borrower funds come from a different institution or an out-of-state institution, suspend closing and immediately contact Lender.
- 1.12 All funds must pass through escrow and should be noted on the HUD-1 Settlement Statement. Copies of down payment checks or funds needed to close must be sent to Lender. The name and

address on the deposit check must match Borrower's name and address.

- 1.13 If the property has been subject to a closing within one year of the current transaction, Settlement Agent is to contact Lender and obtain Lender's written consent to close. Settlement Agent must obtain Lender's written consent to close if there have been any transfers of the property within the last 180 days.
- 1.14 If this is an owner-occupied property transaction and Settlement Agent has knowledge of the Borrower owning and occupying another residence not subject to sale, or that the Borrower does not intend to occupy the property, the Settlement Agent shall obtain the written consent of Lender.
- 1.15 If the Mortgage Broker and the property Seller are the same, or the Settlement Agent has knowledge that are owned or controlled by the same person, do not proceed with closing and immediately contact Lender.
- 1.16 Immediately inform the Lender if the Borrower had a former interest in the property, or if other parties to the transaction such as the Real Estate Agent, Mortgage Broker, Appraiser, or Settlement Agent had an interest in the property.
- 1.17 If a business entity is acting as the Seller, confirm that the Borrower does not control, and is not related to, the Owner or the Seller.
- 1.18 If this is a purchase transaction, have Borrower confirm a property inspection has occurred on form supplied by Lender; if no real estate commission is payable, provide the Lender with an explanation if the sales contract provides otherwise.
- 1.19 If the real estate commission appears excessive for the market area, contact the Lender prior to closing.
- 1.20 All Borrowers must execute IRS Form 4506.
- 1.21 Confirm the preliminary Title Commitment or Binder is correct for insuring purposes, or issue a corrected Title Commitment or Binder to Lender. Immediately contact the Lender if the owner, as shown on the Title Commitment, is different from the Seller on the Purchase Contract. The sale must not be subject to Seller acquiring title.
- 1.22 Settlement Agent must be an approved agent with the Title Insurer whose name appears on the Title Commitment and Binder.
- 1.23 If there are material or significant changes to the sales price or the escrow, Lender must approve the same prior to closing. Confirm the sales price on the contract matches the sales price on the HUD-1 Settlement Statement.
- 1.24 If the property tax assessment is less than or greater than 10% of the sales price, contact Lender, if other than new home sale.
- 1.25 Contact Lender immediately if there are any unusual payouts denoted on the Seller's column on the HUD-1 Settlement Statement.

- 1.26 Settlement Agent must sign the HUD-1 or HUD-1A Settlement Statement.
 - 1.27 Settlement Agent must sign the Closing Instructions to acknowledge receipt and to affirm that the Settlement Agent has read, understood and accepts all conditions of conducting the settlement.
 - 1.28 Borrower must sign all verification documents and certify that the information in the verifications is accurate.
 - 1.29 Settlement Agent must return recordable documents and the final Title Policy in a timely manner, but no later than 30 days from the date of closing. Failure to deliver these documents in a timely manner will result in a claim being filed with the Title Insurer.
 - 1.30 Do not allow the Borrower to sign any document containing blanks.
 - 1.31 If actual settlement charges on the HUD-1 Settlement Statement exceed the Good Faith Estimate supplied at closing by 10% or more, contact the Lender prior to closing.
 - 1.32 If the legal documents are incomplete or inconsistent with other information in the mortgage file, immediately contact the Lender.
 - 1.33 Ensure all documents have proper signatures.
 - 1.34 **The escrow agent shall prepare the HUD-1 Settlement Statement in accordance with these instructions and provide it to us for our approval at least 24 hours before the real estate settlement transaction is closed. Then, the escrow agent shall close the transaction and disburse funds only in accordance with the approved HUD-1 Settlement Statement. If any party to the transaction requests that his/her funds be disbursed in any manner different from the approved HUD-1, the escrow agent shall advise us of the request and obtain prior approval from us before any funds are disbursed in a manner different from the approved HUD-1 Settlement Statement.**
2. **INSURED CLOSING.** Request is hereby made pursuant to Article 9.49 of the Texas Insurance Code that an Insured Closing Service Letter in the form authorized by the State Board of Insurance be issued in connection with the closing and settlement of the loan closing through an agent for a title insurance company authorized to do business in the State of Texas. All Settlement Agents should confirm that such a letter is on file with the Lender before closing the loan.
 3. **CLOSE AS INSTRUCTED AND REQUIRED.** As Settlement Agent, you must close the transaction in strict accordance with these Closing Instructions. If this transaction involves a sale, all applicable terms and conditions of the sales contract furnished to Lender must be followed. Immediately advise the Lender if any of the sales contract provisions conflict with these Closing Instructions. Immediately advise the Lender of any recent (within the last year (1 year)) or impending change in ownership or material change in the sales price or valuation. Approval must be granted by the Lender prior to closing. Prior to request for funding, you must have written authorization from Lender approving any deviation from the Master and Supplemental Closing Instructions. No credits, debits, secondary financing, or third party contributions are allowed unless specifically authorized in the Supplemental Closing Instructions. All persons signing both the note and the deed of trust must be vested in title unless the Lender indicates that

an individual is acting pro forma or as a cosigner or guarantor.

4. **TITLE COMMITMENT AND POLICY.** The title policy must be written through the same company that issued the Commitment for Title Insurance (“Title Commitment”) previously furnished to the Lender. Lender’s loan documents have been prepared based upon the Title Commitment. If the Title Commitment does not comply with the following requirements, Settlement Agent must either (i) amend it, (ii) provide a new Title Commitment, or (iii) agree to provide Lender a subsequent Loan Title Policy (“Title Policy”) in accordance with the following requirements:

- 4.1 The date of the Title Commitment may not be more than ninety (90) days before the settlement date. If the Title Commitment has expired, do not close the loan, and contact the Lender immediately. The Title Commitment must have an authorized counter signature.
- 4.2 The Title Policy must insure a first and superior deed of trust lien. The Short Form Residential Mortgage Policy (T-2R) may be issued if available and requested by the Lender. Procedural Rule P-51 regulates the Title Policy.
- 4.3 The “Proposed Insured” must read exactly as Lender’s loan documents, with the following additional phrase:

If a Conventional Loan: “And each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If an FHA Loan: “And/or the Secretary of Housing and Urban Development of Washington, D.C., and each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If a VA Loan: “And/or the Administrator of Veterans Affairs, an Officer of the United States of America, and each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If a Texas Veteran Land Board Loan: “And/Or the Veteran Land Board of TEXAS, and each successor in ownership of the indebtedness secured by the insured mortgager except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

- 4.4 The amount of the coverage in the Title Policy should at least equal the loan amount indicated in the Supplemental Closing Instructions. If the loan has either capitalized interest or negative amortization, the coverage should equal the highest outstanding balance indicated in the loan documents, not to exceed one hundred twenty-five percent (125%) of the original principal amount.
- 4.5 “Title to the estate or interest in land is insured as vested in” in the Title Policy (Loan Policy of Title Insurance) must exactly match the Borrower’s name(s) indicated on the loan documents.
- 4.6 The legal description in the Title Policy must conform to the loan documentation and the survey.

- 4.7 The “estate or interest in land that is insured as encumbered by the insured mortgage” stated in the Title Policy (Loan Policy of Title Insurance) must read FEE SIMPLE unless provided otherwise in the Supplemental Closing Instructions. The Title Policy (Loan Policy of Title Insurance) must insure against any loss or damage sustained or incurred by reason of a lack of a right of access to and from the land. Any easements providing access to the property must be insured as part of the estate, and not shown as an exception on Schedule “B.”
- 4.8 Item 2 of Schedule “B” must read “shortages in area.”
- 4.9 The portion of Schedule “B,” Number 5, which refers to “subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership” must be deleted pursuant to Procedural Rule P-20 and Rate Rule R-19. The following language “Company insures that standby fees, taxes, and assessments by any taxing authority for the applicable year are not yet due and payable.” must be added to the standard tax exception, pursuant to Procedural Rule P-29 and Rate R-24. The Borrower should pay the expense associated with such coverage.
- 4.10 Any easement, encroachment, and right-of-way or restriction constituting an exception must be specifically described on Schedule “B.” Any easement or right-of-way indicated on Schedule “B” must be located on the survey unless Lender approves otherwise. If the survey does not show easements which are on the Title Commitment, either (i) remove said item(s) from Title Commitment or (ii) have surveyor locate and identify on amended survey and obtain Lender’s approval of said location. A surveyor’s letter is not sufficient in lieu of removing the exception.
- 4.11 Remove any “visible and apparent” or similar exception to coverage. Remove any “rights to parties in possession,” “tenants in possession,” or similar exceptions to coverage unless such exception has been specifically authorized in the Supplemental Closing Instructions.
- 4.12 All items mentioned on Schedule “C” of the Title Commitment must be disposed of prior to requesting funding authorization. By disbursing the loan funds, Settlement Agent certifies to Lender that all matters disclosed on Schedule “C” will be paid or disposed of to the satisfaction of the title insurer prior to the date of the issuance of the Title Policy, and that no exceptions for any item on Schedule “C” will be contained therein.
- 4.13 TLTA Endorsements: Provide all appropriate endorsements and collect all corresponding premiums and expenses from among the following, as promulgated by the Texas Department of Insurance in the currently effective “Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas”:
- (a) T-2R Short Form Residential Policy of Title
 - (b) T-3 General Endorsement
 - (c) T-4R Residential Leasehold Endorsement
 - (d) T-5 Leasehold Mortgagee Policy Endorsement
 - (e) T-13 Mortgagee Title Policy Binder on Interim Construction Loan
 - (f) T-16 Mortgagee Policy Aggregation Endorsement
 - (g) T-17 Planned Unit Development Endorsement
 - (h) T-19 Restrictions, Encroachments, Minerals Endorsement
 - (i) T-19.2 Minerals and Surface Damage Endorsement
 - (j) T-19.3 Minerals and Surface Damage Endorsement
 - (k) T-30 Tax Deletion Endorsement

- (l) T-31 Manufactured Housing Endorsement
 - (m) T-31.1 Supplemental Coverage Manufactured Housing Unit Endorsement
 - (n) T-33 Adjustable Mortgage Loan Endorsement
 - (o) T-35 Revolving Credit Endorsement
 - (p) T-36 Environmental Protection Lien Endorsement
 - (q) T-38 Mortgage Policy of Title Insurance P-9.b.(3) Endorsement Form
 - (r) T-39 Balloon Mortgage Endorsement
 - (s) T-42 Equity Loan Mortgage Endorsement
 - (t) T-42.1 Supplemental Coverage Equity Loan Mortgage Endorsement
 - (u) T-43 Texas Reverse Mortgage Endorsement
 - (v) T-47 Residential Real Property Affidavit
- 4.14 (a) If the Title Commitment references any restrictions containing homeowners association dues, maintenance charges, and/or assessment language, Lender requires that such lien(s) be itemized and shown in Schedule "B." The Settlement Agent must obtain a letter signed by a representative of the homeowners association, or appropriate entity, indicating that there are no past due homeowners association fees, maintenance charges or assessments.
- (b) If the maintenance charge or assessment is not subordinated to the Lender's lien, do not close the loan without Lender's written authorization. If Lender authorizes the closing, obtain a letter from the appropriate entity agreeing to provide Lender or its assigns with notice of any default or unpaid dues, charges or fees. In addition, the holder of any superior encumbrance must agree in writing to provide the Lender or its assigns with sixty (60) days advance notice (at Lender's address as set forth in the deed of trust or a different address if so provided) of any pending sale, foreclosure action, or litigation regarding the property.
- 4.15 Unless provided to the contrary in the Supplemental Closing Instructions, the property may not be located on a private road, and there may not be any limitations or conditions affecting access to a public road.
- 4.16 Without Lender approval, no exceptions may be taken for adverse possession claims, bankruptcies, fraudulent transfers, filed lis pendens claims, unpaid liens or assessments. Provided that an acceptable survey is furnished to the Settlement Agent, **no exception may be taken** for any titles or rights asserted by anyone to tidelands; or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans; or to any land extending from the line of mean low tide to the line of vegetation; or to lands beyond the line of the harbor or bulkhead lines as established or changed by any government; or to filled-in lands; or artificial islands; or to riparian rights; or the rights or interests of the State of Texas or the public generally in the area extending from the line of mean low tide to the line of vegetation or their right of access, thereto, or right of easement along and across the same without locating a vegetation line on the survey without obtaining Lender's written consent to closing the transaction. Any inspection fees required for such coverage must be paid by the Borrower.
- 4.17 If a Title Policy (Loan Policy of Title Insurance) is issued to include the cost of immediately contemplated improvements, an exception may be made for any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements to be placed on the property. An exception may also be taken for "pending disbursements." Upon completion of the improvements, the owner's acceptance thereof and

satisfactory evidence that all bills for labor and materials have been paid, those exceptions must be eliminated from the Title Policy, and mechanics' and materialmen's lien coverage amended by issuance of the appropriate endorsement, the cost of which shall be paid by the Borrower. In no other event are such exceptions acceptable. If a satisfactory survey is required, after completion of the contemplated improvements to provide the survey coverage provided in Procedural Rules P-16 and P-2, then collect the cost of obtaining such survey from the Borrower at closing.

- 4.18 If, pursuant to Rule P-5.1 of the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas ("Texas Title Rules"), either an exclusion to coverage is made in Schedule A, Item 2 or an exception to coverage is made in Schedule B, the lender hereby requests pursuant to Rule P-50.1 of the Texas Title Rules for the title company to issue its Minerals and Surface Damage Endorsement (T-19.2) if the Property insured is one acre or less and is improved or intended to be improved for one-to-four family residential use. If the Property is improved or intended to be improved for office, industrial, retail, mixed use retail/residential or multifamily purposes, lender requests that the title company issue the Minerals and Surface Damage Endorsement (T-19.3).
 - 4.19 If a mineral lease term has expired, no exception may be made for mineral leases. If the lease term is still in effect, there must be a designated drilling site or an Affidavit of Non-Production must be signed by the seller/owner of the property.
 - 4.20 If an exception is being taken for a joint drive-way, or party or common wall agreement filed of record, the agreement must be approved by Lender prior to closing.
 - 4.21 The effective date of the Title Policy must be the date of the recording of the security instrument(s). If any documents must be re-recorded, the Settlement Agent agrees to provide an endorsement showing both the original and re-recorded documents.
 - 4.22 In the refinance of homestead property, the Title Policy must not take exception to outstanding liens, which must be paid in full. The outstanding principal balance, including accrued but unpaid interest on an existing mechanic's lien or deed of trust, must not be less than Lender's loan amount excluding financed closing costs. Any balance owing at the time of closing on the existing lien which is being renewed and extended must be paid in full.
 - 4.23 If the Owner's Title Policy is rejected by Borrower, the Borrower must sign a rejection statement acknowledging that the Mortgage Title Policy does not provide title insurance to the Borrower.
 - 4.24 **NO REVERSIONARY INTEREST, RIGHTS OF FIRST REFUSAL, OR RIGHTS OF RE-ENTRY THAT COULD RESULT IN A FORFEITURE OF TITLE OR ANY PART OF TITLE TO THE PROPERTY WHICH IS NOT SUBORDINATED TO LENDER'S INSURED LIEN ARE ALLOWED.**
 - 4.25 Delete Section 13 of the Conditions and Stipulations relating to arbitration.
 - 4.26 **Title Policy must be received by Lender no later than 30 days from date of closing.**
5. **SURVEY REQUIREMENTS.** On all loans covering individual units and approved PUDs, one (1) original location survey certified by a licensed surveyor will be required prior to issuing closing papers.

The following survey requirements must be met:

- 5.1 Survey must be no more than 120 days old as of the date of closing.
 - 5.2 Survey must show the location of buildings, driveways, fences, easements, encroachments, setback lines, beginning point, relation to adjacent properties and street intersections, north point, surveyor's original seal, lot and block number, recorded map information and indicate where property abuts public street with permanent access.
 - 5.3 Survey must contain certification by surveyor as to whether property is located in a flood hazard area. If survey indicates flood insurance is required, refer to paragraph on Flood Insurance Requirements. If survey does not contain certification as to flood insurance, a separate certification must be furnished from the surveyor.
 - 5.4 If the survey shows a discrepancy from the property description of more than 2% in the front lot line or 5% in any other lot line, or a change in the description from that appearing in the Supplemental Closing Instructions, you should obtain the Lender's approval prior to closing.
 - 5.5 The Survey must show the name of the Borrower.
 - 5.6 For Condominium Loans, a copy of the recorded map showing the location of the unit is required in lieu of a Survey.
6. **HAZARD INSURANCE.** A comprehensive Texas Homeowner's Form-B policy insuring the property in an amount at least equal to the loan amount is required.
- 6.1 The original hazard insurance policy with the first year's premium paid receipt must be obtained by Settlement Agent prior to disbursement. Binders are not acceptable unless: (a) (i) issued by a "licensed local recording agent" (as defined by of the Texas Insurance Code), who has been (ii) appointed to represent and (iii) authorized to issue binders by the insurance company whose name appears on the binder, and (iv) such agent has furnished appropriate evidence to the Lender confirming (i) through (iii) above;
(b) the binder is accompanied by evidence of payment of the required premium; and (c) the binder will be replaced by an original insurance policy for the required coverage within 30 days of the date of issuance of the binder. The property's legal description, street address, city, county, state, zip, and Borrower's name indicated on the hazard insurance binder and hazard insurance policy must be identical to that contained within the loan documents. Unless instructed otherwise in the Supplemental Closing Instructions, the mortgagee clause of the binder and hazard insurance policy should exactly match the name and address of Lender indicated in the deed of trust, unless a different Lender name and address is specified in the Supplemental Closing Instructions. Additionally, the loan number must be included on the binder and hazard insurance policy. If any errors are found, the Settlement Agent agrees to obtain, prior to funding, a binder or endorsement correcting such error.
 - 6.2 The Settlement Agent must confirm that the hazard insurance obtained by the Borrower is through a company acceptable to the Lender prior to closing. The binder and policy inception date must be on or before the date of the loan documents. The binder and policy must be signed by the insuring agent, and not contain any coinsurance clauses.

- 6.3 On condominium units, provide an original Certificate of Insurance with the original signature of the insuring agent. The certificate must be dated prior to or on the date of disbursement.
- 6.4 Lender does not escrow for hazard insurance for condominium loans, but will require the Settlement Agent to obtain: (i) an endorsement showing that the condominium unit (property) is included in the condominium association's master fire insurance policy; (ii) an acceptable endorsement adding Lender to the mortgagee clause; (iii) evidence of fidelity insurance on the Owners Association; and (iv) evidence that the policy was in effect on or before the date of the loan documents.
7. **FLOOD INSURANCE.** If any portion of the property is located within a Flood Hazard Area (Zone A or V), flood insurance is required.
- 7.1 Either the original flood insurance policy or a copy of the application, along with the paid receipt for the first year's premium, must be obtained before disbursement. The insured amount should be the lesser of the loan amount or maximum amount obtainable.
- 7.2 The property's legal description, street address, city, county, state, zip, and Borrower's name indicated on the flood insurance policy must be identical to that contained within the loan documents. The mortgagee clause of the flood insurance policy (unless instructed otherwise in the Supplemental Closing Instructions) must exactly match the name and address of Lender indicated in the deed of trust.
8. **TRUTH-IN-LENDING.** All closings are subject to compliance with the Truth-in-Lending Act and Regulation Z, as amended. The Settlement Agent is expected to be familiar with Regulation Z. As required under the Truth-in-Lending Act and Regulation Z, a Disclosure Statement with estimates has been delivered to the Borrower(s) within three (3) days of loan application. It is the Lender's practice to make a new Truth-in-Lending Disclosure Statement at closing, based on exact figures. If the closing will take place on a day other than that set forth in the Truth-in-Lending Disclosure Statement, call the Closing Coordinator for correct figures and information. Prior to consummation, a copy of the Truth-in-Lending Disclosure Statement must be provided to the Borrower(s) for keeping by the Borrower(s). The completed Truth-in-Lending Disclosure Statement must be signed by the Borrower(s) at closing prior to the execution of any of the other documents. The Borrower(s) must be given a copy of this Disclosure Statement. Contact the Closing Department if any portion of the Truth-in-Lending Disclosure Statement appears to be inaccurate.

RIGHT OF RESCISSION: When a loan is closed to refinance a lien on the Borrower's primary residence, the Borrower has the right to rescind the transaction until midnight of the third business day following the signing of all closing documents. **The Settlement Agent is not authorized to accept a rescission on behalf of the Lender, unless required by state law.**

Three (3) business days prior to disbursement of the loan, the Settlement Agent shall give a completed copy of the security instrument and two (2) copies of the Notice of Right of Rescission to each obligor (and each person holding an ownership interest in the property subject to the security interest). If an Election Not to Cancel or Rescind was provided, it must be signed and dated by each obligor after three (3) business days have elapsed, then the disbursement of the loan may be completed. The Notice of Right of Rescission forms containing the executed Election Not to Cancel or Rescind must be forwarded to the Lender with the other closing documents. **The rescission period may not be waived unless approved in writing by the Lender.**

If any of the Signatories elect to rescind the transaction, do not disburse funds. **Take no further action except** to immediately notify the Lender and return loan proceeds. Right of Rescission forms, where applicable, should be completed, executed, and enclosed with the loan document package.

9. **TERMITE CERTIFICATION.** A wood destroying insect report authorized in the jurisdiction in which the property is located, signed by the inspector, and showing no active infestation or proof of treatment for the property which does show active infestation must be furnished prior to closing for homes over one (1) year old. A Termite Soil Treatment Guarantee must be furnished prior to closing for newly constructed homes (one (1) year and under). **Applicable only if requested in Supplemental Closing Instructions Section IV. Additional Requirements.**
 - 9.1 All structures on the property, including any detached garage, must be inspected. The report must not be more than ninety (90) days old and must contain a certification that the property is “free from evidence of active infestation, infection or adverse conditions.”
 - 9.2 On Conventional, FHA and VA insured loans, the Borrower must sign the Texas Wood Destroying Insect Report.
10. **HUD-1 SETTLEMENT STATEMENT.** Furnish three (3) certified copies of the HUD-1 Settlement Statement with original signatures by Borrower, Seller and Settlement Agent.
 - 10.1 The HUD-1 Settlement Statement form promulgated by the U.S. Department of Housing and Urban Development with a certification that it reflects an accurate statement of all receipts and disbursements must be used in all transactions (including refinance loans). For loan with no Seller, use the HUD-1A Settlement Statement form.
 - 10.2 The HUD-1 or HUD-1A Settlement Statement must be typed. The type of loan, general file number, loan or process number, and mortgagee insurance case number, if applicable, must be indicated. The correct name and address, including street, city, county, state, and zip code must be shown for Borrower, Seller, Lender and Settlement Agent. The settlement date should be the date that the security instrument/deed of trust becomes effective as between the Borrower and the Lender. The date funding is authorized by the Lender must also be shown.
 - 10.3 Recording fees must itemize the charges for each instrument being recorded. Property taxes must be broken down for each taxing authority paid. If taxes are assessed at an unimproved and improved rate during the tax year, indicate on the HUD-1 Settlement Statement the charges as follows: “Unimproved taxes for ____ months at \$____; and improved taxes for ____ months at \$____.”
 - 10.4 All settlement charges listed on page 2 of the HUD-1 Settlement Statement must show the party to whom the charge is paid. All POCs (Paid Outside of Closing items) must be shown on the HUD-1 Settlement Statement. Unless indicated otherwise in the Supplemental Closing Instructions, collect per diem interest from the date of funding authorization (not the date of execution of the documents) up to and including the end of the month in which the loan closed. Do not collect per diem interest for the first day of the month following the closing. Interest charges must be accurately reflected in the HUD-1 Settlement Statement. If necessary, amend and initial the statement to reflect the correct funding date, interest amount due, and totals.

10.5 Borrower(s) must pay all recurring closing costs (i.e., "prepaids") at closing on FHA and conventional loans. Recurring closing costs include prorated and escrow reserves for taxes, initial premium and escrow reserves for hazard insurance, flood insurance and mortgage insurance premiums and per diem interest. On VA transactions, and only if specified in the sales contract, the Seller is allowed to pay for Borrower's prepaid items. Regardless of any contrary statement in these Master Closing Instructions, on FHA and VA loans, Borrower must not be allowed to pay more than the government allowed closing costs. If you have any doubt or question regarding what is an appropriate FHA or VA closing cost, please contact the Lender. On FHA and VA refinances, Borrower must at least pay the prepaids IN CASH at closing. If escrow accounts are waived, there must be a hazard insurance policy for twelve (12) months (with a paid receipt) in effect at closing.

10.6 Unless instructed otherwise in the Supplemental Closing Instructions, collect the following prepaids:

- (a) Property tax escrow: Collect from October 1st through the month of closing, plus two (2) months escrow reserve. Prorate taxes between the Borrower/Buyer and Seller according to the terms of their sales contract.
 - (i) New construction — If assessed value is available, collect pro rata amount based on improved basis, otherwise base proration on estimate.
 - (ii) Existing structure — If available, collect pro rata amount based on current assessed value, otherwise use prior year's taxes for estimate.
- (b) First year's hazard insurance premium plus two (2) months for escrow reserve.

If the Lender has indicated an aggregate accounting adjustment, collect the following escrow items:

- (a) First year's flood insurance premium plus two (2) months for escrow reserve.
- (b) First year's mortgage insurance premium plus two (2) months for escrow reserve or FHA MIP indicated.
- (c) FHA MIP for transactions using periodic payments of mortgage insurance (i.e., condominium units) - collect the amount indicated in the Supplemental Closing Instructions.
- (d) Annual Assessments - If a homeowners association or municipal authority has not subordinated its lien, collect from date last paid through the settlement date plus two (2) months reserve.

10.7 The Settlement Agent responsible for closing the transaction must furnish a Form 1099 to the appropriate Internal Revenue Service Center reporting the gross proceeds of the sale and any other necessary information. The Lender will not report the transaction for the Settlement Agent.

11. **WARRANTY OF COMPLETION OF CONSTRUCTION.** If FHA or VA approves plans and specifications prior to beginning of construction, and inspects property during construction, the Warranty

Master Closing Instructions (Texas)

of Completion of Construction in Substantial Conformity with Approved Plans and Specifications (VA Form 26-1859; HUD Form 92544) will be required. The name of the builder must be included in the specifications.

12. **ESCROW FOR COMPLETION.** No loan should close with funds escrowed for completion unless prior approval has been given. If approved, escrowed funds must be held by the Settlement Agent who will act as escrow agent. Requirements for escrow documentation will vary based on the type of loan.
13. **VA LOANS.** In addition to other closing requirements, the following will apply on VA loans:

Vesting of Title: The title encumbered with a VA loan must be vested **in the name of the veteran** or the veteran and spouse. If title is vested in any other manner, approval must be given by The Department of Veteran Affairs and the Lender's Closing Department prior to closing.

VA Form 26-1820 (Report and Certification of Loan Disbursement): This form will be required on each VA loan. The form must be completed accurately and signed by the veteran and the Lender or an officer of the Settlement Agent's firm. Be sure all blanks are completed.

14. **FHA LOANS.** In addition to other closing requirements, the following will apply on FHA loans:

FHA Firm Commitment (FHA Form 92900-A): The Mortgagors should read, then sign both copies in the space provided under the Borrower's Certificate. Care should be taken to ensure that the appropriate blocks and blanks have been completed prior to signing. All parties signing the note and/or taking title must sign. Names and initials of signers must be the same as shown at top of the Firm Commitment and other closing documents. No loan should close after the expiration date of the Firm Commitment. Any contingencies included in the commitment must be complied with prior to closing. **Both copies of the signed Firm Commitment must be returned with the closing documents.**

NOTICE ON FHA LOANS: IF USING YOUR HUD-1 SETTLEMENT STATEMENT RATHER THAN THE ONE SENT WITH THIS CLOSING PACKAGE, BE SURE THE FOLLOWING LANGUAGE IS INCLUDED ON THE LAST PAGE:

Application for Commitment for Insurance Under the National Housing Act

I have carefully read the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrower

Seller

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

Date

Applicable to FHA Insured and VA Guaranteed Loans:

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see Title 18 U.S. Code Section 1001 and Section 1010.

BORROWERS CANNOT PAY COURIER/DELIVERY COSTS ON VA LOANS. THESE COSTS CANNOT APPEAR ON THE HUD-1 SETTLEMENT STATEMENT.

15. EXECUTION OF DOCUMENTATION.

- 15.1 Settlement Agent must verify by pictorial identification the identity of all the parties (as more fully described in Section 1).
- 15.2 Lender requires prior notification of all powers of attorney to be used in the transaction. The Department of Veterans Affairs must approve any powers of attorney to be used in a VA-guaranteed transaction. If the use of a power of attorney is requested prior to documents being prepared, certified copies of the power of attorney for the Borrower must be reviewed and approved by the Lender. Original powers of attorney must be recorded in the same county(ies) as the security instrument is recorded, and returned to the Lender. In addition, if a durable power of attorney providing for third party indemnification is used, the power of attorney must also be recorded in the county in which the principal resides. The returned original(s) will be kept by the Lender. After closing, certified copies of all powers of attorney should be sent along with the rest of the loan package to the Lender.

Unless Lender authorizes in writing otherwise, any Power of Attorney used by a Borrower must meet the following requirements:

BORROWER(S) POWER-OF-ATTORNEY (POA)

A Power-of-Attorney (POA) is a written instrument authorizing an individual to act on a person's or entity's behalf as his/her/its agent or Attorney-in-Fact (AIF). The following rules apply when reviewing Borrower(s) POA document/signatures (also see attached sample POA):

1. POA must be signed by the Borrower(s) and name must match Borrower(s) name on Note;
2. POA must state the name of the designated AIF;
3. The designated AIF must be the same person signing the Note on behalf of the Borrower(s);
4. The effective date of the POA must be the day of or before the date of the Note (cannot be dated *after* Note date); and
5. POA must be properly notarized.

The signature of an Attorney-in-Fact (AIF) is acceptable as long as "Attorney-in-Fact" (AIF) or "Power-of-Attorney" (POA) is indicated beside the AIF's printed or signed name and an acceptable matching POA document is received.

PASS
<u>Jane Smith as Attorney-in-Fact for Chris Jones pursuant to POA dated XX xx, XXXX</u> Chris Jones
<u>Chris Jones by Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones
<u>Chris Jones by Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith, Attorney-in-Fact for Chris Jones</u> Chris Jones by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones
<u>Chris Jones by Jane Smith*</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith*</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
FAIL
<u>Jane Smith</u> Chris Smith
<u>Jane Smith</u> Jane Smith, Attorney-in-Fact
<u>Chris Jones</u> Chris Jones by: Jane Smith, Attorney-in-Fact

*While it is not always required to reflect AIF or POA on the signature line, it is strongly preferred.

Please use the following language for acknowledgments for individuals using a power of attorney:

This instrument was acknowledged before me on the _____ day of _____, _____ by JANE SMITH AS ATTORNEY-IN-FACT FOR JOHN DOE.

- 15.3 The documents must be signed in the order indicated in the Supplemental Closing Instructions attached hereto. Specifically, all truth-in-lending disclosures, Texas state-specific disclosures and the Notice of No Oral Agreements **must be signed prior** to the note, deed of trust or other loan documents.
- 15.4 All documents and riders must be signed exactly as the name is typed. Do not make any deletions, amendments, erasures, strikeouts, or additions to the documents without Lender's approval. If possible, a deletion should be made by marking one line through the language to be deleted. If approved, said deletions, amendments, erasures, additions and/or strikeouts must be initialed by all parties required to sign that document. Pages of the note and deed of trust which

do not contain an original signature must be initialed by the Borrowers. Obtain the initials of an appropriate party on all other documents indicating a place for party initialing. Do not allow the Borrower to sign any documents containing blanks.

- 15.5 Acknowledgments should be dated on or after the date of document execution. Documents must not be signed or notarized prior to the date of the documents. **All documents must be signed and the transaction otherwise closed and funded prior to the “Document Expiration Date” indicated on the first page of the Supplemental Closing Instructions.** All notarized documents must bear the seal, expiration date and printed name of the notary, and be signed by the notary, in accordance with Texas law.
- 15.6 Record the Deed (with vendor’s lien assigned to Lender), if applicable, and any other documents required to vest title in the Borrower. If any excess funds are collected, but are not required to record or insure title, the funds must be returned to the party that paid the fees. Record the deed of trust (and assignment, concurrently, if applicable). Pay off, with loan proceeds if necessary, and obtain the release, discharge or reconveyance of all items shown on Schedule “C” of the Title Commitment.
- 15.7 Documents to be recorded in this transaction must be presented to the county clerk in the following order:
- (a) Power of Attorney
 - (b) Deed
 - (c) Deed of Trust (with any Rider(s))
 - (d) Assignment of Lien
 - (e) Supporting documents required to be filed
 - (f) Secondary financing (if any)
- 15.8 If a UCC-1 Financing Statement is included in the document package, it must be filed according to Uniform Commercial Code revised Article 9.
- Settlement Agent must properly file the documents requested by Lender to be recorded, and obtain from Borrower and/or Seller the required filing fees. Any deed used in this transaction must be returned to the Borrower. Powers of attorney, the deed of trust, and any assignment of lien must be returned after recording to Lender or the party indicated by Lender.
16. **COPIES.** Unless more than one (1) copy is required by these Closing Instructions, each Borrower must be provided with one (1) copy of the note, deed of trust, rider(s) (if applicable), warranty deed (if applicable), survey, HUD-1 Settlement Statement, disclosures and all other documents required by the Lender or Settlement Agent to be signed by Borrower. Prior to funding approval, Settlement Agent must provide a certified copy of each restriction, easement, mineral reservation or lease, and each and every recorded item shown on Schedule “B” of the Title Commitment and deliver same to Lender unless specified otherwise in the Supplemental Closing Instructions. Lender must be provided with two (2) certified copies of all documents required as a condition of the loan closing. Do not bill the Lender for additional certified copies.
17. **FUNDING AND DISBURSEMENT.** After a satisfactory review, the loan will be funded pursuant to the procedure stated in the Supplemental Closing Instructions. The complete package is due in Lender’s office on the business day indicated in the Supplemental Closing Instructions.

Forward a check to Lender in an amount equal to the sum of all Lender fees and escrows which have not/or will not be deducted from Lender's funds, including the indicated monthly escrows and interest adjustment, less any refund items referenced. Indicate the amounts used for monthly prorations. Also, itemize the amounts being remitted to Lender on the check being sent to Lender or by separate letter. Directly pay all other items according to the Supplemental Closing Instructions and invoice(s). On the back of the HUD-1 (Line 205 for Borrower and Line 508 for Seller), show any "Escrows to Lender" as indicated above. If the recordable documents have not been recorded within 72 hours of disbursement of funds to you, or you are aware that the loan will not fund within 72 hours of disbursement of loan proceeds, you are responsible for contacting the Lender and returning the loan proceeds. You will be responsible for daily interest on these proceeds from the date of disbursement.

THERE IS TO BE NO EXPENSE TO LENDER IN CONNECTION WITH THIS TRANSACTION, UNLESS SPECIFICALLY AUTHORIZED BY THE LENDER. THE LENDER RESERVES THE RIGHT TO CANCEL OR MODIFY THESE INSTRUCTIONS AT ANY TIME WITH PROPER WRITTEN NOTICE TO SETTLEMENT AGENT.

IF YOU ARE UNABLE TO CLOSE AND FUND THE LOAN AS SPECIFIED, CONTACT THE LENDER IMMEDIATELY.

18. **LENDER'S PRIVACY REQUIREMENTS.** Maintaining public confidence is important to the success and well-being of Lender. Additionally, Lender is bound by certain state and federal laws and regulations that require Lender and Lender's employees to transact business mindful that information shall be properly safeguarded. These closing instructions hereby put Settlement Agent on notice that the laws, regulations and safeguards that apply to Lender and its employees equally apply to vendors, agents and service providers [VASPs] of Lender. In conducting the business of Lender, certain customer information is obtained, used, created, stored and disposed. It is expected and required that all persons or entities with access to Lender's customer information shall keep that information confidential. VASPs are not authorized access to Lender's customer information except as is minimally necessary to complete assigned work. VASPs are not to make unauthorized copies of customer information. VASPs are not to discuss customer information with anyone other than authorized persons. Casual conversation about customers and customer information is prohibited and should be avoided even with other VASPs or Lender employees. VASPs shall not sell or otherwise share any customer information with any third party persons or companies. It is understood by Settlement Agent that Lender's customer information shall only be obtained, used, stored and disposed by methods and means that are necessary and permitted in order to conduct the business of Lender and Settlement Agent. All such access shall be in a safe guarded manner consistent with Lender's business practices and generally accepted professional business standards.



A. Settlement Statement (HUD-1)

B. Type of Loan

1. ☐ FHA 2. ☐ RHS 3. ☒ Conv. Unins.
4. ☐ VA 5. ☐ Conv. Ins.

6. File Number:

7. Loan Number:

Loan # 132456

8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:

John Smith, a single person100 Main Street
Levelland, TX 79336

E. Name & Address of Seller:

Roger Rabbit and Jessica Rabbit, husband and wife

F. Name & Address of Lender:

PPDOCS2310 W Interstate 20, 100
Arlington, TX 76017

G. Property Location:

100 Main Street
Levelland, TX 79336

H. Settlement Agent:

Your Title Company
123 Oak Street
Dallas, TX 75205

I. Settlement Date:

November 20, 2012

Place of Settlement:

123 Oak Street
Dallas, TX 75205
(214) 555-5555

Disbursement Date:

November 20, 2012

J. Summary of Borrower's Transaction

100. Gross Amount Due from Borrower	
101. Contract sales price	200,000.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	7,106.59
104.	
105.	
Adjustment for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. Gross Amount Due from Borrower	
200. Amounts Paid by or in Behalf of Borrower	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	160,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206. Deposit with lender	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. Total Paid by/for Seller	
300. Cash at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	
302. Less amounts paid by/for borrower (line 220)	()
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	

K. Summary of Seller's Transaction

400. Gross Amount Due to Seller	
401. Contract sales price	200,000.00
402. Personal property	
403.	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. Gross Amount Due to Seller	
500. Reductions In Amount Due to Seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. Total Reduction Amount Due Seller	
600. Cash at Settlement to/from Seller	
601. Gross amount due to seller (line 420)	
602. Less reductions in amount due seller (line 520)	()
603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller	

The Public Reporting Burden for this collection of information is estimated at 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

L. Settlement Charges					
700. Total Real Estate Broker Fees				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows:					
701. \$	to				
702. \$	to				
703. Commission paid at settlement					
704.					
800. Items Payable in Connection with Loan					
801. Our origination charge	PPDOCS	\$ 596.50	(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen	\$ 0.00		(from GFE #2)		
803. Your adjusted origination charges			(from GFE A)	596.50	
804. Appraisal fee to	Appraisal Group		(from GFE #3)	125.00	
805. Credit report to	Credit Agency		(from GFE #3)	50.00	
806. Tax service to			(from GFE #3)		
807. Flood certification to	Flood Group		(from GFE #3)	75.00	
808. Document preparation	to PeirsonPatterson, LLP \$150.00 (included in 801)		(GFE #1)		
809.	to				
810.	to				
811.	to				
812.	to				
813.	to				
814.	to				
900. Items Required by Lender to Be Paid in Advance					
901. Daily interest charges from	11/20/12 to 12/01/12	@ \$ 19.7260 /day	(from GFE #10)	216.99	
902. Mortgage insurance premium for	months to		(from GFE #3)		
903. Homeowner's insurance for	years to		(from GFE #11)		
904.	to				
905.	to				
906.	to				
1000. Reserves Deposited with Lender					
1001. Initial deposit for your escrow account			(from GFE #9)	3,994.00	
1002. Homeowner's insurance	3 mo. @ \$100.00 per month	\$300.00			
1003. Mortgage insurance					
1004. Property taxes	14 mo. @ \$271.00 per month	\$3,794.00			
1005.					
1006.					
1007. Aggregate Escrow Adjustment		(\$100.00)			
1008.					
1009.					
1010.					
1100. Title Charges					
1101. Title services and lender's title insurance	Your Title Company		(from GFE #4)	924.10	
1102. Settlement or closing fee		\$ 350.00			
1103. Owner's title insurance	Your Title Company		(from GFE #5)	1,025.00	
1104. Lender's title insurance	Your Title Company	\$ 240.10			
1105. Lender's title policy limit	\$ 160,000.00				
1106. Owner's title policy limit	\$ 200,000.00				
1107. Agent's portion of the total title insurance premium		\$			
1108. Underwriter's portion of the total title insurance premium		\$			
1109. Preparation/Review of Warranty Deed to	PeirsonPatterson, LLP.	\$			
1110.	to	\$			
1111.	to	\$			
1112.	to	\$			
1200. Government Recording and Transfer Charges					
1201. Government recording charges to	Hockley County Clerk		(from GFE #7)	100.00	
1202. Deed \$ 100.00	Mortgage \$	Releases \$			
1203. Transfer taxes to			(from GFE #8)		
1204. City/County tax/stamps	Deed \$	Mortgage \$			
1205. State tax/stamps	Deed \$	Mortgage \$			
1206.	to	\$			
1300. Additional Settlement Charges					
1301. Required services that you can shop for			(from GFE #6)		
1302.	to	\$			
1303.	to	\$			
1304.	to	\$			
1305.	to	\$			
1306.	to	\$			
1307.	to	\$			
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					

*Paid outside of closing B = Borrower S = Seller L = Lender O = Other

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges	
Charges That Cannot Increase	HUD-1 Line Number
Our origination charge	# 801
Your credit or charge (points) for the specific interest rate chosen	# 802
Your adjusted origination charges	# 803
Transfer taxes	# 1203

Charges That in Total Cannot Increase More Than 10%	
Government recording charges	# 1201
Appraisal fee	# 804
Credit report	# 805
Flood certification	# 807
Title services and lender's title insurance	# 1101
Owner's title insurance	# 1103
	#
	#

Total
Increase between GFE and HUD-1 Charges

Charges That Can Change	
Initial deposit for your escrow account	# 1001
Daily interest charges	# 901 : \$19.7260/ Day
Homeowner's insurance premium	# 903
	#
	#
	#

Good Faith Estimate	HUD-1
650.00	596.50
0.00	0.00
650.00	596.50
0.00	0.00

Good Faith Estimate	HUD-1
\$100.00	\$100.00
\$125.00	\$125.00
\$50.00	\$50.00
\$75.00	\$75.00
\$1,000.00	\$924.10
\$1,000.00	\$1,025.00

2,350.00	2,299.10
\$ 0.00 or	0.000 %

Good Faith Estimate	HUD-1
\$4,000.00	\$3,994.00
\$0.00	\$216.99
\$0.00	\$0.00

Loan Terms

Your initial loan amount is	\$ 160,000.00
Your loan term is years	5 years
Your initial interest rate is	4.500 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 810.94 includes <input checked="" type="checkbox"/> Principal <input checked="" type="checkbox"/> Interest <input type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, it can rise to a maximum of %. The first change will be on and can change again every after Every change date, your interest rate can increase or decrease by %. Over the life of the loan, your interest rate is guaranteed to never be lower than % or higher than %.
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, it can rise to a maximum of \$
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, the first increase can be on and the monthly amount owed can rise to \$ The maximum it can ever rise to is \$
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes, you have a balloon payment of \$ 146,665.97 due in 5 years on December 1, 2017
Total monthly amount owed including escrow account payments	<input type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input checked="" type="checkbox"/> You have an additional monthly escrow payment of \$ 371.00 that results in a total initial monthly amount owed of \$ 1,181.94. This includes principal, interest, any mortgage insurance and any items checked below: <input checked="" type="checkbox"/> Property taxes <input checked="" type="checkbox"/> Homeowner's insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/> <input type="checkbox"/>

Note: If you have any questions about the Settlement Charges and Loan Terms listed on this form, please contact your lender.



A. Settlement Statement (HUD-1) Addendum

B. Type of Loan

1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> RHS 3. <input checked="" type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number: Loan # 132456	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA 5. <input type="checkbox"/> Conv. Ins.			
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.			
D. Name & Address of Borrower: John Smith, a single person 100 Main Street Levelland, TX 79336	E. Name & Address of Seller: Roger Rabbit and Jessica Rabbit, husband and wife ,	F. Name & Address of Lender: PPDOCS 2310 W Interstate 20, 100 Arlington, TX 76017	
G. Property Location: 100 Main Street Levelland, TX 79336	H. Settlement Agent: Your Title Company Place of Settlement: 123 Oak Street Dallas, TX 75205	I. Settlement Date: November 20, 2012	

Itemization of Our Origination Fee (Line 801)	
Underwriting fee to PPDOCS	\$200.00
Processing fee to PPDOCS	\$150.00
Application fee to PPDOCS	\$50.00
Review fee to PPDOCS	\$46.50
Attorney fee for docprep to PeirsonPatterson, LLP	\$150.00

Itemization of Title Services and Lender's Title Insurance (Line 1101)	
Title escrow fee to Your Title Company	\$300.00
Copy fee to Your Title Company	\$30.00
Guaranty fee to Your Title Company	\$4.00

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrowers

Sellers

Signature _____ Date _____
John Smith

Signature _____ Date _____
Roger Rabbit

Signature _____ Date _____
Jessica Rabbit

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent _____ Date _____

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

CALCULATION OF AGGREGATE ESCROW ACCOUNT

<p>Borrower(s) Name and Address:</p> <p>John Smith</p> <p>100 Main Street Levelland, TX 79336</p>	<p>Lender/Servicer Name and Address</p> <p>PPDOCS 2310 W Interstate 20, 100, Arlington, TX 76017</p> <p>Phone: (817) 461-5500</p>
<p>Loan # 132456</p>	<p>Mortgage Insurance/Case Number</p>

HUD-1 Reserve Account Entries

Based on information available to preparer, the following can be used for computing HUD-1 Settlement Statement.

HUD ACCOUNT	ACCOUNT DESCRIPTION	RESERVE MONTHS	AMOUNT PER MONTH	TOTAL RESERVE
1002	Homeowner's insurance	3	100.00	300.00
1004	Property taxes	14	271.00	3,794.00
	Aggregate reserve adjustment			(100.00)
	Total escrow required			3,994.00

Initial Escrow Account Disclosures

MONTH	PAYMENTS TO ESCROW ACCT	PAYMENTS FROM ESCROW ACCT	DESCRIPTION	ESCROW ACCT. BALANCE
Initial Reserve Balance at Closing:				3,994.00
Dec 2012		3,252.00	Property taxes	742.00
Escrow Computation Year Beginning Balance:				742.00
Jan 2013	371.00	0.00		1,113.00
Feb 2013	371.00	0.00		1,484.00
Mar 2013	371.00	0.00		1,855.00
Apr 2013	371.00	0.00		2,226.00
May 2013	371.00	0.00		2,597.00
Jun 2013	371.00	0.00		2,968.00
Jul 2013	371.00	0.00		3,339.00
Aug 2013	371.00	0.00		3,710.00
Sep 2013	371.00	0.00		4,081.00
Oct 2013	371.00	0.00		4,452.00
Nov 2013	371.00	1,200.00	Homeowner's insurance	3,623.00
Dec 2013	371.00	3,252.00	Property taxes	742.00

Escrow Cushion	For Mtg Insurance	0 Mo.	Payments Beginning	Amount Owed	\$810.94
	For Other Items	2 Mo.	01/01/2013	Escrow Payment	\$371.00
	Cushion Amount	\$742.00			\$0.00
				Total Payment	\$1,181.94

Aggregate Escrow Account Entry

INITIAL ESCROW ACCOUNT DISCLOSURE STATEMENT

Borrower(s) Name and Address John Smith 100 Main Street Levelland, TX 79336	Lender/Servicer Name and Address PPDOCS 2310 W Interstate 20, 100, Arlington, TX 76017 Phone: (817) 461-5500
Loan # 132456	Mortgage Insurance/Case Number

Your first payment is due January, 1 2013 and will be \$1,181.94, of which \$810.94 will be for the amount owed, and \$371.00 will go into your escrow account.

This is an estimate of activity in your escrow account during the next 12 months based on payments anticipated to be made from your account.

MONTH	PAYMENTS TO ESCROW ACCT	PAYMENTS FROM ESCROW ACCT	DESCRIPTION	ESCROW ACCT. BALANCE
Initial Reserve Balance at Closing:				3,994.00
Dec 2012		3,252.00	Property taxes	742.00
Escrow Computation Year Beginning Balance:				742.00
Jan 2013	371.00	0.00		1,113.00
Feb 2013	371.00	0.00		1,484.00
Mar 2013	371.00	0.00		1,855.00
Apr 2013	371.00	0.00		2,226.00
May 2013	371.00	0.00		2,597.00
Jun 2013	371.00	0.00		2,968.00
Jul 2013	371.00	0.00		3,339.00
Aug 2013	371.00	0.00		3,710.00
Sep 2013	371.00	0.00		4,081.00
Oct 2013	371.00	0.00		4,452.00
Nov 2013	371.00	1,200.00	Homeowner's insurance	3,623.00
Dec 2013	371.00	3,252.00	Property taxes	742.00

(Please keep this statement for comparison with the actual activity in your account at the end of the escrow accounting computation year.)

Cushion selected by servicer: \$742.00

By signing below, I/we acknowledge receipt of a copy of this Initial Escrow Account Disclosure Statement.

Signature
John Smith

Date

[Sign Originals Only]

Initial Escrow Disclosure

**Texas Notice of Penalties for Making
False or Misleading Written Statement**

Loan # 132456

Warning:

Intentionally or knowingly making a materially false or misleading written statement to obtain property or credit, including a mortgage loan, is a violation of Section 32.32, Texas Penal Code, and, depending on the amount of the loan or value of the property, is punishable by imprisonment for a term of 2 years to 99 years and a fine not to exceed \$10,000.

I/we, the undersigned home loan applicant(s), represent that I/we have received, read, and understand this notice of penalties for making a materially false or misleading written statement to obtain a home loan.

I/we represent that all statements and representations contained in my/our written home loan application, including statements or representations regarding my/our **identity, employment, annual income, and intent to occupy the residential real property** secured by the home loan, are true and correct as of the date of loan closing.

Signature Date
John Smith

[Sign Originals Only]

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Smith.**

Notary Public
Printed Name: _____
My commission expires: _____

Texas Notice of Penalties for Making False or Misleading Written Statement

TRUTH-IN-LENDING DISCLOSURE STATEMENT
(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Version: 01/30/2011

CREDITOR:	PPDOCS 2310 W Interstate 20, 100 Arlington, TX 76017	Loan Number:	132456
BORROWER(S):	John Smith	Closing Date:	11/20/2012
MAILING ADDRESS:	100 Main Street, Levelland, TX 79336	Type of Loan:	Conv
PROPERTY ADDRESS:	100 Main Street, Levelland, TX 79336		

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you on your behalf	The amount you will have paid after you have made all payments as scheduled
4.6994%	\$36,079.92	\$158,431.51	\$194,511.43

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	4.500%
Principal + Interest Payment	\$810.94
Est. Taxes + Insurance (Escrow)	\$371.00
Total Est. Monthly Payment	\$1,181.94

Final Balloon Payment due on December 1, 2017: \$146,665.97

There is no guarantee that you will be able to refinance to lower your rate and payments.

VARIABLE RATE FEATURE: Your loan does not have a variable rate feature.

SECURITY: You are giving a security interest in the property located at:
100 Main Street, Levelland, TX 79336

ASSUMPTION: Someone buying the property cannot, unless otherwise provided by federal law, be allowed to assume the remainder of the loan on the original terms

LATE CHARGE: If your payment is more than 15 days late, you will be charged a late charge of 5.000% of the overdue payment of principal and interest.

PREPAYMENT: If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

DEMAND FEATURE: N/A

REQUIRED DEPOSIT: N/A

FILING / RECORDING FEES: \$100.00(e)

TRUTH-IN-LENDING DISCLOSURE STATEMENT CONTINUED

INSURANCE:

The following insurance is required to obtain credit:

Property insurance

You may obtain the insurance from anyone you want that is acceptable to Lender.

(e) means an estimate

I/We have received these disclosures

Signature

Date

John Smith

[Sign Originals Only]

APR & FINANCE CHARGE SUMMARY

Lender:
PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017

Closing: 11/20/2012
Funding: 11/20/2012
Loan Amount: \$160,000.00
Loan Term: 60
Note Rate: 4.500%
Type of Loan: Conventional
1st Payment: 01/1/2013
Loan # 132456

Borrower(s): John Smith

Mailing Address: 100 Main Street, Levelland, TX 79336
Property Address: 100 Main Street, Levelland, TX 79336

Annual Percentage Rate	Finance Charge (1)	Amount Financed (2)	Total of Payments (3)	Total Sales Price (4)
4.6994%	\$36,079.92	\$158,431.51	\$194,511.43	

1. Finance Charges:

Flood certification	75.00
Daily interest charges	216.99
Settlement or closing fee	350.00
Underwriting fee	200.00
Processing fee	150.00
Application fee	50.00
Review fee	46.50
Attorney fee for docprep	150.00
Title escrow fee	300.00
Copy fee	30.00
Total Prepaid Finance Charges	1,568.49
Plus Interest for life of loan	34,511.43
TOTAL FINANCE CHARGE	36,079.92

2. Calculation of Amount Financed:

Total Loan Amount	160,000.00
Less Prepaid Finance Charges	1,568.49
TOTAL AMOUNT FINANCED	158,431.51

3. Calculation of Total of Payments:

Finance Charge	36,079.92
Plus Amount Financed	158,431.51
TOTAL OF PAYMENTS	194,511.43

4. Calculation of Total Sales Price:

N/A

5. APR Tolerance

Disclosed APR	4.690%
Ending APR	4.699%
Difference	0.009%
Result	IN TOLERANCE

AMOUNT FINANCED ITEMIZATION

LENDER:
PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017

BORROWERS:
John Smith

ADDRESS:
100 Main Street
Levelland, TX 79336

PROPERTY ADDRESS:
100 Main Street, Levelland, TX 79336

Date: **11/20/2012**

Funding: **11/20/2012**

Mortgage Ins: **No**

Loan Amount: **\$160,000.00**

Loan Term: **60 months**

Note Rate: **4.500%**

Type of Loan: **Conv**

1st Payment: **01/01/2013**

Loan # 132456

SETTLEMENT AGENT MUST COMPLETE APPLICABLE BLANKS INDICATED WITH "*" FOR ALL THIRD PARTY CHARGES PAID BY BORROWER AND SHOWN ON THE SETTLEMENT STATEMENT PRIOR TO BORROWER'S EXECUTION.

Itemization of the Amount Financed of **\$158,431.51** (per Truth in Lending)

\$ _____ * Amount given to you directly

\$ _____ * Amount paid on your account

Amount(s) paid to others on your behalf (excluding Prepaid Finance Charges):

\$125.00	Appraisal fee to Appraisal Group
\$50.00	Credit report to Credit Agency
\$300.00	Homeowner's insurance
\$3,794.00	Property taxes
(\$100.00)	Aggregate Escrow Adjustment
\$1,025.00	Owner's title insurance to Your Title Company
\$240.10	Lender's title insurance to Your Title Company
\$4.00	Guaranty fee to Your Title Company
\$100.00	Government recording charges - Deed to Hockley County Clerk

Amount of Prepaid Finance Charges paid to other on your behalf:

\$75.00	Flood certification to Flood Group
\$216.99	Daily interest charges
\$350.00	Settlement or closing fee
\$200.00	Underwriting fee to PPDOCS
\$150.00	Processing fee to PPDOCS
\$50.00	Application fee to PPDOCS
\$46.50	Review fee to PPDOCS
\$150.00	Attorney fee for docprep to PeirsonPatterson, LLP
\$300.00	Title escrow fee to Your Title Company
\$30.00	Copy fee to Your Title Company

Itemization of Amount Financed

NOTE

THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

Loan # 132456

November 20, 2012
[Date]

Dallas
[City]

TX
[State]

100 Main Street, Levelland, TX 79336
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. **\$160,000.00**, (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is **PPDOCS**. I will make all payments under this Note in the form of cash, check, money order or electronic funds transfer. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST RATE AND PAYMENTS

(A) Interest Rate

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of **4.500%**. If I am in default as described later in this Note, interest will accrue at the "Maximum Rate". "Maximum Rate" means at the particular time in question the maximum rate of interest which, under applicable law, state and federal, may then be charged on this Note. If applicable law ceases to provide for such maximum rate of interest, the Maximum Rate means eighteen percent (18.00%) per annum.

(B) Payments

(1) Place of Payments

I will make my **monthly** payments at **2310 W Interstate 20, 100, Arlington, TX 76017** or at a different place if required by the Note Holder.

(2) Amount and Time of Payments

I will make payments as follows:

Principal and interest are payable in monthly installments of \$810.94 (based on a 360 month amortization) each month beginning January 1, 2013 and continuing regularly in like installments each period on the same day of the month in each period until December 1, 2017 (the "Maturity Date") when all unpaid principal and interest is due and payable. Each installment will be applied first to payment of accrued interest on the unpaid principal, and the remainder will be applied to reduction of unpaid principal.

(C) Accrual Method

(1) Actual / 365 Method

All payments of interest shall be computed on the per annum basis of a year of 365 days (or 366, as the case may be) and for the actual number of days elapsed.

(2) True Daily Earnings Method

Note

Interest will be computed according to the true daily earnings method. The true daily earnings method is a method to compute an interest charge by applying a daily rate to the unpaid balance of the amount financed. The earned finance charge is computed by multiplying the daily rate by the number of days the actual principal balance is outstanding. The daily rate is the equivalent contract rate for a year with the number of days indicated in (C)(1) above.

3. PREPAYMENT

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a Prepayment. When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the **monthly** payments due under the Note. I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my **monthly** payment unless the Note Holder agrees in writing to those changes.

4. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

5. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default

If I do not pay the full amount of each **monthly** payment on the date it is due, I will be in default.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount.

(C) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

(E) Not Sufficient Funds Fees

If not prohibited by applicable law, I agree to pay an amount charged by Lender not to exceed **\$30.00** (or the maximum amount allowed by applicable law if applicable law limits said fee to an amount less than **\$30.00**) for each check, draft, order or other instrument or form of remittance made in payment on this note that is returned to Lender unpaid or dishonored for any reason.

(F) Late Charges for Overdue Payments

Notwithstanding anything to the contrary set forth in this Note, Mortgage/Deed of Trust or the other loan documents, to the extent not prohibited by Texas and applicable federal law, Borrower hereby agrees to the following:

Late Fee. In the event any payment amount, or any part thereof, remains unpaid for more than **Fifteen (15)** days past the due date thereof as provided in this Note, Borrower shall pay to Note Holder, in addition to any other amounts to which Note Holder may be entitled hereunder, a reasonable late payment fee equal to **Five (5.000%)** of the amount of said payment. This amount is stipulated by Borrower to be reasonable in order to compensate Note

Note

Holder for its additional costs incurred as a result of having to attend to such delinquency. This late charge should be paid only once, but promptly, as to each respective late payment. It is further agreed that the imposition of any such late payment fee shall in no way prejudice or limit Note Holder's rights or remedies against Borrower under this Note, Mortgage/Deed of Trust or the other loan documents or any other instrument.

6. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 2(B) above or at a different address if I am given a notice of that different address.

7. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

8. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

9. SECURITY

This Note is secured by the Property referenced herein above [Property Address] on the top of the first page of this Note. As further security for this Note, I grant to the Note Holder a lien and contractual right of offset in and to all my money and property now or at any time hereafter coming within the custody or control of the Note Holder, including, without limitation, all certificates of deposit and other accounts, whether such certificates or accounts have matured or not and whether exercise of such right of offset results in loss of interest or other penalty under the terms of the certificate or account agreement.

This Note is further secured by a Deed of trust of even date herewith, to **Michael H. Patterson**, Trustee, covering the real property described to wit:

Being Lot 11 in Block I, of COUNTRY CLUB ESTATES - 1, an Addition to the City of Levelland, Hockley County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 11, Plat Records, Hockley County, Texas.

10. APPLICABLE LAW

This Note is being executed and delivered and is intended to be performed in the State of Texas and shall be construed and enforced in accordance with and governed by the laws of the State of Texas and applicable federal law. All legal proceedings brought to enforce or interpret this Note shall be in the appropriate court located in **Tarrant** County, Texas. In the event of a conflict between any provision of this Note and applicable law, the applicable law shall control to the extent of such conflict and the conflicting provisions contained in this Note shall be modified to the extent necessary to comply with applicable law. All other provisions in this Note will remain fully effective and enforceable.

11. SECURED NOTE

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses

Note

which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

12. DUE ON TRANSFER

In addition to the protections given to the Lender under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Lender from possible losses which might result if Borrower does not keep the promises which Borrower makes in this Note. That Security Instrument describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts Borrower owes under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

13. NO ORAL AGREEMENTS

THIS NOTE CONSTITUTES A "WRITTEN LOAN AGREEMENT" PURSUANT TO SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, IF SUCH SECTION APPLIES. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Signature

John Smith

Date

[Sign Originals Only]

Note

AFTER RECORDING, RETURN TO:
PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017
Ambra Costner

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

DEED OF TRUST
(SECURITY AGREEMENT,
FINANCING STATEMENT)

Loan # 132456

THE STATE OF TEXAS }

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF Hockley }

THE UNDERSIGNED, **John Smith, a single person**, whose mailing address is as set forth opposite the signature of each, being the debtor(s) and hereinafter called "Grantors", (whether one or more), in consideration of TEN AND NO/100 DOLLARS (\$10.00), in hand paid, and the debt and trust hereinafter mentioned, have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey unto **Michael H. Patterson** Trustee(s), whose mailing address is **2310 Interstate 20 W, Suite 100, Arlington, TX 76017**, hereinafter called the "Trustee" (whether one or more), and to his successors in trust, the following described land and other property situated in the County of **Hockley**, State of **Texas**, to-wit:

Being Lot 11 in Block I, of COUNTRY CLUB ESTATES - 1, an Addition to the City of Levelland, Hockley County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 11, Plat Records, Hockley County, Texas.

which has an address of:

100 Main Street
Levelland, TX 79336
("Property Address"):

together with all heating, plumbing, refrigeration, lighting fixtures, equipment, appliances and/or other personal property used in connection therewith whether or not now or hereafter attached thereto so as to become fixtures, and all accessions and additions thereto, and all buildings and improvements thereon and hereafter placed thereon: appurtenances, servitudes, rights, ways, privileges, prescriptions and advantages thereunto belonging or in any wise appertaining, hereinafter called the "Mortgaged Premises". To the extent permitted by law, this Deed of Trust shall be construed to be a security agreement and financing statement.

TO HAVE AND TO HOLD the Mortgaged Premises unto the Trustee forever, Grantors hereby bind themselves to warrant and forever defend the title to the Mortgaged Premises, or any part thereof, unto the Trustee against all

Deed of Trust (Security Agreement, Financing Statement)

persons whomsoever claiming or to claim the same or any part thereof.

1. THIS CONVEYANCE, however, is made in trust to secure and enforce the payment of the following described indebtedness, obligations and liabilities:

- (a) A promissory note (the "Note") of even date herewith in the principal sum of **One Hundred Sixty Thousand and 00/100 Dollars (\$160,000.00)** executed by Grantors and payable to the order of **PPDOCS** whose mailing address is **2310 W Interstate 20, 100, Arlington, TX 76017** (hereinafter called "Beneficiary" or "Bank"), bearing interest as therein provided;
 - (b) All promissory notes evidencing additional loans which Beneficiary may hereinafter make to Grantors (although it is understood that beneficiary is under no obligation to do so);
 - (c) All other indebtedness and liabilities of all kinds of Grantors to Beneficiary now existing or hereafter arising (including overdrafts in bank accounts), whether fixed or contingent, joint and/or several, direct or indirect, primary or secondary and regardless of how created or evidenced, or whether they may, prior to 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;
 - (d) All sums advanced or costs or expenses incurred by Beneficiary which are made or incurred pursuant to or allowed by, the terms of this instrument, plus interest thereon at the maximum rate allowed by applicable law from the date paid until reimbursed; and
 - (e) All renewals and extensions of the above, whether or not Grantors execute any renewal or extension agreement.
- All of the described indebtedness being hereinafter sometimes referred to collectively as the "debt" or "indebtedness".

2. As additional security for the payment of said debt, Grantors hereby transfer and assign unto the Beneficiary:

- (a) All judgments, awards of damages and settlements hereinafter made resulting from condemnation proceedings or the taking of all or any part of the Mortgaged Premises under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Premises or any part thereof, or to any rights appurtenant thereto, including any award for change of grade of streets. The Beneficiary is hereby authorized, but shall not be required, on behalf and in the name of Grantors, to execute and deliver acquittances for, and to appeal from, any such judgments or awards. The Beneficiary may apply all such sums or any part thereof so received, after the payment of all expenses, including costs and attorney's fees, on the debt in such manner as the Beneficiary elects;
- (b) All bonuses, rents and royalties accrued or to accrue under all oil, gas or mineral leases, now existing or which may hereafter come into existence. Grantors direct payment of the same to the Beneficiary, at the option of the Beneficiary and upon written demand of the Beneficiary therefor, to be applied to the debt until paid, whether due or not, and either before or after any default under the terms of this Deed of Trust or Note; and
- (c) All of the rents, royalties, issues, profits, revenue, income and other benefits derived from the Mortgaged Premises (whether now existing or hereafter arising) or arising from the use or enjoyment of any portion thereof or from any lease or agreement pertaining thereto (hereinafter called the "Rents and Profits") are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note and any other indebtedness secured hereby. It is intended that this assignment is absolute, unconditional and presently effective and that it shall never be necessary for Beneficiary to institute legal proceedings of any kind whatsoever to

Deed of Trust (Security Agreement, Financing Statement)

enforce the provisions of this Section 2 (c). Prior to the occurrence of any default hereunder, Grantor shall collect and receive all Rents and Profits as Trustee for the benefit of Beneficiary and Grantor, and Grantor shall apply the funds so collected first to the payment of the principal and interest and all other sums payable on the Note and in payment of all other indebtedness secured hereby, and thereafter, so long as no default hereunder has occurred, the balance shall be distributed to the account of the Grantor. Grantor will not (i) execute an assignment of any of its right, title or interest in the Rents or Profits, or (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any lease of the Mortgaged Premises or any part thereof, now or hereafter existing, having an unexpired term of one year or more except that any lease may be canceled, provided that promptly after the cancellation or surrender thereof, a new lease is entered into with a new lessee having a credit standing, in the judgment of Beneficiary, at least equivalent to that of lessee whose lease was canceled, on substantially the same terms as the terminated or canceled lease, or (iii) modify any lease of the Mortgaged Premises or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of rent payable thereunder, or (iv) accept prepayments of any installments of rent to become due under any of such leases in excess of one month, except prepayments in the nature of security for the performance of the lessee thereunder, or (v) in any other manner impair the value of the Mortgaged Premises or the security of this Deed of Trust. Grantor will not execute any lease of all or any substantial portion of the Mortgaged Premises except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, each covenant, condition and agreement contained in each lease of the Mortgaged Premises now or hereafter existing, on the part of lessor thereunder to be kept and performed. Grantor shall furnish to Beneficiary, within ten (10) days after a request by Beneficiary to do so, a written statement containing the names of all lessees of the Mortgaged Premises, the terms of their respective leases, the spaces occupied, and the rentals payable thereunder. Beneficiary shall have no liability or obligation with respect to any lease of the Mortgaged Premises or any part thereof.

- (d) All of Grantors interest in, to, and under any and all leases, tenant contracts, construction contracts and other contracts, licenses and permits, whether written or oral, now or hereafter affecting all or any part of the Property, and any agreement for the use or occupancy of all or any part of said Property which may have been made heretofore or which may be made hereafter, including any and all extensions, renewals, and modifications of the foregoing and guaranties of the performance or obligations of any tenants thereunder, and all other arrangements of any sort resulting in the payment of money to Grantor or in Grantor becoming entitled to the payment of money for the use of the Property or any part thereof, whether such user or occupier is tenant, invitee, or licensee (all of the foregoing hereafter referred to collectively as the "Leases" and individually as a "Lease", and said tenants, invitees, and licensees are hereafter referred to collectively as "Tenants" and individually as "Tenant" as the context requires), which Leases cover all or any portion of the Property. Grantor agrees to execute and deliver to Beneficiary such additional instruments, in form and substance satisfactory to Beneficiary, as may hereafter be requested by Beneficiary further to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Beneficiary to any Lease, or to impose upon Beneficiary any obligation with respect thereto; and provided, further, that permission is hereby given to Grantor unless and until Grantor is in default as provided herein, to collect the income, rents, issues and profits relating to the Property as they become due and payable but not in advance, except as provided herein below.

3. The proceeds of the Note to the extent that the same are utilized to take up any outstanding liens against the Mortgaged Premises, or any portion thereof, have been advanced by the Beneficiary at Grantors'

request and upon Grantors' representation that such amounts are due and are secured by valid liens against the Mortgaged Premises. The Beneficiary shall be subrogated to any and all rights, superior titles, liens, and equities owned or claimed by any owner or holder of any outstanding liens and debts, however remote, regardless of whether said liens or debts are acquired by the Beneficiary by assignment or are released by the holder thereof upon payment.

4. Grantors further covenant and agree:

- (a) That Grantors will pay the principal of and interest on the Note in accordance with the terms thereof. That Grantors are seized of the Mortgaged Premises and are entitled to convey the same; that Grantors will make such further assurance of title as may be necessary to fully confirm to the Trustee the title to the Mortgage Premises; Grantors shall punctually and properly perform all of Grantors' covenants, obligations, and liabilities under any other security agreement, mortgage, deed of trust, collateral pledge agreement, contract, assignment, loan agreement or any other instrument or agreement of any kind now or hereafter existing as security for, executed in connection with, or related to the indebtedness or other obligations secured hereby, or any part thereof;
- (b) That all awnings, door and window screens, storm window screens, storm windows and doors, mantels, cabinets, rugs, carpeting, linoleum, wall and in-a-door beds, stoves, shades, blinds, oil and other fuel-burning systems and equipment, water heaters, radiator covers, and all plumbing, heating, lighting, cooking, ventilating, cooling, air-conditioning and refrigerating apparatus and equipment, and such goods and chattels and personal property as are ever furnished by landlords in letting or operating an unfurnished building, or which are or shall be attached to said building by nails, screws, bolts, pipe connections, masonry or in other manner, and all additions thereto and replacements thereof, and such built-in equipment as shown by plans and specifications, are and shall be deemed to be fixtures and accessions to the Mortgaged Premises, being hereby agreed to be immovables and a part of the realty as between the parties hereto, and shall be deemed to be a part and portion of the Mortgaged Premises;
- (c) That Grantors will pay (prior to delinquency) all taxes and assessments levied or assessed upon the Mortgage Premises, or the interest created therein by this Deed of Trust, and exhibit the receipts therefor to the Beneficiary (unless such payments are made by the Beneficiary, as hereinafter provided), and will defend the title and possession of the Mortgaged Premises to the end that this Deed of Trust shall be and remain a first lien on the Mortgaged Premises until the debt is paid. That Grantors will pay all attorney's fees and expenses which may be incurred by the Beneficiary in enforcing the terms of the Note and this Deed of Trust or in any suit which the Beneficiary may become a party where this Deed of Trust or the Mortgaged Premises is in any manner involved, and all expenses incurred in presenting a claim against the estate of a decedent or a bankrupt. The word "assessments" as used in this Deed of Trust, whether in this paragraph or elsewhere, shall include not only assessments by political subdivisions, but also maintenance charges, regular assessments and special assessments assessed by subdivision restrictions, homeowner's declarations for planned unit developments and assessments by condominium agreements, if any;
- (d) That Grantors will keep all insurable Mortgaged Premises insured for the protection of the Beneficiary against loss by fire, hazards included within the term "extended coverage" and such other hazards as Beneficiary may require in such manner, in such amounts, and in such companies as the Beneficiary may approve at Beneficiaries sole discretion, and keep the policies therefor, properly endorsed, on deposit with the Beneficiary with standard mortgagees' clauses. If renewal policies are not delivered to the Beneficiary 30 days before the expiration of the existing policy or policies, with evidence of premiums paid, the Beneficiary may, but is not

obligated to, obtain the required insurance on behalf of Grantors (or insurance in favor of the Beneficiary alone) and pay the premiums thereon. Grantors assign to Beneficiary all right and interest in all such policies of insurance and authorize the Beneficiary to collect for, adjust or compromise any losses under any insurance policy on the Mortgaged Premises, and loss proceeds (less expense of collection) shall, at the Beneficiary's option, be applied on the debt, whether due or not, or to the restoration of the Mortgaged Premises, or be released to Grantors, but such application or release shall not cure or waive any default. Grantors shall, at their expense, in addition to all other insurance obligations herein required, maintain or cause to be maintained workers' compensation insurance covering all persons employed by Grantors and Grantors shall provide Beneficiary with proof of insurance, notice of cancellation, and other information relating to such insurance coverage, in the same manner as required with respect to other insurance obligations of Grantor described in this Deed of Trust;

- (e) That, when requested by the Beneficiary, Grantors will pay with and in addition to the payments of principal and interest payable under the terms of the Note, on the same day as the principal and interest installments are due and payable, a sum equal to one-twelfth of the estimated annual ground rents, taxes, hazard insurance premiums and assessments, if any, next due on the Mortgaged Premises. If the amount so paid is not sufficient to pay such ground rents, taxes, hazard insurance premiums and assessments when due, then Grantors will deposit immediately with the Beneficiary an amount sufficient to pay such ground rents, taxes, hazard insurance premiums, and assessments. If there is a default under any of the provisions of this Deed of Trust resulting in a sale of the Mortgaged Premises or foreclosure, or if the Beneficiary acquires the Mortgaged Premises otherwise after default, the Beneficiary shall apply, at the time of commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining of the funds accumulated under this provision as a credit against the amount then remaining unpaid under the Note. No interest shall accrue or be allowed on any payments made under the provisions of this paragraph. If the amount so paid is in excess of the amount needed to pay such ground rents, taxes, hazard insurance premiums and assessments in any calendar year, such excess shall be applied to the next maturing installments of principal and interest. All deposits made pursuant to this paragraph shall be held by the Beneficiary as additional security for the payment of the debt described herein and shall not be assigned, attached or otherwise alienated except when transferred by Grantors to a new owner of the Mortgaged Premises concurrently with a bona fide sale of the Mortgaged Premises;
- (f) That Grantors will not commit or permit any waste on the Mortgaged Premises and will keep the buildings, fences and all other improvements now or hereafter erected on the Mortgaged Premises in sound condition and in good repair and will neither do nor permit to be done anything to the Mortgaged Premises that may impair the value thereof and the Beneficiary shall have the right of entry upon the Mortgaged Premises at all reasonable times for the purpose of inspecting the same;
- (g) That Grantors will pay for the cost of any appraisal of the Mortgaged Premises which Beneficiary may require from time to time, such appraisal to be prepared by an appraiser and be in form acceptable to Beneficiary.
- (h) To comply with all valid governmental laws, ordinances and regulations applicable to the Mortgaged Premises and its ownership, use and operation, and to comply with all, and not violate any easements, restrictions agreements, covenants and conditions with respect to or affecting the Mortgage Premises or any part thereof;
- (i) To pay promptly all bills for labor and materials incurred in connection with the Mortgaged Premises and never to permit to be fixed against the Mortgaged Premises or any part thereof, any lien or security interest, even though inferior to the liens and security interests hereof, for any such bill which may be legally due and payable, and never to permit to be created or exist in

- respect of the Mortgaged Premises, or any part thereof, any other or additional lien or security interest on a parity with or superior to the liens and security interests hereof;
- (j) At any time, and from time to time, upon request by Beneficiary forthwith to execute and deliver to Beneficiary any and all additional instruments and further assurances, and do all other acts and things as may be necessary or proper in Beneficiary's opinion to effect the intent of these presents, more fully evidence and perfect the rights, titles, liens and security interests herein created or intended to be created and protect the rights, remedies, powers and privileges of Beneficiary hereunder;
 - (k) From time to time, upon request of Beneficiary, to furnish promptly to Beneficiary such financial statements and reports relating to Grantors and Grantors' business affairs as Beneficiary may reasonably request;
 - (l) If Grantors are a corporation, to maintain continuously Grantors' corporate existence, good standing and its right to do business in Texas and in each other state where any part of Mortgaged Premises is situated;
 - (m) Upon request of Beneficiary, to deliver to Beneficiary, within sixty (60) days after the end of each calendar year, then current annual statements itemizing the income and expenses of the Mortgaged Premises, all in such detail as shall be satisfactory to Beneficiary;
 - (n) At any time that any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, titles, liens or security interests created hereby, or upon the debt, or any part thereof, immediately to pay all such taxes; provided, that, in the alternative, Grantors may, in the event of the enactment of such a law, and must, if it is unlawful for Grantor to pay such taxes, prepay the debt in full within sixty (60) days after demand therefor by Beneficiary;
 - (o) To furnish promptly at any time and from time to time, upon request, a written statement or affidavit in such form as shall be satisfactory to Beneficiary, stating the unpaid balance of the debt and that there are no offsets or defenses against full payment of the debt and the terms hereof, or, if there are any such offsets and defenses, specifying them;
 - (p) To perform punctually and properly all of Grantors' covenants, duties and liabilities under any other security agreement, mortgage, deed of trust, collateral pledge agreement, loan agreement, contract or assignment of any kind now or hereafter existing as security for or in connection with payment of the debt, or any part thereof (each such being herein called "other security instrument");
 - (q) To allow Beneficiary to inspect the Mortgaged Premises and all records relating thereto or to the debt, and to make and take away copies of such records; and
 - (r) Without the prior written consent of Beneficiary (which may be withheld with or without cause), not to cause or permit all or any portion of the Mortgaged Premises which is fixtures or personal property to be removed from the county or state where the real property is located.

5. If any of the indebtedness hereby secured shall become due and payable, the Trustee or the Beneficiary shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Premises under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Premises under the order of a court or the sale of the Mortgaged Premises under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. The Grantors agree, to the full extent that they or it lawfully may, that in case one or more of the defaults hereunder shall have occurred and shall not have been remedied, then, and in every such case, the Beneficiary shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Premises in the possession of Grantors, their or its successors or

assigns, or its or their agents or servants and may exclude the Grantors, its or their successors or assigns and all persons claiming under the Grantors, and its or their agents or servants, wholly or partly therefrom; and holding the same, the Beneficiary may use, administer, manage, operate and control the Mortgaged Premises and conduct the business thereof to the same extent as the Grantors, its or their successors or assigns, might at the time do and may exercise all rights and powers of the Grantors, in the name, place and stead of the Grantors, or otherwise as the Beneficiary shall deem best; and in the exercise of any of the foregoing rights and powers Beneficiary shall not be liable to Grantors for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Beneficiary.

6. In the event the ownership of the Mortgaged Premises, or any part thereof, becomes vested in a person other than Grantors, the Beneficiary may, without notice to Grantors, deal with such successor or successors in interest with reference to this Deed of Trust and to said debt in the same manner as with Grantors without in any way vitiating or discharging Grantors' liability hereunder or upon the debt. No sale of the Mortgage Premises and no forbearance on the part of the Beneficiary and no extension of the time for the payment of the debt hereby secured, given by the Beneficiary, shall operate to release, modify, change, or affect the original liability of Grantors, either in whole or in part.

7. The Beneficiary, without notice, may release any part of the Mortgaged Premises, or any person liable for the debt, without in any way affecting the lien hereof upon any part of the Mortgaged Premises not expressly released or the liability of any person not expressly released, and may agree with any party obligated on the debt, or having any interest in the Mortgaged Premises, to extend the time for payment of any part or all of the debt. Such agreement shall not in any way release or impair the lien hereof, but shall extend the lien hereof as against the title of all parties having any interest in the Mortgaged Premises which interest is subject to this Deed of Trust. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the same indebtedness or any part thereof. The taking of additional security, or the extension or renewal of the indebtedness secured hereby, or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser, guarantor or surety, or improve the right of any permitted junior lienholder; and this Deed of Trust, as well as any instrument given to secure any renewal or extension of the indebtedness secured hereby, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Premises not expressly released until the indebtedness secured hereby is completely paid.

8. Grantors waive the benefit of all laws now existing or that hereafter may be enacted provided for (i) any appraisalment before sale of any portion of the Mortgaged Premises, commonly known as Appraisalment Laws, and (ii) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement of the collection of said debt or creating or extending a period of redemption from any sale made in collecting said debt, commonly known as Stay Laws and Redemption Laws, and Grantors hereby agree and contract that the laws of the State of Texas, save as above excepted, now in force relative to the collection of said debt and the application to the payment thereof, are expressly adopted and made a part hereof. To the extent that Grantors may lawfully do so, Grantors agree that Grantors shall not assert and hereby expressly waive, any right under any statute or rule of law pertaining to the marshalling of assets, the exemption of homestead, the administration of estates of decedents, or other matter whatever to defeat, reduce or affect the right of Beneficiary, under the terms of this Deed of Trust, to sell the Mortgaged Premises for the collection of the indebtedness secured hereby (without any prior or different resort for collection) or the right of Beneficiary, under the terms of this Deed of Trust, to the payment of such indebtedness out of the proceeds of sale of the Mortgaged Premises in preference to every other person and claimant whatever (only reasonable expenses of such sale being first deducted). Grantors expressly waive and relinquish any right or remedy which it or they may have or be able to assert by reason of the provisions of Chapter 34 of the Business and Commerce Code of the State of Texas, pertaining to the rights and remedies of sureties.

9. The Beneficiary may, at the Beneficiary's option, without demand or notice and without waiver of any right, pay or discharge any lien or claim upon the Mortgaged Premises or pay any delinquent tax or assessment, and, upon such payment the Beneficiary shall be subrogated respectively to the rights of the holder of such lien or claim or to the rights of the taxing authority; the Beneficiary may advance any unpaid insurance premiums, and whenever Grantors have failed properly to maintain the improvements, the Beneficiary may make repairs necessary for the proper preservation of the security. Grantors agree to pay to the Beneficiary, upon demand, any and all disbursements made under the provisions of the Deed of Trust together with interest thereon at the rate which the principal of the Note shall bear after default from the respective dates of such disbursements, and all such disbursements shall become a part of the debt, payable at the same place specified in the Note, and shall be secured by this Deed of Trust.

10. Acceptance by the Beneficiary of any payment in an amount less than the amount then due on said debt shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be a default. At any time thereafter, and until the entire amount then due on said debt has been paid, the Beneficiary shall be entitled to exercise all rights conferred upon it in this instrument upon the occurrence of a default.

11. Grantors shall be in default hereunder if Grantors shall default in the prompt payment when due of the indebtedness secured hereby, or any part thereof; or shall fail to keep and perform any of the covenants or agreements contained herein or in any other document securing the Note or any other security instrument; or if Beneficiary discovers that any statement, representation, or warranty in the Note, this Deed of Trust or in any writing delivered to Beneficiary in connection with the indebtedness secured hereby is false, misleading or erroneous in any material respect; or if Grantors, or any person liable for the indebtedness secured hereby, or any part thereof, including any guarantor of or any surety for the performance of any obligation hereunder, files a voluntary petition in bankruptcy; makes an assignment for the benefit of any creditor, is adjudicated as bankrupt or insolvent; admits in writing its inability to pay its debts generally as they become due, applies for or consents to the appointment of a receiver, trustee, or liquidator of Grantors or of any such guarantor or surety or of all or a substantial part of its assets; takes advantage of or seeks any relief under any bankruptcy, reorganization, debtor's relief or other insolvency law now or hereafter existing; files an answer admitting the material allegations of, or consenting to, or defaulting in, a petition against Grantors or any such guarantor or surety, in any bankruptcy, reorganization, or other insolvency proceedings; institutes or voluntarily is or becomes a party to any other judicial proceedings intended to effect a discharge of the debts of Grantors or of any guarantor or surety, in whole or in part, or to effect a postponement of the maturity or the collection thereof, or to effect a suspension of any of the right or powers of Beneficiary granted in the Note, this Deed of Trust or in any other instrument evidencing or securing the indebtedness secured hereby; or if an order, judgment or decree shall be entered by any court of competent jurisdiction appointing a receiver, trustee or liquidator of Grantors or of any guarantor or surety or of all or any substantial part of the assets of Grantors or any such guarantor or surety or if Grantors or any guarantor or surety shall fail to pay any money judgment against it at least ten (10) days prior to the date on which the assets of Grantors or any such guarantor or surety may be sold to satisfy such judgment; or if Grantors or any such guarantor or surety shall fail to have discharged within a period of ten (10) days after the commencement thereof any attachments, sequestration, or similar proceedings against any assets of Grantors or of any guarantor or surety; or if the Mortgaged Premises are placed under control or in the custody of any court, or if Grantors abandon any of the Mortgaged Premises. Upon the occurrence of any such default, Beneficiary, at its option, without notice, may pursue any rights and remedies it may have hereunder or at law, or in equity and Beneficiary may, without limitation and without notice of any kind (including notice of intention to accelerate maturity), declare the entire indebtedness secured hereby immediately due and payable, whereupon it shall be so due and payable.

12. If Grantors shall perform faithfully each of the covenants and agreements herein contained, then,

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and only then, this conveyance shall become null and void and shall be released in due form, at Grantors' expense; otherwise, it shall remain in full force and effect. No release of this conveyance, or of the lien, security interest of assignment created and evidenced hereby, shall be valid unless executed by Beneficiary.

13. If Grantors shall default hereunder, Grantors hereby authorize and empower the Trustee, at the request of Beneficiary, at any time during the continuance of any default, to sell all or any portion of the Mortgaged Premises, at public auction, to the highest bidder, for cash, at the door of the County Courthouse of the county in Texas in which such Mortgaged Premises or any part thereof, is situated, as herein described, between the hours of 10:00 o'clock a.m. and 4:00 o'clock p.m. on the first Tuesday of any month after giving notice of the time, place and terms of said sale, and the property to be sold, as follows:

Notice of such proposed sale shall be given by posting written notice thereof at least twenty-one days preceding the date of the sale at the Courthouse door of the county in which the sale is to be made, and if the property to be sold is situated in more than one county, one notice shall be posted at the Courthouse door of each county in which the property to be sold is situated. In addition, Beneficiary shall, at least twenty-one days preceding the date of sale, serve written notice of the proposed sale by certified mail on each debtor obligated to pay the debt secured hereby according to the records of Beneficiary. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to such debtor at the 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. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service.

Any notice that is required or permitted to be given to Grantors may be addressed to Grantors at Grantors' address as stated herein. Any notice that is to be given by certified mail to any other debtor may, if no address for such other debtor is shown by the records of Beneficiary, be addressed to such other debtor at the address of Grantors as is shown by the records of Beneficiary. Notwithstanding the foregoing provisions of this paragraph, notice of such sale given in accordance with the requirements of the applicable law of the State of Texas in effect at the time of such sale shall constitute sufficient notice of such sale. Grantors hereby authorize and empower the Trustee to sell all or any portion of the Mortgaged Premises, together or in lots or parcels, as the Trustee may deem expedient, and to execute and deliver to the purchaser or purchasers of such property, good and sufficient deeds of conveyance of fee simple title with covenants of general warranty made on behalf of the Grantors. In no event shall the Trustee be required to exhibit, present or display at any such sale any of the personality described herein to be sold at such sale. The Trustee making such sale shall receive the proceeds thereof and shall apply the same as follows: (i) first, he shall pay the reasonable expense of executing this trust including a reasonable Trustee's fee for commission and attorney's fees and costs of title evidence; (ii) second, he shall pay, so far as may be possible, the indebtedness secured hereby, discharging first that portion of the indebtedness arising under the covenants or agreements herein contained and not evidenced by the Note; (iii) third, he shall pay the residue, if any, to the person or persons legally entitled thereto. Payment of the purchase price to the Trustee shall satisfy the obligation of the purchaser at such sale therefor, and such purchaser shall not be bound to look after the application thereof. The sale or sales by the Trustee of less than the whole of the Mortgaged Premises shall not exhaust the power of sale herein granted, and the Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Mortgaged Premises shall be sold; and if the proceeds of such sale or sales of less than the whole of such Mortgaged Premises shall be less than the aggregate of the indebtedness secured hereby and the expense of executing this trust, this Deed of Trust and the lien, security interest and assignment hereof shall remain in full force and effect as to the unsold portion of the Mortgaged Premises just as though no sale or sales had been made; provided, however, that Grantors shall never have any right to require the sale or sales of less than the whole of the Mortgaged Premises but Beneficiary shall have the right, at its sole election, to request the Trustee to sell less than the whole of the Mortgaged Premises. If default is made hereunder, the holder of the indebtedness or any part thereof on which the payment is delinquent shall have the option to proceed with foreclosure in

satisfaction of such item either through judicial proceedings or be directing the Trustee to proceed as if under a full foreclosure, conducting the sale as herein provided without declaring the entire indebtedness secured hereby due and if sale is made because of default of an installment, or a part of an installment, such sale may be made subject to the unmatured part of the Note and other indebtedness secured by this Deed of Trust; and it is agreed that such sale, if so made, shall not in any manner affect the unmatured part of the indebtedness secured by this Deed of Trust, but as to such unmatured part, this Deed of Trust shall remain in full force and effect as though no sale had been made under the provisions of this paragraph. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the indebtedness secured hereby.

14. In case of any sale hereunder, all prerequisites to the sale shall be presumed to have been performed, and in any conveyance given hereunder, all statements of facts, or other recitals therein made as to the nonpayment of money secured, or as to the request to the Trustee to enforce this trust, or as to the proper and due appointment of any substitute trustee, or as to the advertisement of sale, or time, place, and manner of sale, or as to any other preliminary fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true. The purchaser at any trustee's or foreclosure sale hereunder may disaffirm any easement granted, or rental, lease or other contract made, in violation of any provision of this Deed of Trust, and may take immediate possession of the Mortgage Premises free from, and despite the terms of, such grant of easement and rental or lease contract.

15. At the option of the Beneficiary, with or without any reason, a successor substitute trustee may be appointed by the Beneficiary without any formality other than a designation in writing of a successor or substitute trustee, who shall thereupon become vested with and succeed to all the powers and duties given to the Trustee herein named, the same as if the successor or substitute trustee had been named original Trustee herein; and such right to appoint a successor substitute trustee shall exist as often and whenever the Beneficiary desires. If Beneficiary is a corporation and such appointment is executed in its behalf by any officer of such corporation, 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 the corporation.

16. Neither the exercise of, nor the failure to exercise, any option given under the terms of this Deed of Trust shall be considered as a waiver of the right to exercise the same, or any other option given herein, and the filing of a suit to foreclose this Deed of Trust, either on any matured portion of the debt or for the whole debt, shall never be considered an election so as to preclude foreclosure under the power of sale after a dismissal of the suit; nor shall the filing of the necessary notices for foreclosure, as provided in this Deed of Trust, preclude the prosecution of a later suit thereon.

17. In the event of a trustee's sale hereunder and if at the time of such sale the Grantors occupy the portion of the Mortgaged Premises so sold, or any part thereof, Grantors shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Premises so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Premises; and this agreement and any trustee's deed shall constitute a lease and agreement under which the tenant's possession, each and all, arose and continued.

18. Grantors will not, without the prior written consent of Beneficiary, execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Mortgaged Premises (hereinafter called "Subordinate Mortgage"). In the event of consent by Beneficiary to the foregoing or in the event the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable by the provisions of any applicable law, Grantors will not execute or deliver any Subordinate Mortgage unless there shall have been

delivered to Beneficiary not less than ten (10) days prior to the date thereof a copy thereof which shall contain express covenants to the effect:

(a) That the Subordinate Mortgage is in all respects unconditionally subject and subordinate to the lien, security interest and assignment evidenced by this Deed of Trust and each term and provision hereof;

(b) That if any action or proceeding shall be instituted to foreclose the Subordinate Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no tenant of any portion of the Mortgaged Premises will be named as a party defendant, nor will any action be taken with respect to the Mortgaged Premises which would terminate any occupancy or tenancy of the Mortgaged Premises without the prior written consent of Beneficiary;

(c) That the Rents and Profits, if collected through a receiver or by the holder of the Subordinate Mortgage, shall be applied first to the obligations secured by this Deed of Trust, including principal and interest due and owing on or to become due and owing on the Note and the other indebtedness secured hereby and then to the payment of maintenance, operating charges, taxes, assessments, and disbursements incurred in connection with the ownership, operating and maintenance of the Mortgaged Premises; and

(d) That if any action or proceedings shall be brought to foreclose the Subordinate Mortgage, written notice of the commencement thereof will be given to Beneficiary contemporaneously with the commencement of such action or proceeding.

19. Nothing herein contained shall be so construed or operate as to require Grantors to pay interest on the Note or Notes, or any other liability or debt now existing or hereafter to exist hereunder at a rate greater than that allowed by Law, and if any provisions herein contained do, or would, presently and prospectively, operate to make this Deed of Trust or any part thereof void, voidable or ineffective, then such provisions only shall be held for naught and as though not herein contained and shall be without effect upon or prejudice to the remaining provisions, which shall nevertheless remain operative. Any of said contracts for interest shall be held subject to reduction to the highest amount allowed under applicable law as now or hereafter construed by courts having jurisdiction.

20. If, while this trust is in force, the title of the Trustee to, or the interest of Beneficiary in, the Mortgaged Premises hereby conveyed or any part thereof, shall be endangered or shall be attached directly, or indirectly, Grantors hereby authorize Beneficiary, at Grantors' expense, to take all necessary and proper steps for the defense of such title or interest, including the employment of counsel, the prosecution or defense of litigation, and the compromise or discharge of claims made against such title or interest. At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, titles, liens, or security interests created hereby, or upon the Note, or any part thereof, or any other indebtedness secured hereby, Grantors shall immediately pay all such taxes; provided that, in the alternative Grantors may, in the event of the enactment of such a law, and must, if it is unlawful for Grantors to pay such taxes, prepay the Note, and any other indebtedness secured hereby, in full with sixty (60) days after demand therefor by Beneficiary. Grantors shall at any time and from time to time, furnish promptly, upon request, a written statement or affidavit in such form as may be required by Beneficiary, stating the unpaid balance of the Note, and any other indebtedness secured hereby, and that there are no offsets or defenses against full payment of the Note, and any other indebtedness secured hereby, and performance of the terms hereof, or if there are any such offsets and defenses, specifying them.

21. Unless Grantors have provided a survey of the Mortgaged Premises which shows to the contrary, Grantors represent and warrant that none of the Mortgaged Premises, or any part thereof, is situated within a flood plain, flood prone areas, special flood hazardous areas or the like, as so designated by the applicable Flood Hazard

Boundary Map or any such similar map or plat issued or controlled by The Flood Insurance Administration and/or any other federal agency appointed to regulate such matters under the Federal Flood Disaster Protection Act, as amended, and Grantors hereby indemnify and hold Beneficiary harmless, from any claims and/or costs arising against or waived by Beneficiary if the Mortgaged Premises are, in fact, determined to be in such an area. In the event that the foregoing blank is checked, Grantors will keep the Mortgaged Premises insured for the protection of Beneficiary against loss by flood, and the provisions of this Deed of Trust concerning amounts of coverage, payment of premiums, endorsements, payment and application of insurance proceeds, and other matters regarding hazard insurance shall apply with equal force to Grantors' obligation herein to obtain flood insurance.

22. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Mortgaged Premises, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust.

23. Whenever used the singular number shall include the plural, the plural the singular, the use of any gender shall include all genders. The words "Grantors" and "Beneficiary" shall include their heirs, executors, administrators, successors and assigns and the word "Trustee" shall include his successors and substitute trustees.

24. Beneficiary shall have the right to become the purchaser at all sales to enforce this trust, being the highest bidder, and to have the amount for which such property is sold credited on the debt then owing.

25. Grantors will pay all reasonable attorney's fees and expenses which may be incurred by the Beneficiary or Trustee, in enforcing the terms of the Note and this Deed of Trust, or in any suit to which the Beneficiary or Trustee may become a party where the Deed of Trust or the Mortgaged Premises are in any manner involved and all expenses incurred in presenting a claim against the estate of a decedent or a bankrupt and will also pay any attorney's fees and expenses reasonably incurred in connection with the assignment to Beneficiary of any leases subsequently entered into by Grantors which by the terms hereof are required to be assigned to Beneficiary as additional collateral to secure payment of the indebtedness herein secured as well as any and all such fees and expenses reasonably incurred prior to full and final payment of such indebtedness relating to future advances, transfer of title to the premises and similar matters not otherwise provided for herein.

26. With respect to any personal property herein described this Deed of Trust shall constitute a Security Agreement between Grantors and Beneficiary, and, cumulative of all other rights of Beneficiary hereunder, Beneficiary shall have all of the rights conferred upon secured parties by the Uniform Commercial Code, as amended, as to this property. This Deed of Trust, as a Financing Statement, covers the following types property: Minerals, crops and goods that are, or are to become, fixtures as more fully described herein, and related to the real estate described herein, and it is intended that as to those goods and the proceeds thereof, this Deed of Trust shall be effective as a Financing Statement filed as a mineral, crop and fixture filing from the date of its filing for record in the Real Estate Records of the County in which the land is located. Information concerning the security interest created by this instrument may be obtained from the holder of this indebtedness and secured party at the Post Office address as shown in Paragraph numbered 1 of this Deed of Trust. Until the lien of this Deed of Trust is released or satisfied of record, Grantors agree, if requested by Beneficiary so to do, to execute one or more Financing Statements covering such personal property, in the manner and form required by law and to the satisfaction of Beneficiary. Grantors agree to pay Beneficiary's charge, to the maximum amount permitted by law, for any statement by Beneficiary regarding the obligations secured by this Deed of Trust, requested by Grantors or on behalf of Grantors. On demand, Grantors will promptly pay all costs and expenses of filing Financing Statements, continuation statements, partial releases and termination statements deemed necessary or appropriate

Deed of Trust (Security Agreement, Financing Statement)

by Beneficiary to establish and maintain the validity and priority of the security interest of Beneficiary or any modification thereof, and all costs and expenses of any searches reasonably required by Beneficiary. Beneficiary may exercise any or all of the remedies of a secured party available to it under the Uniform Commercial Code, as amended, with respect to such personal property, and it is expressly agreed that if upon default Beneficiary should proceed to dispose of the collateral in accordance with the provisions of the Uniform Commercial Code, as amended, ten (10) days notice by Beneficiary to Grantors shall be deemed to be reasonable notice under any provision of the Uniform Commercial Code, as amended, requiring such notice; provided, however, that Beneficiary may at its option dispose of the collateral in accordance with Beneficiary's rights and remedies in respect of the real property pursuant to the provisions of this Deed of Trust, in lieu of proceeding under the Uniform Commercial Code, as amended.

27. It shall be a default hereunder if Grantors should sell (be executory Contract for Deed or otherwise), assign or convey any part or all of the Mortgaged Premises (regardless of whether the buyer or assignee "assumes" the indebtedness hereby secured or takes "subject to" such indebtedness) without first obtaining the written Consent of Beneficiary; provided, however, this paragraph shall not apply to sales of standard inventory items of personal property in the ordinary course of Grantors' business.

28. Expenses; Indemnification. To the extent not prohibited by applicable law, Grantors will pay all costs and expenses and reimburse Bank for any and all expenditures of every character, including, but not limited to, the fees and expenses of counsel for Bank, incurred or expended from time to time, regardless of whether a default or event of default shall have occurred in connection with: (a) Bank's evaluating, monitoring, administering and protecting the Mortgaged Premises; and (b) Bank's creating, perfecting or realizing upon Bank's security interest in and liens on the Mortgaged Premises, and all costs and expenses relating to Bank's exercising any of its rights and remedies under this or any of the other security instruments or at law, including, without limitation, all appraisal fees, consulting fees, filing fees, taxes, brokerage fees and commissions, title review and abstract fees, Uniform Commercial Code search fees, other fees and expenses incident to title searches, reports and security interests, escrow fees, attorneys' fees, legal expenses, court costs, fees and expenses incurred in connection with it; provided, that no right or option granted by Grantors to Bank or otherwise arising pursuant to any provision of this or any other instrument shall be deemed to impose or admit a duty on the Bank to supervise, monitor or control any aspect of the character or condition of the Mortgaged Premises or any operations conducted in connection with it for the benefit of Grantors or any other person or entity other than the Bank. The Grantors agree to indemnify, defend and hold the Bank, its directors, officers and employees (collectively, "Indemnified Parties") harmless from and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency and expense (including interest, penalties, attorneys' fees and amount paid in settlement), regardless of whether the same was caused in whole or in part by the negligence of any of the Indemnified Parties, to which the Indemnified Parties may become subject arising out of or in connection with this Agreement, the Note, any other security instruments hereto or any transaction contemplated herein to therein (other than those which arise by reason of the gross negligence of the Bank). Any amount to be paid hereunder by the Grantors to the Bank shall be a demand obligation owing by the Grantors to the Bank and shall bear interest from the date of expenditure at the highest lawful rate.

29. Environmental Matters. Without the Bank's prior written consent, Grantors shall not use, store, treat, generate, release, discharge, dispose or transport any Hazardous Materials on, under, in, above, to or from the Mortgaged Premises. For the purposes of this section, "Hazardous Materials" shall refer to any underground storage tank, petroleum, polychlorinated biphenyls or other substances, materials and wastes that are or become regulated as hazardous or toxic substances under any applicable local, state or federal law, regulation or order, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, each as amended from time to time (herein collectively called "Environmental Laws"). Grantors shall indemnify, defend and hold Bank harmless from and against; (a) any loss,

costs, expense, claim or liability arising out of any investigation, monitoring, clean-up, containment, removal, storage, remedial or restoration work ("Remedial Work") required by Bank, or any non-governmental entity or person, or any governmental agency or political subdivision which requires Remedial Work upon a reasonable belief that the Remedial Work is required by the Environmental Laws; and (b) any claims of third parties for loss, injury, expense or damage arising out of the use, presence, treatment, generation, release, discharge, disposal or transportation of any Hazardous Materials on, under, in, above, to or from the Mortgaged Premises. In the event any Remedial Work is so required under applicable Environmental Laws, Grantors shall perform or cause to be performed the Remedial Work in compliance with all Environmental Laws. All Remedial Work shall be performed by one or more contractors under the supervision of a consulting engineer, each contractor and the consulting engineer being selected by Grantors and approved in advance in writing by Bank. Grantors shall promptly provide the Bank with copies of the remedial plan and allow the Bank to attend meetings among Grantors, the consulting engineer, the contractors and any regulatory authority. In the even Grantors shall fail to commence the Remedial Work in a timely fashion or fail to prosecute diligently the Remedial Work to completion, Bank may, but shall not be required to, cause the Remedial Work to be performed, subject fully to the indemnification provisions of this section. It shall not be necessary for the Bank to incur any expense to enforce this indemnification, and the indemnification contained herein shall survive repayment of the Note and release of the lien of this Deed of Trust and shall be fully applicable notwithstanding any negligence on the part of any Indemnified Party. The liabilities and covenants of Grantors hereunder may not be assigned and any such assignment shall be null and void without the Bank's prior written consent.

30. Security Interest. Grantor also grants to the trustee a security interest in all oil, gas, and other minerals that might be produced from the land covered by this deed of trust. This deed of trust (i) is to be filed in the real property records of the county in which the land is located, (ii) covers all "as-extracted collateral," as defined in Texas Business and Commerce Code §9.102, attributable to the land, (iii) serves as a security agreement covering the as-extracted collateral, (iv) serves as an assignment of all payments made for damages or anticipated damages to the land, and (v) serves as a financing statement covering as-extracted collateral and fixtures as provided in Texas Business and Commerce Code §9.502. The provisions of this paragraph are cumulative of all other provisions of this deed of trust.

ADDITIONAL PROVISIONS: ** BALLOON RIDER attached hereto and made a part hereof

☒ The note secured hereby is primarily secured by the Vendor's Lien retained in the Deed of even date herewith conveying the property to Grantors, which Vendor's Lien has been assigned to Lender, this Deed of Trust being additional security therefore.

☐ The note secured hereby is in renewal and extension, but not in extinguishment of that certain indebtedness described on Renewal and Extension Exhibit attached hereto.

☐ **Acknowledgment of Cash Advanced Against Non-Homestead Property.** The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Security Instrument as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the Property.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Deed of Trust (Security Agreement, Financing Statement)

EXECUTED this **Twentieth** day of **November, 2012**

GRANTOR(S) AND MAILING ADDRESS(ES):

Signature

Date

John Smith

Mailing address:

100 Main Street

Levelland, TX 79336

[Sign Originals Only]

STATE OF TEXAS

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Smith.**

Notary Public

Printed Name:_____

My commission expires:_____

Deed of Trust (Security Agreement, Financing Statement)

AFTER RECORDING, RETURN TO:

PPDOCS

2310 W Interstate 20, 100

Arlington, TX 76017

Ambra Costner

_____[Space Above This Line For Recording Data]_____

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

Deed of Trust

Loan # 132456

THIS DEED OF TRUST ("Security Instrument") is made on **November 20, 2012**. The grantor is **John Smith, a single person** ("Borrower"). The trustee is **Michael H. Patterson**, whose address is **2310 Interstate 20 W, Suite 100, Arlington, TX 76017** ("Trustee"). The beneficiary is **PPDOCS**, which is organized and existing under the laws of **Texas**, and whose address is **2310 W Interstate 20, 100, Arlington, TX 76017** ("Lender").

Borrower owes Lender the principal sum of **One Hundred Sixty Thousand and 00/100** Dollars (U.S. **\$160,000.00**). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on **December 1, 2017**. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in **Hockley County, Texas**:

Being Lot 11 in Block I, of COUNTRY CLUB ESTATES - 1, an Addition to the City of Levelland, Hockley County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 11, Plat Records, Hockley County, Texas.

which has the address of

**100 Main Street
Levelland, Texas 79336
("Property Address");**

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record.

Texas - Single Family

Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable

to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security

interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall

provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "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 in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice will result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to

acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender or Trustee shall give notice of the time, place and terms of sale by posting and recording the notice at least 21 days prior to sale as provided by applicable law. Lender shall mail a copy of the notice of sale to Borrower in the manner prescribed by applicable law. Sale shall be made public vendue between the hours of 10 a.m. and 4 p.m. on the first Tuesday of the month. Borrower authorizes Trustee to sell the Property to the highest bidder for cash in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Property is sold pursuant to this paragraph 21, Borrower or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument to Borrower. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

23. Substitute Trustee. Lender, at its option and with or without cause, may from time to time remove Trustee and appoint, by power of attorney or otherwise, a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

24. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior title, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

25. Partial Invalidity. In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

26. Waiver of Notice of Intention to Accelerate. Borrower waives the right to notice of intention to require immediate payment in full of all sums secured by this Security Instrument except as provided in paragraph 21.

27. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

☐ Adjustable Rate Rider

☐ Condominium Rider

☐ Second Home Rider

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Graduated Payment Rider |
| <input type="checkbox"/> VA Loan Rider | <input type="checkbox"/> Manufactured Home Rider | <input checked="" type="checkbox"/> Other(s): ** BALLOON |
- RIDER attached hereto and made a part hereof**

28. Purchase Money; Vendor's Lien; Renewal and Extension; Cash Advance: (Check applicable box):
☒ The note secured hereby is primarily secured by the Vendor's Lien retained in the Deed of even date herewith conveying the property to Grantors, which Vendor's Lien has been assigned to Lender, this Deed of Trust being additional security therefore.

☐ The note secured hereby is in renewal and extension, but not in extinguishment of that certain indebtedness described on Renewal and Extension Exhibit attached hereto.

☐ It is understood and agreed that the note hereinabove described and hereby secured is given to evidence the sum of **\$160,000.00**, in cash this day loaned and advanced to the undersigned, by the beneficiary herein, at the special instance and request of the grantor herein.

29. Security Interest. Borrower also grants to the trustee a security interest in all oil, gas, and other minerals that might be produced from the land covered by this deed of trust. This deed of trust (i) is to be filed in the real property records of the county in which the land is located, (ii) covers all "as-extracted collateral," as defined in Texas Business and Commerce Code §9.102, attributable to the land, (iii) serves as a security agreement covering the as-extracted collateral, (iv) serves as an assignment of all payments made for damages or anticipated damages to the land, and (v) serves as a financing statement covering as-extracted collateral and fixtures as provided in Texas Business and Commerce Code §9.502. The provisions of this paragraph are cumulative of all other provisions of this deed of trust.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

 Signature

 Date

John Smith

[Sign Originals Only]

STATE OF TEXAS

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Smith.**

 Notary Public

Printed Name: _____

My commission expires: _____

 Texas - Single Family

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

First Payment Letter and Mailing Address Certification

Loan # 132456

Your first payment will be due **January 1, 2013**.

To assure proper credit on your account, please include your loan number as indicated above on all of your loan payment checks. Unless otherwise indicated in your promissory note, each loan payment is due on the **1st** day of the month. Each payment should be mailed early enough for it to reach the holder of the note on or before that date. Payments received after that date are **DELINQUENT** and could affect your credit rating. Unless otherwise indicated in your note, payments received after the end of the **15th** day of the month due are subject to late charges.

Your Payment is itemized below. The payment may change due to changes in any of the components of the Payment (including a possible interest rate change if the loan contains a variable rate feature). New payment coupons (including any adjusted amounts) will be mailed to you at your last known address.

If you do not receive your payment coupons before the date the **FIRST PAYMENT IS DUE AND WE DO NOT NOTIFY YOU TO MAIL SAID PAYMENT DIRECTLY TO US, WHICH WE EXPRESSLY RESERVE THE RIGHT TO DO**, please mail your check along with the temporary payment coupon enclosed.

Your estimated "Payment" amount is **\$1,181.94**, totaled from these payment elements:

Description	Amount
Principal and Interest:	\$810.94
Homeowner's insurance:	\$100.00
Property taxes:	\$271.00
Total:	\$1,181.94

In order for Lender to provide Borrower(s) with mortgage coupon payment booklets and to correspond with Borrower(s) on matters of importance, Lender requests Borrower(s) to provide the following information:

Present Mailing Address: _____
City, State & ZIP Code: _____
Present Telephone Number (include area code): _____
Anticipated Moving Date: _____
New Mailing Address: _____
City, State & ZIP Code: _____
New Telephone Number (including area code)(if known): _____

If Borrower(s) desires the mailing address to be different than the address of the Property indicated on the survey, Borrower(s) must provide the correct mailing address above. I/We, the above referenced Borrower(s), certify the above mailing information to be true and correct and further agree to notify the holder or servicer of the note immediately of any change of address by certified mail, return receipt requested, to the address stipulated in the Mortgage/Deed of Trust as being the address where Loan payments are to be mailed. No other knowledge, whether actual or constructive, by the holder of the note or any of its agents or employees, will be sufficient to put the holder of the note on notice of any change of Borrower(s) mailing address and/or telephone number.

Signature

Date

John Smith

[Sign Originals Only]

TEMPORARY PAYMENT COUPON

1st Payment

Loan # 132456 **PAYMENT AMOUNT \$1,181.94** **PAYMENT DUE DATE: 01/1/2013**
BORROWER'S NAME: John Smith, a single person
PROPERTY ADDRESS: 100 Main Street, Levelland, Texas 79336

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan coupon booklet prior to the due date of this payment. The payment amount listed is only an estimate, since all the necessary data for your loan has not been compiled. Please cut out the coupon and remit it with your check to:

PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017

----- CUT HERE -----

TEMPORARY PAYMENT COUPON

2nd Payment

Loan # 132456 **PAYMENT AMOUNT \$1,181.94** **PAYMENT DUE DATE: 02/1/2013**
BORROWER'S NAME: John Smith, a single person
PROPERTY ADDRESS: 100 Main Street, Levelland, Texas 79336

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan coupon booklet prior to the due date of this payment. The payment amount listed is only an estimate, since all the necessary data for your loan has not been compiled. Please cut out the coupon and remit it with your check to:

PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017

----- CUT HERE -----

TEMPORARY PAYMENT COUPON

3rd Payment

Loan # 132456 **PAYMENT AMOUNT \$1,181.94** **PAYMENT DUE DATE: 03/1/2013**
BORROWER'S NAME: John Smith, a single person
PROPERTY ADDRESS: 100 Main Street, Levelland, Texas 79336

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan coupon booklet prior to the due date of this payment. The payment amount listed is only an estimate, since all the necessary data for your loan has not been compiled. Please cut out the coupon and remit it with your check to:

PPDOCS
2310 W Interstate 20, 100
Arlington, TX 76017

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Flood Insurance Coverage Subject to Possible Change

Loan # 132456

If your property is or becomes zoned for required flood insurance and we assign, sell or transfer the servicing of your mortgage loan, your new lender/servicer may require more flood insurance coverage than the minimum amount that has been identified in your Notice of Special Flood Hazards (NSFH). The new lender/servicer may require coverage in an amount greater than the minimum, and has the right to require flood coverage at least equal to 100% of the insurable value (also known as replacement cost value) of the building(s) used as collateral to secure the loan or the maximum available under the National Flood Insurance Program (NFIP) for the particular type of building. You should review your exposure to flood damage with your insurance provider, as you may wish to increase your coverage above the minimum amount required at the time of closing your loan versus what subsequently the new lender/servicer may require.

Acknowledged by Borrower(s) this **Twentieth** day of **November, 2012**.

Signature

Date

John Smith

[Sign Originals Only]

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

First Payment Letter

Loan # 132456

To assure proper credit on your account, please include your loan number as indicated above on all of your loan payment checks. Unless otherwise indicated in your promissory note, each loan payment is due on the **1st** day of the month. Each payment should be mailed early enough for it to reach the holder of the note on or before that date. Payments received after that date are DELINQUENT and could affect your credit rating. Unless otherwise indicated in your note, payments received after the end of the **15th** day of the month due are subject to late charges.

Your Payment is itemized below. The payment may change due to changes in any of the components of the Payment (including a possible interest rate change if the loan contains a variable rate feature).

First Payment Due: **January 1, 2013**

Description	Amount
Principal and Interest:	\$810.94
Homeowner's insurance:	\$100.00
Property taxes:	\$271.00
Total:	\$1,181.94

Signature

Date

John Smith

[Sign Originals Only]

First Payment Letter

**BORROWER ACKNOWLEDGEMENT OF RECEIPT OF
FEDERAL DISCLOSURES
FOR MORTGAGE TRANSACTIONS SUBJECT TO RESPA**

Words used in this Acknowledgment are defined below. Words in the singular mean and include the plural and vice versa.

“Borrower” is **John Smith, a single person.**

“Lender” is **PPDOCS**, and its successors and assigns.

“Property” means the property commonly known as **100 Main Street, Levelland, Texas 79336.**

Borrower acknowledges receiving the following notices and disclosures at the times indicated:

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA) NOTICES

If this is a purchase transaction, consumer booklet entitled Buying Your Home - Settlement Costs and Helpful Information (either at the time of application or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Good Faith Estimate of closing costs (either at the time of application, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Servicing Disclosure Statement (either at the time of application if there was a face-to-face interview, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Uniform Settlement Statement HUD-1 or HUD-1A (at or before settlement) in which all charges paid or to be paid by Borrower in connection with the settlement were set forth. The statement was provided for Borrower’s review at least one (1) business day prior to the settlement date, if requested by Borrower.

TRUTH IN LENDING ACT (TILA) NOTICES

Initial Truth in Lending Disclosure Statement (either at the time of application, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application and before any charges were imposed upon me/us with the exception of a credit report fee).

Final Truth in Lending Statement at least 3 days prior to consummation of the loan if last Truth in Lending was not in tolerance.

If this loan is a refinance transaction and subject to Section 226.32 of Regulation Z, Final Disclosure Required by the Federal Truth in Lending Act and the Federal Reserve Regulation Z for Section 226.32 Mortgages (at least three (3) business days [including Saturdays] prior to consummation of the loan).

If this is a rescindable transaction, two (2) Notices of Right to Cancel (at consummation of the loan). If the loan is to be secured by Borrower’s primary residence and Borrower applied for an adjustable rate feature, Adjustable Rate Mortgage Program Disclosure and consumer booklet entitled Consumer Handbook on Adjustable Rate Mortgages (either at the time of application or before a non-refundable fee was paid, whichever was earlier, or by mail postmarked within three (3) business days of Lender’s receipt of the application from an intermediary agent or broker).

If this transaction was changed to a variable rate program during the processing period, Adjustable Rate Mortgage Program Disclosure and consumer booklet entitled Consumer Handbook on Adjustable Rate Mortgages (before

Borrower Acknowledgement of Receipt of Federal Disclosures (Multistate)

consummation of the loan).

NATIONAL FLOOD INSURANCE ACT (NFIA) NOTICE

If the Property is or will be located in an area designated by the Federal Emergency Management Agency as an area having special flood hazards, Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance (at a reasonable time prior to closing).

HOMEOWNERS PROTECTION ACT OF 1998 (HPA) NOTICES

If this transaction has private mortgage insurance to be paid by Lender, Lender Paid Private Mortgage Insurance Notice (at or before the time of loan commitment).

If this transaction has private mortgage insurance to be paid by Borrower, Private Mortgage Insurance Disclosure (at consummation of the loan).

RIGHT TO RECEIVE COPY OF APPRAISAL

Lender has provided me/us with a copy of the appraisal report of the Property either upon completion of the appraisal or at least three business days prior to closing, unless otherwise waived three days before closing not applicable to FHA or VA loans..

GRAMM-LEACH-BLILEY ACT (FINANCIAL PRIVACY) Notice

Lender provided me/us with a copy of Lender's Financial Privacy Notice detailing Lender's policy on the matter.

Signature

Date

John Smith

[Sign Originals Only]

Borrower Acknowledgement of Receipt of Federal Disclosures (Multistate)

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**
Date: **November 20, 2012**

Appraisal Report Disclosure

Loan # 132456

The Equal Credit Opportunity Act (15 USC 1691(e)) and the Fannie Mae and Freddie Mac (FNMA/FHLMC) Appraiser Independence Requirements require that:

The lender shall ensure that the borrower is provided a copy of any appraisal report concerning the borrower's subject property promptly upon completion at no additional cost to the borrower, and in any event no less than three business days prior to the closing of the loan. The borrower may waive this three business day requirement. The lender may require the borrower to reimburse the lender for the cost of the appraisal.

- ☒ By signing this document, Borrower acknowledges receipt of the completed appraisal report at least three business days prior to closing of the loan.
- ☐ By signing this document, Borrower acknowledges and agrees that at least three days prior to closing of the loan, Borrower waived the requirement that the completed appraisal report be delivered to Borrower at least three business days prior to the closing of the loan, and consented to delivery of the completed appraisal report at or before closing.

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge receipt of this Appraisal Report Disclosure and further acknowledge that I understand its provisions. Words used in this document mean and include the plural and vice versa.

Signature

Date

John Smith

[Sign Originals Only]

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, TX 79336**

Attorney Representation Notice

Loan # 132456

This Attorney Representation Notice ("Notice") is entered into between PeirsonPatterson, LLP ("We", "our" or "us") and **John Smith, a single person** ("you" or "your" whether one or more), herein referred to as "Borrower".

LOAN DOCUMENTATION. PeirsonPatterson, LLP (We", "us" or "our") has prepared the legal instruments involved in this loan using information supplied by the Lender and other third parties. We have acted only on behalf of the Lender. We and the Lender have not assisted or rendered legal advice to Borrower with respect to the loan or the Property securing it or the documents executed in connection with it. If Borrower has any questions about the meaning of any document or Borrower's legal rights, Borrower should retain personal legal counsel for advice in this transaction.

DESCRIPTION OF LEGAL SERVICES PERFORMED. We may have prepared all or part of the following legal instruments affecting title to the Property: Deed (if a purchase transaction), Note, Security Instrument and Assignment of Lien (if requested).

DISCLAIMER OF REPRESENTATION OR WARRANTY. We have not conducted a title search on the Property, and make no representation or warranty about condition of the title, access to the Property or any other matters that might be revealed from Borrower's examination of a survey, title information, or the Property itself. **Borrower is cautioned to make sure the Deed delivered to Borrower conveys what Borrower has contracted to purchase.**

DATA SUPPLIED BY LENDER. The disclosure calculations and fee data have been supplied by the Lender. We make no representations regarding the value of the Property, conformance with any limitations on fees, waiting periods or any other matters outside our control.

RESPONSIBILITY FOR PAYMENT OF FEES. As part of Borrower's obligation to pay the expenses of the Lender in connection with the preparation of the legal documentation, Borrower agrees to pay directly to us at loan closing, the amount indicated on the Attorney Invoice, unless Lender has noted otherwise in their closing instructions.

BASIS FOR FEE. The document preparation fee charged by us is based on a per transaction charge rather than an hourly fee. This fee is intended to provide fair compensation for our services, taking into consideration the time and labor required, the complexities of the questions involved, and the skill required to perform the services. Other considerations include our expertise in the complexities of the real estate practice, the necessary overhead associated with the rendering of the services and our assumption of risk in the rendering of the services. There has been no charge made for any disclosures or information required by the Real Estate Settlement and Procedures Act, the Truth-in-Lending Act or the Homeowners' Protection Act.

NOTICE TO BORROWER AND SELLER REGARDING DEED PREPARATION. We represent Lender and only Lender in this transaction. If we have prepared a draft deed, it has been at the request of Lender. Seller and Borrower are advised to consult their respective legal counsel with any questions before signing the draft deed.

We have provided the draft deed as a convenience. IF THE DRAFT DEED WE PREPARED IS USED, SELLER AND BORROWER (OR THEIR ATTORNEYS) SHOULD REVIEW AND AMEND IT, IF NECESSARY, TO MAKE CERTAIN THAT IT IS CONSISTENT WITH THE SALES CONTRACT AND CORRECTLY REFLECTS THE CONDITION OF TITLE FOR THE PROPERTY AND THE OBLIGATIONS OF THE PARTIES TRANSFERRING RIGHTS TO REAL PROPERTY, AND IF APPLICABLE RESERVING CERTAIN RIGHTS, FOR EXAMPLE MINERAL INTEREST, IS AN INHERENTLY COMPLEX MATTER AND CONTEMPLATES THE INVOLVEMENTS OF ATTORNEYS. IF APPLICABLE, THE DEED SHOULD BE AMENDED TO REFLECT ANY MINERAL OR OTHER RESERVATION. BE CERTAIN THAT THE DEED EXPRESSES THE INTENT OF SELLER AND BORROWER. **ANOTHER DEED, OR AMENDMENTS TO THE DRAFT DEED, MUST BE REVIEWED AND APPROVED BY US PRIOR TO ITS EXECUTION.** To the extent Lender and Seller are the same, we further represent Lender in its capacity as Seller for purposes of Deed preparation only. Seller is signing this agreement only to receive the notices and to assent to the terms contained in this paragraph.

Borrower and Seller hereby acknowledge receiving and reading a copy of this Notice and affirm the accuracy of their respective statements contained herein.

Signature Date
John Smith

[Sign Originals Only]

Signature Date
Roger Rabbit

Signature Date
Jessica Rabbit

Attorney Representation Notice

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Borrower's Closing Affidavit

Loan # 132456

Before me, the undersigned authority duly authorized to take acknowledgements and administer oaths, personally appeared the above referenced Borrower(s) who, upon being duly sworn depose and says as follows:

Words used in this Affidavit are defined below. Words in the singular mean and include the plural and vice versa.

"Borrower" is **John Smith, a single person**

"Lender" is **PPDOCS**, and its successors or assigns.

"Loan" means the debt evidenced by the Note and all sums due under the Security Instrument.

"Note" means the promissory note(s) dated **November 20, 2012**, signed by Borrower in favor of Lender.

"Property" means the property commonly known as **100 Main Street, Levelland, Texas 79336**.

"Security Instrument" means the Deed of Trust/Mortgage/Security Deed/Security Instrument signed by Borrower in favor of Lender, securing payment of the Note.

"Settlement Agent" is **Your Title Company**.

BEFORE ME, the undersigned authority, on this day, personally appeared Borrower, known to me to be the person whose name is subscribed below and after being duly sworn by me did each on his or her oath state the following:

1. OCCUPANCY STATUS. [Check applicable box.]

- ☒ **Primary Residence.** The Property is/will be Borrower's primary residence. This means at least one (1) Borrower who executes the Note and Security Instrument will take title to and occupy the Property. The Property is now occupied as Borrower's primary residence or will be occupied as Borrower's primary residence no later than sixty (60) days after this date or the date the Property shall first become ready for occupancy as a habitable dwelling. That Borrower shall continue to occupy the Property as that Borrower's primary residence for at least one (1) year after the execution of the Loan documentation unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond that Borrower's control. Furthermore, all bills for utilities, water, and/or sewerage are in that Borrower's name.

If applicable,

Borrower(s) will not occupy the Property, nor allow any others to occupy the Property, until construction is complete and municipal approvals have been issued, if required, and Lender gives written consent following final inspection. Borrower(s) will not store any item in or on the Property, or allow others, that is not related to the construction of improvements on the Property.

Borrower(s) hereby certify that upon completion the Property will be Borrower's principal residence. This means at least one of the Borrowers who executes the Note and Security Instrument has title to and upon completion, shall occupy the Property. Borrower shall continue to occupy the Property as Borrower's principal residence for at least one year after completion of the improvements unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld or unless extenuating circumstances exist which are beyond Borrower's

control.

BORROWER(S) ACKNOWLEDGE THAT THIS OCCUPANCY AFFIDAVIT IS GIVEN AS A MATERIAL INDUCEMENT TO CAUSE LENDER TO MAKE A LOAN TO BORROWER(S) AND THAT ANY FALSE STATEMENTS, MISREPRESENTATIONS OR MATERIAL OMISSIONS SHALL CONSTITUTE A BREACH OF THE BORROWER(S) OBLIGATION TO LENDER AND THAT ALL THE PROVISIONS OF THE MORTGAGE/DEED OF TRUST INDENTURE CONCERNING DEFAULT IN THE NOTE WILL THEREUPON BE IN FULL FORCE AND EFFECT.

- ☐ **Secondary Residence.** The Property is/will be Borrower's secondary residence. A secondary residence is a single-family property that is currently or will be occupied by at least one (1) Borrower in addition to that Borrower's primary residence. **The property will not be income-producing.**
- ☐ **Investment Property.** The Property is/will be investment property. The Property will not be occupied or claimed as a primary or secondary residence by any Borrower, and may produce revenue. Each Borrower now owns, resides, uses, and claims another property or properties as a primary residential or homestead.

2. **FINANCIAL STATUS.** Borrower understands that Lender is granting the Loan based on the representations made in the Loan application given by Borrower to Lender. Borrower hereby certifies that all statements related to the Loan application, including but not limited to, financial, marital, and employment status, have not changed, and to the best of Borrower's knowledge, will not change in the foreseeable future. If the Property is being purchased by Borrower, the funds for down payment and closing costs are being paid from the source stated on the Loan application. There is no secondary financing in this transaction that has not been disclosed to Lender. Borrower certifies that if the Loan application states that other real estate was to be sold, that such transaction has taken place and Borrower no longer has title to that real estate. If the Property is currently owned by Borrower, Borrower certifies that there are no delinquent state, county, city, school, water district, utility district, or other governmental taxes or assessments due or owing against the Property and that no tax suit has been filed by any state, county, municipality, water district, utility district, or other governmental agency for taxes or assessments levied against Borrower which have not been disclosed in writing to Lender. Borrower also certifies that there are no unpaid paving or utility assessments or delinquent owner association dues. There are no suits filed by or pending against Borrower in any federal or state court which have not been disclosed in writing to Lender.
3. **PROPERTY ACCEPTANCE.** Borrower acknowledges that the Property and all of its improvements, fixtures, appliances, and other parts are in good and satisfactory working order and in the conditions contracted for. If the Property is new construction, Borrower finds that the improvements erected on the Property have been completed substantially in accordance with the plans and specifications. If this is the purchase of an existing dwelling, Borrower has accepted the condition thereof, and all terms of the sales contract (including any required repairs and inspections) have been met. If the Property is or will be initial construction, Borrower will sign an affidavit of completion once Borrower finds the improvements are completed substantially in accordance with the plans and specifications and to Borrower's satisfaction and that the terms of the contract between Borrower and the contractor have been fully carried out. The matters acknowledged in this paragraph are to the best of Borrower's knowledge and belief, and nothing in this Affidavit is to be construed as a waiver of any claims, damages, causes of action, or rights under any warranty, expressed or implied, against any party other than Lender.
4. **SURVEY.**

If a Survey is required then, Borrower hereby certifies that Borrower has received, reviewed, and approved a copy of the survey which is incorporated herein by reference and has signed or initialed and dated same for identification purposes. Borrower is aware of the indicated encroachments, protrusions, easements, limitations, access, dimensions, and/or other conditions shown on the survey. In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action, and expenses in any way arising as a result of the Property condition or any matters indicated in the survey.

If a current Survey is acceptable then, since the date of the survey provided by Borrower, which survey has been signed or initialed and dated for identification purposes, Borrower certifies and represents that no improvements or structural changes or additions to the Property have been made. Borrower is aware of the indicated encroachments, protrusions, easements, limitations, access, dimensions, and/or other conditions shown on the survey. In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action, and expenses in any way arising as a result of the Property condition or any matters indicated in the survey.

If a Survey is not required then, Borrower understands that a current survey is not required by Lender for this transaction, however, if Borrower desires, Borrower may have a current survey made. Borrower represents to Lender that Borrower understands that a survey would indicate existing encroachments, protrusions, easements, limitations, access, dimensions, or other conditions.

Borrower represents to Lender that Borrower has not received from any third party any notice or claim of any limitation of the use and enjoyment of the Property not indicated by the most recently obtained survey.

5. **TITLE INSURANCE.** If Title Insurance is required by Lender, Borrower certifies that Settlement Agent has provided Borrower with a copy of the Commitment for Title Insurance and that Borrower has reviewed and consents to all of the exceptions to title which would appear in an Owner's Title Policy for the Property.

In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action and expenses in any way arising as a result of the Property condition and performance under any contract of sale between Borrower and any Seller of the property, or any matters indicated as exceptions stated in the Commitment for Title Insurance, and the Owner's and Mortgagee's Title Insurance Policies.

6. **HOLD HARMLESS.** Borrower has been made aware of the following specific conditions affecting the Property and does hereby indemnify and hold harmless Lender from any claims, costs, damages, causes of action, and expenses in any way arising from the following conditions or other matters:

ACKNOWLEDGMENT OF RECEIPT

Borrower acknowledges that this Borrower's Closing Affidavit is given as a material inducement to cause Lender to make the Loan to Borrower. Borrower understands that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to 30 years in federal prison or a fine up to \$1,000,000 or both under the provisions of title 18, United States Code, Sec. 1001, et seq. The agreements and covenants contained herein shall survive the closing of this Loan transaction.

Signature

Date

John Smith

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Smith.**

Notary Public

Printed Name of Notary:_____

My Commission Expires:_____

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Deletion of Arbitration Provision
(Not applicable to the Texas Residential Owner Policy)

Loan # 132456

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company ("the Company"). However, if you agree to arbitrate, you give up your right to take the Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$1,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The Arbitration provision in the Policy is as follows:

"Unless prohibited by applicable law or unless this arbitration section is deleted by specific provision in Schedule B of this policy, either the Company or the Insured may demand arbitration pursuant to the Title Insurance Arbitration Rules or the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this Policy, and service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less SHALL BE arbitrated at the request of either Company or the Insured, unless the Insured is an individual person (as distinguished from a corporation, trust, partnership, association or other legal entity). All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this Policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the Insured, the rules in effect at the Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorney's fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The Law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

I request deletion of the Arbitration provision.

PPDOCS

By: _____

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Disclosure of Right to Receive a Copy of an Appraisal

Loan # 132456

Applicant(s) name(s) / Address(es) ("You", "Your") John Smith, a single person 100 Main Street Levelland, TX 79336	Lenders name / Address ("We", "Us") PPDOCS 2310 W Interstate 20, 100 Arlington, Texas 76017
--	---

DATE: November 20, 2012

Under the Equal Credit Opportunity Act (ECOA) you have the right to receive a copy of the appraisal report used in connection with your application for credit. If you wish to receive a copy, please follow the instructions provided below.

We must hear from you no later than 90 days after we notify you about the action taken on your loan application (the credit decision). If you withdraw your application before we take action, we must hear from you no later than 90 days after you withdraw your application.

To request a copy of the appraisal report, you must contact us by writing to us at the address provided above. Please provide us with the following information at the time you make your request:

- The names of the applicant(s)
- The date of your application
- The address of the appraised property
- The address to which we should send the copy of the report

The ECOA requires that we mail or deliver a copy of the appraisal report promptly (generally within 30 days) after we receive your request, receive the appraisal report, or receive reimbursement from you for the report, whichever occurs last.

Signature

John Smith

Date

[Sign Originals Only]

Disclosure of Right to Receive a Copy of an Appraisal

DISCLOSURE OF MULTIPLE ROLES IN A CONSUMER Real Estate Transaction

To: **John Smith, a single person**

From: **PPDOCS**

In connection with your efforts to identify a 1-4 family residence for purchase and your efforts to obtain financing for that purchase, I will be acting in the following roles (check all that are applicable):

☐ as a real estate broker, agent, or salesperson for:

☐ the seller ☐ you (the buyer)

☐ as an attorney for:

☐ the seller ☐ you (the buyer) ☐ the lender (preparing loan documents)

☐ as your mortgage broker/loan officer

As required by law or as otherwise deemed appropriate, I may provide you other disclosures, describing in greater detail one or more of the roles described above.

Acting in these multiple roles presents the potential for conflicts of interest. If an actual conflict of interest is identified, I will promptly disclose it to you. Examples of potential conflicts of interest include the possibility that services I provide to you in one capacity may affect my compensation in connection with services I provide to you in another capacity.

By your execution below, you acknowledge these disclosures and consent to my multiple roles. You acknowledge that you have read this disclosure and understand it, that you have been given the opportunity to ask questions, and that I have responded fully to any and all such questions.

Signature

Date

John Smith

Disclosure of Multiple Roles in a Consumer Real Estate Transaction

Lender: PPDOCS
Borrower: John Smith, a single person
Property: 100 Main Street, Levelland, Texas 79336

Document Correction Agreement

Loan # 132456

AGREEMENT TO CORRECT OR PROVIDE ADDITIONAL DOCUMENTATION OR FEES: In consideration of Lender disbursing funds for the closing of the Loan secured by the Property being encumbered, and regardless of the reason for any loss, misplacement, or inaccuracy in any loan documentation, Borrower(s) agrees as follows: That, should a document be lost or misplaced, misstated or inaccurately reflect the true and correct terms and conditions of the Loan, upon the request of the Lender (including persons acting on behalf of the Lender) or Settlement Agent, Borrower(s) will comply with Lender's request to execute, acknowledge, initial and deliver to Lender any documentation Lender deems necessary to replace or correct the lost, misplaced, misstated or inaccurate documents(s). Borrower's completed and accepted final application and any disclosure statements provided by Lender shall be evidence of Borrower's and Lender's intent regarding the agreed terms and conditions of the loan. If a replacement note is executed, the Lender hereby indemnifies the Borrower(s) against any loss associated with a demand on the original executed note. The documents Lender requests Borrower(s) to execute, acknowledge, initial and deliver pursuant to this Paragraph shall hereinafter be referred to as "Replacement Documents." Borrower(s) agrees to deliver the Replacement Documents within ten (10) days after receipt by Borrower(s) of a written request from Lender for such replacement. Borrower(s) also agrees that upon the request of the Lender (including persons acting on behalf of the Lender) or Settlement Agent, Borrower(s) will comply with Lender's reasonable request to supply additional documentation and/or to pay Lender any additional sums previously disclosed to Borrower(s) as a cost or fee associated with the Loan which for whatever reason was not collected at closing. The documents or fees Lender requests Borrower(s) to provide pursuant to this Paragraph shall hereinafter be referred to as "Additional Documents or Fees."

REQUEST BY LENDER: Any request by the Lender, (including persons acting on behalf of the Lender) or Settlement Agent for any Additional Documents or Fees shall be prima facie evidence of the necessity for same. A written statement from Lender, (including persons acting on behalf of the Lender) or Settlement Agent, addressed to Borrower(s) at the address indicated in the documentation shall be considered conclusive evidence of the necessity for said Additional Documents or Fees or corrections thereof.

FAILURE TO DELIVER REPLACEMENT OF ADDITIONAL DOCUMENTS OR FEES MAY CONSTITUTE DEFAULT: Borrower(s)'s failure or refusal to comply with the terms of the Lender's request may, at Lender's election, constitute a default under the note and/or mortgage/deed of trust and give Lender the option of declaring all sums secured by the loan documents immediately due and payable.

BORROWER LIABILITY: If Borrower(s) fails or refuses to execute, acknowledge, initial and deliver the Replacement Documents or provide the Additional Documents or Fees to Lender more than ten (10) days after being requested to do so by Lender, and understanding that Lender is relying on these representations, Borrower(s) agree(s) to be liable for any and all loss or damage which Lender sustains thereby including but not limited to all attorney's fees and costs incurred by Lender.

This Agreement shall inure to the benefit of Lender's successors and assigns and be binding upon the heirs, devisees, personal representatives, successors and assigns of Borrower(s).

Signature

Date

John Smith

[Sign Originals Only]

Document Correction Agreement

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Error and Omissions / Compliance Agreement

Loan # 132456

The undersigned borrower(s) for and in consideration of the above-referenced Lender this date funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing document if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority, Department of Veterans Affairs or the Federal Agricultural Mortgage Corporation (FAMC).

The undersigned borrower(s) do hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this **Twentieth** day of **November, 2012**.

Signature

Date

John Smith

[Sign Originals Only]

STATE OF TEXAS

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Smith**.

Notary Public

Printed Name: _____

My commission expires: _____

Lender: **PPDOCS**
Lender Address: **2310 W Interstate 20, 100, Arlington, TX 76017**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Fair Credit Reporting Act Notice
(Prior to Furnishing Negative Information to
Nationwide Consumer Reporting Agency)

Loan # 132456

Pursuant to the Fair Credit Reporting Act and Regulation V, we are required to provide you with the following information:

We may report information about your loan and/or account to credit bureaus. Late payments, missed payments, or other defaults on your loan and/or account may be reflected in your credit report.

ACKNOWLEDGMENT

I/We have read the above statement and acknowledge receiving a copy by signing and dating below.

Signature

Date

John Smith

[Sign Originals Only]

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Hazard Insurance Information

[Settlement Agent to Complete and Execute]

Loan # 132456

Name of Insurance Company: _____

Name of Insurance Agent: _____

Address of Agent: _____

Phone Number: _____

Type of Insurance: _____

Paid Through Escrow: Yes/No Check No. _____

Amount of Coverage: _____

Amount of Annual Premium: _____

Date of Issuance of Policy: _____

Expiration Date of Policy: _____

The above-referenced new insurance policy and paid receipt for the first year premium (and signed installment note if applicable) is enclosed herewith.

Your Title Company

By: _____
(Settlement Agent Signature)

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, TX 79336**

Mineral Rights Acknowledgment

Loan # 132456

Words used in this Acknowledgment are defined below. Words in the singular mean and include the plural and vice versa.

“Borrower” is **John Smith, a single person**

“Lender” is **PPDOCS**, and its successors or assigns.

“Loan” means the debt evidenced by the Note and all sums due under the Security Instrument.

“Note” means the promissory note(s) dated **November 20, 2012**, signed by Borrower in favor of Lender.

“Property” means the property commonly known as **100 Main Street, Levelland, Texas 79336**.

“Security Instrument” means the deed of trust/mortgage/security deed/security instrument signed by Borrower in favor of Lender, securing payment of the Note.

Borrower understands that the Property may be subject to mineral development rights held by others and the exercise of those rights could result in a taking of or damage to some or all of the Property. Borrower further understands that the party desiring to exercise its mineral development rights may be liable to Borrower and Lender for reimbursement for exercising such mineral development rights.

The Reimbursement may be considered “Miscellaneous Proceeds” under the Security Instrument.

Borrower hereby acknowledges that Borrower has read this Acknowledgment and fully understands its terms and implications and Borrower is executing it the same day as the Note and Security Instrument, as a material inducement to Lender to make this Loan.

Signature

Date

John Smith

[Sign Originals Only]

MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.

Signature

Date

John Smith

[Sign Originals Only]

Mortgage Fraud Warning

Lender: **PPDOCS**
Borrower: **John Smith**
Property: **100 Main Street, Levelland, Texas 79336**

Name Affidavit

Loan # 132456

In reference to the above-described loan transaction, I the undersigned, and being named party in the loan documents for said transaction, on oath do swear that I am one and the same person as:

Signature Date
John Smith

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Smith.**

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Notice of No Oral Agreements

Loan # 132456

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Receipt of Notice: The undersigned hereby represents and warrants that I/we have each received and read a copy of this Notice on or before the execution of the "Loan Agreement." "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, pursuant to which a financial institution loans or delays repayment of or agrees to loan or delay repayment of money, goods, or any other thing of value or to otherwise extend credit or make a financial accommodation.

Signature

Date

John Smith

[Sign Originals Only]

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Loan # 132456

SHORT LEGAL DESCRIPTION:

Being Lot 11 in Block I, of COUNTRY CLUB ESTATES - 1, an Addition to the City of Levelland, Hockley County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 11, Plat Records, Hockley County, Texas.

Property Tax Information

(This form must be typed)

TAX AUTHORITY:

TAX INFORMATION:

State and County

Name:	Estimated Annual Tax:
Address:	Monthly Escrow Amount:
City:	Taxes Paid Through:
State:	Amount of Taxes Last Paid:
Zip:	Discount Date:
Telephone:	Due Dates in Sequence:
Tax ID/Account No.:	Penalty Date:

City

Name:	Estimated Annual Tax:
Address:	Monthly Escrow Amount:
City:	Taxes Paid Through:
State:	Amount of Taxes Last Paid:
Zip:	Discount Date:
Telephone:	Due Dates in Sequence:
Tax ID/Account No.:	Penalty Date:

School

Name:	Estimated Annual Tax:
Address:	Monthly Escrow Amount:
City:	Taxes Paid Through:
State:	Amount of Taxes Last Paid:
Zip:	Discount Date:
Telephone:	Due Dates in Sequence:
Tax ID/Account No.:	Penalty Date:

Property Tax Information

TAX AUTHORITY:**TAX INFORMATION:**

Municipal Utility

Name:	Estimated Annual Tax:
Address:	Monthly Escrow Amount:
City:	Taxes Paid Through:
State:	Amount of Taxes Last Paid:
Zip:	Discount Date:
Telephone:	Due Dates in Sequence:
Tax ID/Account No.:	Penalty Date:

Other

Name:	Estimated Annual Tax:
Address:	Monthly Escrow Amount:
City:	Taxes Paid Through:
State:	Amount of Taxes Last Paid:
Zip:	Discount Date:
Telephone:	Due Dates in Sequence:
Tax ID/Account No.:	Penalty Date:

“Estimated Annual Tax” amounts specified above are based upon the improved value of the Property (and without exemption(s) if the exemption(s) will no longer apply). If the Property is new construction (or subject to exemptions that will no longer apply), please place an “E” for Estimate beside the “Estimated Annual Tax: amount. If the Property is not occupied by the Borrower(s), please furnish the correct mailing address for the Borrower(s):

Your Title Company

By: _____
Settlement Agent

Lender: **PPDOCS**
Borrower: **John Smith, a single person**
Property: **100 Main Street, Levelland, Texas 79336**

Collateral Protection Insurance Notice (Texas)

Loan # 132456

Pursuant to Texas law (Tex. Finance Code § 307.052), Lender is required to give the following notice at the time the credit agreement is executed.

You have entered into a credit agreement that requires you to maintain Collateral Protection Insurance for the above property. As part of this agreement, you are required to:

1. **Keep the collateral insured against damage in the amount the Lender specifies;**
2. **Purchase the insurance from an insurer that is authorized to do business in this state or an eligible surplus lines insurer;**
3. **Name Lender as the party to be paid under the policy in the event of a loss; and**
4. **If required by Lender, deliver to Lender a copy of the policy and proof of the payment of premiums.**

If you fail to meet any requirement listed above, Lender may obtain Collateral Protection Insurance on your behalf and at your expense.

ACKNOWLEDGMENT

I/We hereby acknowledge receipt of this Collateral Protection Insurance Notice and further acknowledge that I/we understand its provisions.

Signature

Date

John Smith

[Sign Originals Only]

Settlement Agent:

Please complete Social Security Number(s) on each W-9 attached.

Thank you.

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

John Smith

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:

☒ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Other (see instructions) ▶

☐ Exempt payee

Address (number, street, and apt. or suite no.)

100 Main Street

City, state, and ZIP code

Levelland, TX 79336

Requester's name and address (optional)

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

			-			-				
--	--	--	---	--	--	---	--	--	--	--

Employer identification number

		-								
--	--	---	--	--	--	--	--	--	--	--

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

**Sign
Here**

Signature of
U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

Disregarded entity. Enter the owner's name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
 2. The United States or any of its agencies or instrumentalities,
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
 7. A foreign central bank of issue,
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
 10. A real estate investment trust,
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
 12. A common trust fund operated by a bank under section 584(a),
 13. A financial institution,
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee ¹ The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

**LAST PAGE
OF THE PACKAGE**