Travis County Commissioners Court Agenda Request
TRAVIS COUNTY HOUSING FINANCE CORPORATION

Meeting Date: July 1, 2014

Prepared By/Phone Number: Andrea Shields, Manager/854-9116

Elected/Appointed Official/Dept. Head: Leroy Nellis, Acting County Executive, Planning and Budget/854-9066

Commissioners Court Sponsor: Samuel T. Biscoe, President

AGENDA LANGUAGE:

1. Consider and take appropriate action to authorize a Release of Lien for first-time homebuyers who fulfilled the terms of a loan executed in 2009.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS: See attached backup.

STAFF RECOMMENDATIONS: Staff recommends approval.

ISSUES AND OPPORTUNITIES: None.

FISCAL IMPACT AND SOURCE OF FUNDING: None.

REQUIRED AUTHORIZATIONS: Andrea Shields, Manager/854-9116; Leroy Nellis, Acting County Executive/854-9066

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to David Salazar in the County Judge's office, agenda@co.travis.tx.us **by Tuesdays at 5:00 p.m.** for the next week's meeting.

Release of Lien

NOTICE OF CONFIDENTIALITY RIGHTS

IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY 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.

Date: ~~June~~ July 1, 2014

Holder of Note and Lien: Travis County Housing Finance Corporation, a Texas non-profit corporation

Holder's Mailing Address: 700 Lavaca, Suite 1560, Austin, TX 78701

Note

Date: February 20, 2009
Original principal amount: $825.00
Borrower: Travis Ballard and Kristen Rabalais
Lender: Travis County Housing Finance Corporation, a Texas non-profit corporation

Note and Lien Are Described in the Following Documents: Deed of Trust Third Lien executed by Travis Ballard and Kristen Rabalais to William Cliff Blount, Trustee, dated February 20, 2009, recorded in/under 2009028755, of the Real Property Records of Travis County, Texas.

Property (including any improvements):

Lot 10, Block L, of HIGHLAND PARK PHASE D SECTION 1, a Subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Document No. 200800121, of the Official Public Records of Travis County, Texas.

Holder of Note and Lien is the owner and holder of the Note and Lien described above.

Holder of Note and Lien acknowledges payment in full of the Note and releases the Property from the Lien and from all liens held by Holder of Note and Lien, without regard to how they were created or evidenced.

Holder of Note and Lien expressly waives and releases all present and future rights to establish or enforce the Lien as security for payment of any future or other indebtedness.

When the context requires, singular nouns and pronouns include the plural.

Travis County Housing Finance Corporation,
a Texas non-profit corporation

By: _____

Name: Samuel Biscoe

Title: President

State of Texas
County of _____

This document was acknowledged before me on June ____, 2014 by _____, _____ of Travis County Housing Finance Corporation, a Texas non-profit corporation.

_____
Notary Public, State of Texas

TRAVIS COUNTY HOUSING FINANCE CORPORATION

TRAVIS COUNTY ADMINISTRATION BUILDING
P.O. Box 1748
(512) 854-4743

314 W. 11TH STREET - ROOM 540
AUSTIN, TEXAS 78767
Fax (512) 854-4210

June 23, 2014

DHI Title
12554 Riata Vista Circle 2nd floor
Austin TX 78727

Attention: Jan Stevenson

Re: GF: 140-090200096-453
$141,924.00 **Travis Ballard and Kristen Rabalais** (the "Borrower").
802 Craters of the Moon Blvd. Pflugerville TX 78660 (the "Property")

Dear Jan:

Enclosed are the following documents in connection with the above noted transaction:

1. Third Lien Real Estate Lien Note for $825.00; and
2. Subordinate Deed of Trust (3rd Lien Note).

Any changes in any of the Loan Documents must be approved by us in advance and all such changes must be initialed by all parties to the Loan Documents. FURTHER, IF THE LOANS ARE NOT CLOSED ON THE DOCUMENT DATE, PLEASE CONTACT THE UNDERSIGNED FOR INSTRUCTIONS.

After proper execution and recordation of the deed of trust, you must forward the following to CJ Jopling, 4360 Mountain Crest Drive, Ft. Worth, Texas 76123

1. Subordinate Deed of Trust (3rd Lien Note) within 45 days.

Yours very truly,

Travis County Housing Finance Corporation

Harvey Davis, Manager

Enclosures

TRAVIS COUNTY HOUSING FINANCE CORPORATION

DOWN PAYMENT ASSISTANCE NOTE
THIRD LIEN
("NOTE")

Home Contract #1000938

Date: 20 February 2009

Property (which includes the real property and improvements thereon):

Physical Property Address: **802 Craters of the Moon Blvd.**

City and County: **Pflugerville, Travis County, Texas**

The Borrower(s) is/are Travis Ballard and Kristen Rabalais

The Borrower's address is 2863 B south Hampton Way Round Rock TX 78864

The Lender is Travis County Housing Finance Corporation, a Texas public non-profit corporation.

The Lender's address is P.O. Box 1748, Austin, Texas 78767.

Contract: The above referenced **HOME Contract #1000938** between Lender and Texas Department of Housing and Community Affairs dated **November 8, 2008** in the amount of **$312,000.00** which provides homeownership opportunities to low income families through the use of down payment assistance loans.

Deferred Principal is Eight hundred twenty-five and NO/100 Dollars (U.S. $825.00).

Loan Term is five (5) years from the date of this Note.

1. **BORROWER'S PROMISE TO PAY**
In return for a loan that I have received, I promise to pay U. S. **$825.00** (this amount is called "Deferred Principal") to the order of the Lender at the end of the Loan Term ("Maturity"). I understand that 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

No interest will accrue on this loan at any time.

3. TIME AND PLACE OF PAYMENTS

Provided that the Borrower complies with the other terms of this Note, the amounts due and payable under this Note shall be deferred and repayable as follows:

Time Elapsed	Percent of Loan Due
From signature date to first anniversary	100%
From first anniversary to second anniversary	80%
From second anniversary to third anniversary	60%
From third anniversary to fourth anniversary	40%
From fourth anniversary to fifth anniversary	20%
After fifth anniversary	0%

This unpaid or unforgiven balance of the Note shall be due and payable from the available Net Proceeds upon the occurrence of any of the events described in subsections (d) and (e) below. Net Proceeds of a sale are the sales price of Property minus the superior loan repayment (other than HOME funds) and any closing costs. If the Net Proceeds are insufficient to repay the Note and Borrower's investment (which includes any portion of initial down payment paid by Borrower combined with the value of any capital improvements made with Borrower's funds), the Borrower's investment is paid in full first from the available proceeds from the re-sale and the Note is repaid to the extent that proceeds are available. If there are no Net Proceeds, repayment of the Note is not required. Any Net Proceeds in excess of Borrower's investment and the amount to be repaid under the Note are paid to the seller of the Property.

If the unpaid or unforgiven balance of the Note is declared due and payable upon the occurrence of any of the events described in subsections (a), (b), (c) and (f) below, it shall be paid either in a single payment or, at Borrower's option, by execution and delivery of an unsecured note in the amount of the unpaid balance of the loan payable to Lender in monthly installments amortized over five (5) years from the date of the note.

The events which will cause the balance of the Note to be declared due and payable before or at Maturity are as follows:

(a) The purchase money note to **DHI Mortgage.** dated **February 20, 2009** in the amount of **$141,924.00** hereinafter the First Lien Note ("FLN") is paid in full according to its terms; the purchase money note to **Texas Department of Housing and Community Affairs,** dated **February 20, 2009** in the amount of **$7,500.00**, hereinafter the Second Lien Note ("SLN") is paid in full according to its terms; or

(b) The FLN or SLN is refinanced in whole or in part or is assumed by a new borrower without the consent of the Lender; or

(c) The unpaid balance of the FLN or SLN becomes due and payable in full for any reason (whether by acceleration or according to its terms, and including, without limitation, because any maker of the FLN or SLN is in default); or

(d) All or any part of the Property, or any interest in it, is leased, transferred, or foreclosed, except that this clause (d) will not apply to:

(i) the creation of a lien subordinate to the Third Lien Deed of Trust securing this Down Payment Assistance Program Note, or

(ii) A transfer (not upon death) between joint tenants in the Property who are also co-makers, of this Down Payment Assistance Program Note, or

(iii) a transfer by devise, descent or operation of law upon the death of a joint tenant in the Property if at least one other joint tenant who is also a maker of the Down Payment Assistance Program Note remains alive and continues to occupy the Property as his or her principal residence; or

(e) All or part of the Property is sold; or

(f) The Borrower ceases to occupy the Property as his or her principal residence.

I will make my payment(s) at **Travis County Housing Finance Corporation, Attn: Loan Servicing (Granger Bldg. - Room 540), P. O. Box 1748, Austin, Texas 78767** or at a different place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Deferred Principal at any time before they are due. A payment of Deferred 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 make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of Deferred Principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my payment unless the Note Holder agrees in writing to those changes.

5. 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: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) 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 Deferred Principal I owe under this Note or by making a direct payment to me. If a refund reduces Deferred Principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default: If I do not make the full amount of the payment on the date it is due, I will be in default. Additionally, I will be in default under this Down Payment Assistance Program Note:

(i) if I fail to perform any obligation required of me under the Third Lien Deed of Trust securing this Down Payment Assistance Program Note or take any action prohibited under the Third Lien Deed of Trust securing this Down Payment Assistance Program Note; or

(ii) If any representations made by me in connection with this loan was false in any material respect when made; or

iii) If any default occurs under the FLN or SLN or under the Deed of Trust securing the FLN or SLN.

(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 Deferred Principal which has not been paid. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(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.

7. 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 mailing it by first class mail to the Lender's address above or at a different address if I am given a notice of that different address.

8. 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 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.

9. SUBORDINATION TO FIRST LIEN AND SECOND LIEN

This Note is a third lien note, subject and subordinate in all respects to the lien, terms, covenants and conditions of the FLN and SLN and the deeds of trust securing payment of said FLN ("First Lien") and SLN ("Second Lien"). In the event of a foreclosure of the FLN or SLN, any provisions herein or in any collateral agreement restricting the use of the property to low or moderate income households shall have no effect on subsequent owners or purchasers of the property who are not related to me. I understand that any default under the FLN or SLN or the First Lien or Second Lien securing same will be a default under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive notice of intention to accelerate, except as provided in Section 6(B) above, and 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.

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. This Note is secured by the liens and security interests granted in the Third Lien Deed of Trust (the "Security Instrument"), dated the same date as this Note, from Borrower to William Cliff Blount, Trustee, for the benefit of Lender, upon and against the Property described above. In addition to the protections given to the Note Holder under this Note, the Security Instrument protects the Note Holder from possible losses 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. Some of those conditions are described as follow:

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.

Witness the Hand and Seal(s) of the Undersigned:

_____ _____

Borrower-**Travis Ballard** Date

_____ _____

Borrower – **Kristen Rabalais** Date

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TRAVIS COUNTY HOUSING FINANCE CORPORATION

SUBORDINATE DEED OF TRUST
THIRD LIEN

HOME Contract #1000938

This **SUBORDINATE DEED of TRUST** ("Security Instrument") is made on **February 20, 2009** ("Date").

The *grantor is* ***Travis Ballard and Kristen Rabalais*** ("Borrower").

The *trustee is* ***William Cliff Blount*** of Travis County, Texas ("Trustee"), whose address is Naman, Howell, Smith & Lee, LLP, 8310 Capital of Texas Highway, North, Suite 490, Austin, and Travis County, Texas 78731-8310. The *beneficiary is* the **Travis County Housing Finance Corporation**, a Texas public non-profit corporation, ("Lender"), whose address is P. O. Box 1748, Austin, Travis County, Texas 78767.

The *Contract is* the above referenced HOME Contract **#1000938** between Lender and Texas Department of Housing and Community Affairs dated **November 8, 2008** in the amount of **$312,000.00** which provides homeownership opportunities to low income families through the use of down payment assistance loans.

Borrower owes Lender the principal sum of **Eight Hundred Twenty-Five and No/100 Dollars (U.S. $825.00)**. This debt is evidenced by a Down Payment Assistance Note (Third Lien) ("Note") dated the same date as this Security Instrument, with the full debt due and payable on **February 20, 2014** ("Final Maturity Date").

The Note provides for certain potential deferrals, forgiveness or other payment terms. The Note also provides that the full debt, if not paid or forgiven earlier, shall be due and payable on the sale of the property, refinance of the purchase money note dated **February 20, 2009** in the original principal amount of **$141,924.00** issued by Borrower and made payable to **DHI Mortgage** ("Senior Lien Holder"), hereinafter the First Lien Note ("FLN"), or the refinance of the purchase money note to **Texas Department of Housing and Community Affairs**, dated **February 20, 2009** in the amount of **$7,500.00**, hereinafter the Second Lien Note ("SLN") or acceleration of either the FLN, the SLN or the Note upon Borrower's default, whichever is first to occur.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, 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 **TRAVIS** County, Texas:

Lot 10, Block "L", Highland Park Phase D Section 1, a subdivision in the City of Pflugerville, Travis County , Texas, according to the map or plat thereof recorded in Document No. 200800121, Official Public Records of Travis County Texas.

Which has the address of **802 Craters of the Moon Blvd (Street), Pflugerville (City), Texas, 78660(Zip Code)** ("Property Address").

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, grants, 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 seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except as otherwise herein stated and except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

Borrower and Lender covenant and agree as follows:

1. Payment. Borrower shall promptly pay when due all amounts payable under the Note.

2. Application of Payments. Unless applicable law provides otherwise, any payment received by Lender prior to the Final Maturity Date shall be applied as a principal reduction to the outstanding loan balance.

3. 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 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. Payment of these amounts in escrow (if required under the terms of the approved purchase money deed of trust securing the FLN from Borrower herein to **Randy Present** Trustee, of even date with FLN, to be filed in the Official Public/Deed/Real Property Records of **TRAVIS** County, Texas ("First Lien Deed of Trust")) instead of directly to the person owed payment, will not be a default under this Security Instrument, provided that the escrow agent in turn pays them on time to the person owed

payment and the escrow agent or the Borrower promptly thereafter furnishes to Lender receipts evidencing the payments.

Except as to the First Lien Deed of Trust, 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 forfeiture of any part of the Property; 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.

4. Subordination and Notice to Senior Lien Holder. Lender and Borrower acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the lien, covenants and conditions of the First Lien Deed of Trust and the Second Lien Deed of Trust. Upon the event of foreclosure or deed in lieu of foreclosure of the First Lien Deed of Trust or Second Lien Deed of Trust, any provisions herein, or any provisions in any other collateral agreement, restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property (other than the Borrower or a related entity of Borrower).

Prior to taking any actions under Paragraph 19, Lender shall notify the senior lien holders of a default in the manner provided in Paragraph 19 of this Security Instrument, and shall provide the senior lien holders with the opportunity to cure any such default under this Security Instrument.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected upon 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; provided, however, that the rights of Lender to collect and apply such insurance proceeds shall be subject and subordinate to the rights of the holder of the First Lien Deed of Trust to collect and apply such proceeds. 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, subject to the rights of the First Lien Deed of Trust, 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. If under Paragraph 19 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. 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, 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, allows 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 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.

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 attorney's 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 be payable, upon notice from Lender to Borrower requesting payment.

8. **Inspection.** Lender or its agents 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.

9. 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, subject to the rights of the First Lien Deed of Trust.

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.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the maturity date.

10. 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.

11. Successors and Assigns Bound; Joint and Several Liability; Cosigners. 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 16. 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.

12. 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 any 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.

13. 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 given to Borrower or Lender when given as provided in this Paragraph.

14. 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 the 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.

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

16. Voluntary and Involuntary Transfer of the Property or an Interest in Borrower. As set forth in the Note, the debt secured by this Security Instrument shall be immediately due and payable in full upon various occurrences, including if all or any part of the Property or any interest in it is sold, leased or transferred, other than (a) the creation of a lien subordinate to this Security Instrument that is incurred to secure improvements to the Property, or (b) a transfer (not upon death) between joint tenants in the Property who are also co-makers of the Note, or (c) a transfer by devise, descent or operation of law upon the death of a joint tenant in the Property if at least one other joint tenant who is also a maker of the Note remains alive and continues to occupy the Property as his or her principal residence. If a transfer other than as allowed herein occurs 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 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.

In the event of foreclosure, deed in lieu of foreclosure or other involuntary conveyance of the First Lien Deed of Trust, or other superior lien, the debt secured by this Security Instrument shall be due and payable from the available Net Proceeds upon the occurrence of said event of foreclosure or involuntary conveyance. Net Proceeds of a sale are the sales price of Property minus the closing costs and any other necessary transaction costs. If the Net Proceeds are insufficient to repay the debt secured by this Security Instrument and Borrower's investment (which includes any portion of initial down payment paid by Borrower combined with the value of any capital improvements made with Borrower's funds), the Borrower's investment is paid in full first from the available proceeds from the re-sale and the Note is repaid to the extent that proceeds are available. If there are no Net Proceeds, repayment of the debt secured by this Security Instrument is not required.

17. 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 13 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.

18. 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 18, "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 18, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

19. 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 16 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 that 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. 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 19, 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 to Borrower in 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 at public venue 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 attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or person legally entitled to it.

If the Property is sold pursuant to this Paragraph 19 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.

20. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security instrument without charge to Borrower. Borrower shall pay any recordation costs.

21. 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.

22. 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.

23. 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 19.

24. Purchase Money; Vendor's Lien; Renewal and Extension. The Note has been given in partial payment of the purchase price for the Property. The Note may also be secured by a vendor's lien against the Property. If so, this Security Instrument does not waive the vendor's lien, and the two liens and the rights created by this Security Instrument shall be cumulative. Lender may elect to foreclose under either of the liens without waiving the other or may foreclose under both.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

_____
Borrower-**Travis Ballard**

_____
Borrower- **Kristen Rabalais**

STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me on _____, 2009 by **Travis Ballard.**

_____
Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me on _____, 2009 by **Kristen Rabalais.**

_____
Notary Public, State of Texas

AFTER RECORDING RETURN TO:
CJ Jopling
4360 Mountain Crest Drive
Ft. Worth, Texas 76123