

THE EPISCOPAL CHURCH, et al.,	)	IN THE DISTRICT COURT OF
	)	
	)	TARRANT COUNTY, TEXAS
VS.	)	
	)	141 <sup>ST</sup> DISTRICT COURT
	)	
FRANKLIN SALAZAR, et al.	)	

**EPISCOPAL PARTIES’ RESPONSE TO DEFENDANTS’  
OBJECTIONS TO FORM OF SUMMARY JUDGMENT ORDERS**

Now come The Episcopal Church, the “Local Episcopal Parties”,<sup>1</sup> and the “Local Episcopal Congregations,”<sup>2</sup> (collectively, the “Episcopal Parties”) and file this Response to

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<sup>1</sup> The term “Local Episcopal Parties” includes the Rt. Rev. C. Wallis Ohl, Robert Hicks, Floyd McKneely, Shannon Shipp, David Skelton, Whit Smith, Margaret Mieuli, Anne T. Bass, Walt Cabe, the Rev. Christopher Jambor, the Rev. Frederick Barber, the Rev. David Madison, Robert M. Bass, the Rev. James Hazel, Cherie Shipp, the Rev. John Stanley, Dr. Trace Worrell, the Rt. Rev. Edwin F. Gulick, Jr., and Kathleen Wells.

<sup>2</sup> The term “Local Episcopal Congregations” includes The Rev. Christopher Jambor and Stephanie Burk, individually and as representatives of All Saints’ Episcopal Church (Fort Worth); The Rev. ClayOla Gitane and Cynthia Eichenberger as representatives of All Saints’ Episcopal Church (Weatherford); The Rev. ClayOla Gitane and Harold Parkey as representatives of Christ the King Episcopal Church (Fort Worth); Bill McKay and Ian Moore as representatives of Episcopal Church of the Good Shepherd (Granbury); Ann Coleman as a representative of Episcopal Church of the Good Shepherd (Wichita Falls); Constant Roberts Marks, IV and William Davis as representatives of St. Alban’s Episcopal Church (Arlington); Vernon Gotcher and Ken Hood as representatives of St. Stephen’s Episcopal Church (Hurst); Sandra Shockley as a representative of St. Mary’s Episcopal Church (Hamilton); Sarah Walker as a representative of Episcopal Church of the Holy Apostles (Fort Worth); Linda Johnson as a representative of St. Anne’s Episcopal Church (Fort Worth); the Rev. Susan Slaughter and Larry Hathaway individually and as representatives of St. Luke-in-the-Meadow Episcopal Church (Fort Worth); David Skelton as a representative of St. Mary’s Episcopal Church (Hillsboro); All Saints’ Episcopal Church (Fort Worth); All Saints’ Episcopal Church (Wichita Falls); All Saints’ Episcopal Church (Weatherford); Christ the King Episcopal Church (Fort Worth); Episcopal Church of the Good Shepherd (Granbury); St. Alban’s Episcopal Church (Arlington); St. Simon of Cyrene Episcopal Church (Fort Worth); St. Stephen’s Episcopal Church (Hurst); St. Mary’s Episcopal Church (Hamilton); St. Anne’s Episcopal Church (Fort Worth); St. Luke-in-the-Meadow Episcopal Church (Fort Worth); St. Mary’s Episcopal Church (Hillsboro); Episcopal Church of the Ascension & St. Mark (Bridgeport); Episcopal Church of the Good Shepherd (Brownwood); Holy Comforter Episcopal Church (Cleburne); St. Elisabeth’s Episcopal Church (Fort Worth); Holy Spirit Episcopal Church (Graham); Holy Trinity Episcopal Church (Eastland); Our Lady of the Lake Episcopal Church (Laguna Park); Trinity Episcopal Church (Dublin); Trinity Episcopal Church (Henrietta); Iglesia San Juan Apostol (Fort Worth); Iglesia San Miguel (Fort Worth); St. Anthony of Padua Episcopal Church (Alvarado); St. Alban’s Episcopal Church (Hubbard); St. Andrew’s Episcopal Church (Fort Worth); St. Andrew’s Episcopal Church (Breckenridge); St. Andrew’s Episcopal Church (Grand Prairie); St. Barnabas the Apostle Episcopal Church (Keller); St. Gregory’s Episcopal Church (Mansfield); St. John’s Episcopal Church (Fort Worth); St. John’s Episcopal Church (Brownwood); St. John the Divine Episcopal Church (Burkburnett); St. Joseph’s Episcopal Church (Grand Prairie); St. Laurence’s Episcopal Church

Defendants' Objections to Form of Summary Judgment Orders ("Defendants' Objections") and in support thereof would respectfully show the Court as follows:

**I. The Episcopal Church's Proposed Amended Order Moots Defendants' Objections.**

On January 21, 2011, the Court signed two orders concerning the parties' motions for partial summary judgment. Defendants objected only to a portion of the January 21, 2011 Order on Summary Judgment granting The Episcopal Church's Motion for Summary Judgment and not to any portion of the Order Granting the Local Episcopal Parties' Amended Motion for Partial Summary Judgment signed by the Court on January 21, 2011. In response to Defendants' Objections, on January 28, 2011, The Episcopal Church submitted its proposed Amended Order on Summary Judgment ("Amended Order"). A copy of the Amended Order and counsel's transmittal letter is attached as Exhibit 1. The Amended Order makes two changes. First, the Amended Order deletes the portions of the Order on Summary Judgment to which Defendants objected, the 60-day deadlines concerning identity and the return of property, making that relief due or effective instead when the order becomes final and appealable. Second, the Amended Order deletes the provisions included in the Order on Summary Judgment that the Court struck out by hand.

Because the Amended Order deletes the 60-day deadlines concerning identity and the return of the property, the Amended Order, if signed by the Court, will moot Defendants' Objections. Nothing in the Amended Order can be construed to be any sort of temporary

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(Southlake); St. Luke's Episcopal Church (Mineral Wells); St. Mark's Episcopal Church (Arlington); St. Matthew's Episcopal Church (Comanche); St. Michael's Episcopal Church (Richland Hills); St. Paul's Episcopal Church (Gainesville); St. Patrick's Episcopal Church (Bowie); St. Peter-by-the-Lake Episcopal Church (Graford); St. Peter and St. Paul Episcopal Church (Arlington); St. Phillip the Apostle Episcopal Church (Arlington); St. Thomas the Apostle Episcopal Church (Jacksboro); St. Timothy's Episcopal Church (Fort Worth); and St. Vincent's Episcopal Church (Bedford); St. Stephen's Episcopal Church (Wichita Falls); Holy Apostles (Fort Worth); and Episcopal Church of the Good Shepherd (Wichita Falls).

injunction. To the extent Defendants request that the effective date of The Episcopal Church's Order be postponed until final judgment, the Amended Order accomplishes the relief sought by Defendants.

**II. Defendants' request that the Court postpone enforcement of the Court's interlocutory declaratory summary judgment orders is premature and seeks an impermissible advisory opinion.**

Defendants acknowledge in their Objections that the Court's summary judgment orders are interlocutory. This acknowledgement makes Defendants' unsupported request to postpone enforcement of the Court's Orders until after the disposition of all appeals even more outlandish. Until the Court enters a final judgment or other appealable order, it is premature for the court to consider suspension or supersedeas of the enforcement of its final judgment or other appealable order. Defendants are simply seeking an impermissible advisory opinion.<sup>3</sup>

**III. The Court can and should decide any questions relating to supersedeas and enforcement pending appeal on a complete record when the Court enters a final judgment or other appealable order.**

It would also be wrong and premature at this time to decide whether Defendants can supersede the enforcement of any judgment that the court eventually enters without meeting the requirements of Texas Rules of Appellate Procedure 24 for other reasons. Neither the Court nor Plaintiffs have an accurate picture of the value of the property at issue and how the Defendants

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<sup>3</sup> If the Court signs The Episcopal Church's Amended Order on Summary Judgment, all issues relating to supersedeas or suspending the enforcement of the Court's final judgment or other appealable order pending all appeals will be moot and unripe for adjudication, rendering any decision the court makes on those issues at this time an advisory opinion. See, e.g., *Pantera Energy Co. v. Railroad Comm'n of Texas*, 150 S.W.3d 466, 471 (Tex. App.—Austin 2004, no pet.) (Noting that the mootness doctrine “dictates that courts avoid rendering advisory opinions by only deciding cases that present a ‘live’ controversy at the time of the decision.”) (citing *Camarena v. Texas Employment Comm'n*, 754 S.W.2d 149, 151 (Tex.1988); *id.* (“If a controversy ceases to exist, ‘the issues presented are no longer ‘live’ or the parties lack a legally cognizable interest in the outcome . . .”)) (citing *Williams v. Lara*, 52 S.W.3d 171, 184 (Tex. 2001); see also *Waco Independent School Dist. v. Gibson*, 22 S.W.3d 849, 852 (Tex. 2000) (“A case is not ripe when determining whether the plaintiff has a concrete injury depends on contingent or hypothetical facts, or upon events that have not yet come to pass.”)).

have alienated, diverted, encumbered, and used the property held by or for the Episcopal Parties since at least November 15, 2008. Defendants have previously objected to document requests seeking relevant information about the real property at issue. Now that the Court has granted partial summary judgment, the Local Episcopal Parties will set their Motion to Compel and move forward on specific property issues. And until Defendants deliver a full accounting of their use of all assets held by or for the Episcopal Parties and/or respond to discovery requests,<sup>4</sup> Plaintiffs and the Court cannot determine the extent to which Defendants have depleted and misused the property at issue. Thus, the Court cannot now accurately determine any damages or restitution and/or the necessity of, or the amount of, any supersedeas bond or other form of security that Defendants must post in order to secure any monetary judgment and to protect Plaintiffs from Defendants' continued use of the Diocese's property pending appeal.<sup>5</sup> The Court should decide supersedeas questions in due course on a full record concerning all of the property at issue.<sup>6</sup>

**IV. Injunctive relief will be necessary, and there is no reason to exempt Defendants from Texas supersedeas requirements upon entry of final judgment or another appealable order.**

While it would be improper for the Court to address supersedeas issues now, and while the Court should address supersedeas issues in due course only after signing a final judgment or other appealable order and on a full record, both Defendants' Objections and the limited

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<sup>4</sup> Defendants did not object to the accounting ordered by the Court.

<sup>5</sup> The Episcopal Church has not sued for damages.

<sup>6</sup> It is improper for the Court to decide the supersedeas question at this stage based on the affidavit of Charles Hough. First, affidavits are insufficient and inadmissible here. Second, the Episcopal Parties have filed their specific objections to the speculative, conclusory Hough affidavit, which fails to attach any pertinent records in violation of the hearsay and best evidence rules, just as Defendants initially failed to attach those records to a previous Hough affidavit in opposition to summary judgment. The Episcopal Parties intend to serve additional discovery requests this week to move forward promptly with identifying, valuing, and protecting the property at issue.

information the Episcopal Parties have obtained regarding Defendants' misappropriation of Diocesan property demonstrate even now why the Court should not postpone the effect of its eventual final judgment unless Defendants satisfy the supersedeas requirements in Texas Rule of Appellate Procedure 24.<sup>7</sup>

First, Defendants' Objections falsely imply that the Episcopal Parties will not suffer any injury if Defendants are allowed to continue using property and spending funds that this Court has found must be used for the mission of The Episcopal Church and that the Local Episcopal Parties have the right to control. Defendants argue that the court "should preserve the status quo," in which "both parties have . . . hired and paid their own staff [and] retained their own administrative offices," and they allege that "[b]y the very nature of the church property at issue, it is not going anywhere" and that "Plaintiffs presented no evidence that any of these properties were being neglected or falling into disrepair."<sup>8</sup> These issues will be the subject of discovery, including notices to inspect the property, document requests, and depositions, and further proceedings. More fundamentally, these statements ignore the scope of the summary judgment motions and falsely imply that the only property at issue is the physical buildings themselves.

In addition, Defendants' superficial analysis of the alleged "irreparable injury" they will suffer and the alleged competing "equities" fails to acknowledge or account, by comparison, that as a direct result of the Defendants' unilateral, wrongful actions, thousands of loyal Episcopalians lost the use of their churches and other resources and that The Episcopal Church in this Diocese continuing under Bishop Ohl has since November 15, 2008 conducted its mission and operations from current funds and where necessary from temporary locations, not, as

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<sup>7</sup> Defendants kept all of the pertinent Diocesan property records when they left The Episcopal Church and have objected to property-related discovery served by The Local Episcopal Parties.

<sup>8</sup> Defendants' Objection to Form of Summary Judgment Orders at 1.

Defendants have, consuming proceeds, including income, from the millions of dollars of restricted and unrestricted funds and other assets that existed on November 15, 2008 and operating and worshiping from the comfort of the scores of historic church facilities that remain in Defendants' possession.

Defendants paint an incomplete and misleading picture. Injunctive relief and a substantial supersedeas bond will be necessary, as Defendants' continued use of the real property pending any appeal will injure the Episcopal Parties. Although the Episcopal Parties will only acquire full knowledge of Defendants' uses of real property that belongs to the Diocese, its Corporation, or its parishes after Defendants return the court-ordered accounting and comply with additional discovery requests, the Episcopal Parties have already learned that in the time since Defendants left The Episcopal Church, Defendants have used that real property in a variety of ways that have injured the Episcopal Parties:

- Defendants have obtained additional loans by pledging property held by or for the Diocese, its Corporation, and its parishes or missions, as collateral.<sup>9</sup> Most egregiously, while this litigation was pending, on October 13, 2010, Defendants secured a \$3,500,000 insider loan purporting to use the Diocesan Center in Fort Worth and a portion of the Diocese's Camp Crucis property as collateral.<sup>10</sup>

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<sup>9</sup> See, e.g., Ex. 2, St. Albans Deed of Trust, Apr. 9, 2010 (purporting to convey several properties owned by the Corporation of the Episcopal Diocese of Fort Worth to a creditor in trust in order to secure a \$304,798.16 note); Ex. 3, St. Barnabas Deed of Trust, Jan. 12, 2009 (purporting to convey property owned by the Corporation of the Episcopal Diocese of Fort Worth to a creditor in trust in order to secure a \$200,000 note).

<sup>10</sup> Ex. 4, Jude Funding Transaction, Oct. 13, 2010 (purporting to convey deed of trust and a security interest in property owned by the Corporation of the Episcopal Diocese of Fort Worth to a creditor in order to secure a \$3,500,000 note).

- Defendants have executed mineral leases on property that this Court has held that they do not have the right to control, including property that is currently in the possession of the Episcopal Parties.<sup>11</sup>
- Defendants have also alienated tracts of real property that belong to the Diocese, its Corporation, or its parishes.<sup>12</sup>

These facts undercut and give the lie to Defendants' Objections. Defendants will continue to use, alienate, and divert Church property, and the Episcopal Parties can only be protected against these further injuries pending appeal by injunctive relief and a supersedeas bond. In short, both Defendants' Objections and the actions they have taken since this dispute has been pending indicate that they hope to be given carte blanche to be able to use, divert, encumber, and lease property that this Court has found they do not have a right to control without having to protect the Episcopal Parties from additional damages pending appeal.

Moreover, this case is also about Defendants' improper use of the Diocese's, its Corporation's, and its parishes' and missions' personal property, including the endowment funds of the Diocese, individual parishes, and missions. Again, declaratory relief alone will be insufficient. Injunctive relief and a substantial supersedeas bond will be necessary. On information and belief, Defendants are not limiting their spending to funds they acquired after

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<sup>11</sup> See, e.g., Ex. 5, Memorandum of Oil and Gas Lease for All Saints' Episcopal Church (Ft. Worth) (executed Mar. 8, 2009); Ex. 6, Memorandum of Oil and Gas Lease for Christ the King Episcopal Church (Ft. Worth) (executed Mar. 8, 2009); Ex. 7, Memorandum of Oil and Gas Lease for 4.08 acres in Tarrant County (executed Mar. 8, 2009); Ex. 8, Memorandum of Oil and Gas Lease for 1.8 acres in Tarrant County (executed May 21, 2009); Ex. 9, Memorandum of Oil and Gas Lease for St. Phillip the Apostle Episcopal Church (Arlington) (executed June 16, 2010); Ex. 10, Memorandum of Oil and Gas Lease for St. Mark's Episcopal Church (Arlington) (executed July 13, 2010); and Ex. 11, Memorandum of Oil and Gas Lease for St. Simon of Cyrene Episcopal Church (Ft. Worth) (executed Oct. 14, 2010).

<sup>12</sup> See, e.g., Ex. 12, Warranty Deed from Corporation of the Episcopal Diocese of Fort Worth and St. Francis Church, Sep. 21, 2009 (purporting to convey parcel of real property owned by the Corporation of the Episcopal Diocese of Fort Worth to the City of Willow Park).

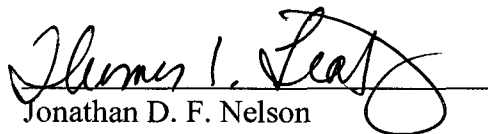
November 15, 2008 but are spending Diocesan and parish funds daily, including for Defendant Iker's compensation and lifestyle, Defendants are spending Diocesan and parish and mission funds daily, including for Defendant Iker's compensation and lifestyle, for the compensation of former Episcopal priests who have left The Episcopal Church and have been deposed, for programs that are not The Episcopal Church's programs, and for services that are not Episcopal Church services. Defendants' accounting and other discovery will show the extent of these past expenditures and any additional expenditures Defendants would propose to make while the case is on appeal.

#### **V. Conclusion**

For the foregoing reasons, the Court should deny the Defendants' Objections as moot and should refrain from issuing an impermissible advisory opinion about supersedeas issues when no judgment or other appealable order has been signed. At the appropriate time, the Court should not allow Defendants to continue to misappropriate the Diocese's property pending the resolution of all appeals without making a full and complete evidentiary record and without requiring Defendants to satisfy the supersedeas requirements in Texas Rule of Appellate Procedure 24. While Defendants imply that they are merely maintaining the "status quo" by operating their own Diocese (albeit in buildings which the Court has held that Defendants do not have the right to control), Defendants are also using funds that belong to a corporation and a Diocese that the Court has held they do not have a right to control, encumbering property that this Court has held they do not have a right to control, and leasing property that this Court has held they do not have a right to control. After Defendants comply with discovery requests, deliver a full accounting of their use of assets held by and for the Diocese, its Corporation, and its parishes and missions, the remaining claims are disposed of, and the Court signs its final



judgment, including any injunctive relief, the Court can then consider the supersedeas bond that should be required pursuant to Rule 24.



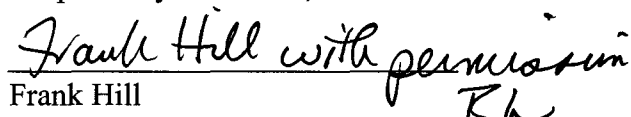
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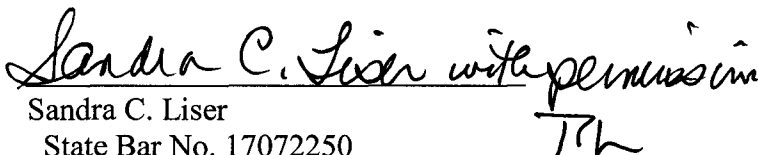
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Respectfully submitted,



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**CERTIFICATE OF SERVICE**

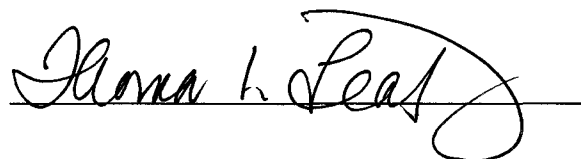
This is to certify that a true and correct copy of the foregoing document has been sent this 31st day of January, 2011, by facsimile, to:

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A handwritten signature in black ink, reading "Thoma L. Seal", is written over a horizontal line. The signature is cursive and includes a large, sweeping flourish at the end.

US 742103v1

# **EXHIBIT 1**



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January 28, 2011

***Via Hand Delivery***

The Honorable John P. Chupp  
141<sup>st</sup> Judicial District Judge  
Family Law Center  
200 East Weatherford Street, 4<sup>th</sup> Floor  
Fort Worth, Texas 76196-0230

RE: Cause No. 141-237105-09; *The Episcopal Church et al. v. Franklin Salazar et al.*

Dear Judge Chupp:

In response to Defendants' objections to your Order of January 21, 2011, the enclosed proposed amended order deletes the 60-day deadlines contained in that Order concerning identity and the return of property, making that relief due instead when the Order becomes final and appealable. It also deletes the provisions included in The Episcopal Church's proposed order that the Court struck out by hand.

Sincerely,

Sandra Liser

SL/rhw  
Enclosure

cc: ***Via E-mail and Telefax***  
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The Honorable John P. Chupp  
January 28, 2011  
Page 2

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The Honorable John P. Chupp

January 28, 2011

Page 3

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cc: *Via E-mail*

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*Via E-mail*

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THE EPISCOPAL CHURCH, et al.,	)	IN THE DISTRICT COURT OF
	)	
VS.	)	TARRANT COUNTY, TEXAS
	)	
FRANKLIN SALAZAR, et al.	)	141 <sup>ST</sup> DISTRICT COURT

AMENDED ORDER ON SUMMARY JUDGMENT

This Amended Order on Summary Judgment supersedes the Order on Summary Judgment signed by the Court on January 21, 2011.

On January 14, 2011, came on for consideration (1) The Episcopal Church's Motion for Summary Judgment and (2) Defendants' Motion for Partial Summary Judgment. Having considered the pleadings, motions, any responses and replies, evidence on file subject to the Court's rulings on the objections to that evidence, the governing law, and arguments of counsel, the Court orders as follows:

The Episcopal Church's Motion for Summary Judgment is **GRANTED**.

Defendants' Motion for Partial Summary Judgment is **DENIED**.

The Court hereby issues a DECLARATORY JUDGMENT pursuant to Texas Civil Practice and Remedies Code §§ 37.001, et seq., declaring that:

1. The Episcopal Church (the "Church") is a hierarchical church as a matter of law, and since its formation in 1983 the Episcopal Diocese of Fort Worth (the "Diocese") has been a constituent part of the Church. Because the Church is hierarchical, the Court follows Texas precedent governing hierarchical church property disputes, which holds that in the event of a dispute among its members, a constituent part of a hierarchical church consists of those individuals remaining loyal to the hierarchical church body. *See, e.g. Brown v. Clark*, 102 Tex. 323, 116 S.W. 360 (1909); *Presbytery of the Covenant v. First Presbyterian Church*, 552 S.W.2d

865 (Tex.Civ.App. - Texarkana 1977, no writ). Under the law articulated by Texas courts, those are the individuals who remain entitled to the use and control of the church property. *Id.*

2. As a further result of the principles set out by the Supreme Court in *Brown* and applied in Texas to hierarchical church property disputes since 1909, the Court also declares that, because The Episcopal Church is hierarchical, all property held by or for the Diocese may be used only for the mission of the Church, subject to the Church's Constitution and canons.

3. Applying those same cases and their recognition that a local faction of a hierarchical church may not avoid the local church's obligations to the larger church by amending corporate documents or otherwise invoking nonprofit corporations law, *see Green v. Westgate Apostolic Church*, 808 S.W.2d 547, 552 (Tex. App. - Austin 1991, writ denied); *Presbytery of the Covenant*, 552 S.W.2d at 870, 872; *Church of God in Christ, Inc. v. Cawthon*, 507 F.2d 599, 600-02 (5th Cir. 1975); *Norton v. Green*, 304 S.W.2d 420, 423-24 (Tex. Civ. App. - Waco 1957, writ ref'd n.r.c.), the Court further declares that the changes made by Defendants to the articles and bylaws of the Diocesan Corporation are *ultra vires* and void.

The Court hereby ORDERS the Defendants to provide an accounting of all Diocesan assets to the Diocesan Plaintiffs by March 22, 2011.

The Court hereby ORDERS the Defendants to surrender all Diocesan property, as well as control of the Diocesan Corporation, to the Diocesan plaintiffs when this Order becomes final and appealable.

The Court hereby ORDERS the Defendants to desist from holding themselves out as leaders of the Diocese when this Order becomes final and appealable.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
JUDGE PRESIDING



# **EXHIBIT 2**

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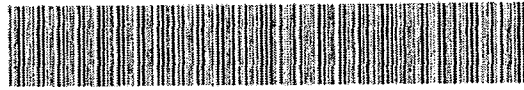
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RECORDATION REQUESTED BY:  
THE FROST NATIONAL BANK  
DOWNTOWN AUSTIN FINANCIAL CENTER  
P.O. BOX 1600  
SAN ANTONIO, TX 78296

WHEN RECORDED MAIL TO:  
The Frost National Bank  
Attention: Commercial Loan Department RB-2  
P.O. Box 1600  
San Antonio, TX 78296

SEND TAX NOTICES TO:  
CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH  
911 SOUTH DAVIS  
ARLINGTON, TX 76013

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



DEED OF TRUST

THIS DEED OF TRUST is dated April 9, 2010, among CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, whose address is 911 SOUTH DAVIS, ARLINGTON, TX 76013 ("Grantor"); THE FROST NATIONAL BANK, whose address is DOWNTOWN AUSTIN FINANCIAL CENTER, P.O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below sometimes as "Beneficiary"); and JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust, with power of sale, for the benefit of Lender as Beneficiary, the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; and all easements, rights of way, and appurtenances; all water and water rights; and all other rights, royalties, and profits relating to the real property, including without limitation such rights as Grantor may have in all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in TARRANT County, State of Texas:

BEING BLOCK D, COLLEGE HILLS ADDITION, BLOCKS C & D, AN ADDITION TO THE CITY OF ARLINGTON, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN VOLUME 388-211, PAGE 8, PLAT RECORDS, TARRANT COUNTY, TEXAS

The Real Property or its address is commonly known as 911 SOUTH DAVIS, ARLINGTON, TX 76013.

CROSS-COLLATERALIZATION. In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Deed of Trust shall not secure, and the "Indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

Grantor hereby absolutely assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law

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(Continued)**

which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

**PURPOSE OF LOAN.** The Note in the amount of \$304,798.15 represents, in part or in whole, cash or other financial accommodations advanced or committed by Lender to Borrower on April 9, 2010 at Grantor's request and which Grantor will use under its charter powers to discharge corporate debts. Grantor represents to Lender that its board of directors has authorized its legally elected, qualified, and acting officers to execute the Note and this Deed of Trust.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent. This restriction will not apply to rights and easements (such as gas and oil) not owned by Grantor and of which Grantor has informed Lender in writing prior to Grantor's signing of this Deed of Trust.

**Removal of Improvements.** Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not

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be exercised by Lender if such exercise is prohibited by federal law or by Texas law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and Lender's reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender, with losses made payable to Lender. GRANTOR MAY FURNISH THE REQUIRED INSURANCE WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY GRANTOR OR THROUGH EQUIVALENT INSURANCE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF TEXAS. If Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may, but shall not be required to, do so at Grantor's expense, and the cost of the insurance will be added to the indebtedness. If any such insurance is procured by Lender, Grantor will be so notified, and Grantor will have the option of furnishing equivalent insurance through any insurer authorized to transact business in Texas. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures paid by Lender for such purposes will bear interest at the Note rate from the date paid by Lender to the date of repayment by Grantor. To the extent permitted by applicable law, all such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the

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remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**CONDEMNATION, JUDGMENTS AND AWARDS.** The following provisions relating to condemnation proceedings, judgments, decrees and awards for injury to the Property are a part of this Deed of Trust:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** To the extent permitted by applicable law, all judgments, decrees and awards for injury or damage to the Property, or any part of the Property, and awards pursuant to proceedings for condemnation of the Property, are hereby absolutely assigned to Lender, and if all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award, judgment or decree shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Grantor a release of this Deed of Trust lien and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. However, it is

agreed that the payment of all the indebtedness and performance of such obligations shall not terminate this Deed of Trust unless the liens and interests created hereby are released by Lender by a proper recordable instrument. Any filing fees required by law shall be paid by Grantor, if permitted by applicable law.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

**Payment Default.** Borrower fails to make any payment when due under the indebtedness.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

**Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Default in Favor of Third Parties.** Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or Grantor's property or Borrower's ability to repay the indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Deed of Trust or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whatever by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party in any of the indebtedness or any guarantor, endorser, surety, or accommodation party under, any guaranty of the indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Insolvency.** Lender in good faith believes itself insecure.

**Rights and Remedies on Default.** If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**Accelerate Indebtedness.** Lender may declare the unpaid principal balance of the indebtedness due and payable, in no event will Borrower or Grantor be required to pay any unearned interest.

**Foreclosure.** If Lender invokes the power of sale, Trustee, at the request of Lender, may sell all or any portion of the Property at public auction to the highest bidder for cash at the location within the courthouse designated by the County Commissioners Court, or if no such area has been designated, at the area designated in the notice of sale within the courthouse, between the hours of 10:00 A.M. and 4:00 P.M. on the first Tuesday of any month, after the Trustee or its agent has given notice of the time and place of sale and of the property to be sold as required by the Texas Property Code, as then amended.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** As additional security for the payment of the indebtedness, Grantor hereby absolutely assigns to Lender all Rents as defined in the Definitions section of this Deed of Trust. Until the occurrence of an Event of Default, Grantor is granted a license to collect and retain the Rents; however, upon receipt from Lender of a notice that an Event of Default exists under this Deed of Trust, Lender may terminate Grantor's license, and then Lender, as Grantor's agent, may collect the Rents. In addition, if the Property is vacant, Lender may rent or lease the Property. Lender shall not be liable for its failure to rent the Property, to collect at any Rents, or to exercise diligence in any matter relating to the Rents; Lender shall be accountable only for Rents actually received. Lender neither has nor assumes any obligation as lessor or landlord with respect to any occupant of the Property. Rents so received shall be applied by Lender first to the remaining unpaid balance of the indebtedness, in such order or manner as Lender shall elect, and the residue, if any, shall be paid to the person or persons

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legally entitled to the residus.

**Trustee's Powers.** Grantor hereby jointly and severally authorizes and empowers Trustee to sell all or any portion of the Property together or in lots or parcels, as 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, or of lesser estates, and bills of sale and assignments, with covenants of general warranty made on Grantor's behalf. In no event shall Trustee be required to exhibit, present or display at any such sale any of the Property to be sold at such sale. The Trustee making such sale shall receive the proceeds of the sale and shall apply the same as provided below. Payment of the purchase price to Trustee shall satisfy the liability of the purchaser at any such sale of the Property, and such person shall not be bound to look after the application of the proceeds.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower or Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, (2) vacate the Property immediately upon the demand of Lender, or (3) if such tenants refuse to surrender possession of the Property upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and Grantor expressly waives all damages sustained by reason thereof.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Trustee may convey all or any part of the Property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyance and warranty. Grantor waives all requirements of appraisal, if any. The affidavit of any person having knowledge of the facts to the effect that proper notice as required by the Texas Property Code was given shall be prima facie evidence of the fact that such notice was in fact given. Recitals and statements of fact in any notice or in any conveyance to the purchaser or purchasers of the Property in any foreclosure sale under this Deed of Trust shall be prima facie evidence of the truth of such facts, and all prerequisites and requirements necessary to the validity of any such sale shall be presumed to have been performed. Any sale under the powers granted by this Deed of Trust shall be a perpetual bar against Grantor, Grantor's heirs, successors, assigns and legal representatives.

**Proceeds.** Trustee shall pay the proceeds of any sale of the Property (a) first, to the expenses of foreclosure, including reasonable fees or charges paid to the Trustee, including but not limited to fees for enforcing the lien, posting for sale, selling, or releasing the Property, (b) then to Lender the full amount of the indebtedness, (c) then to any amount required by law to be paid before payment to Grantor, and (d) the balance, if any, to Grantor.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as Lender's attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. In the event of foreclosure of this Deed of Trust, Lender shall be entitled to recover from Borrower or Grantor Lender's reasonable attorneys' fees and actual disbursements that Lender necessarily incurs in pursuing such foreclosure.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other lienholder of the Property of the commencement of a foreclosure proceeding or of the commencement of any other action to which Lender may avail itself as a remedy, except to the extent required by applicable law or by written agreement.

**Trustee.** In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Substitute Trustee.** Lender, at Lender's option, from time to time, and more than once, may appoint in writing a successor or substitute trustee, with or without cause, including the resignation, absence, death, inability, refusal or failure to act of the Trustee. The successor or substitute trustee may be appointed without ever requiring the resignation of the former trustee and without any formality except for the execution and acknowledgment of the appointment by the beneficiary of this Deed of Trust. The successor or substitute trustee shall then succeed to all rights, obligations, and duties of the Trustee. This appointment may be made on Lender's behalf by the President, any Vice

DEED OF TRUST  
(Continued)

President, Secretary, or Cashier of Lender.

NOTICES. Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

WAIVER OF RIGHT TO TRIAL BY JURY. THE UNDERSIGNED HEREBY WAIVES FINAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT TO ENFORCE THIS AGREEMENT, TO COLLECT DAMAGES FOR THE BREACH OF THIS AGREEMENT, OR WHICH IN ANY OTHER WAY ARISE OUT OF, ARE CONNECTED TO OR ARE RELATED TO THIS AGREEMENT ON THE SUBJECT MATTER OF THIS AGREEMENT. ANY SUCH ACTION SHALL BE TRIED BY THE JUDGE WITHOUT A JURY.

FACSIMILE DOCUMENTS AND SIGNATURES. For purposes of negotiating and having this document, if this document is transmitted by facsimile machine ("fax"), it shall be treated for all purposes as an original document. Additionally, the signature of any party on this document transmitted by way of a fax machine shall be considered for all purposes as an original signature. Any such faxed document shall be considered to have the same binding legal effect as an original document. At the request of any party, any faxed document shall be re-executed by each signatory party in an original form.

APPRAISAL. Upon written request of Beneficiary, Grantor agrees to reimburse Beneficiary for the full cost of narrative appraisals of the Real Property described in the Deed of Trust. Each appraisal shall be ordered directly by Beneficiary from an appraiser satisfactory to Beneficiary in its sole discretion and shall be in form and substance necessary to comply with all laws and regulations affecting Beneficiary; a copy of each appraisal shall be provided to Grantor not later than the date on which Grantor's reimbursement is received by Beneficiary. Failure of Grantor to reimburse Beneficiary for any requested appraisal (not to exceed one appraisal in any twelve-month period) shall constitute an Event of Default.

ESCHROW. Upon Grantor's failure to perform the covenants of this Deed of Trust concerning the delivery to Beneficiary of evidence of the payment of taxes and insurance premiums on the Real Property and upon written request by Beneficiary, Grantor covenants and agrees to make an initial deposit and monthly deposits thereafter with Beneficiary for the purpose of creating a fund for the payment of taxes and insurance premiums on the Real Property. Monthly deposits shall be made on the dates specified by Beneficiary in such request, and each payment shall be one-twelfth of the estimated annual taxes and insurance premiums on the Real Property, such estimates to be made by Beneficiary. Said deposits shall be in addition to the payments called for in the Note hereby secured, and Beneficiary shall hold said deposits in trust, without bond and without the accrual of interest thereon, to pay such taxes and insurance premiums when due. Grantor agrees to deposit the deficiency immediately upon insufficient to pay the taxes and insurance premiums when due, such excess shall be credited to the next remaining monthly deposit to such fund, or demand, and if an excess should accumulate in such fund, such excess shall be credited to the next remaining monthly deposit to such fund, or demand. Beneficiary's option to Grantor, Grantor's heirs or assigns. If Grantor shall make full payment of the indebtedness hereby secured, Beneficiary will, before accepting such full payment, apply to the reduction of principal any one or all amounts then accumulated in such fund. Grantor covenants and agrees that any default in the making of said deposits as herein provided shall, at the option of Beneficiary, mature at once the entire amount remaining unpaid on the Note hereby secured.

**NO RECOURSE.** Notwithstanding anything to the contrary contained in the Note and this Deed of Trust, Beneficiary shall not enforce the liability and obligation of Grantor to perform and observe the obligations contained in the Note or this Deed of Trust by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing any personal liability shall be sought against Grantor, except that Beneficiary may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Beneficiary to enforce and realize upon the Note, this Deed of Trust, and the interest in the Property and any other collateral given to Beneficiary to secure the Note; provided, however, subject to the other provisions hereof, that any judgment in any such action or proceeding shall be enforceable against Grantor only to the extent of Grantor's interest in the Property and in any other collateral given to Beneficiary to secure the Note. Beneficiary, in any such action or proceeding, under or by reason of or under or in connection with the Note or this Deed of Trust, agrees that it shall not, except as otherwise provided herein, sue for, seek or demand any deficiency judgment against Grantor, in any such action or proceeding, or in connection with the Note or this Deed of Trust, if the deficiency judgment against Grantor, in any such action or proceeding, is secured by the Note or this Deed of Trust delivered to Beneficiary by or under this Deed of Trust; (iii) impair the right of Beneficiary to make treatment as a party defendant in any action or suit for judicial foreclosure and sale under this Deed of Trust; (iii) impair the right of Beneficiary to make treatment as a party defendant or secured party in any such action or proceeding; (iv) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note or this Deed of Trust. The foregoing provisions shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note or this Deed of Trust, (ii) impair the right of Beneficiary to make treatment as a party defendant or secured party in any such action or proceeding, or (iii) impair the right of Beneficiary to obtain the appointment of a receiver; (v) impair the right of Beneficiary to enforce the provisions of the Deed of Trust, or (vi) impair the right of Beneficiary to obtain a judgment on the Note against Grantor if necessary to fully realize the security granted by this Deed of Trust or to commence any other appropriate action or proceeding in order for Beneficiary to exercise its remedies against the Property.

Notwithstanding the provisions in the foregoing paragraph to the contrary, Grantor shall be personally liable to Beneficiary for any losses Beneficiary incurs due to: (i) fraud or intentional misrepresentation by Grantor in connection with the loan evidenced by the Note; (ii) the gross negligence or willful misconduct of Grantor; (iii) the removal or disposal of any portion of the Property after a Default; (iv) the misappropriation, misappropriation or conversion of insurance proceeds or condemnation awards; (v) personal property taken from the Property by or on behalf of Grantor and not replaced with personal property of the same utility and of the same or greater value; (vi) any act of arson by Grantor; (vii) failure to pay charges for labor or materials or other charges that can create liens on any portion of the Property; and/or (ix) any failure by Grantor to permit on-site inspections of the Property as required by this Deed of Trust or other Loan Documents.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection therewith.

As to the matters set forth in this Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection therewith.



**DEED OF TRUST  
(Continued)**

with the operation of the Property.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Governing Law.** This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Texas.

**Choice of Venue.** If there is a lawsuit, and if the transaction evidenced by this Deed of Trust occurred in BEXAR County, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of BEXAR County, State of Texas.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Deed of Trust.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Payment of Interest and Fees.** Notwithstanding any other provision of this Deed of Trust or any provision of any Related Document, Grantor does not agree or intend to pay, and Lender does not agree or intend to charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the indebtedness which would in any way or event (including demand, prepayment, or acceleration) cause Lender to contract for, charge or collect more for the indebtedness than the maximum Lender would be permitted to charge or collect by any applicable federal or Texas state law. Any such excess interest or unauthorized fee will, instead of anything stated to the contrary, be applied first to reduce the unpaid principal balance of the indebtedness, and when the principal has been paid in full, be refunded to Grantor.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

**Successors and Assigns.** Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Beneficiary.** The word "Beneficiary" means THE FROST NATIONAL BANK, and its successors and assigns.

**Borrower.** The word "Borrower" means ST. ALBAN'S EPISCOPAL CHURCH and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Default.** The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

**Grantor.** The word "Grantor" means CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including

**DEED OF TRUST  
(Continued)**

Page 9

without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

**Lender.** The word "Lender" means THE FROST NATIONAL BANK, its successors and assigns.

**Note.** The word "Note" means the promissory note dated April 9, 2010, in the original principal amount of \$304,798.15 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**Trustee.** The word "Trustee" means JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 and any substitute or successor trustees.

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.**

**GRANTOR:**

CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH

By:

*Frank Salazar*

FRANK SALAZAR, President of CORPORATION OF  
THE EPISCOPAL DIOCESE OF FORT WORTH

DEED OF TRUST  
(Continued)

CORPORATE ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Tarrant

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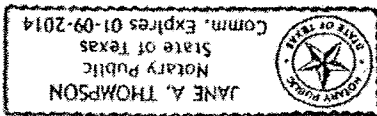
This instrument was acknowledged before me on

April 14

2010

by FRANK SALAZAR, President of CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH a Texas corporation, on behalf of said corporation.

*Jane A. Thompson*  
Notary Public, State of Texas



SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

THE FROST NATIONAL BANK  
PO BOX 1600  
SAN ANTONIO, TX 78296

Submitter: PARKS HUFFMAN MCVAY &  
SHE

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 4/23/2010 2:06 PM

Instrument #: D210094941

DT

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PGS

\$52.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210094941

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL

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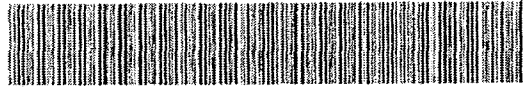
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RECORDATION REQUESTED BY:  
THE FROST NATIONAL BANK  
DOWNTOWN AUSTIN FINANCIAL CENTER  
P.O. BOX 1600  
SAN ANTONIO, TX 78296

WHEN RECORDED MAIL TO:  
The Frost National Bank  
Attention: Commercial Loan Department RB-2  
P. O. Box 1600  
San Antonio, TX 78296

SEND TAX NOTICES TO:  
CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH  
911 SOUTH DAVIS  
ARLINGTON, TX 76013

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



DEED OF TRUST

THIS DEED OF TRUST is dated April 9, 2010, among CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, whose address is 911 SOUTH DAVIS, ARLINGTON, TX 76013 ("Grantor"); THE FROST NATIONAL BANK, whose address is DOWNTOWN AUSTIN FINANCIAL CENTER, P.O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below sometimes as "Beneficiary"); and JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust, with power of sale, for the benefit of Lender as Beneficiary, the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; and all easements, rights of way, and appurtenances: all water and water rights; and all other rights, royalties, and profits relating to the real property, including without limitation such rights as Grantor may have in all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in TARRANT County, State of Texas:

A PORTION OF BLOCK A, COLLEGE HILLS ADDITION TO THE CITY OF ARLINGTON, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN VOLUME 388-C, PAGE 182, PLAT RECORDS, TARRANT COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 5/8 INCH IRON FOUND AT THE NORTHWEST CORNER OF SAID BLOCK A AND THE SOUTHWEST CORNER OF LOT 8R, BLOCK 1, MORGAN ADDITION TO THE CITY OF ARLINGTON, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN CABINET A, SLIDE 5357, PLAT RECORDS, TARRANT COUNTY, TEXAS, SAID IRON ALSO BEING IN THE EAST LINE OF SOUTH DAVIS DRIVE, (R.O.W. VARIES);

THENCE NORTH 75 DEGREES 23 MINUTES 11 SECONDS EAST, ALONG THE COMMON LINE OF SAID BLOCK A AND LOT 8R, AT 268.94 FEET PASSING A 3 INCH FENCE POST AT THE SOUTHEAST CORNER OF SAID LOT 8R, CONTINUING IN ALL A DISTANCE OF 272.30 FEET TO A 5/8 INCH IRON FOUND AT THE NORTHWEST CORNER OF SAID BLOCK A, SAID IRON BEING THE NORTHWEST CORNER OF BLOCK 2 IN SAID COLLEGE HILLS ADDITION:

Northeast

THENCE SOUTH 00 DEGREES 21 MINUTES 54 SECONDS WEST, ALONG THE COMMON LINE OF SAID BLOCK A AND BLOCK 2, A DISTANCE OF 171.50 FEET TO A 5/8 INCH IRON FOUND;

THENCE NORTH 89 DEGREES 43 MINUTES 48 SECONDS WEST, 262.05 FEET TO A 5/8 INCH IRON FOUND IN THE EAST LINE OF SAID SOUTH DAVIS DRIVE;

THENCE NORTH 00 DEGREES 11 MINUTES 46 SECONDS WEST, ALONG THE EAST LINE OF SAID SOUTH DAVIS DRIVE, 101.56 FEET TO THE POINT OF BEGINNING AND CONTAINING 0.823 ACRE OF LAND, MORE

**DEED OF TRUST  
(Continued)**

**OR LESS**

The Real Property or its address is commonly known as **105 UNIVERSITY DR, FORT WORTH, TX 76107.**

**CROSS-COLLATERALIZATION.** In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Deed of Trust shall not secure, and the "Indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

Grantor hereby absolutely assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

**THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

**PURPOSE OF LOAN.** The Note in the amount of \$304,798.16 represents, in part or in whole, cash or other financial accommodations advanced or committed by Lender to Borrower on April 9, 2010 at Grantor's request and which Grantor will use under its charter powers to discharge corporate debts. Grantor represents to Lender that its board of directors has authorized its legally elected, qualified, and acting officers to execute the Note and this Deed of Trust.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent. This restriction will not apply to rights and easements (such as gas and oil) not owned by Grantor and of which Grantor has informed Lender in writing prior to Grantor's signing of this Deed of Trust.

**DEED OF TRUST  
(Continued)**

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**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property, whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Texas law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due, except for the existing indebtedness referred to below, and except as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and Lender's reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender, with losses made payable to Lender. **GRANTOR MAY FURNISH THE REQUIRED INSURANCE WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY GRANTOR OR THROUGH EQUIVALENT INSURANCE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF TEXAS.** If Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may, but shall not be required to, do so at Grantor's expense, and the cost of the insurance will be added to the indebtedness. If any such insurance is procured by Lender, Grantor will be so notified, and Grantor will have the option of furnishing equivalent insurance through any insurer authorized to transact business in Texas. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**DEED OF TRUST  
(Continued)**

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Compliance with Existing Indebtedness.** During the period in which any Existing indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust, to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing indebtedness.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to comply with any obligation to maintain Existing indebtedness in good standing as required below, or to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures paid by Lender for such purposes will then bear interest at the Note rate from the date paid by Lender to the date of repayment by Grantor. To the extent permitted by applicable law, all such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**EXISTING INDEBTEDNESS.** The following provisions concerning Existing indebtedness are a part of this Deed of Trust:

**Existing Lien.** The lien of this Deed of Trust securing the indebtedness shall be subordinate to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

**No Modification.** Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

**CONDEMNATION, JUDGMENTS AND AWARDS.** The following provisions relating to condemnation proceedings, judgments, decrees and awards for injury to the Property are a part of this Deed of Trust:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** To the extent permitted by applicable law, all judgments, decrees and awards for injury or damage to the Property, or any part of the Property, and awards pursuant to proceedings for condemnation of the Property, are hereby absolutely assigned



DEED OF TRUST (Continued)

to Lender, and if all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award, judgment or decree shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Real and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole option, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Grantor a release of this Deed of Trust and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Real and the Personal Property. However, it is agreed that the payment of all the indebtedness and performance of such obligations shall not terminate this Deed of Trust unless the terms and interests created hereby are released by Lender by a proper recordable instrument. Any filing fees required by law shall be paid by Grantor, if permitted by applicable law.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

**Payment Default.** Borrower fails to make any payment when due under the indebtedness.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

**Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Default in Favor of Third Parties.** Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Deed of Trust or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Deed of Trust or any of the Related Documents ceases to be in full force and effect including failure of any collateral document to create a valid and perfected security interest in or for any reason.

**Insolvency.** The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However,

**DEED OF TRUST  
(Continued)**

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this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Existing Indebtedness.** The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commenced to foreclose any existing lien on the Property.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**Accelerate Indebtedness.** Lender may declare the unpaid principal balance of the Indebtedness due and payable. In no event will Borrower or Grantor be required to pay any unearned interest.

**Foreclosure.** If Lender invokes the power of sale, Trustee, at the request of Lender, may sell all or any portion of the Property at public auction to the highest bidder for cash at the location within the courthouse designated by the County Commissioners Court, or if no such area has been designated, at the area designated in the notice of sale within the courthouse, between the hours of 10:00 A.M. and 4:00 P.M. on the first Tuesday of any month, after the Trustee or its agent has given notice of the time and place of sale and of the property to be sold as required by the Texas Property Code, as then amended.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** As additional security for the payment of the Indebtedness, Grantor hereby absolutely assigns to Lender all Rents as defined in the Definitions section of this Deed of Trust. Until the occurrence of an Event of Default, Grantor is granted a license to collect and retain the Rents; however, upon receipt from Lender of a notice that an Event of Default exists under this Deed of Trust, Lender may terminate Grantor's license, and then Lender, as Grantor's agent, may collect the Rents. In addition, if the Property is vacant, Lender may rent or lease the Property. Lender shall not be liable for its failure to rent the Property, to collect any Rents, or to exercise diligence in any matter relating to the Rents; Lender shall be accountable only for Rents actually received. Lender neither has nor assumes any obligation as lessor or landlord with respect to any occupant of the Property. Rents so received shall be applied by Lender first to the remaining unpaid balance of the Indebtedness, in such order or manner as Lender shall elect, and the residue, if any, shall be paid to the person or persons legally entitled to the residue.

**Trustee's Powers.** Grantor hereby jointly and severally authorizes and empowers Trustee to sell all or any portion of the Property together or in lots or parcels, as 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, or of lesser estates, and bills of sale and assignments, with covenants of general warranty made on Grantor's behalf. In no event shall Trustee be required to exhibit, present or display at any such sale any of the Property to be sold at such sale. The Trustee making such sale shall receive the proceeds of the sale and shall apply the same as provided below. Payment of the purchase price to Trustee shall satisfy the liability of the purchaser at any such sale of the Property, and such person shall not be bound to look after the application of the proceeds.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower or Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either: (1) pay a reasonable rental for the use of the Property, (2) vacate the Property immediately upon the demand of Lender, or (3) if such tenants refuse to surrender possession of the Property upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and Grantor expressly waives all damages sustained by reason thereof.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Trustee may convey all or any part of the Property to the highest bidder for cash with a general warranty binding Grantor, subject to prior

**DEED OF TRUST  
(Continued)**

liens and to other exceptions to conveyance and warranty. Grantor waives all requirements of appraisal, if any. The affidavit of any person having knowledge of the facts to the effect that proper notice as required by the Texas Property Code was given shall be prima facie evidence of the fact that such notice was in fact given. Recitals and statements of fact in any notice or in any conveyance to the purchaser or purchasers of the Property in any foreclosure sale under this Deed of Trust shall be prima facie evidence of the truth of such facts, and all prerequisites and requirements necessary to the validity of any such sale shall be presumed to have been performed. Any sale under the powers granted by this Deed of Trust shall be a perpetual bar against Grantor, Grantor's heirs, successors, assigns and legal representatives.

**Proceeds.** Trustee shall pay the proceeds of any sale of the Property (a) first, to the expenses of foreclosure, including reasonable fees or charges paid to the Trustee, including but not limited to fees for enforcing the lien, posting for sale, selling, or releasing the Property, (b) then to Lender the full amount of the indebtedness, (c) then to any amount required by law to be paid before payment to Grantor, and (d) the balance, if any, to Grantor.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as Lender's attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. In the event of foreclosure of this Deed of Trust, Lender shall be entitled to recover from Borrower or Grantor Lender's reasonable attorneys' fees and actual disbursements that Lender necessarily incurs in pursuing such foreclosure.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other lienholder of the Property of the commencement of a foreclosure proceeding or of the commencement of any other action to which Lender may avail itself as a remedy, except to the extent required by applicable law or by written agreement.

**Trustee.** In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Substitute Trustee.** Lender, at Lender's option, from time to time, and more than once, may appoint in writing a successor or substitute trustee, with or without cause, including the resignation, absence, death, inability, refusal or failure to act of the Trustee. The successor or substitute trustee may be appointed without ever requiring the resignation of the former trustee and without any formality except for the execution and acknowledgment of the appointment by the beneficiary of this Deed of Trust. The successor or substitute trustee shall then succeed to all rights, obligations, and duties of the Trustee. This appointment may be made on Lender's behalf by the President, any Vice President, Secretary, or Cashier of Lender.

**NOTICES.** Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**WAIVER OF RIGHT TO TRIAL BY JURY.** THE UNDERSIGNED HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT TO ENFORCE THIS AGREEMENT, TO COLLECT DAMAGES FOR THE BREACH OF THIS AGREEMENT, OR WHICH IN ANY OTHER WAY ARISE OUT OF, ARE CONNECTED TO OR ARE RELATED TO THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. ANY SUCH ACTION SHALL BE TRIED BY THE JUDGE WITHOUT A JURY.

**FACSIMILE DOCUMENTS AND SIGNATURES.** For purposes of negotiating and finalizing this document, if this document is transmitted by facsimile machine ("fax"), it shall be treated for all purposes as an original document. Additionally, the signature of any party on this document transmitted by way of a fax machine shall be considered for all purposes as an original signature. Any such faxed document shall be considered to have the same binding legal effect as an original document. At the request of any party, any faxed document shall be re-executed by each signatory party in an original form.

**APPRAISAL.** Upon written request of Beneficiary, Grantor agrees to reimburse Beneficiary for the full cost of narrative appraisals of the Real Property described in the Deed of Trust. Each appraisal shall be ordered directly by Beneficiary from an appraiser satisfactory to Beneficiary in its sole discretion and shall be in form and substance necessary to comply with all laws and regulations affecting Beneficiary; a copy of each appraisal shall be provided to Grantor not later than the date on which Grantor's reimbursement is received by Beneficiary. Failure of Grantor to reimburse Beneficiary for any requested appraisal (not to exceed one appraisal in any twelve-month period) shall constitute an Event of Default.

**ESCROW.** Upon Grantor's failure to perform the covenants of this Deed of Trust concerning the delivery to Beneficiary of evidence of the payment of taxes and insurance premiums on the Real Property and upon written request by Beneficiary, Grantor covenants and agrees to make

DEED OF TRUST  
(Continued)

an initial deposit and monthly deposits thereafter with Beneficiary for the purpose of creating a fund for the payment of taxes and insurance premiums on the Real Property. Monthly deposits shall be made on the dates specified by Beneficiary in such request, and each payment shall be one-twelfth of the estimated annual taxes and insurance premiums on the Real Property, such estimates to be made by Beneficiary. Said deposits shall be in addition to the payments called for in the Note hereby secured, and Beneficiary shall hold said deposits in trust, without demand, and if an excess should accumulate in such fund, such excess shall be credited to the next maturing monthly deposit to such fund, or, if insufficient to pay the taxes and insurance premiums when due, Beneficiary agrees to deposit the deficiency with Beneficiary immediately upon demand, and if an excess should accumulate in such fund, such excess shall be credited to the next maturing monthly deposit to such fund, or, at Beneficiary's option, be returned to Grantor, Grantor's heirs or assigns. If Grantor shall make full payment of the indebtedness hereby secured, Beneficiary will, before accepting such full payment, apply to the reduction of principal any and all amounts then accumulated in such fund. Grantor covenants and agrees that any default in the making of said deposits as herein provided shall, at the option of Beneficiary, mature at once the entire amount remaining unpaid on the Note hereby secured.

**NO RECOURSE.** Notwithstanding anything to the contrary contained in the Note and this Deed of Trust, Beneficiary shall not enforce the liability and obligation of Grantor to perform and observe the obligations contained in the Note or this Deed of Trust by any action or proceeding wherein a remedy judgment or other deficiency judgment or other judgment concerning any personal liability shall be sought against Grantor, except that Beneficiary may bring a forcible action, action for specific performance or other appropriate action or proceeding to enable Beneficiary to enforce and realize upon the Note, this Deed of Trust, and the interest in the Property and any other collateral given to Beneficiary to secure the Note; provided, however, subject to the other provisions herein, that any judgment in any such action or proceeding shall be enforceable against Grantor only to the extent of Grantor's interest in the Property and in any other collateral given to Beneficiary to secure the Note. Beneficiary, by accepting the Note and this Deed of Trust, agrees that it shall not, except as otherwise provided herein, sue for, seek or demand any deficiency judgment against Grantor, in any such action or proceeding, under or by reason of or under or in connection with the Note or this Deed of Trust. The foregoing provision shall not, however, constitute a waiver, release or impairment of any obligation evidenced or secured by the Note or this Deed of Trust delivered to Beneficiary; (iii) impair the right of Beneficiary to name Grantor as a party defendant in any action or suit for judicial foreclosure and sale under this Deed of Trust; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with the Note or this Deed of Trust; (iv) impair the right of Beneficiary to obtain the appointment of a receiver; (v) impair the right of Beneficiary to enforce the provisions of this Deed of Trust or (vi) impair the right of Beneficiary to obtain a judgment on the Note against Grantor if necessary to fully realize the security granted by this Deed of Trust or to commence any other appropriate action or proceeding in order for Beneficiary to exercise its remedies against the Property.

Notwithstanding the provisions in the foregoing paragraph to the contrary, Grantor shall be personally liable to Beneficiary for any losses or damages caused by (i) fraud or intentional misrepresentation by Grantor in connection with the loan evidenced by the Note; (ii) the gross negligence or willful misconduct of Grantor; (iii) the removal or disposal of any portion of the Property after a default; (iv) the misapplication, misappropriation or conversion of insurance proceeds or condemnation awards; (v) personal property taken from the Property by or on behalf of Grantor and not replaced with personal property of the same utility and of the same or greater value; (vi) any act of arson by Grantor; (vii) failure to pay charges for labor or materials or other charges that can create liens on any portion of the Property; and/or (viii) any failure by Grantor to permit on-site inspections of the Property as required by this Deed of Trust or other Loan Documents.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

**Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be attractive unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Governing Law.** This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Texas.

**Choice of Venue.** If there is a lawsuit, and if the transaction evidenced by this Deed of Trust occurred in BEXAR County, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of BEXAR County, State of Texas.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the powers exercised of such powers shall be guaranteed under this Deed of Trust.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No later waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**DEED OF TRUST  
(Continued)**

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**Payment of Interest and Fees.** Notwithstanding any other provision of this Deed of Trust or any provision of any Related Document, Grantor does not agree or intend to pay, and Lender does not agree or intend to charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the indebtedness which would in any way or event (including demand, prepayment, or acceleration) cause Lender to contract for, charge or collect more for the indebtedness than the maximum Lender would be permitted to charge or collect by any applicable federal or Texas state law. Any such excess interest or unauthorized fee will, instead of anything stated to the contrary, be applied first to reduce the unpaid principal balance of the indebtedness, and when the principal has been paid in full, be refunded to Grantor.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

**Successors and Assigns.** Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

**Time Is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Beneficiary.** The word "Beneficiary" means THE FROST NATIONAL BANK, and its successors and assigns.

**Borrower.** The word "Borrower" means ST. ALBAN'S EPISCOPAL CHURCH and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Default.** The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

**Existing Indebtedness.** The words "Existing indebtedness" mean the indebtedness described in the Existing Liens provision of this Deed of Trust.

**Grantor.** The word "Grantor" means CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

**Lender.** The word "Lender" means THE FROST NATIONAL BANK, its successors and assigns.

**Note.** The word "Note" means the promissory note dated April 9, 2010, in the original principal amount of \$304,798.15 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinencings of, consolidations of, and substitutions for the promissory note or agreement.

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance

DEED OF TRUST  
(Continued)

proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH

By: Frank Salazar  
FRANK SALAZAR, President of CORPORATION OF  
THE EPISCOPAL DIOCESE OF FORT WORTH

CORPORATE ACKNOWLEDGMENT

STATE OF Texas )  
 )  
 ) SS  
COUNTY OF Tarrant )

This instrument was acknowledged before me on April 14, 2010, 2010 by FRANK SALAZAR, President of CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH a Texas corporation, on behalf of said corporation.



Jane A. Thompson  
Notary Public, State of Texas

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

THE FROST NATIONAL BANK  
PO BOX 1600  
SAN ANTONIO, TX 78296

Submitter: PARKS HUFFMAN MCVAY &  
SHE

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 4/23/2010 2:06 PM

Instrument #: D210094943

DT

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PGS

\$52.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210094943

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL

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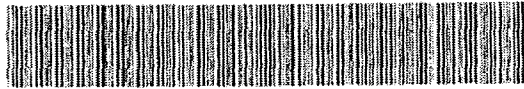
67910000369 #2

**RECORDATION REQUESTED BY:**  
THE FROST NATIONAL BANK  
DOWNTOWN AUSTIN FINANCIAL CENTER  
P.O. BOX 1600  
SAN ANTONIO, TX 78296

**WHEN RECORDED MAIL TO:**  
The Frost National Bank  
Attention: Commercial Loan Department RB-2  
P.O. Box 1600  
San Antonio, TX 78296

**SEND TAX NOTICES TO:**  
CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH  
911 SOUTH DAVIS  
ARLINGTON, TX 76013

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



**DEED OF TRUST**

**THIS DEED OF TRUST** is dated April 9, 2010, among CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, whose address is 911 SOUTH DAVIS, ARLINGTON, TX 76013 ("Grantor"); THE FROST NATIONAL BANK, whose address is DOWNTOWN AUSTIN FINANCIAL CENTER, P.O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below sometimes as "Beneficiary"); and JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 (referred to below as "Trustee").

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee in trust, with power of sale, for the benefit of Lender as Beneficiary, the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; and all easements, rights of way, and appurtenances; all water and water rights; and all other rights, royalties, and profits relating to the real property, including without limitation such rights as Grantor may have in all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in TARRANT County, State of Texas:

**BEING LOT 8R, BLOCK 1, MORGAN ADDITION TO THE CITY OF ARLINGTON, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN CABINET A, SLIDE 5357, PLAT RECORDS, TARRANT COUNTY, TEXAS**

The Real Property or its address is commonly known as 801 S. DAVIS DR, ARLINGTON, TX 76013.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Deed of Trust shall not secure, and the "indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

Grantor hereby absolutely assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

**THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law



**DEED OF TRUST  
(Continued)**

which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

**PURPOSE OF LOAN.** The Note in the amount of \$304,788.15 represents, in part or in whole, cash or other financial accommodations advanced or committed by Lender to Borrower on April 9, 2010 at Grantor's request and which Grantor will use under its charter powers to discharge corporate debts. Grantor represents to Lender that its board of directors has authorized its legally elected, qualified, and acting officers to execute the Note and this Deed of Trust.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent. This restriction will not apply to rights and easements (such as gas and oil) not owned by Grantor and of which Grantor has informed Lender in writing prior to Grantor's signing of this Deed of Trust.

**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not

**DEED OF TRUST  
(Continued)**

be exercised by Lender if such exercise is prohibited by federal law or by Texas law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due, except for the Existing Indebtedness referred to below, and except as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and Lender's reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender, with losses made payable to Lender. GRANTOR MAY FURNISH THE REQUIRED INSURANCE WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY GRANTOR OR THROUGH EQUIVALENT INSURANCE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF TEXAS. If Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may, but shall not be required to, do so at Grantor's expense, and the cost of the insurance will be added to the indebtedness. If any such insurance is procured by Lender, Grantor will be so notified, and Grantor will have the option of furnishing equivalent insurance through any insurer authorized to transact business in Texas. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying off taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures paid by Lender for such purposes will then bear interest at the Note rate from the date paid by Lender to the date of repayment by Grantor. To the extent permitted by applicable law, all such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the

**DEED OF TRUST  
(Continued)**

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remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies in which Lender may be entitled upon Default.

**WARRANTY: DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**CONDEMNATION, JUDGMENTS AND AWARDS.** The following provisions relating to condemnation proceedings, judgments, decrees and awards for injury to the Property are a part of this Deed of Trust:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** To the extent permitted by applicable law, all judgments, decrees and awards for injury or damage to the Property, or any part of the Property, and awards pursuant to proceedings for condemnation of the Property, are hereby absolutely assigned to Lender, and if all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award, judgment or decree shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Grantor a release of this Deed of Trust lien and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. However, it is

DEED OF TRUST (Continued)

agreed that the payment of all the indebtedness and performance of such obligations shall not terminate this Deed of Trust unless the liens and interests created hereby are released by Lender by a proper recordable instrument. Any filing fees required by law shall be paid by Grantor, if permitted by applicable law.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Borrower fails to make any payment when due under the indebtedness.
Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.
Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.
Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.
Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's ability to repay the indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Deed of Trust or any of the Related Documents.
False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.
Creditor or Foreclosure Proceedings. Commencement of foreclosure or foreclosure proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, which is the basis of the creditor or foreclosure proceeding and if Borrower or Grantor gives Lender within notice of the creditor or foreclosure proceeding and deposits with Lender monies or a surety bond for the creditor or foreclosure proceeding, as being an adequate reserve or bond for the dispute.
Breach of Other Agreement. Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided herein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

Events Affecting Grantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party that disposes the validity of, or liability under, any Guaranty of the indebtedness.
Adverse Change. A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.
Insolvency. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:
Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.
Accelerate Indebtedness. Lender may declare the unpaid principal balance of the indebtedness due and payable, in no event will Borrower or Grantor be required to pay any unearned interest.

Foreclosure. If Lender invokes the power of sale, Trustee, at the request of Lender, may sell all or any portion of the Property at public auction to the highest bidder for each at the location within the courthouse designated by the County Commissioners Court, or if no such P.M. on the first Tuesday of any month, after the Trustee or its agent has given notice of the time and place of sale and of the property to be sold as required by the Texas Property Code, as then amended.
UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.
Collect Remits. As additional security for the payment of the indebtedness, Grantor hereby absolutely assigns to Lender all Remits as defined in the Definitions section of this Deed of Trust. Until the occurrence of an Event of Default, Grantor is granted a license to collect and retain the Remits; however, upon receipt from Lender of a notice that an Event of Default exists under this Deed of Trust, Lender may terminate Grantor's license, and then Lender, as Grantor's agent, may collect the Remits. In addition, if the Property is vacant, Lender may rent or lease the Property. Lender shall not be liable for its failure to rent the Property, to collect any Remits, or to exercise diligence in any matter relating to the Remits; Lender shall be accountable only for Remits actually received. Lender neither has nor assumes any obligation as lessor or landlord with respect to any occupant of the Property. Remits so received shall be applied by Lender first to the remaining unpaid balance of the indebtedness, in such order or manner as Lender shall elect, and the residue, if any, shall be paid to the person or persons

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**DEED OF TRUST  
(Continued)**

legally entitled to the residue.

**Trustee's Powers.** Grantor hereby jointly and severally authorizes and empowers Trustee to sell all or any portion of the Property together or in lots or parcels, as 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, or of lesser estates, and bills of sale and assignments, with covenants of general warranty made on Grantor's behalf. In no event shall Trustee be required to exhibit, present or display at any such sale any of the Property to be sold at such sale. The Trustee making such sale shall receive the proceeds of the sale and shall apply the same as provided below. Payment of the purchase price to Trustee shall satisfy the liability of the purchaser at any such sale of the Property, and such person shall not be bound to look after the application of the proceeds.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower or Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, (2) vacate the Property immediately upon the demand of Lender, or (3) if such tenants refuse to surrender possession of the Property upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and Grantor expressly waives all damages sustained by reason thereof.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Trustee may convey all or any part of the Property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyance and warranty. Grantor waives all requirements of appraisal, if any. The affidavit of any person having knowledge of the facts to the effect that proper notice as required by the Texas Property Code was given shall be prima facie evidence of the fact that such notice was in fact given. Recitals and statements of fact in any notice or in any conveyance to the purchaser or purchasers of the Property in any foreclosure sale under this Deed of Trust shall be prima facie evidence of the truth of such facts, and all prerequisites and requirements necessary to the validity of any such sale shall be presumed to have been performed. Any sale under the powers granted by this Deed of Trust shall be a perpetual bar against Grantor, Grantor's heirs, successors, assigns and legal representatives.

**Proceeds.** Trustee shall pay the proceeds of any sale of the Property (a) first, to the expenses of foreclosure, including reasonable fees or charges paid to the Trustee, including but not limited to fees for enforcing the lien, posting for sale, selling, or releasing the Property, (b) then to Lender the full amount of the Indebtedness, (c) then to any amount required by law to be paid before payment to Grantor, and (d) the balance, if any, to Grantor.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as Lender's attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. In the event of foreclosure of this Deed of Trust, Lender shall be entitled to recover from Borrower or Grantor Lender's reasonable attorneys' fees and actual disbursements that Lender necessarily incurs in pursuing such foreclosure.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other lienholder of the Property of the commencement of a foreclosure proceeding or of the commencement of any other action to which Lender may avail itself as a remedy, except to the extent required by applicable law or by written agreement.

**Trustee.** In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Substitute Trustee.** Lender, at Lender's option, from time to time, and more than once, may appoint in writing a successor or substitute trustee, with or without cause, including the resignation, absence, death, incapacity, refusal or failure to act of the Trustee. The successor or substitute trustee may be appointed without ever requiring the resignation of the former trustee and without any formality except for the execution and acknowledgment of the appointment by the beneficiary of this Deed of Trust. The successor or substitute trustee shall then succeed to all rights, obligations, and duties of the Trustee. This appointment may be made on Lender's behalf by the President, any Vice

DEED OF TRUST  
(Continued)

President, Secretary, or Cashier of Lender.

**NOTICES.** Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**WAIVER OF RIGHT TO TRIAL BY JURY.** THE UNDERSIGNED HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT TO ENFORCE THIS AGREEMENT, TO COLLECT DAMAGES FOR THE BREACH OF THIS AGREEMENT, OR WHICH IN ANY OTHER WAY ARISE OUT OF, ARE CONNECTED TO OR ARE RELATED TO THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. ANY SUCH ACTION SHALL BE TRIED BY THE JUDGE WITHOUT A JURY.

**FACSIMILE DOCUMENTS AND SIGNATURES.** For purposes of negotiating and finalizing this document, if this document is transmitted by facsimile machine ("fax"), it shall be treated for all purposes as an original document. Additionally, the signature of any party on this document transmitted by way of a fax machine shall be considered for all purposes as an original signature. Any such faxed document shall be considered to have the same binding legal effect as an original document. At the request of any party, any faxed document shall be re-executed by each signatory party in an original form.

**APPRAISAL.** Upon written request of Beneficiary, Grantor agrees to reimburse Beneficiary for the full cost of narrative appraisals of the Real Property described in the Deed of Trust. Each appraisal shall be ordered directly by Beneficiary from an appraiser satisfactory to Beneficiary in its sole discretion and shall be in form and substance necessary to comply with all laws and regulations affecting Beneficiary; a copy of each appraisal shall be provided to Grantor not later than the date on which Grantor's reimbursement is received by Beneficiary. Failure of Grantor to reimburse Beneficiary for any requested appraisal (not to exceed one appraisal in any twelve-month period) shall constitute an Event of Default.

**ESCROW.** Upon Grantor's failure to perform the covenants of this Deed of Trust concerning the delivery to Beneficiary of evidence of the payment of taxes and insurance premiums on the Real Property and upon written request by Beneficiary, Grantor covenants and agrees to make an initial deposit and monthly deposits thereafter with Beneficiary for the purpose of creating a fund for the payment of taxes and insurance premiums on the Real Property. Monthly deposits shall be made on the dates specified by Beneficiary in such request, and each payment shall be one-twelfth of the estimated annual taxes and insurance premiums on the Real Property, such estimates to be made by Beneficiary. Said deposits shall be in addition to the payments called for in the Note hereby secured, and Beneficiary shall hold said deposits in trust, without bond and without the accrual of interest thereon, to pay such taxes and premiums as they become due. Should such deposits at any time be insufficient to pay the taxes and insurance premiums when due, Grantor agrees to deposit the deficiency with Beneficiary immediately upon demand, and if an excess should accumulate in such fund, such excess shall be credited to the next maturing monthly deposit to such fund, or, at Beneficiary's option, be refunded to Grantor, Grantor's heirs or assigns. If Grantor shall make full payment of the indebtedness hereby secured, Beneficiary will, before accepting such full payment, apply to the reduction of principal any and all amounts then accumulated in such fund. Grantor covenants and agrees that any default in the making of said deposits as herein provided shall, at the option of Beneficiary, mature at once the entire amount remaining unpaid on the Note hereby secured.

**NO RECOURSE.** Notwithstanding anything to the contrary contained in the Note and this Deed of Trust, Beneficiary shall not enforce the liability and obligation of Grantor to perform and observe the obligations contained in the Note or this Deed of Trust by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing any personal liability shall be sought against Grantor, except that Beneficiary may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Beneficiary to enforce and realize upon the Note, this Deed of Trust, and the interest in the Property and any other collateral given to Beneficiary to secure the Note; provided, however, subject to the other provisions herein, that any judgment in any such action or proceeding shall be enforceable against Grantor only to the extent of Grantor's interest in the Property and in any other collateral given to Beneficiary to secure the Note. Beneficiary, by accepting the Note and this Deed of Trust, agrees that it shall not except as otherwise provided herein, sue for, seek or demand any deficiency judgment against Grantor, in any such action or proceeding, under or by reason of or under or in connection with the Note or this Deed of Trust. The foregoing provision shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note or this Deed of Trust delivered to Beneficiary; (ii) impair the right of Beneficiary to name Grantor as a party defendant in any action or suit for judicial foreclosure and sale under this Deed of Trust; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with the Note or this Deed of Trust; (iv) impair the right of Beneficiary to obtain the appointment of a receiver; (v) impair the right of Beneficiary to enforce the provisions of this Deed of Trust; or (vi) impair the right of Beneficiary to obtain a judgment on the Note against Grantor if necessary to fully realize the security granted by this Deed of Trust or to commence any other appropriate action or proceeding in order for Beneficiary to exercise its remedies against the Property.

Notwithstanding the provisions in the foregoing paragraph to the contrary, Grantor shall be personally liable to Beneficiary for any losses Beneficiary incurs due to: (i) fraud or intentional misrepresentation by Grantor in connection with the loan evidenced by the Note; (ii) the gross negligence or willful misconduct of Grantor; (iii) the removal or disposal of any portion of the Property after a Default; (iv) the misapplication, misappropriation or conversion of insurance proceeds or condemnation awards; (v) personal property taken from the Property by or on behalf of Grantor and not replaced with personal property of the same utility and of the same or greater value; (vi) any act of arson by Grantor; (vii) failure to pay charges for labor or materials or other charges that can create liens on any portion of the Property; and/or (viii) any failure by Grantor to permit on-site inspections of the Property as required by this Deed of Trust or other Loan Documents.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

**Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection

**DEED OF TRUST  
(Continued)**

with the operation of the Property.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Governing Law.** This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Texas.

**Choice of Venue.** If there is a lawsuit, and if the transaction evidenced by this Deed of Trust occurred in BEXAR County, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of BEXAR County, State of Texas.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Deed of Trust.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Payment of Interest and Fees.** Notwithstanding any other provision of this Deed of Trust or any provision of any Related Document, Grantor does not agree or intend to pay, and Lender does not agree or intend to charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the indebtedness which would in any way or event (including demand, prepayment, or acceleration) cause Lender to contract for, charge or collect more for the indebtedness than the maximum Lender would be permitted to charge or collect by any applicable federal or Texas state law. Any such excess interest or unauthorized fee will, instead of anything stated to the contrary, be applied first to reduce the unpaid principal balance of the indebtedness, and when the principal has been paid in full, be refunded to Grantor.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

**Successors and Assigns.** Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Beneficiary.** The word "Beneficiary" means THE FROST NATIONAL BANK, and its successors and assigns.

**Borrower.** The word "Borrower" means ST. ALBAN'S EPISCOPAL CHURCH and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Default.** The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

**Existing Indebtedness.** The words "Existing Indebtedness" mean the indebtedness described in the Existing Liens provision of this Deed of Trust.

DEED OF TRUST  
(Continued)

**Grantor.** The word "Grantor" means CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

**Lender.** The word "Lender" means THE FROST NATIONAL BANK, its successors and assigns.

**Note.** The word "Note" means the promissory note dated April 9, 2010, in the original principal amount of \$304,798.15 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**Trustee.** The word "Trustee" means JIMMY R. LOCKE, whose address is P. O. BOX 1600, SAN ANTONIO, TX 78296 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH

By: Frank Salazar  
FRANK SALAZAR, President of CORPORATION OF  
THE EPISCOPAL DIOCESE OF FORT WORTH



DEED OF TRUST  
(Continued)

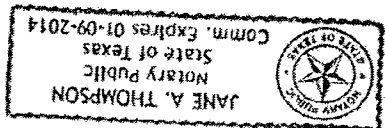
CORPORATE ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Tarrant

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1 SS  
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This instrument was acknowledged before me on Nov 14 2010 by FRANK SALAZAR, President of CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH a Texas corporation, on behalf of said corporation.

*Frank Salazar*  
Notary Public, State of Texas



SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

THE FROST NATIONAL BANK  
PO BOX 1600  
SAN ANTONIO, TX 78296

Submitter: PARKS HUFFMAN MCVAY &  
SHE

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 4/23/2010 2:06 PM

Instrument #: D210094942

DT 11 PGS \$52.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210094942

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL

# **EXHIBIT 3**

9  
AL82-127

**DEED OF TRUST**

**DATE:** January 12, 2009/2008/JP

**GRANTOR:** Corporation of the Episcopal Diocese of Fort Worth, a Texas Non-Profit Corporation, and St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation

**GRANTOR'S MAILING ADDRESS (including county):**

P. O. Box 70  
Keller, Tarrant County, Texas 76244

**TRUSTEE:** Janet Fischer

**TRUSTEE'S MAILING ADDRESS (including county):**

P. O. Box 2050, TX1-1315  
Fort Worth, Tarrant County, Texas 76113

**BENEFICIARY:** JPMorgan Chase Bank, N.A., Trustee for the Crump Fund Cultural Research and Church Loans Trust.

**BENEFICIARY'S MAILING ADDRESS (including county):**

P. O. Box 2050, TX1-1315  
Fort Worth, Tarrant County, Texas 76113

**NOTE(S):**

**Date:** Even date herewith

**Amount:** \$200,000.00

**Maker:** St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation

**Payee:** JPMorgan Chase Bank, N.A., Trustee for the Crump Fund Cultural Research and Church Loans Trust

**Final Maturity Date:** October 31, 2028

**TERMS OF PAYMENT:**

As provided in the Note, which provides in part that the full amount of principal and interest then payable is due at the time Grantor sells all or part of the Property (as described below) or at such time as the practice of the Episcopal religion is ceased on the Property.

**PROPERTY (including any improvements):**

As shown on Exhibit "A" attached hereto, and fully incorporated by reference.

**OTHER EXCEPTIONS TO CONVEYANCE AND WARRANTY:**

For value received and to secure payment of the note. Grantor conveys the property to Trustee in trust. Grantor warrants and agrees to defend the title to the property. If Grantor performs all the covenants and pays the note according to its terms, this deed of trust shall have no further effect, and Beneficiary shall release it at Grantor's expense.

**GRANTOR'S OBLIGATIONS:**

Grantor agrees to:

1. keep the property in good repair and condition;
2. pay all taxes and assessments on the property if and when due and furnish Beneficiary copies of tax receipts;
3. preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Beneficiary, an insurance policy that:
  - (a) covers all improvements for their full insurance value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
  - (b) contains an 80% coinsurance clause;
  - (c) provides fire and extended coverage, including windstorm coverage;
  - (d) protects Beneficiary with a standard mortgage clause;
  - (e) provides flood insurance at any time the property is in a flood hazard area; and
  - (f) contains such other coverage as Beneficiary may reasonably require.
5. comply at all times with the requirements of the 80% coinsurance clause;
6. deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary at least ten days before expiration;
7. keep any buildings occupied as required by the insurance policy;
8. if this is not a first lien, pay all prior lien notes that Grantor is personally liable to pay and abide by all prior lien instruments;

9. maintain ingress and egress from a public road to the property; and
10. Grantor hereby agrees to indemnify, save, defend (at Grantor's cost and sole expense) and hold harmless Beneficiary and the officers, directors, agents and employees of Beneficiary and the successors and assigns of each of the foregoing (all of such persons or entities being collectively referred to herein as "Indemnified Persons" and each such reference shall refer jointly and several to each such person), from and against the full amount of any and all Losses. "Losses" shall mean any and all liabilities, obligations, expenses and disbursements (including, but not limited to, all attorneys' fees and all other professional or consultants' expenses incurred in investigating, preparing for, serving as a witness in or defending against any action or proceeding, whether actually commenced or threatened, which may be asserted against any Indemnified Person) arising from, in respect of, as a consequence of, or in connection with any of the following:
  - (a) the removal of any Hazardous Substance on, under or released from the Property as described in Exhibit "A" ("the Property"), whether such removal is done or completed by Grantor, Beneficiary, or any other person or entity and regardless of whether or not such removal is rendered pursuant to a court order or the order of an administrative agency;
  - (b) claims asserted by any person or entity (including, without limitation, any governmental agency or quasi-governmental authority, board, bureau, commission, department, instrumentality or public body, court, or administrative tribunal, (a "Governmental Agency")), in connection with or in any way arising out of the presence, storage, use, disposal, generation, transportation, or treatment of any Hazardous Substance on, in or under the Property, either prior to or after the date of this Deed of Trust; or
  - (c) the violation or claimed violation of any Hazardous Waste Laws in regard to the Property, whether such violation or claimed violation occurred prior to or after the date of this Deed of Trust.

As used herein, "Hazardous Substance" shall mean petroleum, asbestos, radioactive materials or substances defined as "hazardous substances," "hazardous materials" or "toxic substances" (or words of similar import) in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 *et seq.*), the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, and under the applicable laws of the State of Texas.

Without limiting the foregoing, the term "Hazardous Waste Laws" shall mean any provision of Federal, state or local law or regulation or common law, in effect on the date hereof (and as hereafter amended from time to time) or hereafter enacted or

imposed, pertaining to health, safety or environmental protection, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, *et seq.*) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, *et seq.*), the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, and the Texas Water Code and the Texas Solid Waste Disposal Act.

At any time, Grantor shall have the right to perform tests which it determines are appropriate to determine if a Hazardous Substance is present on or under, or has been released from, the Property.

#### **BENEFICIARY'S RIGHTS:**

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.

2. If the proceeds of the note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid.

3. Beneficiary may apply any proceeds received under the insurance policy either to reduce the note or to repair or replace damaged or destroyed improvements covered by the policy; provided however, if Grantor is not in default under The Note or This Deed of Trust Beneficiary shall apply such proceeds toward the repair or replacement of damaged or destroyed improvements.

4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the note is payable for any sums so paid, including attorney's fees, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.

5. If Grantor defaults on the note or fail to perform any of Grantor's obligations or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:

- (a) declare the unpaid principal balance and earned interest on the note immediately due;
- (b) request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended; and
- (c) purchase the property at any foreclosure sale by offering the highest bid and then have the bid credited on the note.

### TRUSTEE'S DUTIES:

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then amended;
2. sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyance and warranty; and
3. from the proceeds of the sale, pay, in this order:
  - (a) expenses of foreclosure, including a commission to Trustee of 5% of the bid;
  - (b) to Beneficiary, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
  - (c) any amounts required by law to be paid before payment to Grantor; and
  - (d) to Grantor, any balance.

### GENERAL PROVISIONS:

1. If any of the property is sold under this deed of trust, Grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.
5. If any portion of the note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce the note. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.



7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment. Grantor may as Beneficiary's licensee collect and retain rent and other income and receipts as long as Grantor is not in default under the note or this deed of trust. If the note or deed of trust are in default, Grantor will apply all rent and other income and receipts to payment of the note and performance of this deed of trust, but if the rent and other income and receipt exceed the amount due under the note and deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the note or performance of this deed of trust, Grantor's agent may rent the property if it is vacant and collect all rent and other income and receipts. Beneficiary neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the property. Beneficiary may exercise Beneficiary's rights and remedies under this paragraph without taking possession of the property. Beneficiary shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Beneficiary's rights and remedies and then to Grantor's obligations under the note and this deed of trust in the order determined by Beneficiary. Beneficiary is not required to act under this paragraph, and acting under this paragraph does not waive any of Beneficiary's other rights or remedies. If either Grantor becomes a voluntary or involuntary bankrupt, Beneficiary's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.

8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

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

10. The term note includes all sums secured by this deed of trust.

11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.

12. If Grantor and Maker are not the same persons, the term Grantor shall include Maker.

13. Grantor represents that this Deed of Trust and the Note are given for the following purposes: The note herein described and hereby secured evidences cash this day loaned to St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation, by the Beneficiary herein at the special instance and request of the undersigned.

14. This Deed of Trust has been duly executed and delivered by Grantor, acting by and through its duly authorized officers. Nothing contained in this Deed of Trust, including the environmental indemnity contained in paragraph 10 of Grantor's Obligations, shall be deemed to impose any personal obligation or liability upon the trustees or officers of the Corporation of the Episcopal Diocese of Fort Worth, including without limitation, the officer who has executed this instrument. The corporate liability of the Corporation of the Episcopal Diocese of Fort Worth shall be limited to the property described herein (including any improvements) plus any liability it may incur under the provisions of paragraph 10 of Grantor's Obligations. Except for the liability imposed on Grantor under paragraph 10 of Grantor's Obligations, the Beneficiary agrees that it will look solely to the assets of St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation, and the property described herein for the payment of the Note and for the performance of the obligations hereunder. The Bishop of the Diocese (the "Bishop") joins herein solely to evidence his consent and approval of the creation of the lien granted by this Deed of Trust, and the Bishop shall have no personal liability under this Deed of Trust or the Note described herein.

15. This Deed of Trust has been executed and delivered by St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation (the "Parish"), acting by and through its duly authorized officer(s). The obligations of the Parish under this instrument are limited to the assets of the Parish and the property described in this Deed of Trust. Nothing herein contained shall be deemed to impose any personal liability upon the individual members, members or officers of the Parish, including, without limitation, the officers of the Parish who have executed this instrument or any Warden of the Parish.

EXECUTED on this the 16<sup>th</sup> day of December, 2008.

APPROVED:

William T. McGeer  
Chancellor of the  
Episcopal Diocese of  
Fort Worth

CORPORATION OF THE EPISCOPAL  
DIOCESE OF FORT WORTH, a Texas  
Non-profit Corporation

By: Franklin Salazar  
Its President FRANKLIN SALAZAR

St. Barnabas the Apostle Episcopal  
Church, Keller, Texas,  
A TEXAS NON-PROFIT  
CORPORATION

By: Jeffrey Peebles  
Its Junior Warden

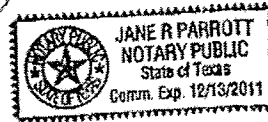
STATE OF TEXAS  
COUNTY OF TRAVIS

§  
§  
§

BEFORE ME, the undersigned authority, on this day personally appeared FRANKLIN SALAZAR, PRESIDENT of CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, a Texas Non-Profit Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes and consideration therein expressed and in the capacity stated.

Given under my hand and seal of office this 16<sup>th</sup> day of December, 2008.

Jane R Parrott  
Notary Public in and for the State of Texas



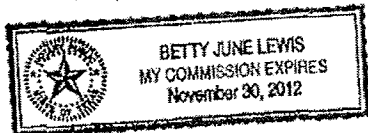
STATE OF TEXAS  
COUNTY OF TRAVIS

*09*

§  
§  
§

BEFORE ME, the undersigned authority, on this day personally appeared Jeffrey Peebles, Junior warden of St. Barnabas the Apostle Episcopal Church, Keller, Texas, a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes and consideration therein expressed and in the capacity stated.

Given under my hand and seal of office this 12<sup>th</sup> day of January, 2009  
~~2008~~ *BJL*



Betty June Lewis  
Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:  
Rick B. Weaver  
Shannon, Gracey, Ratliff, & Miller  
1395 Hwy 156 South, Suite 107  
Haslet, Texas 76052

PREPARED IN THE LAW OFFICE OF:  
Rick B. Weaver  
Shannon, Gracey, Ratliff, & Miller  
1395 Hwy 156 South, Suite 107  
Haslet, Texas 76052

EXHIBIT A

Being Lot 1, Block 1, Saint Barnabas Addition, an addition to the City of Fort Worth, Tarrant County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 12358, Plat Records, Tarrant County, Texas.



RICK WEAVER  
1395 HWY 156 SOUTH #107

HASLET TX 76052

Submitter: ALAMO TITLE CO

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 03/05/2009 01:36 PM  
Instrument #: D209060412  
DT 10 PGS \$48.00

By: \_\_\_\_\_



**D209060412**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: CN

# **EXHIBIT 4**

Deed of Trust

Terms

Date:

October 13, 2010

Grantors:

The Corporation of the Episcopal Diocese of Fort Worth  
2900 Alameda St.  
Fort Worth, Texas 76108

Trustee:

Jeffrey P. Bates  
101 South First Street  
Lutkin, Texas 75901

Lender:

JUDE FUNDING, INC.  
1205 W. Abram  
Arlington, Texas 76013

Note:

Date: October 13, 2010

Original principal amount: \$3,500,000.00

Borrower:

The Corporation of The Episcopal  
Diocese of Fort Worth

Lender:

Jude Funding, Inc.

Maturity date:

November 1, 2013

Terms of Payment:

As contained in Promissory Note dated  
October 13, 2010.

Property:

SEE ATTACHED EXHIBIT A, incorporated herein by reference as if set forth  
verbatim.

All fixtures, supplies, building materials, and other goods of every nature now or  
hereafter located, used, or intended to be located or used on the Property;

All plans and specifications for development of or construction of improvements on  
the Property;

All contracts and subcontracts relating to the construction of improvements on the Property;

All accounts, contract rights, instruments, documents, general intangibles, and chattel paper arising from or by virtue of any transactions relating to the Property;

All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property;

All proceeds payable or to be payable under each policy of insurance relating to the Property; and

All products and proceeds of the foregoing.

Notwithstanding any other provision in this deed of trust, the term "Property" does not include personal effects used primarily for personal, family, or household purposes.

In addition to creating a deed-of-trust lien on all the real and other property described above, Grantors also grant to Lender a security interest in all of the above-described personal property pursuant to and to the extent permitted by the Texas Uniform Commercial Code.

In the event of a foreclosure sale under this deed of trust, Grantors agree that all the Property may be sold as a whole at Lender's option and that the Property need not be present at the place of sale.

**Prior Lien:** None

**Other Exceptions to Conveyance and Warranty:** None.

Liens described as part of the Consideration and any other liens described in the deed to Grantors as being either assumed or subject to which title is taken; validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing instruments, other than conveyances of the surface fee estate, that affect the Property; and taxes for 2010, and subsequent assessments for that and prior years due to change in land usage, ownership, or both.

For value received and to secure payment of the Note, Grantors convey the Property to Trustee in trust. Grantors warrant and agree to defend the title to the Property, subject to the Other Exceptions to Conveyance and Warranty. On payment of the Note and all other amounts secured by this deed of trust, this deed of trust will have no further effect, and Lender will release it at Grantors' expense.



This deed of trust also secures payment of any debt that Grantors may subsequently owe to Lender and that arises while Grantors own the Property.

This deed of trust, to the extent permitted by law, also secures payment of all other present and future debts, obligations, and liabilities owed to Lender by Grantors as a partner, venturer, or member of any partnership, joint venture, association, or other group, regardless of how the other debts, obligations, and liabilities are incurred and regardless of whether they are evidenced by a note, open account, overdraft, endorsement, surety agreement, guarantee, or other document.

### **Clauses and Covenants**

#### **A. Grantors Obligations**

Grantors agree to:

1. keep the Property in good repair and condition;
2. pay all taxes and assessments on the Property before delinquency;
3. defend title to the Property subject to the Other Exceptions to Conveyance and Warranty and preserve the lien's priority as it is established in this deed of trust;
4. maintain, at Grantors' expense:
  - a. liability insurance and worker's compensation insurance covering Grantors, the Property, and the operations on the Property against claims for bodily injury, death, or property damage on or around the Property;
  - b. property insurance against loss or damage by fire, storm, gas (if gas is used on the Property), and all other hazards under a standard all-risk extended coverage endorsement for an amount equal to the original amount of the Note and other debt secured by this deed of trust or the full insurable value of the Property, whichever is less, and also insuring against other risks including flood, if the Property is in a flood hazard area, and earthquake and mud slide, if requested by Lender; the insurance will also cover loss of rents from the Property or other loss due to business interruption on the Property for the time that the Property is unavailable because of any casualty.
  - c. while any improvements on the Property are under construction, (i) a builder's all-risk form insurance policy on a completed value basis, (ii) worker's compensation and general liability policies covering each contractor performing work on the Property, and (iii) policies of professional liability insurance carried by each architect, engineer, or other design professional performing work relating to the Property. Grantors agree that all required

insurance policies will (i) be issued by companies reasonably acceptable to Lender, (ii) be in a form acceptable to Lender, (iii) be endorsed to be payable to Lender as mortgagee insured and loss payee, and (iv) expressly prohibit cancellation or modification without ten days' written notice to Lender.

5. maintain, in a form acceptable to Lender, an insurance policy that:
  - a. covers all improvements for their full insurable value as determined when the policy is issued and renewed, unless Lender approves a smaller amount in writing;
  - b. contains an 80 percent coinsurance clause;
  - c. provides fire and extended coverage, including windstorm coverage;
  - d. protects Lender with a standard mortgage clause;
  - e. provides flood insurance at any time the Property is in a flood hazard area; and
  - f. contains such other coverage as Lender may reasonably require;
6. comply at all times with the requirements of the 80 percent coinsurance clause;
7. deliver the insurance policy to Lender within ten days of the date of this deed of trust and deliver renewals to Lender at least fifteen days before expiration;
8. obey all laws, ordinances, and restrictive covenants applicable to the Property;
9. keep any buildings occupied as required by the insurance policy; and
10. if the lien of this deed of trust is not a first lien, pay or cause to be paid all prior lien notes and abide by or cause to be abided by all prior lien instruments.

**B. Lender's Rights**

1. Lender may appoint in writing a substitute trustee, succeeding to all rights and responsibilities of Trustee.
2. If the proceeds of the Note are used to pay any debt secured by prior liens, Lender is subrogated to all the rights and liens of the holders of any debt so paid.
3. Lender may apply all insurance or condemnation proceeds that Lender receives, at Lender's discretion, either to (a) repay the debt secured by this deed of

trust, whether matured or not, and in any order Lender or (b) repair or improve the Property in any manner Lender selects and apply any remaining proceeds to the debt secured by this deed of trust in any order Lender selects.

4. Lender may apply any proceeds received under the insurance policy either to reduce the Note or to repair or replace damaged or destroyed improvements covered by the policy. If the Property is Grantors' primary residence and Lender reasonably determines that repairs to the improvements are economically feasible, Lender will make the insurance proceeds available to Grantors for repairs.

5. Notwithstanding Note terms to the contrary, and unless applicable law prohibits, all payments received by Lender from Grantors under the Note or this deed of trust may, at Lender's discretion, be applied first to amounts payable under this deed of trust and then to amounts due and payable to Lender under the Note, to be applied to late charges, principal, or interest in the order Lender in its discretion determines.

6. If Grantors fail to perform any of Grantors' obligations, Lender may perform those obligations and be reimbursed by Grantors on demand for any amounts so paid, including attorney's fees, plus interest on those amounts from the dates of payment at the rate stated in the Note for matured, unpaid amounts. The amount to be reimbursed will be secured by this deed of trust.

7. If there is a default on the Note, or if Grantors fail to perform any of Grantors' obligations and the default continues after any required notice of the default and the time allowed to cure, Lender may-

a. declare the unpaid principal balance and earned interest on the Note immediately due;

b. direct Trustee to foreclose this lien, in which case Lender or Lender's agent will cause notice of the foreclosure sale to be given as provided by the Texas Property Code as then in effect; and

c. purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Note.

8. If Grantors fail to pay any part of principal or interest secured by a prior lien or liens on the Property when it becomes payable or defaults on any prior lien instrument, the entire debt secured by this deed of trust will immediately become payable at the option of Lender.

9. Lender may remedy any default without waiving it and may waive any default without waiving any prior or subsequent default.

**C. Trustee's Rights and Duties**

If directed by Lender to foreclose this lien, Trustee will-

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then in effect;
2. sell and convey all or part of the Property "AS IS" to the highest bidder for cash with a general warranty binding Grantors, subject to the Prior Liens and to the Other Exceptions to Conveyance and Warranty and without representation or warranty, express or implied, by Trustee;
3. from the proceeds of the sale, pay, in this order-
  - a. expenses of foreclosure, including a reasonable commission to Trustee;
  - b. to Lender, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
  - c. any amounts required by law to be paid before payment to Grantors; and
  - d. to Grantors, any balance; and
4. be indemnified by Lender against all costs, expenses, and liabilities incurred by Trustee for acting in the execution or enforcement of the trust created by this deed of trust, which includes all court and other costs, including attorney's fees, incurred by Trustee in defense of any action or proceeding taken against Trustee in that capacity.

**D. General Provisions**

1. Grantors agree to (a) keep at Grantors' address, or such other place as Lender may approve, accounts and records reflecting the operation of the Property and copies of all written contracts, leases, and other instruments that affect the Property; (b) prepare financial accounting records in compliance with accounting principles consistently applied; and (c), at Lender's request from time to time, permit Lender to examine and make copies of such books, records, contracts, leases, and other instruments at any reasonable time.
2. Grantors agree to deliver to Lender, at Lender's request from time to time, financial statements of Grantors and each guarantor of the Note prepared in accordance with accounting principles consistently applied, in detail reasonably satisfactory to Lender and certified to be true and correct

by Grantor and accompanied by an opinion of an independent certified public accountant.

3. If Lender orders an appraisal of the Property while a default exists or to comply with legal requirements affecting Lender, Grantors, at Lender's request, agree to reimburse Lender for the cost of any such appraisal. Lender agrees to deliver to Grantors a copy of any such appraisal within ten days of receipt of Grantors' reimbursement. If Grantors fail to reimburse Lender for any such appraisal within ten days of Lender's request, that failure is a default under this deed of trust.

4. Grantors agree to execute, acknowledge, and deliver to Lender any document requested by Lender, at Lender's request from time to time, to (a) correct any defect, error, omission, or ambiguity in this deed of trust or in any other document executed in connection with the Note or this deed of trust; (b) comply with Grantors' obligations under this deed of trust and other documents; (c) subject to and perfect the liens and security interests of this deed of trust and other documents any property intended to be covered thereby; and (d) protect, perfect, or preserve the liens and the security interests of this deed of trust and other documents against third persons or make any recordings, file any notices, or obtain any consents requested by Lender in connection therewith. Grantors agree to pay all costs of the foregoing.

5. If any of the Property is sold under this deed of trust, Grantors must immediately surrender possession to the purchaser. If Grantors fail to do so, Grantors will become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.

6. Recitals in any trustee's deed conveying the Property will be presumed to be true.

7. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.

8. This lien will remain superior to liens later created even if the time of payment of all or part of the Note is extended or part of the Property is released.

9. If any portion of the Note cannot be lawfully secured by this deed of trust, payments will be applied first to discharge that portion.

10. Grantors assign to Lender all amounts payable to or received by Grantors from condemnation of all or part of the Property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the Property. After deducting any expenses incurred,

including attorney's fees and court and other costs, Lender will either release any remaining amounts to Grantors or apply such amounts to reduce the Note. Lender will not be liable for failure to collect or to exercise diligence in collecting any such amounts. Grantors will immediately give Lender notice of any actual or threatened proceedings for condemnation of all or part of the Property.

11. Grantors assign to Lender absolutely, not only as collateral, all present and future rent and other income and receipts from the Property. Grantors warrant the validity and enforceability of the assignment. Grantors may as Lender's licensee collect rent and other income and receipts as long as Grantors are not in default under the Note or this deed of trust. Grantors will apply all rent and other income and receipts to payment of the Note and performance of this deed of trust, but if the rent and other income and receipts exceed the amount due under the Note and deed of trust, Grantors may retain the excess. If Grantors default in payment of the Note or performance of this deed of trust, Lender may terminate Grantors' license to collect rent and other income and then as Grantors' agent may rent the Property and collect all rent and other income and receipts. Lender neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the Property. Lender may exercise Lender's rights and remedies under this paragraph without taking possession of the Property. Lender will apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Lender's rights and remedies and then to Grantors' obligations under the Note and this deed of trust in the order determined by Lender. Lender is not required to act under this paragraph, and acting under this paragraph does not waive any of Lender's other rights or remedies. If Grantors become a voluntary or involuntary debtor in bankruptcy, Lender filing a proof of claim in bankruptcy will be deemed equivalent to the appointment of a receiver under Texas law.

12. Interest on the debt secured by this deed of trust will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the debt.

13. In no event may this deed of trust secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

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

15. The term *Note* includes all extensions and renewals of the Note and all amounts secured by this deed of trust.

16. Grantors agree to furnish on Lender's request evidence satisfactory to Lender that all taxes and assessments on the Property have been paid when due.

17. If the Property is transferred by foreclosure, the transferee will acquire title to all insurance policies on the Property, including all paid but unearned premiums.

18. Grantors agree to allow Lender or Lender's agents to enter the Property at reasonable times and inspect it and any personal property in which Lender is granted a security interest by this deed of trust.

19. GRANTORS MAY FURNISH ANY INSURANCE REQUIRED BY THIS DEED OF TRUST EITHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY GRANTORS OR THROUGH EQUIVALENT COVERAGE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN TEXAS.

20. Lender may declare the debt secured by this deed of trust immediately payable and invoke any remedies provided in this deed of trust for default if Grantors transfer any of the Property to a person who is not a permitted transferee without Lender's. "Permitted transferee" for a natural person means that person's spouse or children, any trust for that person's benefit or the benefit of the person's spouse or children, or any corporation, partnership, or limited liability company in which the direct and beneficial owner of all the equity interest is a natural person or that person's spouse or children or any trust for the benefit of them; and the heirs, beneficiaries, executors, administrators, or personal representatives of a natural person on the death of that person or on the incompetency or disability of that person for purposes of the protection and management of that person's assets; and for a person that is not a natural person, any other person controlling, controlled by, or under common control with that person.

21. If Grantors transfer any part of the Property without Lender's prior written consent, Lender may declare the debt secured by this deed of trust immediately payable and invoke any remedies provided in this deed of trust for default. If the Property is residential real property containing fewer than five dwelling units or a residential manufactured home occupied by Grantors, exceptions to this provision are limited to (a) a subordinate lien or encumbrance that does not transfer rights of occupancy of the Property; (b)

creation of a purchase-money security interest for household appliances; (c) transfer by devise, descent, or operation of law on the death of a co-Grantor; (d) grant of a leasehold interest of three years or less without an option to purchase; (e) transfer to a spouse or children of Grantors or between co-Grantors; (f) transfer to a relative of Grantors' death; and (g) transfer to an inter vivos trust in which Grantors are and remain beneficiaries and occupants of the Property.

22. Grantors agree not to grant any lien or security interest in the Property or to permit any junior encumbrance to be recorded or any claim to otherwise become an encumbrance against the Property. If an involuntary encumbrance is filed against the Property, Grantors agree, within thirty days, to either remove the involuntary encumbrance or provide a bond acceptable to Lender against the involuntary encumbrance.

23. This deed of trust binds, benefits, and may be enforced by the successors in interest of all parties.

24. If Grantors and Borrowers are not the same person, the term Grantors includes Borrowers.

25. Grantors and each surety, endorser, and guarantor of the Note waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

26. Grantors have no personal liability for the obligations under this deed of trust or under the Note, and no personal judgment may be taken and no claim for personal liability may be made against Grantors. Lender's sole remedy for default under the Note or this deed of trust is the foreclosure of the liens and security interests created hereunder. Exceptions to the foregoing provisions are limited to, and Grantors are liable for, the following: taxes, assessments, and charges for labor, materials, or other amounts that if unpaid may create an encumbrance against the Property; unpaid premiums for insurance required hereunder; damage to the Property if any insurance required hereunder is not maintained; all rents, issues, profits, and income derived from the Property after a default occurs and not expended for operating expenses of the Property; tenant security deposits for leases of the Property; any condemnation or insurance proceeds not paid or applied as required hereunder; damage to and depreciation of the Property beyond normal wear and tear caused by the negligence of Grantors or the failure of Grantors to keep the Property in good repair and condition; the return of or reimbursement for all personal property taken from the Property by or on behalf of Grantors; damages resulting from any fraud or misrepresentation by Grantors; damages resulting from any breach of any warranty of title; interest on the Note from the date of default through



foreclosure, payment, or settlement of the debt; all interest on the Note during any bankruptcy proceeding of Grantors and all reasonable attorney's fees and expenses incurred as a result of Grantors' bankruptcy; and all attorney's fees and expenses incurred by Lender to collect any of the foregoing amounts.

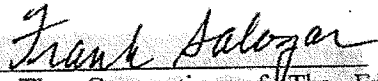
27. Grantors agree to pay reasonable attorney's fees, trustee's fees, and court and other costs of enforcing Lender's rights under this deed of trust if this deed of trust is placed in the hands of an attorney for enforcement.

28. If any provision of this deed of trust is determined to be invalid or unenforceable, the validity or enforceability of any other provision will not be affected.


29. Grantors represent that this deed of trust and the Note are given for the following purposes:

The debt evidenced by the Note is in payment of the purchase price of the Property; the debt is secured both by this deed of trust and by a vendor's lien on the Property. This deed of trust does not waive the vendor's lien, and the two liens and the rights created by this deed of trust are cumulative. Lender may elect to foreclose under either of the liens without waiving the other or may foreclose under both.

Grantors agree that Lender is subrogated to the rights, liens, and equities of the tax authorities paid, and the same are renewed and extended by this deed of trust until the Note is paid.



[By] The Corporation of The Episcopal  
Diocese of Fort Worth, Grantor  
Frank Salazar, President

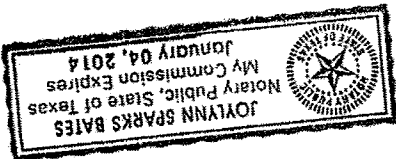
BY:   
Jeffrey P. Bates, Trustee

STATE OF TEXAS  
: COUNTY OF TARRANT  
:

This instrument was acknowledged before me on October 13, 2010, by FRANK SULLIVAN; a person known to me, who acknowledged that he executed the foregoing document with full authority so to do.

Joylynn S. Bates  
Notary Public, State of Texas

My Commission Expires: 1/4/2014



B  
~~EXHIBIT~~

Being 2.004 acres of land located in the Hays Covington survey, Abstract No. 256, Fort Worth, Tarrant County, Texas, and being a portion of the Tract of land conveyed to All Saints Episcopal School of Fort Worth by the deed recorded in Volume 12569, page 28 of the Deed Records of Tarrant County, Texas. Said 2.004 acres being more particularly described by metes and bounds, as follows:

BEGINNING at a 5/8" iron rod found, at the most Easterly Southeast corner of said All Saints Episcopal School of Fort Worth Tract, being the Northeast corner of the Tract of land conveyed to Huey-Min Yu, Trustee by the deed recorded in Volume 12211, page 1845 of the Deed Records of Tarrant County, Texas. Said point of beginning also lying in the Southwest right-of-way line of Alameda Street (an 80 foot wide public right-of-way):

THENCE departing said right-of-way line and running along the South boundary line of said All Saints Episcopal School of Fort Worth Tract, and the North boundary line of said Huey-Min Yu, Trustee Tract, as follows:

1. SOUTHWESTERLY 152.09 feet, along a curve to the right having a radius of 337.42 feet, a central angle of 23° 49' 33", and a chord bearing S 77° 45' 00" W 150.81 feet, to a 5/8" iron rod found, at the end of said curve;
2. N 89° 22' 35" W 241.21 feet, to a 5/8" iron rod found;

THENCE N 00° 39' 52" E 212.80 feet, severing said All Saints Episcopal School of Fort Worth Tract, to a 1/2" iron rod set;

THENCE N 58° 52' 59" E 230.55 feet, to a 1/2" iron rod set, in the Northeast boundary line of said All Saints Episcopal School of Fort Worth Tract, being the Southwest right-of-way line of aforesaid Alameda Street;

THENCE along the Southwest right-of-way line of said Alameda Street, as follows:

1. SOUTHEASTERLY 19.17 feet, along a curve to the left having a radius of 1169.96 feet, a central angle of 00° 56' 20", and a chord bearing S 31° 32' 11" E 19.17 feet, to a 5/8" iron rod found, at the end of said curve;
2. S 31° 58' 38" E 331.42 feet, to the Place of Beginning, containing 2.004 acres (87,294 feet) of land.

Exhibit R

BOOK 296 PAGE 608

BEING a tract of land out of the MOSES OLDHAM SURVEY, Abstract No. 431, Hood County, Texas; and being described by metes and bounds as follows:  
 COMMENCING at an iron pin in the common line between said Oldham Survey and the Robert Alway Survey, in the west line of the G.A. Jones tract, said iron pin being about 3400 varas S 50° 00' W from the northeast corner of said Robert Alway Survey;

THENCE S 66° 44' W, along a fence and the common Survey Line 1,103.0 feet to a large cedar post in the north line of a County Road (the Old Granbury Lipan Road);

THENCE, continuing along a fence and the common Survey Line, and along the north line of said Road, S 70° 35' W 362.6 feet to an iron, S 69° 10' W 566.1 feet to an iron, S 67° 29' W 592.8 feet to an 8" elm tree and S 67° 41' W 691.6 feet to a twin post oak tree and S 77° 44' W 15.3 feet to the POINT OF BEGINNING of the herein described tract;

THENCE, along said fence, S 77° 44' W, at 274.7 feet the end of said Road, in all 384.4 feet to an iron pin for corner;

THENCE N 63° 39' W, along a fence 74.9 feet to an iron pin;

THENCE N 40° 08' W, along a fence 305.5 feet to a 18" elm tree;

THENCE N 11° 05' E, along a fence 87.5 feet to an iron pin at fence corner;

THENCE N 25° 18' W 116.3 feet to an iron pin for corner in the centerline of Strouas Creek;

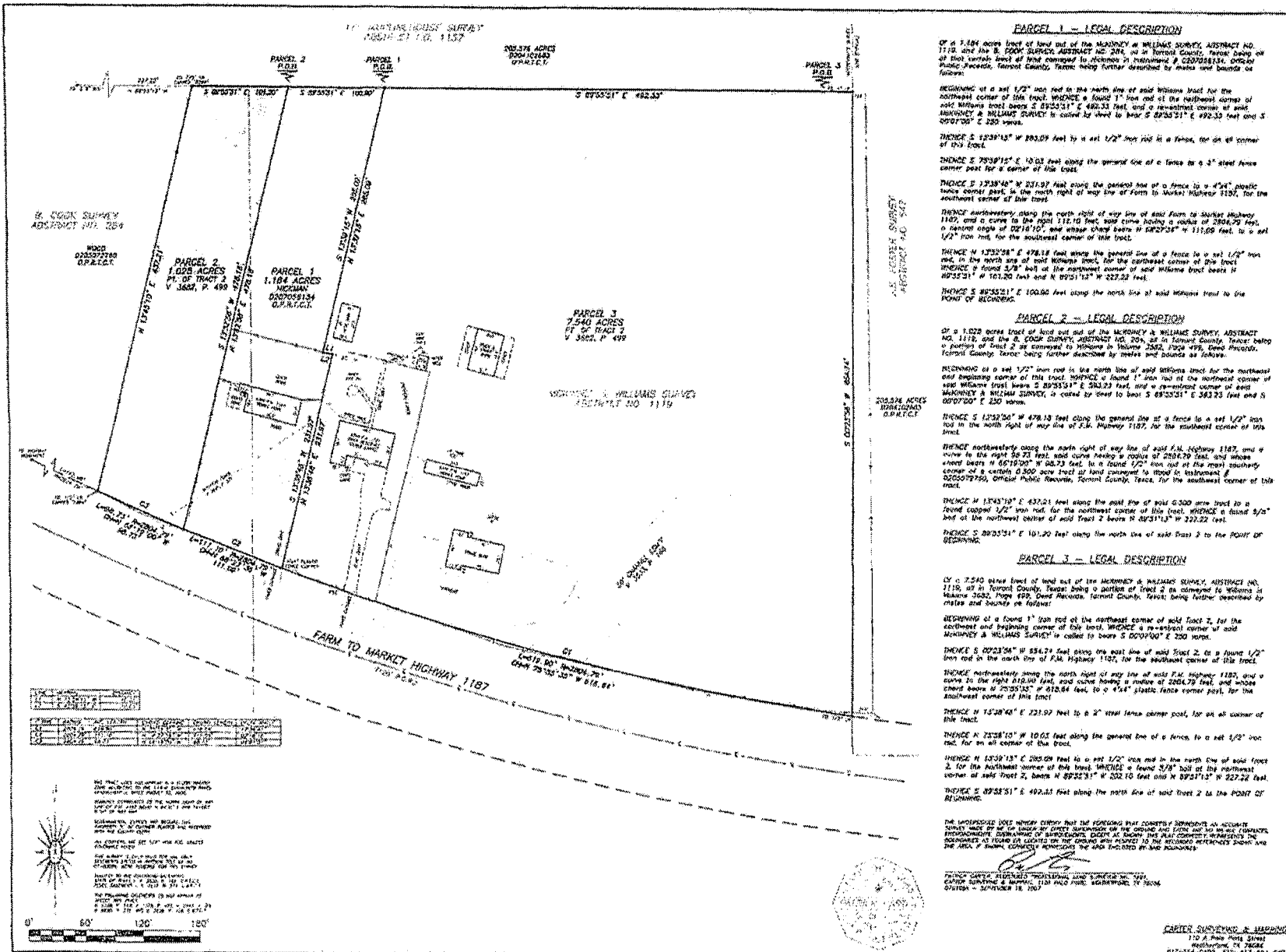
THENCE along the centerline of Strouas Creek, N 73° 43' E 325.3 feet and N 32° 25' E 192.0 feet to a point for corner;

THENCE, with the east line of a 25 feet wide roadway easement, S 22° 19' E a distance of 678.9 feet to the POINT OF BEGINNING and containing 6.0 acres of land.

SAVE & EXCEPT, there is hereby reserved unto the Grantors, their heirs and assigns, an easement for purposes of ingress and egress over and across the east 25' of the herein described property.

This conveyance is made subject to:

- (1) Easement dated 2/19/66 executed by Bernice A. Hughey et vir to Brazos River Authority, recorded in Volume 162, page 179, Deed Records, Hood County, Texas.
- (2) All mineral interest conveyed to Jeanelle Anderson by Kenneth Pounds, Trustee, July 1, 1974, recorded in Volume 224, page 276, Deed Records, Hood County, Texas.
- (3) Any and all restrictions, covenants, conditions, or easements, if any, relating to the hereinabove described property, but only to the extent they are still in effect, shown of record in Hood County, Texas, and to all zoning laws, regulations, or ordinances of municipal and other governmental authorities, if any, but only to the extent they are still in effect, relating to the hereinabove described property.



SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

JUDE FUNDING INC  
1205 W ABRAM  
ARLINGTON, TX 76013

Submitter: LEGECY FINANCIAL

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 10/14/2010 11:48  
AM

Instrument #: D210254191

DT

16

PGS

\$72.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210254191

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL

CERTIFICATE OF FORMATION OF JUDE FUNDING, INC.

FILED  
In the Office of the  
Secretary of State of Texas  
OCT 18 2010

Corporations Section

ARTICLE I

The filing entity being formed is a for-profit corporation. The name of the entity is:

JUDE FUNDING, INC.

ARTICLE II

The initial registered agent is an individual resident of the State of Texas whose name is set forth below:

Jeffrey P. Bates.

The business address of the registered agent is: 101 South First Street, Lufkin, Texas 75901.

The address of the corporate offices is: 1205 W. Abram, Arlington, Texas 76013.

ARTICLE III

The Corporation shall initially have one Director:

C. Chad Bates, 1205 W. Abram, Arlington, Texas 75013

ARTICLE IV

The total number of shares the Corporation is authorized to issue is 10,000. The shares shall have no par value.

ARTICLE V

The purpose for which the Corporation is formed is for the transaction of any and all lawful business for which a for-profit Corporation may be organized under the Texas Business Organizations Code.

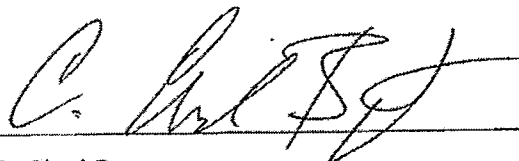
ARTICLE VI

The name and address of the organizer is: C. Chad Bates, 1205 W. Abram, Arlington, Texas

76013.

ARTICLE VI

This document becomes effective when the document is filed by the Secretary of State.  
IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation on behalf of  
the Corporation on this the 12th day of October, 2010.

By:   
C. Chad Bates



# **EXHIBIT 5**

Electronically Recorded

Official Public Records

Tarrant County Texas

2009 Apr 20 08:19 AM

D209103674

Fee: \$ 20.00

Submitter: SIMPLIFILE

2 Pages

*Suzanne Henderson*

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

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF TEXAS)

COUNTY OF TARRANT )

KNOW ALL MEN BY THESE PRESENTS, that The Corporation of the Episcopal Diocese of Fort Worth, as Lessor, whose address is 2900 Alameda St., Fort Worth, TX. 76108, executed and delivered to FOUR SEVENS ENERGY CO., LLC, 201 Main Street 1455, Fort Worth, Texas, 76102, as Lessee, an Oil, Gas and Mineral Lease dated the 8<sup>th</sup> Day of March, 2009 (the "Lease"), covering the following described land:

1.6106 acres of land, more or less, out of the J. Kinder Survey, A-893, and the G. Kinder Survey, A-894, Tarrant County, Texas, further described in two tracts as follows:

Tract One: 1.1734 acres of land, more or less, being described as follows:

All of Block 14, Chamberlain Arlington Heights First filing, an Addition to the City of Fort Worth, Tarrant County, Texas, being described in that certain Warranty Deed dated May 8, 1947, between John P. King and J. Roby Pann as Grantor(s), and Charles Avery Mason, as Bishop of the Protestant Episcopal Church, for the Diocese of Dallas, in the State of Texas, his successors in office and assigns as Grantee(s), recorded in Volume 1918, Page 590, Deed Records, Tarrant County, Texas.

Also commonly known as 5001 Crestline Rd., Fort Worth, TX. 76107.

Tract Two: 0.4372 acres of land, more or less, being described as follows:

Lots Numbers Six (6), Seven (7) and Eight (8), and the west fifteen feet (W.15') of Lot Five (5), and the east twenty feet (E.20') of Lot Nine (9) in Block Twenty-Six (26) of Chamberlain Arlington Heights (First Filing) Addition to the City of Fort Worth, Tarrant County, Texas, according to the plat recorded in Volume 63, Page 21, Deed Records of Tarrant County, Texas.

AND

A strip of land eight feet (8') in width, extending along the South line of said lots, same being the North one half (N. 1/2) of the former alley upon which said lots abut, which alley was closed by City Ordinance recorded in Volume 1826, Page 172, Deed Records of Tarrant County, Texas.

Also commonly known as 5003 Dexter Ave., Fort Worth, TX. 76107.

Tracts One and Two also commonly known as a part of All Saints Episcopal Church, 5001 Crestline Rd., Fort Worth, TX. 76107.

The Lease is to provide for a primary term of Three (3) years from the 8<sup>th</sup> Day of March, 2009, and as long thereafter as oil, gas and related hydrocarbons are produced in paying quantities from the Lands, or lands pooled or unitized therewith, according to and by the terms and provisions of the Lease. The Lease is subject to other various terms, conditions and provisions, all of which have been agreed to by and between Lessor and Lessee, as set forth in the Lease.

The Lease, with all of its terms, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes. If there is a conflict between the terms of this Memorandum and the terms of the Lease, the terms of the Lease shall control in all respects. Lessor and Lessee have possession of fully executed copies of the Lease.

The purpose of this Memorandum of Oil and Gas Lease is to evidence the existence of the Oil and Gas Lease and to give third parties notice of the same.

D209103674

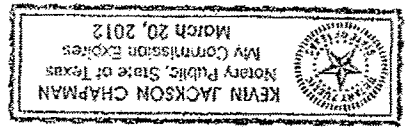
LESSOR (WHETHER ONE OR MORE)

The Corporation of the Episcopal Diocese of Fort Worth

By: [Signature]  
Printed Name: E. Chad Batey  
Trustee

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

State of TEXAS )  
County of Tarrant )  
BEFORE me, the undersigned authority, on this 7th day of April, 2009, appeared E. Chad Batey, who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of Corporation of the Episcopal Diocese of Fort Worth



[Signature]  
Notary Public in and for State of TEXAS

Seal  
Printed Name: Kevin Jackson Chapman

State of TEXAS )  
County of \_\_\_\_\_ )  
BEFORE me, the undersigned authority, on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, appeared \_\_\_\_\_, who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of \_\_\_\_\_

# **EXHIBIT 6**

Electronically Recorded

Official Public Records

Tarrant County Texas

2009 Apr 20 08:19 AM

Fee: \$ 20.00

D209103673

Submitter SIMPLIFILE

2 Pages

*Suzanne Henderson*

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

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF TEXAS)

COUNTY OF TARRANT )

KNOW ALL MEN BY THESE PRESENTS, that The Corporation of the Episcopal Diocese of Fort Worth, as Lessor, whose address is 2900 Alameda St., Fort Worth, TX. 76108, executed and delivered to FOUR SEVENS ENERGY CO., LLC, 201 Main Street 1455, Fort Worth, Texas, 76102, as Lessee, an Oil, Gas and Mineral Lease dated the 8<sup>th</sup> Day of March, 2009 (the "Lease"), covering the following described land:

A total of 3.4612 acres of land, more or less, out of the H. Covington Survey, A-255, Tarrant County, Texas, further described in three tracts as follows:

Tract 1: 1.9746 acres of land, more or less, being more particularly described as follows:

Lots 10 and 11, Block 16, Z. Boaz Country Place Addition to the City of Fort Worth, Tarrant County, Texas, according to the plat filed in Book 204, Page 93, Deed Records of Tarrant County, Texas.

SAVE AND EXCEPT 0.014 acres of land, more or less, being more particularly described as a parcel of land out of Lots 10 and 11, Block 16, Z. Boaz Country Place Addition, according to Plat recorded in Volume 204, Page 93, Plat Records, Tarrant County, Texas, more particularly described by metes and bounds in that certain Warranty Deed dated July 20, 1977, between Donald Davies, Bishop of the Diocese of Dallas of the Protestant Episcopal Church in the United States of America, as Grantor(s), and The City of Fort Worth, a municipal corporation of Tarrant County, Texas, as Grantee(s), recorded in Volume 6300, Page 474, Deed Records, Tarrant County, Texas.

Tract 2: 0.4936 acres of land, more or less, being more particularly described as a portion of Elizabeth Lane, vacated by City Ordinance 8187, and further described in that certain Plat recorded in Volume 388-137, Page 99, Plat Records, Tarrant County, Texas.

Both Tracts 1 and 2 combined above more commonly known as Lots 10 and 11-R, Block 16, Z. Boaz Country Place Addition.

AND

Tract 3: 1.0070 acres of land, more or less, being more particularly described as Lot 1, Block 17, Z. Boaz Country Place Addition to the City of Fort Worth, Tarrant County, Texas, according to the plat filed in Book 204, Page 93, Deed Records of Tarrant County, Texas, also described in that certain Warranty Deed with Vendor's Lien dated February 1<sup>st</sup>, 1966 between James N. Powell, Jr., a single man, and Marjorie S. Powell, a single woman as Grantor(s), and C. Avery Mason, Bishop of the Diocese of Dallas of the Protestant Episcopal Church in U.S.A. as Grantee(s), recorded in Volume 4183, Page 225, Deed Records, Tarrant County, Texas.

Tracts 1, 2, and 3 combined also commonly known as Christ the King Episcopal Church, whose address is 3290 Lackland Rd., Fort Worth, TX., 76116.

The Lease is to provide for a primary term of Three (3) years from the 8<sup>th</sup> Day of March, 2009, and as long thereafter as oil, gas and related hydrocarbons are produced in paying quantities from the Lands, or lands pooled or unitized therewith, according to and by the terms and provisions of the Lease. The Lease is subject to other various terms, conditions and provisions, all of which have been agreed to by and between Lessor and Lessee, as set forth in the Lease.

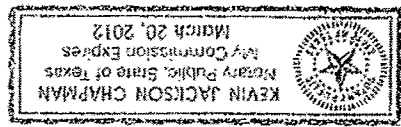
D209103673

**LESSOR (WHETHER ONE OR MORE)**  
**The Corporation of the Episcopal Diocese of Fort Worth**

By: [Signature]  
Printed Name: C. Chad Foster  
Title: Trustee

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

State of TEXAS )  
County of Tarrant )  
BEFORE me, the undersigned authority, on this 9th day of March, 2009, appeared W. Chad Foster, who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of Diocese of Fort Worth of the Episcopal Diocese of Fort Worth.



[Signature]  
Notary Public in and for State of TEXAS

Seal  
Printed Name  
KEVIN JACKSON CHAPMAN

State of TEXAS )  
County of \_\_\_\_\_ )  
BEFORE me, the undersigned authority, on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, appeared \_\_\_\_\_, who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of \_\_\_\_\_

# **EXHIBIT 7**

Electronically Recorded

Official Public Records

Tarrant County Texas

2009 Apr 20 08:19 AM

D209103672

Fee: \$ 20.00

Submitter: SIMPLIFILE

2 Pages

*Suzanne Henderson*

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

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF TEXAS)

COUNTY OF TARRANT )

KNOW ALL MEN BY THESE PRESENTS, that The Corporation of the Episcopal Diocese of Fort Worth, as Lessor, whose address is 2900 Alameda St., Fort Worth, TX. 76108, executed and delivered to FOUR SEVENS ENERGY CO., LLC, 201 Main Street 1455, Fort Worth, Texas, 76102, as Lessee, an Oil, Gas and Mineral Lease dated the 8<sup>th</sup> Day of March, 2009 (the "Lease"), covering the following described land:

4.0800 acres of land, more or less, out of the N.H. Carroll Survey, A-264, Tarrant County, Texas, further described as follows:

Being a tract or parcel out of the N.H. Carroll Survey, situated in Tarrant County, Texas and being more particularly described as the south part of a tract known as Tract 25 as recorded in Vol.2823, Page 387; the south part of a tract known as Tract 24 as recorded in Vol. 2598, page 103; the south part of a tract known as Tract 23 as recorded in Vol. 2196, page 374, all in the Deed Records of Tarrant County, Texas, said part of the three tracts being described as one by metes and bounds in that certain Warranty Deed dated February 14, 1964, between Elmer J. Hayes and wife, Mildred J. Hayes as Grantor(s) and C. Avery Mason, Bishop of the Diocese of Dallas of the Protestant Episcopal Church of the United States of America, his successors in office and assigns as Grantee(s), recorded in Volume 3901, Page 525, Deed Records, Tarrant County, Texas.

The Lease is to provide for a primary term of Three (3) years from the 8<sup>th</sup> day of March, 2009, and as long thereafter as oil, gas and related hydrocarbons are produced in paying quantities from the Lands, or lands pooled or unitized therewith, according to and by the terms and provisions of the Lease. The Lease is subject to other various terms, conditions and provisions, all of which have been agreed to by and between Lessor and Lessee, as set forth in the Lease.

The Lease, with all of its terms, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes. If there is a conflict between the terms of this Memorandum and the terms of the Lease, the terms of the Lease shall control in all respects. Lessor and Lessee have possession of fully executed copies of the Lease.

The purpose of this Memorandum of Oil and Gas Lease is to evidence the existence of the Oil and Gas Lease and to give third parties notice of the same.

D209103672



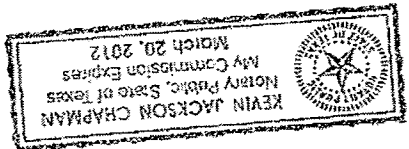
**LESSOR (WHETHER ONE OR MORE)**

The Corporation of the Episcopal Diocese of Fort Worth

By: C. Chad Bates  
Printed Name: C. Chad Bates  
Title: Trustee

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

State of TEXAS )  
County of Tarrant )  
BEFORE me, the undersigned authority, on this 7th day of March, 2009 appeared W. L. Catto who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of RICCART OF F. T. WORTH CORPORATION



[Signature]  
Notary Public in and for State of TEXAS

Printed Name KEVIN JACKSON CHAPMAN  
Seal

State of TEXAS )  
County of \_\_\_\_\_ )  
BEFORE me, the undersigned authority, on this \_\_\_\_\_ day of \_\_\_\_\_, 2009 appeared \_\_\_\_\_ who acting in his/her capacity stated herein and being sworn did state that the foregoing instrument was executed as the act and deed of \_\_\_\_\_

# **EXHIBIT 8**

2  
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.

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
STANDARD LEASE v.5

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 21 day of May, 2003, by and between The Episcopal Diocese of Fort Worth, Inc., a Texas corporation whose address is 2900 Alameda Street, Fort Worth, Texas 76108-5960 as Lessor, and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870, Dallas, Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

**1.80 ACRES OF LAND, MORE OR LESS, BEING LOT 26R, BLOCK 5, OUT OF THE TRENTMAN CITY ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN VOLUME B, PAGE 3337, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.**

in the County of TARRANT, State of TEXAS, containing 1.80 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of FIVE (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-fourth (1/4) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be one-fourth (1/4) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above, or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or

until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original. **DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

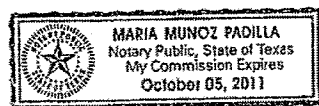
LESSOR (WHETHER ONE OR MORE)  

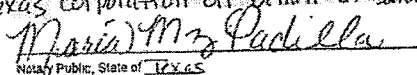

By: Chad Bates  
 As: Trustee of The Episcopal Diocese of Fort Worth, Inc., a Texas Corporation.

By: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF Texas  
 COUNTY OF Tarrant  
 This instrument was acknowledged before me on the 21 day of May, 2009, by Chad Bates as Trustee of The Episcopal Diocese of Fort Worth, Inc., a Texas Corporation on behalf of said Corporation



  
 Notary Public, State of Texas  
 Notary's name (printed):  
 Notary's commission expires:

STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_  
 This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2009, by: \_\_\_\_\_

Notary Public, State of \_\_\_\_\_  
 Notary's name (printed):  
 Notary's commission expires:



DALE PROPERTY SERVICES  
ATTN: ANN VANDENBERG  
2100 ROSS AVE, STE 1870, LB-9  
DALLAS TX 75201  
Submitter: DALE RESOURCES LLC

---

SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 05/27/2009 03:23 PM  
Instrument #: D209140531  
LSE 3 PGS \$20.00

By: \_\_\_\_\_



D209140531

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: DS

# **EXHIBIT 9**

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.

MEMORANDUM OF OIL AND GAS LEASE

STATE OF TEXAS

§  
§  
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TARRANT

BE IT REMEMBERED that on the 16<sup>th</sup> of June, 2010, a Paid Up Oil and Gas Lease was made and entered into by and between The Corporation of the Episcopal Diocese of Fort Worth, a Texas non-profit corporation, hereinafter called "(LESSOR)"; and CHESAPEAKE EXPLORATION L.L.C., an Oklahoma Limited Liability Company, P.O. Box 18496, Oklahoma City, Oklahoma 73154, hereinafter called "(LESSEE)", where LESSOR hereby grants, leases and lets exclusively to LESSEE for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith, from the following described land situated in ~~Tarrant~~ County, Texas, to-wit:

TARRANT

BEING 2.887 acres, more or less, Lot 1, situated in the M.E.P. & P.R.R. Company Survey, Abstract No. 1125, City of Arlington, Tarrant County, Texas and being a portion of that same tract of land as described in a deed to Guardian Savings and Loan Association, recorded in Volume 10380, Page 508 of the Deed Records of Tarrant County, Texas, being a portion of that same tract of land as described in a deed to J.M. Lowe, recorded in Volume 103, Page 47, DRTCT, and as described in a Special Warranty Deed dated January 22, 2002 from Arlington Commerce Center, L.P. to The Corporation of the Episcopal Diocese of Fort Worth, recorded in Document No. D202023758,

Subject to the other provisions therein contained, said lease provides for a primary term of three (3) years, from the date thereof, and as long thereafter as oil or gas or other substances covered therein are produced in paying quantities from the leased premises or from lands pooled therewith, or this lease is otherwise maintained in effect pursuant to the provisions therein.

An Executed copy of said Oil and Gas Lease is in the possession of LESSEE at its address indicated above.

Executed this, the 16<sup>th</sup> day of June, 2010, by C. Chad Bates,  
Trustee

"LESSOR"

C. Chad Bates, Trustee  
(Printed Name & Title) C. Chad Bates, Trustee

ACKNOWLEDGMENT

STATE OF TEXAS:

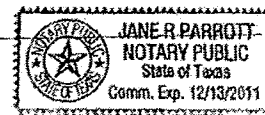
COUNTY OF Tarrant

This instrument was acknowledged before me on the 16<sup>th</sup> day of June, 2010, by Chad Bates

(Seal)

Jane R Parrott  
Notary Public, State of Texas  
Notary Name:

Notary's commission expires:



SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

TEXROCK LAND SERVICES LLC  
320 PURCEY ST  
FT WORTH, TX 76102

Submitter: TEXROCK LAND SERVICES

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 7/1/2010 11:55 AM

Instrument #: D210158930

LSE                      2                      PGS                      \$16.00

By: 

D210158930

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: CAMADDOCK



# **EXHIBIT 10**

Electronically Recorded

Tarrant County Texas

Official Public Records

8/6/2010 1:59 PM

D210191163

PGS 3 \$24.00

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.

Producers 83 (4-99) — Paid Up  
With 640 Acres Pooling Provision

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 13th day of July, 2010, between CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, A TEXAS NON-PROFIT CORPORATION, 2900 Alameda Street, Fort Worth, Texas 76108 as Lessor, and PALOMA BARNETT, LLC, 1021 Main Street, Suite 2600, Houston, Texas 77002-6606 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

5.0163 acres, more or less, situated in the James Hyden Survey, A-712, and being Lot 1, Block A, of Saint Mark's Addition, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in Volume 385-82, Page 56, Plat Records, Tarrant County, Texas.

in the County of TARRANT, State of TEXAS, containing 5.0163 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one-dollar twenty-five dollars per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 8 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 800 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross standard completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from a unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

6. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone. and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of the lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessee's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

18. Lessor agrees to execute, without payment of additional compensation, any and all documents required to obtain approval from any and all federal, state, county or municipal government entities to conduct the operations contemplated by this Lease, including, but not limited to, distance waivers, consents, easements prohibiting construction of improvements within certain distances, and petitions of support.

19. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

20. The attached Addendum is incorporated in this Lease and made a part hereof.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor

LESSOR (WHETHER ONE OR MORE):

Corporation of the Episcopal Diocese of Fort Worth, a Texas Non-Profit Corporation


By: Chad Bates, Trustee

*Chad Bates*  
Chad Bates, Trustee by and for Corporation of the Episcopal Diocese of Fort Worth


ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 5<sup>th</sup> day of August, 2010 by  
Chad Bates, Trustee of Corporation of the Episcopal Diocese of Fort Worth,  
a Texas Non-Profit Corporation, on behalf of said corporation.

 RICHARD ALAN MAPLES  
Notary Public  
STATE OF TEXAS  
My Comm. Exp. Aug. 03, 2011

*Richard Alan Maples*  
Notary Public, State of Texas

 RICHARD ALAN MAPLES  
Notary Public  
STATE OF TEXAS  
My Comm. Exp. Aug. 03, 2011

**ADDENDUM**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED JULY 13, 2010, BETWEEN, CORPORATION OF THE EPISCOPAL DIOCESE OF FORT WORTH, A TEXAS NON-PROFIT CORPORATION, AS LESSOR, AND PALOMA BARNETT, LLC, AS LESSEE, COVERING 5.0163 ACRES OF LAND, MORE OR LESS, OUT OF THE JAMES HYDEN SURVEY, A-712, IN TARRANT COUNTY, TEXAS

THE PROVISIONS OF ADDENDUM SUPERSEDE ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH ADDENDUM IS ATTACHED.

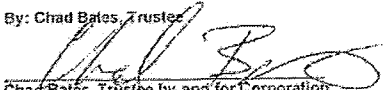
21. It is agreed between the Lessor and the Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, notwithstanding anything contained herein to the contrary, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

22. Lessee shall be required to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit. If at the time Lessor's acreage is first pooled, Lessee elects to pool this lease with other leases and lands in which there is already a producing well operated by Lessee, then Lessor will be paid from the date of first production from the unit. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, Lessee shall terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. If at the expiration of the Primary Term any of the lands covered by this lease are not included in a pooled unit, Lessee shall file of public record a release those lands not included in a pooled unit. Notwithstanding anything herein to the contrary, at any time while this lease is in force, Lessee may not dissolve or reform the pooled unit(s) established hereunder without Lessor's prior written consent. Pooling hereunder shall not constitute a cross-conveyance of interests.

Lessor:

Corporation of the Episcopal Diocese of  
Fort Worth, a Texas Non-Profit Corporation

By: Chad Bates, Trustee

  
Chad Bates, Trustee, by and for Corporation  
of the Episcopal Diocese of Fort Worth

# **EXHIBIT 11**

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

**MEMORANDUM OF OIL, GAS AND MINERAL LEASE**

STATE OF TEXAS §

COUNTY OF TARRANT §

**THIS MEMORANDUM**, made this 14th day of October, 2010, by and between the Corporation of the Episcopal Diocese of Fort Worth Inc., a Texas Corporation, whose address is 2900 Alameda St., Fort Worth, Texas 76108, hereinafter called "Lessor", and Quicksilver Resources Inc., Lessee, 801 Cherry Street, Suite 3700, Fort Worth, Texas 76102, hereinafter called "Lessee."

**WITNESSETH:** That Lessor, for a valuable consideration and in consideration of the covenants of the Lessee set forth in that certain Oil, Gas and Mineral Lease made and entered into this day by and between the parties hereto covering the land hereinafter described, does hereby lease unto Lessee for the sole and only purpose of exploring for and producing and marketing oil and gas, including casinghead gas and other gaseous substances from, all that certain land situated in the County of Tarrant, State of Texas, and more particularly described as follows:

0.495 acres of land, more or less, situated within the Charles Phipps Survey, A-1224, Tarrant County, Texas, being Lots 20, 21 and 22, Block 29, of the Rosedale Park No. 2 Addition, an addition to the City of Fort Worth, according to the Plat thereof recorded in Volume 388-V, Page 1 of the Plat Records, Tarrant County, Texas.

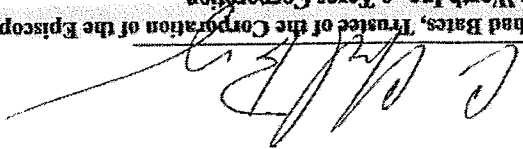
The term of said Oil, Gas and Mineral Lease is for Three (3) years from the date thereof with an option to extend for Two (2) additional years and so long thereafter as oil or gas is being produced in paying quantities from the lease premises, or land pooled therewith, or so long thereafter as drilling, deepening or reworking operations for the production of oil and gas are being conducted thereon, as therein provided.

Reference is hereby made to executed copies of said Oil, Gas and Mineral Lease in possession of Lessor and Lessee respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused the Memorandum of Oil, Gas and Mineral Lease to be executed effective as of the day and year first herein written.

LESSOR(S):

Corporation of the Episcopal Diocese of Fort Worth Inc., a Texas Corporation

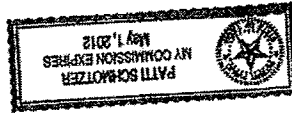


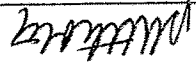
By: Chad Bates, Trustee of the Corporation of the Episcopal Diocese of Fort Worth Inc., a Texas Corporation

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 15th day of Oct 2010, Chad Bates, Trustee of the Corporation of the Episcopal Diocese of Fort Worth Inc., a Texas Corporation.



  
Notary Public, State of Texas

PLEASE RETURN TO:  
Mr. Crawford Gupion  
QuickSilver Resources Inc.  
801 Cherry Street, Suite 3700  
Fort Worth, Texas 76102

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

MR CRAWFORD GUMPTON  
QUICKSILVER RESOURCES INC  
801 CHERRY ST, STE 3700  
FT WORTH, TX 76102

Submitter: KELLAM MAGEE & CO

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 12/9/2010 1:08 PM

Instrument #: D210304187

LSEM

3

PGS

\$20.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210304187

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: SLDAVES



# **EXHIBIT 12**

136 8859

**SPECIAL WARRANTY DEED**

**THE STATE OF TEXAS }  
COUNTY OF PARKER }**

**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:**

That, Corporation of the Episcopal Diocese of Fort Worth and St. Francis Church of the County of Parker, State of Texas, hereinafter referred to as Grantor, whether one or more, for and inconsideration of the sum of Ten Dollars (\$10.00) to Grantor in hand paid by the City of Willow Park, Texas, acting by and through its Mayor, receipt of which is hereby acknowledged, and for which no lien is retained, either expressed or implied, have this day Sold and by these presents do Grant, Bargain, Sell and Convey unto the City of Willow Park, Texas (whose mailing address is: 516 Ranch House Road, Willow Park, TX 76087) all that certain tract or parcel of land lying and being situated in the County of Parker, State of Texas, more particularly depicted in Exhibit "A", and described in Exhibit "B", and hereby approved by witness of Exhibit "C", each of Exhibits A, B, and C being attached hereto and incorporated herein for any and all purposes.

Grantor reserves all of the oil, gas and sulphur in and under the land herein conveyed but waives all rights of ingress and egress to the surface thereof for the purpose of exploring, developing, mining or drilling for same; however, nothing in this reservation shall affect the title and rights of the City of Willow Park, Texas, its successors and assigns, to take and use all other minerals and materials thereon, therein and thereunder.

**TO HAVE AND TO HOLD** the premises herein described and herein conveyed together with all and singular rights and appurtenances thereto in any wise belonging unto the City of Willow Park, Texas and its assigns forever; and Grantors do hereby bind ourselves, our heirs, executors, administrators, successors and assigns to Warrant and Forever Defend all and singular and said premises herein conveyed unto the City of Willow Park, Texas and its assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by through or under Grantor, but not otherwise.

[signature page follows]

*After recording return to:  
City of Willow Park  
516 Ranch House Rd.  
Willow Park TX 76087*

IN WITNESS WHEREOF, this instrument is executed on this the 21<sup>st</sup> day of September, 2009.

GRANTOR:

The Corporation of the Episcopal Diocese  
of Fort Worth and St. Francis Church of  
the County of Parker

By: President Board of Trustees

Name: Franklin Salazar

Title: President of the Board of Trustees

ACKNOWLEDGEMENT

STATE OF TEXAS

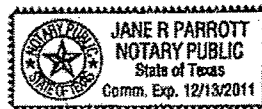
COUNTY OF PARKER

Before me, the undersigned, a Notary Public in and for said County, and State, on this day personally appeared Franklin Salazar and known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me in and for the purpose and consideration therein expressed, and in the capacity therein stated with said approvals as set forth in Exhibit "C".

Give under my hand and seal of office, the 21<sup>st</sup> day of September, A.D. 2009.

Jane R Parrott  
Notary Public's Signature

My Commission expires the 13<sup>th</sup> day of December, 2011.



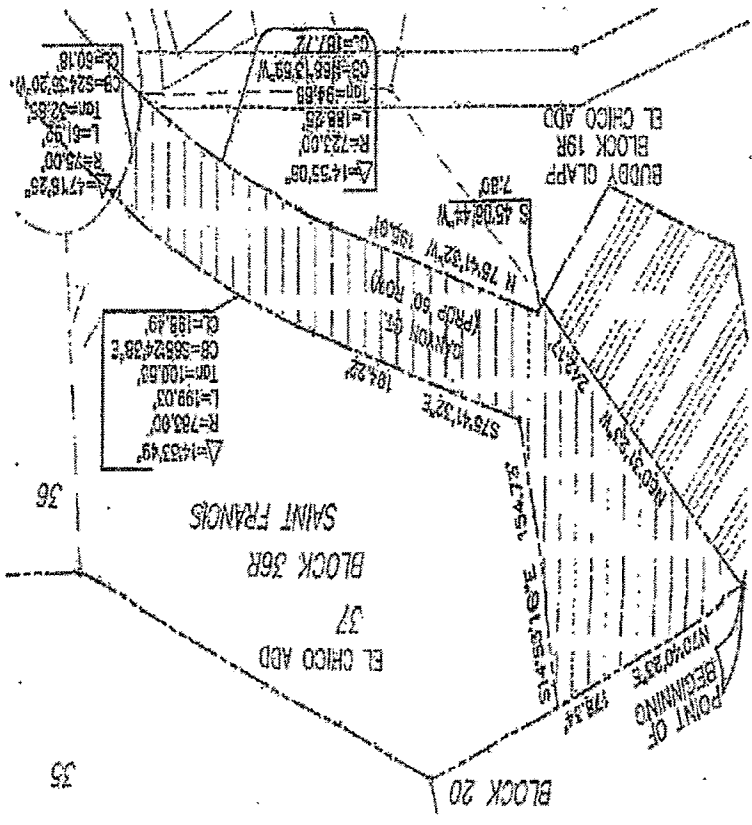
CONSULTING ENGINEER, INC.  
 5151 W. 15th St., Fort Worth, Texas 76104  
 (817) 332-4144

44,470st, 1.02ac  
 RIGHT-OF-WAY MAP  
 FOR  
 BLOCK 36R  
 EL CHICO ADDITION  
 WILLOW PARK, TEXAS  
 GORDON S. SWIFT

Saint Francis Episcopal Church

0524003/PWD/02-08-2009/ROW MAP

EXHIBIT "A"



SCALE: 1"=100'



Exhibit "B"

Legal Description -- Tract 36R

Being a portion of Block 36-R, EL CHICO, an addition to the City of Willow Park, Parker County, Texas according to the plat recorded in Plat Cabinet A, Slide 620, Plat Records, Parker County, Texas and being more particularly described, as follows:

Beginning at a 1/2" iron found at the most westerly corner of said Block 36-R and the most northerly corner of Block 19R EL CHICO ADDITION an addition to the City of Willow Park, Parker County, Texas according to the plat recorded in Plat Cabinet B, Slide 681, Plat Records, Parker County, Texas, and the most southerly corner of Block 20, EL CHICO, an addition to the City of Willow Park, Parker County, Texas according to the plat recorded in Volume 277, Page 358, Plat Records, Parker County, Texas;

THENCE North 70 degrees 40 minutes 23 seconds East, along the common line of said Block 36-R and Block 20, a distance of 178.34 feet;

THENCE South 14 degrees 53 minutes 16 seconds East, 154.73 feet;

THENCE South 75 degrees 41 minutes 32 seconds East, 194.22 feet to the beginning of a curve to the right whose radius is 783.00 feet and whose long chord bears South 68 degrees 24 minutes 38 seconds East, 198.49 feet;

THENCE Along said curve to the right in a southeasterly direction through a central angle of 14 degrees 33 minutes 49 seconds, for an arc length of 199.03 feet to the West line of Canyon Court at the beginning of a non-tangent curve to the left whose radius is 75.00 feet and whose long chord bears South 24 degrees 36 minutes 20 seconds West, 60.18 feet;


THENCE Along said non-tangent curve to the left in a southwesterly direction through a central angle of 47 degrees 18 minutes 25 seconds for an arc length of 61.92 feet to the beginning of a non-tangent curve to the left with a radius of 723.00 feet and central angle of 14 degrees 55 minutes 06 seconds for an arc length of 188.25 feet and whose chord bears North 68 degrees 13 minutes 59 seconds West 187.72'

THENCE North 75 degrees 41 minutes 32 seconds West a distance of 195.01 feet;

THENCE South 45 degrees 06 minutes 44 seconds West a distance of 7.80 feet;

THENCE North 50 degrees 31 minutes 23 seconds West, along the common line of said Block 39-R and Block 19R, a distance of 242.17 feet to the POINT OF BEGINNING and containing 1.02 acres of land.

*Sealand Smith*  
7-06-09



Received On:  
12/18/2009 09:06:11 AM  
Doc#: 730236  
Total: 28.00  
JEANE BRUNSON, COUNTY CLERK  
PARKER COUNTY



*Jeane Brunson*