

AMENDMENT TO PROMISSORY NOTE

The undersigned parties to the attached Promissory Note, specifically EDWARD SMITH, DAVID JONES

(collectively the "Maker") and DHLIC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY

("Lender") do hereby agree to execute this Amendment to the Note and agree as follows:

1. **Loan.** The total Loan amount as evidenced in the Note is FOUR HUNDRED FIFTY-FIVE THOUSAND AND 00/100 Dollars (\$ 455,000.00).
2. **Use.** The Loan amount is to be used for the purchase of the Property described in the Note and accompanying Deed of Trust plus certain construction costs that have been contracted for, but not completed as of the date of the Note and this Amendment.
3. **Advance at Closing.** Upon closing and the execution of the Note and this Amendment, Lender shall advance to Maker the sum of TWO HUNDRED SIXTY-TWO THOUSAND SIX HUNDRED NINETY AND 00/100 Dollars (\$262,690.00).
4. **Retainage for Construction.** Lender or Lender's servicing agent shall retain the sum of ONE HUNDRED NINETY-TWO THOUSAND THREE HUNDRED TEN AND 00/100 Dollars (\$ 192,310.00) at closing ("Retainage") until the completion of the construction contracted for but not completed as of the date of the Note and this Amendment. **All Draw Requests must be made within 90 days from the date of this Amendment. After that time your loan construction draw feature will be discontinued and your Loan will be capped at the then current outstanding principal balance with no additional construction draws available.**
5. **Payment of Retainage.** Lender will cause to be paid, upon satisfactory completion in accordance with the construction contract, the sums due under the contract to Maker, or directly to the vendor at the request of the Maker or at the discretion of Lender. At no time shall the sum of the Retainage paid by Lender exceed the Retainage amount per section 4 unless expressly provided for in writing executed by the parties to the Note and this Amendment.
6. **Construction Completion.** Construction will not be considered complete under the terms of the Note and this Amendment until a full inspection of the work has been done including, if required, the execution of a Certificate of Completion and the executed release of any and all vendor, material man's, and mechanic's liens in accordance with the construction contract. **If maker has not commenced meaningful construction within thirty days after execution of this agreement then maker will be in technical default. Lender will charge Maker \$100 for each inspection required.**
7. **Vendor Draw on Partial Completion.** To the extent authorized in the construction contract, the Vendor may Draw upon the Retainage for part-performance in accordance with the construction contract. Said Draw may only be had upon full inspection of the work completed and, if required, the execution of a Certificate of Completion and the executed release of any and all vendor, material man's, and mechanic's liens in accordance with the construction contract. At no time shall the sum of the Draws paid to Maker, or directly to the vendor, exceed the total Retainage amount unless expressly provided for in a writing executed by the Parties to the Note and this Amendment.
8. **Effect on Note.** This Amendment shall take effect upon execution by the Parties and shall amend the Note solely in the manner stated herein. Unless expressly altered by this Amendment, all provisions of the Note shall remain in effect and are binding on the Parties executing the Note. This Amendment shall be construed in accordance with the provisions of the Note to the extent that any provision is not altered by this Amendment.
9. **Unenforceability.** To the extent that any provision of this Amendment or the accompanying Note shall be found to be unenforceable for any reason, the remaining provisions shall remain in effect and be enforced to most accurately reflect the intention of the Parties.
10. **Context.** When the context requires, the singular shall be construed to include the plural.

IN WITNESS WHEREOF, the undersigned parties have duly executed this Amendment effective

**BLUE INK ONLY FOR SIGNATURES
MAKERS:**

EDWARD SMITH/000-00-0000 Date

DAVID JONES/111-11-0000 Date

Date

Date

Date

Date

LENDER: DHLIC MORTGAGE, LLC

By: _____

DEED OF TRUST AMENDMENT (TEXAS)

AMENDMENT TO ALL NOTIFICATION PERIODS ON DEED OF TRUST (TEXAS):

ALL notification periods referred to in the Deed of Trust will be changed from the stated period to ten (10) days unless prohibited by State law. This also applies to any and all riders and amendments to this Deed of Trust.

AMENDMENT TO SECTION 19 ON DEED OF TRUST:

Remove Section 19 in its entirety.

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

_____ [Space Below This Line For Acknowledgment] _____

State of Texas

County of DALLAS

The foregoing instrument was acknowledged before me this _____ day of _____ ,

by EDWARD SMITH, DAVID JONES

_____ .

Signature of Person Taking Acknowledgment

Title

Serial Number, if any

My commission expires: _____

(Seal)

INTEREST-ONLY ADDENDUM TO FIXED RATE NOTE

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

THIS INTEREST-ONLY ADDENDUM ("ADDENDUM") is made this 30th day of JANUARY, 2008 and is incorporated into and intended to form a part of the Fixed Rate Note (the "Note") dated the same date as this Addendum executed by the undersigned and payable to DHLC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY (the "Lender").

THIS ADDENDUM supersedes and replaces Sections 3(A), 3(B), 4, and 6(A) of the Note. This Addendum does not supersede, replace or revise any other Section of the Note.

3. PAYMENTS

(A) Time and Place of Payments

I will make a payment every month. This payment will be for interest only for the first 11 months (the "Interest Only Period"), and then will consist of principal and interest.

I will make my monthly payment on the 1st day of each month beginning on MARCH 1, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date, and if the payment includes both principal and interest it will be applied to interest before Principal. If, on FEBRUARY 1, 2009, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at 5440 RICHARD AVE, DALLAS, TEXAS 75206

or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ 5,308.33 for the first 11 months of this Note, and thereafter will be in the amount of U.S. \$ 460,308.33. The Note Holder will notify me prior to the date of change in monthly payment.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date of my monthly payment unless the Note Holder agrees in writing to those changes.

If the partial Prepayment is made during the Interest Only Period, the amount of the monthly payment will decrease for the remainder of the term when my payments consist only of interest as well as during the time that my payments consist of principal and interest. If the partial Prepayment is made during the period when my payments

consist of principal and interest, the amount of my monthly payment will not decrease; however, the principal and the interest required under this Note will be paid prior to the Maturity Date.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 0 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000 % of my overdue payment of interest during the Interest Only Period. At the end of the Interest Only Period, it will be 5.000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Interest Only Addendum to Fixed Rate Note.

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

NOTE

JANUARY 30, 2008
[Date]

DALLAS
[City]

TEXAS
[State]

5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 455,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is DHLC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY.

I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 14.000 %.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the 1st day of each month beginning on MARCH 1, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on FEBRUARY 1, 2009, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at 5440 RICHARD AVE, DALLAS, TEXAS 75206

or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments ** See attached Interest Only Note Addendum.

My monthly payment will be in the amount of U.S. \$ 40,853.14.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit;

and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 0 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

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

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

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

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

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

7. GIVING OF NOTICES

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

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

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

9. WAIVERS

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

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep

the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

EDWARD SMITH (Seal)
-Borrower

DAVID JONES (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

[Sign Original Only]

PROMISSORY NOTE NOTIFICATION AND DEFAULT AMENDMENT

SECTION 6B: AMENDMENT

After any event of default or after the maturity date past-due principal and interest shall bear interest at a rate (the "Default Rate") equal to the lower of (i) the maximum rate, or (ii) twenty-one percent (21%) per annum. Payments on this note are required to be paid by ACH.

AMENDMENT TO ALL NOTIFICATION PERIODS ON NOTE:

SECTION 6C READS: If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

AMENDED TO: If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least ten (10) days after the date on which the notice is mailed to me or delivered by other means.

SECTION 10 (last paragraph) READS: If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

AMENDED TO: If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than ten (10) days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

EDWARD SMITH (Seal)
-Borrower

DAVID JONES (Seal)
-Borrower

-Borrower (Seal)

-Borrower (Seal)

-Borrower (Seal)

-Borrower (Seal)

After Recording Return To:

DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Loan Number: 5436 MILLER

[Space Above This Line For Recording Data]

DEED OF TRUST

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.

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "**Security Instrument**" means this document, which is dated JANUARY 30, 2008, together with all Riders to this document.

(B) "**Borrower**" is EDWARD SMITH AND DAVID JONES

Borrower is the grantor under this Security Instrument.

(C) "**Lender**" is DHLC MORTGAGE, LLC

Lender is a TEXAS LIMITED LIABILITY COMPANY organized and existing under the laws of TEXAS

Lender's address is 5440 RICHARD AVE, DALLAS, TEXAS 75206

Lender is the beneficiary under this Security Instrument.

(D) "**Trustee**" is GAYLENE ROGERS LONERGAN, ESQ.

Trustee's address is 12801 NORTH CENTRAL EXPWY STE 150, DALLAS, TEXAS 75243

(E) "**Note**" means the promissory note signed by Borrower and dated JANUARY 30, 2008. The Note states that Borrower owes Lender FOUR HUNDRED FIFTY-FIVE THOUSAND AND 00/100 Dollars (U.S. \$ 455,000.00)

plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than FEBRUARY 1, 2009 .

(F) "**Property**" means the property that is described below under the heading "Transfer of Rights in the Property."

(G) "**Loan**" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(H) "**Riders**" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | |
|--|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Planned Unit Development Rider |
| <input checked="" type="checkbox"/> Balloon Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input checked="" type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Other(s) [specify] |

(I) "**Applicable Law**" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) "**Community Association Dues, Fees, and Assessments**" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(K) "**Electronic Funds Transfer**" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) "**Escrow Items**" means those items that are described in Section 3.

(M) "**Miscellaneous Proceeds**" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(N) "**Mortgage Insurance**" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(O) "**Periodic Payment**" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(P) "**RESPA**" means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(Q) "**Successor in Interest of Borrower**" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

COUNTY of DALLAS :
[Type of Recording Jurisdiction] [Name of Recording Jurisdiction]

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".

which currently has the address of 5436-5438 MILLER AVENUE
[Street]
DALLAS, Texas 75206 ("Property Address"):
[City] [Zip Code]

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

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

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

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds

until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make

such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an

additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with

material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. Borrower shall not surrender the leasehold estate and interests herein conveyed or terminate or cancel the ground lease. Borrower shall not, without the express written consent of Lender, alter or amend the ground lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These

agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender

specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

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

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

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

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note

and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice will result in acceleration of the sums secured by this Security Instrument and sale of the Property. The

notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence. For the purposes of this Section 22, the term "Lender" includes any holder of the Note who is entitled to receive payments under the Note.

If Lender invokes the power of sale, Lender or Trustee shall give notice of the time, place and terms of sale by posting and filing the notice at least 21 days prior to sale as provided by Applicable Law. Lender shall mail a copy of the notice to Borrower in the manner prescribed by Applicable Law. Sale shall be made at public vendue. The sale must begin at the time stated in the notice of sale or not later than three hours after that time and between the hours of 10 a.m. and 4 p.m. on the first Tuesday of the month. Borrower authorizes Trustee to sell the Property to the highest bidder for cash in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

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

If the Property is sold pursuant to this Section 22, Borrower or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession or other court proceeding.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall provide a release of this Security Instrument to Borrower or Borrower's designated agent in accordance with Applicable Law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Security Instrument may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by Applicable Law.

Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

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

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

27. Purchase Money; Owelty of Partition; Renewal and Extension of Liens Against Homestead Property; Acknowledgment of Cash Advanced Against Non-Homestead Property.

Check box as applicable:

Purchase Money.

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Security Instrument conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Security Instrument being additional security for such vendor's lien.

Owely of Partition.

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an owely of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

Renewal and Extension of Liens Against Homestead Property.

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

Acknowledgment of Cash Advanced Against Non-Homestead Property.

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

28. Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owely lien, complete construction, or renew and extend a prior lien against the Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this Section 28.

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

EDWARD SMITH (Seal)
-Borrower

DAVID JONES (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

Witness:

Witness:

_____ [Space Below This Line For Acknowledgment] _____

The State of Texas

County of DALLAS _____

Before me, _____ ,

on this day personally appeared EDWARD SMITH AND DAVID JONES _____

known to me (or proved to me on the oath of _____)

or through _____)

to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____ .

Notary Public Signature

(Seal)

My commission expires: _____

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

A.P.N. # :

Loan Number: 5436 MILLER

**GENERAL WARRANTY DEED
WITH VENDOR'S LIEN IN FAVOR OF THIRD PARTY**

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.

THE STATE OF TEXAS)
)
COUNTY OF DALLAS) **KNOW ALL MEN BY THESE PRESENTS:**

THAT

(hereinafter called "GRANTORS" whether one or more), for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable considerations cash in hand paid by EDWARD SMITH AND DAVID JONES

whose address is 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

(hereinafter called "GRANTEES" whether one or more), the receipt and sufficiency of which are hereby acknowledged and confessed, and the further consideration of the note in the principal sum of FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$ 455,000.00) payable to the order of DHLIC MORTGAGE, LLC

(hereinafter referred to as "BENEFICIARY") at the special instance and request of the Grantees herein, the receipt of which is hereby acknowledged and confessed, and as evidence of such advancement, the said Grantees herein have executed their note of even date herewith for said amount payable to the order of said Beneficiary, bearing interest at the rate therein provided, principal and interest being due and payable in monthly installments as therein set out, and providing for attorney's fees and acceleration of maturity at the rate and in the events therein set forth, which note is secured by the Vendor's Lien herein reserved and is additionally secured by a Deed of Trust of even date herewith, executed by the Grantees herein to GAYLENE ROGERS LONERGAN, ESQ.

Trustee, reference to which is here made for all purposes; and in consideration of the payment of the sum above mentioned by the Beneficiary above mentioned, Grantors hereby transfer, set over, assign and convey unto said Beneficiary and assigns, the Vendor's Lien and Superior Title herein retained and reserved against the property and premises herein conveyed, in the same manner and to the same extent as if said note had been executed in Grantor's

favor and by said Grantors assigned to the Beneficiary without recourse; have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto the said Grantees herein, the following described property, together with all improvements thereon, to-wit:
SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A" .

TO HAVE AND TO HOLD the above described premises, together with, all and singular, the rights and appurtenances thereto in any wise belonging, unto the said Grantees, their heirs and assigns forever. And Grantors do hereby bind themselves, their heirs, executors and administrators, to warrant and forever defend all and singular, the said premises unto the said Grantees, their heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. Taxes for the current year have been prorated and are assumed by Grantee. This conveyance is made and accepted subject to any and all validly existing restrictions, mineral reservations and interests, conditions, covenants, easements, and rights of way, if any, applicable to and enforceable against the above described property as now reflected by the records of the County Clerk in said County and State and to any applicable zoning laws or ordinances.

But it is expressly agreed and stipulated that the Vendor's Lien and the Superior Title are retained and reserved in favor of the payee in said note against the above described property, premises and improvements, until said note, and all interest thereon is fully paid according to the face and tenor, effect and reading thereof, when this deed shall become absolute.

The contract between GRANTOR, as seller, and GRANTEE, as buyer, may contain limitations as to warranties; to the extent said contract provides for such limitations to survive this conveyance they shall be deemed incorporated herein by reference. The warranty of title contained in this deed is hereby expressly excluded from the limitations referenced in this paragraph.

When this deed is executed by one person, or when the Grantee is one person, the instrument shall read as though pertinent verbs and pronouns were changed to correspond, and when executed by or to a corporation the words "heirs, executors and administrators" or "heirs and assigns" shall be construed to mean "Successors and assigns".

Executed on this the _____ day of _____ .

**THE STATE OF TEXAS:
COUNTY OF DALLAS**

**This instrument was acknowledged before me on
by**

Notary Public, State of Texas:

Notary's Name Printed:

My commission expires:

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

A.P.N. # :

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

A.P.N. # :

Loan Number: 5436 MILLER

1-4 FAMILY RIDER (Assignment of Rents)

THIS 1-4 FAMILY RIDER is made this 30th day of JANUARY, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to DHLIC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206
[Property Address]

1-4 FAMILY COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT. In addition to the Property described in Security Instrument, the following items now or hereafter attached to the Property to the extent they are fixtures are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Section 5.

E. "BORROWER'S RIGHT TO REINSTATE" DELETED. Section 19 is deleted.

F. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, Section 6 concerning Borrower's occupancy of the Property is deleted.

G. ASSIGNMENT OF LEASES. Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until (i) Lender has given Borrower notice of default pursuant to Section 22 of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of default to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Section 9.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default

or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

I. CROSS-DEFAULT PROVISION. Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this 1-4 Family Rider.

EDWARD SMITH (Seal)
-Borrower

DAVID JONES (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

_____[Space Above This Line For Recording Data]_____

Loan Number: 5436 MILLER

BALLOON RIDER

THIS BALLOON RIDER is made this 30th day of JANUARY 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note (the "Note") to DHLIC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206
[Property Address]

The interest rate stated on the Note is called the "Note Rate." The date of the Note is called the "Note Date." I understand the Lender may transfer the Note, Security Instrument and this Rider. The Lender or anyone who takes the Note, the Security Instrument and this Rider by transfer and who is entitled to receive payments under the Note is called the "Note Holder."

ADDITIONAL COVENANTS. In addition to the covenants and agreements in the Security Instrument, Borrower and Lender further covenant and agree as follows (despite anything to the contrary contained in the Security Instrument or the Note):

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

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Balloon Rider.

Borrower EDWARD SMITH **Date**

Borrower DAVID JONES **Date**

Borrower **Date**

Borrower **Date**

Borrower **Date**

Borrower **Date**

BALLOON PAYMENT DISCLOSURE

Notice: Read Before Signing Your Loan Documents

This loan provides for 11 monthly payments of: (check one)
 principal and interest interest only
in the amount of \$ 5,308.33 each. Assuming that all of the monthly payments have been paid exactly on the date that each is due, a final balloon payment of the then outstanding principal balance plus all earned interest remaining unpaid estimated to be in the amount of \$ 460,308.33 shall become due and payable on FEBRUARY 1, 2009 (the "Maturity Date"). This loan is amortized over a 12 month period.

**DO NOT SIGN ANY LOAN DOCUMENTS IF YOU
HAVE ANY QUESTIONS ABOUT YOUR LOAN PAYMENTS.**

Unless otherwise expressly disclosed in the Note, or in an Addendum or a Rider to the Note, **THE LENDER IN THIS TRANSACTION IS UNDER NO OBLIGATION TO REFINANCE THE OUTSTANDING PRINCIPAL BALANCE OF THIS LOAN DUE ON THE MATURITY DATE.** You may be required to payoff the entire principal balance, plus any unpaid interest due thereon, on the Maturity Date using personal assets. If this Lender, or any other Lender, agrees to refinance the outstanding balance due on the Maturity Date, you may be required to pay the then prevailing interest rate, which may be higher or lower than the interest rate specified in the Note, plus loan origination costs and fees as are typically incurred when creating a new loan.

I hereby certify that the Borrower(s) have received an oral explanation of the balloon payment provisions of this loan.

ALL BORROWERS MUST SIGN AND DATE

I/We hereby acknowledge receipt of the above notice concerning the balloon payment provisions of this loan. I/We further acknowledge that these provisions have also been orally explained to me/us.

(Signature of Loan Officer)

Loan Number: 5436 MILLER

EDWARD SMITH (Date)

DAVID JONES (Date)

(Date)

(Date)

(Date)

(Date)

A. Settlement Statement

B. Type of Loan

1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input type="checkbox"/> Conv. Unins. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> Conv. Ins.	6. File Number:	7. Loan Number: 5436 MILLER	8. Mortgage Insurance Case Number:
---	-----------------	--------------------------------	------------------------------------

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

D. Name & Address of Borrower: EDWARD SMITH, DAVID JONES 1234 MAIN CT ARLINGTON, TEXAS 76016	E. Name & Address of Seller:	F. Name & Address of Lender: DHLIC MORTGAGE, LLC 5440 RICHARD AVE DALLAS, TEXAS 75206
---	---	---

G. Property Location: 5436-5438 MILLER AVENUE DALLAS, TEXAS 75206	H. Settlement Agent: Place of Settlement:	I. Settlement Date:
--	---	----------------------------

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due From Borrower		400. Gross Amount Due to Seller	
101. Contract sales price	230,000.00	401. Contract sales price	230,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	220,521.46	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes	to	406. City/town taxes	to
107. County taxes	to	407. County taxes	to
108. Assessments	to	408. Assessments	to
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower	450,521.46	420. Gross Amount Due To Seller	230,000.00
200. Amounts Paid By Or In Behalf Of Borrower		500. Reductions In Amount Due To Seller	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	455,000.00	502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Second mortgage loan		504. Payoff of first mortgage loan	
		Principal Balance \$	
		Interest Adjustment \$	
		Reserves <input type="checkbox"/> Credit <input type="checkbox"/> Deficit \$	
205.		505. Payoff of second mortgage loan	
		Principal Balance \$	
		Interest Adjustment \$	
206.		506. Second mortgage loan to Borrower	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes	to	510. City/town taxes	to
211. County taxes	to	511. County taxes	to
212. Assessments	to	512. Assessments	to
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower	455,000.00	520. Total Reduction Amount Due Seller	.00
300. Cash At Settlement From/To Borrower		600. Cash At Settlement To/From Seller	
301. Gross Amount due from borrower (line 120)	450,521.46	601. Gross amount due to seller (line 420)	230,000.00
302. Less amounts paid by/for borrower (line 220)	455,000.00	602. Less reductions in amt. due seller (line 520)	.00
303. Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower	4,478.54	603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller	230,000.00

L. Settlement Charges				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700.	Total Sales/Broker's Commission based on price \$	@	% =		
	Division of Commission (line 700) as follows:				
701.	\$	to			
702.	\$	to			
703.	Commission paid at Settlement				
704.					
800.	Items Payable In Connection With Loan				
801.	Loan Origination Fee 1.000%	to: DHLC MORTGAGE, LLC		4,550.00	
802.	Loan Discount 3.000%	to: DHLC MORTGAGE, LLC		13,650.00	
803.	Appraisal Fee				
804.	Credit Report				
805.	Lender's Inspection Fee				
806.	Mortgage Insurance Application Fee				
807.	Assumption Fee				
808.	FLOOD CERTIFICATION	to: DHLC MORTGAGE		20.00	
809.	DOCUMENT FEE	to: DHLC MORTGAGE		250.00	
810.	CONSTRUCTION RETAINAGE	to: DHLC MORTGAGE		192,310.00	
811.					
812.					
813.					
814.					
815.					
816.					
817.					
900.	Items Required By Lender To Be Paid In Advance				
901.	Interest from	to 02/01/08	@ \$ 174.5205 /day	5,235.62	
902.	Mortgage Insurance Premium for	months to			
903.	Hazard Insurance Premium for	years to	LASALLE INSURANCE	3,250.00	
904.	OTHER INSURANCE	years to	to: OLD REPUBLIC HOME	350.00	
905.					
1000.	Reserves Deposited With Lender				
1001.	Hazard insurance	months @ \$	per month		
1002.	Mortgage insurance	months @ \$	per month		
1003.	City property taxes	months @ \$	per month		
1004.	County property taxes	2 months @ \$	452.92 per month	905.84	
1005.	Annual assessments	months @ \$	per month		
1006.		months @ \$	per month		
1007.		months @ \$	per month		
1008.		months @ \$	per month		
1009.					
1100.	Title Charges				
1101.	Settlement or closing fee				
1102.	Abstract or title search				
1103.	Title examination				
1104.	Title insurance binder				
1105.	Document preparation				
1106.	Notary fees				
1107.	Attorney's fees (includes above items numbers:)				
1108.	Title insurance (includes above items numbers:)				
1109.	Lender's coverage	\$			
1110.	Owner's coverage	\$			
1111.					
1112.					
1113.					
1200.	Government Recording and Transfer Charges				
1201.	Recording fees:	Deed \$; Mortgage \$; Releases \$			
1202.	City/county tax/stamps:	Deed \$; Mortgage \$			
1203.	State tax/stamps:	Deed \$; Mortgage \$			
1204.					
1205.					
1300.	Additional Settlement Charges				
1301.	Survey				
1302.	Pest inspection				
1303.					
1304.					
1305.					
1400.	Total Settlement Charges (enter on lines 103, Section J and 502, Section K)			220,521.46	

FROM: DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Phone: (972) 467-6547

TO:

ATTN:

RE: Borrower(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Document Date: JANUARY 30, 2008

Closing Date:

Disbursement:

Case No.:

Loan No.: 5436 MILLER

App. No.:

Order No.:

Escrow No.:

GENERAL CLOSING INSTRUCTIONS

Do not close or fund this loan unless ALL conditions in these closing instructions and any supplemental closing instructions have been satisfied. The total consideration in this transaction except for our loan proceeds and approved secondary financing must pass to you in the form of cash. Do not close or fund this loan if you have knowledge of a concurrent or subsequent transaction which would transfer the subject property.

You must follow these instructions exactly. These closing instructions can only be modified with our advance written approval. You shall be deemed to have accepted and to be bound by these closing instructions if you fail to notify us in writing to the contrary within 48 hours of your receipt hereof or if you disburse any funds to or for the account of the Borrower(s).

All documents with the exception of those to be recorded (Security Instrument, Riders, Corporation Assignment(s), Grant Deed, Quit Claim, Power of Attorney, etc.) must be returned to our office within 48 HOURS of the signing. Please return certified copies of those documents that are to be recorded. Failure to comply with these instructions may delay funding.

EXECUTION OF DOCUMENTS:

1. Each Borrower must sign all documents exactly as his or her name appears on the blank line provided for his or her signature. All signatures must be witnessed if required or customary. All signature acknowledgements must be executed by a person authorized to take acknowledgements in the state of closing.
2. Any correction to loan documents must be approved in writing by us in advance. **No white-out permitted.** Approved deletion should be made by marking a single line through the language being deleted. All additions and deletions must be initialed by all borrowers.
3. All Powers of Attorney must be provided to and approved by us in advance. If approved, the Power of Attorney must be recorded in the same county(ies) in which the Security Instrument is recorded, a certified copy provided to us.

RESCISSION:

1. If the transaction is subject to rescission, provide each Borrower and each person having any ownership interest in the security property with two (2) copies of the completed Notice of Right to Cancel. The Notice of Right to Cancel must be properly completed (including all dates) and each borrower and person given two notices must execute an acknowledgement of receipt. Your failure to properly complete and provide the Notices of Right to Cancel to each person entitled to receive them will delay this closing.
2. No Borrower or other person having an ownership interest in the Security Property may modify or waive his or her right to rescind without our prior written consent.
3. If any Borrower or other person having an ownership interest in the security property indicates that he or she wishes to cancel this transaction, contact us immediately for further instructions.

SURVEYS:

1. A valid survey dated within 90 days of closing is required in areas where surveys are customary.
2. The survey must contain all relevant and customary information and certifications and the legal description, lot size and street must agree with the appraisal and closing documents.

HAZARD INSURANCE:

1. The Borrower(s) must provide satisfactory evidence of hazard insurance coverage and flood insurance coverage if the Property is located in a special flood hazard area.
2. Dwelling coverage must be equal to the lesser of the loan amount or the full replacement value of the property improvements, and must extend for either a term of at least one (1) year after the closing date for purchase transactions or six (6) months after the closing date for refinance transactions.
3. Loss payee/mortgagee clause to read: DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Loan Number: 5436 MILLER

ACKNOWLEDGED AND AGREED:

Settlement Agent

FROM: DHL C MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Phone: (972)467-6547

TO:

ATTN:

RE: Borrower(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Document Date: JANUARY 30, 2008

Closing Date:

Disbursement:

Case No.:

Loan No.: 5436 MILLER

App. No.:

Order No.:

Escrow No.:

SPECIFIC CLOSING INSTRUCTIONS

LOAN DOCUMENTS:

We enclose the following documents necessary to complete the above referenced loan transaction:

(X) Note	(X) Hazard Ins. Req.	(X) Interest Only Payment
(X) Addendum to Note	(X) Legal Exhibit 'A'	Period Addendum to Note
(X) Deed of Trust	(X) Balloon Disclosure	(X) Sup. Cls. Instr.
(X) Balloon Payment Rider	(X) Initial Escrow Acct. Disc.	(X) General Warranty Deed
(X) 1 - 4 Family Rider	Stmt.	(X) Patriot Act
(X) Itemization of amt fin.	(X) Closing Inst. Addendum	(X) Borrowers Cert.

Deliver one (1) copy of all loan documents to the Borrower(s); deliver one (1) copy of the Federal Truth-In-Lending Disclosure Statement to each Borrower.

LOAN TERMS:

Loan Amount: 455,000.00

Initial Advance:

Sales Price: 230,000.00

Term (Months): 12

Interest Rate: 14.000

Initial Payment: 5,308.33

First Payment Date: 03/01/08

Last Payment Date: 02/01/09

ARM Loan: () Yes (X) No

Index:

Margin:

Periodic Rate Cap:

Lifetime Rate Cap:

Lifetime Rate Floor:

Interest Change Date:

Payment Change Date:

Loan Purpose: PURCHASE

PAYOFF REQUIREMENTS:

It is a condition to the funding of this loan that the following payoffs be made through this closing. Indicate payoffs on the HUD-1 Settlement Statement or provide other satisfactory evidence of payoff:

CONDITIONS TO BE SATISFIED PRIOR TO DISBURSEMENT OF LOAN PROCEEDS:

DHLC CLOSING INSTRUCTIONS BEFORE OCT 1ST (FOR TX LOANS):

-ALL SIGNATURES MUST BE IN BLUE INK

- LENDER WILL REQUIRE THE FOLLOWING PRIOR TO FUNDING:

SEE ATTACHED ADDENDUM TO CLOSING INSTRUCTIONS

WE ARE TO BE AT NO EXPENSE IN THIS TRANSACTION

TITLE INSURANCE REQUIREMENTS:

You are authorized to use funds for the account of the Borrowers and to record all instruments when you comply with the following:

1. THIS LOAN MUST RECORD IN 1ST LIEN POSITION ON OR PRIOR TO THE DISBURSEMENT DATE NOTED ABOVE. PROVIDE DUPLICATE ORIGINALS OF THE ALTA TITLE POLICY.
2. Vesting to read: EDWARD SMITH AND DAVID JONES
3. Title Policy must contain the following endorsements (or their equivalents):
4. ALTA Title Policy must be free from liens, encumbrances, easements, encroachments and other title matters except (i) the lien of our loan in the amount of our loan on the property described herein showing the Instrument or Document Number and the date of recording of the Security Instrument; (ii) general, specific, state, county, city, school or other taxes and assessments not yet due or payable; (iii) other items as permitted by us; and (iv) the following items as shown on the preliminary title report, commitment, binder or equivalent dated .

SECONDARY FINANCING:

Secondary financing in the amount of \$ NONE

has been approved.

ESTIMATE OF FEES AND COSTS:

ITEM	AMOUNT	POC	PAID BY
LOAN ORIGINATION FEE to: DHLC MORTGAGE, LLC	\$4,550.00		Borrower
LOAN DISCOUNT POINTS to: DHLC MORTGAGE, LLC	\$13,650.00		Borrower
DOCUMENT FEE to: DHLC MORTGAGE	\$250.00		Borrower
FLOOD CERTIFICATION to: DHLC MORTGAGE	\$20.00		Borrower
OTHER INSURANCE PREMIUM to: OLD REPUBLIC HOME	\$350.00		Borrower
CONSTRUCTION RETAINAGE to: DHLC MORTGAGE	\$192,310.00		Borrower

Subtotal of Estimated Fees and Costs: \$ 211,130.00

PER DIEM INTEREST:

From: _____ To: 02/01/08
 (Anticipated Closing Date)
30 days at \$ 174.5205 per day Subtotal of Per Diem Interest: \$ 5,235.62

IMPOUNDS/ESCROWS:

Impound/escrow checks should be made payable to and sent to us together with the original final HUD-1 Settlement Statement.

COUNTY PROPERTY TAX	<u>2</u>	month(s) at \$ <u>452.92</u>	per month = \$ <u>905.84</u>
_____	_____	month(s) at \$ _____	per month = \$ _____
_____	_____	month(s) at \$ _____	per month = \$ _____
_____	_____	month(s) at \$ _____	per month = \$ _____
_____	_____	month(s) at \$ _____	per month = \$ _____
_____	_____	month(s) at \$ _____	per month = \$ _____
Aggregate Escrow Adjustment:			\$ _____
Impound Subtotal:			\$ <u>905.84</u>
Mortgage Ins. Premium:			\$ _____
TOTAL OF FEES AND COSTS:			\$ <u><u>217,271.46</u></u>

HUD-1 SETTLEMENT STATEMENT:

The final HUD-1 Settlement Statement must be completed at settlement and must accurately reflect all receipts and disbursements indicated in these closing instructions and any amended closing instructions subsequent hereto. If any changes to fees occur documents may need to be re-drawn and re-signed. Fax a certified copy of the final HUD-1 Settlement Statement to DHLC MORTGAGE, LLC
 Attention: Quality Assurance. Send the original final HUD-1 Settlement Statement to us at the following address within 24 hours of settlement: 5440 RICHARD AVE, DALLAS, TEXAS 75206

ADDITIONAL INFORMATION: BORROWER MUST SIGN AND DATE THESE CLOSING INSTRUCTIONS.

If for any reason this loan does not close within 48 hours of your receipt of funds, immediately return all documents to Lender and wire all funds only to: DHLC MORTGAGE, LLC
 5440 RICHARD AVE, DALLAS, TEXAS 75206

If you have any questions regarding any of these instructions, please contact DHLC MORTGAGE, LLC
 at (972) 467-6547

BORROWER ACKNOWLEDGMENT: I/We have read and acknowledged receipt of these Closing Instructions.

Borrower	EDWARD SMITH	Date	Borrower	DAVID JONES	Date
_____	_____	_____	_____	_____	_____
Borrower	_____	Date	Borrower	_____	Date
_____	_____	_____	_____	_____	_____
Borrower	_____	Date	Borrower	_____	Date
_____	_____	_____	_____	_____	_____

ACKNOWLEDGED AND AGREED:

 Settlement Agent Date

FROM: DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Phone: (972)467-6547

TO:

ATTN:

RE: Borrower(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Document Date: JANUARY 30, 2008

Closing Date:

Disbursement Date:

Case No.:

Loan No.: 5436 MILLER

App. No.:

Order No.:

Escrow No.:

ADDENDUM TO CLOSING INSTRUCTIONS

(Additional conditions to be satisfied prior to disbursement of loan proceeds)

1. FULL PAYMENT AND PROOF OF INSURANCE FOR THE TERM ON THE NOTE
2. REVIEW AND APPROVAL OF THE HUD-1 (FAX TO 972-390-1530)
3. TITLE INSURANCE AS TO FIRST LIEN POSITION WITHOUT ANY ITEMS OTHER THAN NORMAL AND CUSTOMARY LISTED ON ANY SCHEDULE, TITLE COMPANY IS INSTRUCTED TO REMOVE ALL POSSIBLE EXCEPTIONS TO THE TITLE POLICY EVEN IF A FEE IS CHARGED TO BORROWER.
4. ALL DOCUMENTS MUST BE EXECUTED
5. FAX TO 972-390-1530 THE COMPLETED AND SIGNED CHECKLIST, ACH DRAFTING AGREEMENT, NOTE PLUS ANY AMMENDMENTS, SIGNATURE PAGE OF THE DEED PLUS EXHIBIT A, WARRANTY DEED, AND EXECUTED HUD-1 FOR LENDER TO INITIATE FUNDING. (IF IT IS A HUD CLOSING, THE ABOVE REQUIREMENTS MUST BE COMPLETED BEFORE THE RELEASE OF FUNDS)
6. USE THE TITLE POLICY LEGAL DESCRIPTION FOR THE EXHIBIT A TO THE DEED OF TRUST AND ANY OTHER DOCUMENTS WITH AN EXHIBIT REQUIRING A LEGAL DESCRIPTION
7. 1 COPY AND THE FINAL SET OF ORIGINAL CLOSING DOCUMENTS REQUIRED TO BE DELIVERED TO DHLC MORTGAGE, LLC AT 5440 RICHARD AVE, DALLAS, TX 75206 WITHIN 1 BUSINESS DAY OF CLOSING.

ACKNOWLEDGED AND AGREED:

Settlement Agent

Date

FROM: DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Phone: (972)467-6547

TO:

ATTN:

RE: Borrower(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Document Date: JANUARY 30, 2008

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3. TITLE INSURANCE AS TO FIRST LIEN POSITION WITHOUT ANY ITEMS OTHER THAN NORMAL AND CUSTOMARY LISTED ON ANY SCHEDULE, TITLE COMPANY IS INSTRUCTED TO REMOVE ALL POSSIBLE EXCEPTIONS TO THE TITLE POLICY EVEN IF A FEE IS CHARGED TO BORROWER.
4. ALL DOCUMENTS MUST BE EXECUTED
5. FAX TO 972-390-1530 THE COMPLETED AND SIGNED CHECKLIST, ACH DRAFTING AGREEMENT, NOTE PLUS ANY AMMENDMENTS, SIGNATURE PAGE OF THE DEED PLUS EXHIBIT A, WARRANTY DEED, AND EXECUTED HUD-1 FOR LENDER TO INITIATE FUNDING. (IF IT IS A HUD CLOSING, THE ABOVE REQUIREMENTS MUST BE COMPLETED BEFORE THE RELEASE OF FUNDS)
6. USE THE TITLE POLICY LEGAL DESCRIPTION FOR THE EXHIBIT A TO THE DEED OF TRUST AND ANY OTHER DOCUMENTS WITH AN EXHIBIT REQUIRING A LEGAL DESCRIPTION
7. 1 COPY AND THE FINAL SET OF ORIGINAL CLOSING DOCUMENTS REQUIRED TO BE DELIVERED TO DHLC MORTGAGE, LLC AT 5440 RICHARD AVE, DALLAS, TX 75206 WITHIN 1 BUSINESS DAY OF CLOSING.

ACKNOWLEDGED AND AGREED:

Settlement Agent

Date

FROM: DHLC MORTGAGE, LLC 5440 RICHARD AVE DALLAS, TEXAS 75206 Phone: (972) 467-6547 TO: ATTN: RE: Borrower(s): EDWARD SMITH, DAVID JONES Property Address: 5436-5438 MILLER AVENUE DALLAS, TEXAS 75206	Document Date: JANUARY 30, 2008 Closing Date: Expiration Date: Case No.: Loan No.: 5436 MILLER App. No.: Order No.: Escrow No.:
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SUPPLEMENTAL CLOSING INSTRUCTIONS

LOAN DOCUMENTS:

WE ENCLOSED THE FOLLOWING DOCUMENTS NECESSARY TO COMPLETE THE ABOVE REFERENCED LOAN TRANSACTION.

- 1. [] AMENDMENT TO PROMISSORY NOTE
- 2. [] DEED OF TRUST AMENDMENT (TEXAS)
- 3. [] INTEREST ONLY ADDENDUM TO FIXED NOTE
- 4. [] MULTISTATE FIXED RATE NOTE
- 5. [] PROMISSORY NOTE NOTIFICATION AND DEFAULT AMENDMENT
- 6. [] TEXAS DEED OF TRUST
- 7. [] TEXAS GENERAL WARRANTY DEED WITH VENDOR'S LIEN
- 8. [] LEGAL DESCRIPTION
- 9. [] MULTISTATE 1-4 FAMILY RIDER
- 10. [] MULTISTATE BALLOON RIDER
- 11. [] BALLOON PAYMENT DISCLOSURE
- 12. [] HUD-1 SETTLEMENT STATEMENT
- 13. [] GENERAL CLOSING INSTRUCTIONS
- 14. [] SPECIFIC CLOSING INSTRUCTIONS
- 15. [] ADDENDUM TO CLOSING INSTRUCTIONS
- 16. [] SUPPLEMENTAL CLOSING INSTRUCTIONS
- 17. [] ITEMIZATION OF AMOUNT FINANCED
- 18. [] BORROWERS CERTIFICATION & AUTHORIZATION
- 19. [] HAZARD INSURANCE AUTHORIZATION & REQUIREMENTS
- 20. [] TEXAS ASSIGNMENT OF DEED OF TRUST
- 21. [] APPRAISAL DISCLOSURE
- 22. [] CORRECTIONS AGREEMENT
- 23. [] CUSTOMER IDENTIFICATION VERIFICATION
- 24. [] CUSTOMER IDENTIFICATION VERIFICATION
- 25. [] DRAFTING AUTHORIZATION AGREEMENT FOR DIRECT PAYMENT BY ACH DEBIT & CREDIT
- 26. [] EVIDENCE OF JOINT APPLICATION
- 27. [] FEDERAL EQUAL CREDIT OPPORTUNITY ACT NOTICE (ECO)
- 28. [] GUARANTY
- 29. [] INITIAL ESCROW ACCOUNT DISCLOSURE STATEMENT
- 30. [] NOTICE CONCERNING FURNISHING NEGATIVE INFORMATION
- 31. [] OCCUPANCY AND FINANCIAL STATUS AFFIDAVIT
- 32. [] PLEDGE AND SECURITY AGREEMENT
- 33. [] SIGNATURE AFFIDAVIT AND AKA STATEMENT
- 34. [] SIGNATURE AFFIDAVIT AND AKA STATEMENT
- 35. [] TEXAS ACKNOWLEDGEMENT OF ENCROACHMENT/HOLD HARMLESS

ACKNOWLEDGED AND AGREED:

Settlement Agent **Date**

Supplemental Closing Instructions (Additional Documents)

- 36. [] TEXAS COLLATERAL PROTECTION INSURANCE NOTICE
- 37. [] TEXAS LOAN AGREEMENT ADDENDUM
- 38. [] TEXAS MORTGAGE BANKER APPLICATION NOTICE
- 39. [] TEXAS NON-HOMESTEAD AFFIDAVIT
- 40. [] UNANIMOUS WRITTEN CONSENT IN LIEU OF SPECIAL MEETING OF THE OWNER(S) OF
- 41. [] WRITTEN LOAN AGREEMENT NOTICE

Lender: DHLC MORTGAGE, LLC
 5440 RICHARD AVE
 DALLAS, TEXAS 75206

Re: EDWARD SMITH, DAVID JONES
 1234 MAIN CT
 ARLINGTON, TEXAS 76016

Date: JANUARY 30, 2008
Loan Number: 5436 MILLER

Ref HUD-1 Statement	ITEMIZATION OF AMOUNT FINANCED	
	<ul style="list-style-type: none"> ■ Amount given to you directly \$ ■ Amount paid on your account 	
1001	Insurance Reserves	
1004	Tax Reserves	905.84
	Other Reserves	
1009	Aggregate Adjustment	
	<ul style="list-style-type: none"> ■ Amount paid to others on your behalf: 	
803	Appraisal Fee	
804	Credit Reporting Fee	
903	Hazard Insurance Premium to: LASALLE INSURANCE	3,250.00
809	Document Preparation Fee to: DHLC MORTGAGE	250.00
1106	Notary Fee	
1108	Title Ins. Premium	
1201	Recording Fee	
	FLOOD CERTIFICATION to: DHLC MORTGAGE	20.00
	OTHER INSURANCE PREMIUM to: OLD REPUBLIC HOME WARRANTY	350.00
	CONSTRUCTION RETAINAGE to: DHLC MORTGAGE	192,310.00
	 Loan Proceeds to: LAND AMERICA AMERICAN TITLE	 \$234,478.54
	<ul style="list-style-type: none"> ■ AMOUNT FINANCED \$ 431,564.38 ■ Prepaid Finance Charge \$ 23,435.62 	
	<ul style="list-style-type: none"> ■ Itemization of Prepaid Finance Charge: 	<ul style="list-style-type: none"> ■ Loan Amount \$ 455,000.00
801	Loan Origination Fee to: DHLC MORTGAGE, LLC	\$ 4,550.00
802	Loan Discount Fee to: DHLC MORTGAGE, LLC	13,650.00
806	Tax Service Fee	
	Prepaid Interest (30 days)	
901	@ 14.000 % per annum	5,235.62
902	Mtge. Ins. Premium	
1002	Mtge. Ins. Reserves	
808	Origination Fee	
	 Total Prepaid Finance Charge	 \$ 23,435.62

This form does not cover all items you will be required to pay in cash at settlement, for example, deposits in escrow for real estate taxes and insurance may be different. You may wish to inquire as to the amounts of such other items. You may be required to pay other additional amounts to be settled.

All disclosures are estimates

The undersigned acknowledge receiving and reading a completed copy of this disclosure.

(Borrower) EDWARD SMITH	(Date)	(Borrower) DAVID JONES	(Date)
(Borrower)	(Date)	(Borrower)	(Date)
(Borrower)	(Date)	(Borrower)	(Date)

BORROWER'S CERTIFICATION & AUTHORIZATION

Certification

The undersigned certify the following:

1. I/We have applied for a mortgage loan from DHLC MORTGAGE, LLC ("Lender").
In applying for the loan, I/we completed a loan application containing various information on the purpose of the loan, the amount and source of the downpayment, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/we omit any pertinent information.
2. I/We understand and agree that Lender reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with the employer and/or the financial institution.
3. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.

Authorization to Release Information

To Whom It May Concern:

1. I/We have applied for a mortgage loan from Lender. As part of the application process, Lender and the mortgage guaranty insurer (if any), may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to Lender and to any investor to whom you may sell my mortgage, and to the mortgage guaranty insurer (if any), any and all information and documentation that they request. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. Lender or any investor that purchases the mortgage, or the mortgage guaranty insurer (if any), may address this authorization to any party named in the loan application.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to Lender, the investor that purchased the mortgage, or the mortgage guaranty insurer (if any) is appreciated.
6. Mortgage guaranty insurer (if any):
N/A

Right of Financial Privacy Act of 1978 Notice- The Department of Housing and Urban Development (HUD) and the Department of Veterans Affairs (VA) have the right to access financial information held by a financial institution in determining whether to qualify a prospective applicant under their respective loan programs. If you are applying for HUD or VA loan, your financial records will be made available to the requesting government agency without further notice to or authorization from you; such financial information will not be disclosed or released outside the requesting agency except as required or permitted by law. Prior to the time that your financial records are disclosed, you may revoke this authorization at any time; however, your refusal to provide the information may cause your application to be delayed or rejected. If you believe that your financial records have been disclosed improperly, you may have legal rights under the Right to Financial Privacy Act of 1978 (12 USC 3400 et seq.).

<u>Borrower EDWARD SMITH</u>	<u>Date</u>	<u>000-00-0000</u>	<u>Social Security Number</u>
<u>Borrower DAVID JONES</u>	<u>Date</u>	<u>111-11-0000</u>	<u>Social Security Number</u>
<u>Borrower</u>	<u>Date</u>	<u></u>	<u>Social Security Number</u>
<u>Borrower</u>	<u>Date</u>	<u></u>	<u>Social Security Number</u>
<u>Borrower</u>	<u>Date</u>	<u></u>	<u>Social Security Number</u>
<u>Borrower</u>	<u>Date</u>	<u></u>	<u>Social Security Number</u>

HAZARD INSURANCE AUTHORIZATION & REQUIREMENTS

Date: JANUARY 30, 2008

Loan Number: 5436 MILLER

Escrow Number:

Escrow Company:

Lender: DHLIC MORTGAGE, LLC

Borrower's Name(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

Listed below are Lender's policies and procedures, and minimum requirements, for the Hazard Insurance which must be provided covering the subject property.

1. Coverage must be in an amount at least equal to the replacement value of improvements on the property or the loan amount, whichever is less. If your loan program allows for potential negative amortization, your lender may require that the amount of coverage be increased to protect the amount of potential negative amortization.
2. The insurance company providing coverage must have an "A" rating or better in the latest edition of "Best's Insurance Guide," must be licensed to do business in the State in which the property is located, and must be licensed to transact the lines of insurance required in this transaction.
3. Policy shall provide at least "Broad Form" coverage on properties of one to four units, and at least "Vandalism & Malicious Mischief" on properties with over four units, with no deviation. Homeowners policies must provide coverage equal to "HO2" form.
4. Policies must contain deductibles on any peril of up to five percent of the face amount of the insurance policy.
5. Policy must provide coverage for a term of at least one year. Premiums may be paid on an annual installment basis only if the policy provides that the lender will be notified in writing of cancellation 30 days prior to expiration of coverage, for any cause. Binders are not acceptable unless otherwise required by applicable law.
6. If any existing policy is provided which will expire within 6 Months from the date of the recording of this loan, said policy must be renewed for the required term as noted in paragraph 5 above.
7. All forms and endorsements pertaining to the Lender's requirements must appear on the "Declaration Page" of policy.
8. New policies must be accompanied by a signed "Broker of Record Authorization" if borrower(s) has/have changed Insurance Agents.
9. Verification of renewal of insurance policies must be in Lender's office at least thirty days prior to the expiration date of the policy. If this requirement is not met, **LENDER AND ITS SUCCESSORS OR ASSIGNS MAY AT THEIR OPTION, BUT WITHOUT THE OBLIGATION TO DO SO, PROVIDE COVERAGE TO REPLACE ANY EXPIRING POLICIES WHICH HAVE NOT BEEN PROPERLY RENEWED.** The premium for such coverage will be remitted promptly by the undersigned, or Lender may charge borrower's account for the cost thereof.
10. Lender's loss Payable Endorsement 438 BFU to be affixed to policy in favor of:
DHLIC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206
Loan Number: 5436 MILLER
11. The property address and the insured's names must be designated on the policy exactly as on the ALTA Title Policy or CLTA Title Policy (whichever is issued).
12. The Lender's loan number must appear on the policy and on any subsequent endorsements.
13. The effective date of new policies, endorsements, and/or assignments shall be as of, or prior to, the date of recording of this loan.
14. Please notify your agent to forward future premium notices directly to you.

15. If the security property is a condominium, the Master Policy must contain a minimum of \$1,000,000.00 coverage for "Directors & Officers" liability. A copy of the Master Policy, or a certificate showing proof of coverage for both the Homeowners Association and the condominium unit owner, must be submitted to Lender prior to funding.

AN ACCEPTABLE POLICY, WITH ENDORSEMENTS AND/OR ASSIGNMENTS, MUST BE FORWARDED TO AND RECEIVED BY LENDER BEFORE THIS LOAN CAN BE FUNDED; OTHERWISE, LENDER MAY BE FORCED TO PLACE INTERIM COVERAGE ON THE PROPERTY AT AN ADDITIONAL COST TO THE BORROWER(S).

Each of the undersigned acknowledges that he or she has read and understands the foregoing provisions and insurance requirements. This authorization will remain irrevocable for the undersigned as owner(s) of the subject property, and or any assignees, for as long as this loan remains on the subject property.

Borrower EDWARD SMITH

Borrower DAVID JONES

Borrower

Borrower

Borrower

Borrower

WHEN RECORDED, MAIL TO:
DHLC MORTGAGE, LLC
5440 RICHARD AVE
DALLAS, TEXAS 75206

Loan No. Loan Number: 5436 MILLER

SPACE ABOVE THIS LINE FOR RECORDER'S USE

CORPORATION ASSIGNMENT OF DEED OF TRUST

FOR VALUE RECEIVED, the undersigned hereby grants, assigns and transfers to

all beneficial interest under that certain Deed of Trust dated JANUARY 30, 2008 executed by
EDWARD SMITH AND DAVID JONES

to GAYLENE ROGERS LONERGAN, ESQ. , Trustor,
and recorded as Instrument No. on in book , Trustee,
page , of Official Records in the County Recorder's office of DALLAS County,
TEXAS , describing land therein as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS
EXHIBIT "A".

TOGETHER with the note or notes therein described or referred to, the money due and to become due thereon with interest,
and all rights accrued or to accrue under said Deed of Trust.

STATE OF TEXAS SS.
COUNTY OF DALLAS

DHLC MORTGAGE, LLC, A TEXAS
LIMITED LIABILITY COMPANY

On before me,

personally appeared

personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged
to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of
which the person(s), acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

Loan Number: 5436 MILLER

APPRAISAL DISCLOSURE

Lender: DHLIC MORTGAGE, LLC
5440 RICHARD AVE, DALLAS, TEXAS 75206

Date: JANUARY 30, 2008

Borrower Name(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

Contact:

Lender/Broker: DHLIC MORTGAGE, LLC

Address: 5440 RICHARD AVE, DALLAS, TEXAS 75206

Telephone: (972)467-6547

In your letter, give us the following information:

LOAN OR APPLICATION NUMBER, IF KNOWN, DATE OF APPLICATION, NAME(S) OF LOAN APPLICANT(S), PROPERTY ADDRESS, AND YOUR CURRENT MAILING ADDRESS.

Borrower **Date**
EDWARD SMITH

Borrower **Date**
DAVID JONES

Borrower **Date**

Borrower **Date**

Borrower **Date**

Borrower **Date**

CORRECTION AGREEMENT

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

'Borrower' is EDWARD SMITH, DAVID JONES

'Lender' is DHLIC MORTGAGE, LLC

and its successors or assigns.

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

'Note' means the promissory note(s) effective JANUARY 30, 2008, signed by Borrower in favor of Lender.

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

'Settlement Agent' is

Agreement to Correct or Provide Additional Documentation or Fees: In consideration of Lender disbursing funds for the closing of the Loan, and regardless of the reason for any loss, misplacement, omission, misstatement or inaccuracy in any Loan documentation, Borrower agrees as follows: If any document is lost, misplaced, omitted, misstated or inaccurately reflects the true and correct terms and conditions of the Loan, upon request of Lender (including any assignee of Lender), Borrower will comply with Lender's request to execute, acknowledge, initial and/or deliver to Lender any documentation Lender deems necessary to replace and/or correct the lost, misplaced, omitted, misstated or inaccurate document(s). If the original Note is replaced, Lender hereby indemnifies Borrower against any loss associated with a demand on the original Note. All documents Lender requests of Borrower shall be referred to as 'Requested Documents'. Borrower agrees to deliver the Requested Documents within ten (10) days after receipt by Borrower of a written request for such replacement. Borrower also agrees that upon request Borrower will supply additional amounts and/or pay to Lender any additional sum previously disclosed to Borrower as a cost or fee associated with the Loan, which for whatever reason was not collected at closing. Borrower does hereby agree and covenant in order to assure that the Loan documentation executed this date will, if applicable, enable Lender to seek insurance or guaranty from the Department of Housing and Urban Development (HUD) or Department of Veteran's Affairs (VA), if applicable, or to conform with and be acceptable to the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), or any other investor.

Quality Control Authorization: As part of a continuing effort to assure that all mortgage loans are originated in accordance with the highest standards of professional ethics and business practices, a quality control audit is performed on a random sampling of loan closings each month. As a result of this random sampling, an audit may be performed on your Loan after closing. Borrower acknowledges that the Loan may be selected as part of Lender's quality control procedure and authorize the re-verification of various information supplied in conjunction with *obtaining* the mortgage. A photocopy of this form shall be regarded as valid as the original for re-verification purposes.

Request by Lender: Any request under this Agreement may be made by the Lender (including assignees and persons acting on behalf of the Lender) or Settlement Agent and shall be *prima facie* evidence of the necessity for same. A written statement addressed to Borrower at the address indicated in the Loan documentation shall be considered conclusive evidence of the necessity for Requested Documents.

Lender: DHLIC MORTGAGE, LLC

CUSTOMER IDENTIFICATION VERIFICATION

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

INSTRUCTIONS TO INDIVIDUAL COMPLETING THIS VERIFICATION

The named individual must present at least two (2) forms of identifying documents for review; at least one (1) of the identifying documents must be a government-issued document bearing a photograph of the named individual. Other identifying documents not specifically listed below must, at a minimum, bear the individual's name. Examples of other acceptable identifying documents include: Current government-issued visa; Medicare card; student identification card; voter registration card; recent property tax or utility bill; most recent W-2 or signed federal or state tax returns; bank statements; and proof of car/house/renter's insurance coverage. Please contact the above-named Lender if you have any questions regarding the acceptability of any identifying document.

Borrower's Name: EDWARD SMITH Date of Birth:

Residential or Business Address: * 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Taxpayer Identification Number (SSN):** 000-00-0000

Identifying Documents	Place of Issuance	ID Number	Date of Birth	Issue/Expiration Date(s)	Photo?
<input type="checkbox"/> State/Foreign Driver's License					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> State/Foreign ID Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> U.S./Foreign Passport					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Military ID					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Resident Alien Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Social Security Card					
<input type="checkbox"/> Birth Certificate					
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No

ADDITIONAL COMMENTS

(e.g., please note any discrepancies in the borrower's identifying documents): _____

CERTIFICATION

I, the undersigned, hereby certify that: (i) I have personally examined the identifying documents indicated above presented to me by the named individual, (ii) I have accurately recorded the information appearing in the identifying documents I examined, and (iii) except as may be indicated above, each of the indicated identifying documents appears to be genuine, the information contained in the identifying documents is consistent in all respects with the information provided by the named individual, and, where applicable, the photograph appears to be that of the named individual.

Signature Date

Name and Title

*For an individual without a residential or business address, provide an APO or FPO box number, or the residential or business address of next of kin or another contact person.

**For non-U.S. persons without a tax identification number, provide a passport number and country of issuance; an alien identification card number, or the number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Lender: DHLIC MORTGAGE, LLC

CUSTOMER IDENTIFICATION VERIFICATION

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

INSTRUCTIONS TO INDIVIDUAL COMPLETING THIS VERIFICATION

The named individual must present at least two (2) forms of identifying documents for review; at least one (1) of the identifying documents must be a government-issued document bearing a photograph of the named individual. Other identifying documents not specifically listed below must, at a minimum, bear the individual's name. Examples of other acceptable identifying documents include: Current government-issued visa; Medicare card; student identification card; voter registration card; recent property tax or utility bill; most recent W-2 or signed federal or state tax returns; bank statements; and proof of car/house/renter's insurance coverage. Please contact the above-named Lender if you have any questions regarding the acceptability of any identifying document.

Borrower's Name: DAVID JONES Date of Birth:

Residential or Business Address: * 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Taxpayer Identification Number (SSN):** 111-11-0000

Identifying Documents	Place of Issuance	ID Number	Date of Birth	Issue/Expiration Date(s)	Photo?
<input type="checkbox"/> State/Foreign Driver's License					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> State/Foreign ID Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> U.S./Foreign Passport					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Military ID					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Resident Alien Card					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Social Security Card					
<input type="checkbox"/> Birth Certificate					
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:					<input type="checkbox"/> Yes <input type="checkbox"/> No

ADDITIONAL COMMENTS

(e.g., please note any discrepancies in the borrower's identifying documents): _____

CERTIFICATION

I, the undersigned, hereby certify that: (i) I have personally examined the identifying documents indicated above presented to me by the named individual, (ii) I have accurately recorded the information appearing in the identifying documents I examined, and (iii) except as may be indicated above, each of the indicated identifying documents appears to be genuine, the information contained in the identifying documents is consistent in all respects with the information provided by the named individual, and, where applicable, the photograph appears to be that of the named individual.

Signature Date

Name and Title

*For an individual without a residential or business address, provide an APO or FPO box number, or the residential or business address of next of kin or another contact person.

**For non-U.S. persons without a tax identification number, provide a passport number and country of issuance; an alien identification card number, or the number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Loan Number: 5436 MILLER

EVIDENCE OF JOINT APPLICATION

Date: JANUARY 30, 2008

Lender: DHLIC MORTGAGE, LLC

Borrower: EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

If you are applying for joint credit with another person, please sign below.

We intend to apply for joint credit.

Borrower EDWARD SMITH **Date**

Co-Borrower DAVID JONES **Date**

Co-Borrower **Date**

Co-Borrower **Date**

Co-Borrower **Date**

Co-Borrower **Date**

INITIAL ESCROW ACCOUNT DISCLOSURE STATEMENT

Borrower Name(s) and Address:
 EDWARD SMITH, DAVID JONES
 5436-5438 MILLER AVENUE
 DALLAS, TX 75206

Servicer's Name, Address, and Toll-Free Number:
 DHLG MORTGAGE, LLC
 5440 RICHARD AVE
 DALLAS, TEXAS 75206
 (972) 467-6547

THIS IS AN ESTIMATE OF ACTIVITY IN YOUR ESCROW ACCOUNT DURING THE COMING YEAR BASED ON PAYMENTS ANTICIPATED TO BE MADE FROM YOUR ACCOUNT.

YOUR MONTHLY BIWEEKLY MORTGAGE PAYMENT FOR THE COMING YEAR WILL BE \$ 5,761.25 OF WHICH \$ 5,308.33 WILL BE FOR PRINCIPAL AND INTEREST INTEREST ONLY, AND \$ 452.92 WILL GO INTO YOUR ESCROW ACCOUNT.

Period	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
			Initial Deposit:	\$ 905.84
03/01/08	452.92			1,358.76
04/01/08	452.92			1,811.68
05/01/08	452.92			2,264.60
06/01/08	452.92			2,717.52
07/01/08	452.92			3,170.44
08/01/08	452.92			3,623.36
09/01/08	452.92			4,076.28
10/01/08	452.92			4,529.20
11/01/08	452.92			4,982.12
12/31/08	452.92	5,435.00	COUNTY PROPERTY TAX	.04
01/01/09	452.92			452.96
02/01/09	452.92			905.88

Cushion selected by servicer \$ 905.84 Total disbursements \$ 5,435.00

PLEASE KEEP THIS STATEMENT FOR COMPARISON WITH THE ACTUAL ACTIVITY IN YOUR ACCOUNT AT THE END OF THE ESCROW ACCOUNTING COMPUTATION YEAR.

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

Loan Number: 5436 MILLER

**NOTICE CONCERNING THE FURNISHING
OF NEGATIVE INFORMATION TO
CONSUMER REPORTING AGENCY**

Lender: DHLC MORTGAGE, LLC

Borrower: EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

**WE MAY REPORT INFORMATION ABOUT YOUR ACCOUNT
TO CREDIT BUREAUS.**

**LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR
ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT.**

By signing below, the undersigned hereby acknowledge(s) receipt of a copy of this disclosure.

Borrower EDWARD SMITH **Date**

Borrower DAVID JONES **Date**

Borrower **Date**

Borrower **Date**

Borrower **Date**

Borrower **Date**

4. **False, Misleading or Inaccurate Statements:** Borrower understands that Borrower will be in default under the terms of the Security Instrument if, during the application process for the Loan, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan, including, but not limited to, representations concerning Borrower's occupancy of the Property and Borrower's financial status. Borrower understands further that any intentional or negligent misrepresentation(s) of the information contained in, or made in connection with, the Loan Application may result in severe civil and/or criminal penalties, including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation(s) which Borrower has made on or in connection with the Loan Application.

 Borrower EDWARD SMITH Date

 Borrower DAVID JONES Date

 Borrower Date

 Borrower Date

 Borrower Date

 Borrower Date

Subscribed and sworn to before me this _____ day of _____ .

 (Notary Public)

(Notary Seal)

SIGNATURE AFFIDAVIT AND AKA STATEMENT

SIGNATURE AFFIDAVIT

I, EDWARD SMITH, certify that this is my true and correct signature:

EDWARD SMITH
Borrower

Sample Signature

AKA STATEMENT

I, EDWARD SMITH, further certify that I am also known as:

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

State of TEXAS

County of DALLAS

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, by

EDWARD SMITH

_____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(seal)

Signature _____

SIGNATURE AFFIDAVIT AND AKA STATEMENT

SIGNATURE AFFIDAVIT

I, DAVID JONES
certify that this is my true and correct signature:

DAVID JONES
Borrower

Sample Signature

AKA STATEMENT

I, DAVID JONES
further certify that I am also known as:

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

Name Variation (Print)

Sample Signature (Variation)

State of TEXAS

County of DALLAS

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, by

DAVID JONES

_____,

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(seal)

Signature _____

**ACKNOWLEDGEMENT OF ENCROACHMENT
AND HOLD HARMLESS AGREEMENT**

Date: JANUARY 30, 2008

Loan Number: 5436 MILLER

The undersigned am/are purchasing the real property described as follows, to-wit:
SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS
EXHIBIT "A".

I/We acknowledge that I/we have received a Blue Line Survey of the above property and am/are aware of the following conditions and/or exceptions:

By my/our execution of this Agreement I/we state that I/we will hold DHLC MORTGAGE, LLC, its successors and/or assigns harmless for any loss and/or damages that I/we may incur because of above said encroachments.

EXECUTED THIS _____ Day of _____.

EDWARD SMITH

DAVID JONES

STATE OF TEXAS, COUNTY OF DALLAS, ss:

BEFORE ME, the undersigned authority, on this day personally appeared EDWARD SMITH, DAVID JONES

known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he/she/they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____.

**NOTARY PUBLIC IN AND FOR
THE STATE OF**

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

TEXAS COLLATERAL PROTECTION INSURANCE NOTICE

Loan Number: 5436 MILLER

Lender: DHLIC MORTGAGE, LLC

Borrower(s): EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

You, the above-named Borrower(s), have entered into a credit transaction with the above-named Lender ("we", "us" and "our") for which a credit agreement exists; the credit agreement requires you to maintain insurance on the collateral securing repayment of your obligation.

You are required to:

- (i) keep the collateral insured against damage in the amount we specify;
- (ii) purchase the insurance from an insurer that is authorized to do business in this state or an eligible surplus lines insurer; and
- (iii) name us as the person to be paid under the policy in the event of a loss.

If you fail to meet any requirement listed above, or if we require you to deliver to us a copy of the policy and proof of payment of premiums and you fail to do so, we may, but are not required to, obtain collateral protection insurance on your behalf and at your expense.

"Collateral protection insurance" is insurance coverage that: (1) is purchased by a creditor after the date of a credit agreement; (2) provides monetary protection against loss of or damage to the collateral or against liability arising out of the ownership or use of the collateral; and (3) is purchased according to the terms of a credit agreement as a result of a debtor's failure to provide evidence of insurance or failure to obtain or maintain insurance covering the collateral, with the costs of the collateral protection insurance, including interest and any other charges incurred by the creditor in connection with the placement of collateral protection insurance, payable by a debtor. Collateral protection insurance includes insurance coverage that is purchased to protect only the interest of the creditor, or both the interest of the creditor and some or all of the interest of a debtor.

By signing below, you acknowledge that you have read and understand the contents of this notice.

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

LOAN AGREEMENT ADDENDUM

THIS LOAN AGREEMENT ADDENDUM is made this 30th day of JANUARY 2008, and is incorporated by and into and shall be deemed to amend and supplement any and all documents constituting the "Loan Agreement" as defined by Section 26.02 of the Texas Business & Commerce Code by and between EDWARD SMITH, DAVID JONES

(**"Borrower"**) and
DHLIC MORTGAGE, LLC, A TEXAS LIMITED LIABILITY COMPANY
(**"Lender"**)
of the same date and covering the property located at: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

In addition to the covenants made in the Loan Agreement, Borrower and Lender further covenant and agree as follows:

1. The rights and obligations of Borrower and Lender shall be determined solely from the written Loan Agreement and any prior oral agreements between Lender and Borrower are superseded by and merged into the Loan Agreement.
2. The Loan Agreement may not be varied by any oral agreements or discussions that occur before, contemporaneously with, or subsequent to the execution of the Loan Agreement.
3. A Loan Agreement in which the amount involved in the Loan Agreement exceeds \$50,000 in value is not enforceable unless the agreement is in writing and signed by the Borrower of the agreement or the Borrower's authorized agent.
4. The following Notice is provided pursuant to Section 26.02 of the Texas Business & Commerce Code:

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

LENDER:

DHLIC MORTGAGE, LLC

By: _____

Its: _____

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

Loan Number: 5436 MILLER

MORTGAGE BANKER DISCLOSURE

Mortgage Banker: DHLC MORTGAGE, LLC

Registration Number:

Applicant: EDWARD SMITH, DAVID JONES

Property Address: 5436-5438 MILLER AVENUE
DALLAS, TEXAS 75206

Pursuant to the requirements of section 157.007 of the Texas Mortgage Banker Act, chapter 157, Texas Finance Code, you are hereby notified of the following:

COMPLAINTS REGARDING MORTGAGE BANKERS SHOULD BE SENT TO THE TEXAS DEPARTMENT OF SAVINGS AND MORTGAGE LENDING, 2601 NORTH LAMAR, SUITE 201, AUSTIN, TEXAS 78705. A TOLL-FREE CONSUMER HOTLINE IS AVAILABLE AT 1-877-276-5550.

Applicant EDWARD SMITH Date

Applicant DAVID JONES Date

Applicant Date

Applicant Date

Applicant Date

Applicant Date

Mortgage Banker Date

NON-HOMESTEAD AFFIDAVIT

Loan Number: 5436 MILLER

Servicing Number:

Date: JANUARY 30, 2008

THE STATE OF TEXAS }
COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared EDWARD SMITH, DAVID JONES
of whom, after being by me duly sworn, upon oath deposes and says:

I or we now reside upon, use and claim as a legal residence homestead, the following property:
1234 MAIN CT, ARLINGTON, TEXAS 76016

Such property is improved with a dwelling house, is amply sufficient as a residence homestead for the undersigned, and the fee simple title to such property is vested in the undersigned. The undersigned have set apart and designated such property as the homestead and the only property to which the undersigned's family is entitled, under the Constitution and Laws of the State of Texas, exempt from forced sale or otherwise. The undersigned intend to continually reside upon, use and claim such property as the only homestead of the undersigned hereafter, and the undersigned do not intend to abandon such property as such homestead.

The undersigned specifically renounce, disclaim, quit-claim and abandon for all purposes all homestead rights, if any, which the undersigned have in and to the following property: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

The undersigned expressly acknowledge, warrant, covenant and agree that all statements and representations made herein are true and correct upon personal knowledge, are statements of material fact, and are made to induce DHLC MORTGAGE, LLC ("Lender")

to lend funds to the undersigned secured by property other than the property designated above as homestead, and to induce DHLC MORTGAGE, LLC, its agents, affiliates, servants, employees, attorneys and representatives (the "Named Parties") to issue policies of Title Insurance and to prepare and deliver documents in connection with the sale or financing of the property designated herein as non-homestead property. The undersigned understand and agree that the Named Parties and the Lender will rely upon, and are reasonably entitled to rely upon, such statement and representations as true statements of material fact, without any investigation of any kind in connection therewith by the Named Parties or the Lender, and that in the event any such statements or representations are untrue, the Named Parties and the Lender will incur damages and expenses as a direct and proximate result of such statements and representations.

The undersigned further acknowledges and agrees that, in the absence of the statements and representations contained herein, the Named Parties and the Lender would not lend any funds, prepare or deliver any documents, issue any policies of Title Insurance, nor close and consummate the sale or financing of the property subject to the transaction referred to herein, or the loan transaction referred to herein.

The undersigned hereby hold the Named Parties and the Lender harmless from, and do hereby indemnify the Named Parties and the Lender against, any and all claims, demands or causes of action, and any costs, expenses and attorneys' fees incurred in connection therewith, arising from or connected with, the statements and representations contained herein, the funding of any loan by the Lender, the preparation and delivery of documents in connection with the sale or financing of the property subject to the transaction referred to herein, the closing and consummation of the sale or financing of such property and the disbursement of funds in connection therewith, specifically including any claim by any third party, through or as a result of any judgement, lien, tax lien or other lien against such property, whether any such matter is known or unknown to the Named Parties or the Lender, either through actual, constructive or other notice.

The provisions hereof shall survive the closing and funding of the transaction referred to herein and shall not be merged therein, shall be binding upon the undersigned and their heirs, successors, assigns and beneficiaries, and respective heirs, successors, assigns and beneficiaries.

UNANIMOUS WRITTEN CONSENT IN LIEU OF SPECIAL MEETING OF THE OWNER(S) OF

The undersigned, being the sole owner of

(the "Company"), RESOLVED, that EDWARD SMITH, DAVID JONES is hereby authorized, empowered and directed on behalf and in the name of the Company to do any and all things that he in his sole discretion may deem necessary or desirable, with respect to entering into the loan in the original principal amount of \$ 455,000.00 (the "Loan"), with DHL C MORTGAGE, LLC

(the "Lender"), for that certain SingleFamily (the "Property"), more particularly described below, also known as: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

and incorporated herein by reference, and to execute and deliver a Note and any other documents necessary to obtain the Loan.

IN WITNESS WHEREOF, the undersigned have duly executed this Consent to be effective as of (but not necessarily on) the _____ day of _____.

By: _____

By: _____

(Printed Name)

(Printed Name)

Title:

Title:

By: _____

By: _____

(Printed Name)

(Printed Name)

Title:

Title:

PROPERTY DESCRIPTION

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A".

Loan Number: 5436 MILLER

Date: JANUARY 30, 2008

Property Address: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

EXHIBIT "A"

LEGAL DESCRIPTION

A.P.N. # :

WRITTEN LOAN AGREEMENT NOTICE

Date: JANUARY 30, 2008

Lender: DHLIC MORTGAGE, LLC

Borrower: EDWARD SMITH, DAVID JONES

Property: 5436-5438 MILLER AVENUE, DALLAS, TEXAS 75206

The term "Written Loan Agreement" as used herein shall mean and refer to the Promissory Note in the above amount evidencing the above loan and all written loan agreements, deeds of trust, security agreements, financing statements, guaranty agreements and other writings which evidence, secure or otherwise pertain to the above loan, including, but not limited to, this Written Loan Agreement Notice. The term "Debtor or Obligor" as used herein shall mean and refer to each and all of the persons and entities (except Lender) that execute any of the writings which evidence, secure or otherwise pertain to the above loan, and the term "Lender" shall mean that entity listed above.

Notice is hereby given to each Debtor or Obligor as follows:

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

"THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES."

Each Debtor or Obligor hereby represents, warrants and agrees that this Notice was given and received before the consummation of the above loan, and do hereby, jointly and severally, agree that (i) the Written Loan Agreement constitutes the entire agreement between and among any Debtor or Obligor and Lender in any manner pertaining to said loan or any property, rights or interests described in any of such writings; (ii) any prior or contemporaneous oral agreements or discussions between any Debtor or Obligor and Lender in any manner pertaining to said loan or any property, rights or interests described in any of such writings are superseded by and merged into the Written Loan Agreement; (iii) the writings which constitute the Written Loan Agreement shall not be varied by any oral agreements or discussions that occur before or contemporaneously with or subsequent to the execution of any of such writings; and (iv) all such prior or contemporaneous or subsequent oral agreements and discussions are null and void and unenforceable.

Each Debtor and Obligor further acknowledges that Lender is relying upon the above representations, warranties and agreements, and that, but for the execution of this Notice and the above representations, warranties and agreements by each Debtor or Obligor named below, Lender would not make the above loan.

EXECUTED effective as of the date first written above.

Borrower EDWARD SMITH Date

Borrower DAVID JONES Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

LENDER: DHLIC MORTGAGE, LLC

By: _____
ROBERT W. BARNEY