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**HOLD FOR
LAWYERS TITLE**
CIT# 0410485JF

05/20/04 X625664
HC File X625664 100487461 \$31.00

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DEED OF TRUST

NOTICE OF CONFIDENTIALITY RIGHTS: If you are a natural person, you may remove any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

THIS DEED OF TRUST ("Security Instrument") is made on May 14, 2004. The grantor is STEPHEN D. SCOTT AND DEBORAH C. SCOTT, ("Borrower"). The trustee is Howard C. Lee, Jr., whose address is 3750 N. McCarty, Houston, Texas 77029 ("Trustee"). The beneficiary is HOUSTON HABITAT FOR HUMANITY, INC., a non-profit corporation, which is organized and existing under the laws of Texas, and whose address is 3750 N. McCarty, Houston, Texas 77029 ("Lender"). Borrower owes Lender the principal sum of SIXTY NINE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$69,500.00) as evidenced by Borrower's note dated the same date as this Security Instrument ("Note") which provides for monthly payments, with the full debt, if not paid earlier, due and payable on JUNE 1, 2034. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Harris County, Texas:

*lets
Lee*

Lot Nine (9), Block Nine (9), Wood Glen Section Three (3), an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 296, Page 76, of the Map Records of Harris County, Texas (the "Property"), which has the address of 9702 Shive Drive, Houston, Texas 77078, ("Property Address")

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TOGETHER WITH all 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 seized 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 and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

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

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

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

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

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

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

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

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

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

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the

Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

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

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.

Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage, or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the title shall not merge unless Lender agrees to the merger in writing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

21. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and

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

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

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of sale, including but not limited to reasonable attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it. If the Property is sold pursuant to this paragraph 21, Borrower or any person holding possession on the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession.

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

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

24. **Subrogation.** Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior 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.

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

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

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

[Check applicable box(es)]

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

28. Purchase Money; Vendor's Lien; Renewal and Extension. [Complete as appropriate]

The Note secured hereby is additionally secured by the Vendor's Lien and Superior Title retained in Deed of even date herewith from Lender to Borrower and this Deed of Trust is cumulative of and without prejudice to such Vendor's Lien.

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

Stephen D. Scott
STEPHEN D. SCOTT

May 14, 2004
Date

Deborah C. Scott
DEBORAH C. SCOTT

May 14, 2004
Date

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THE STATE OF TEXAS

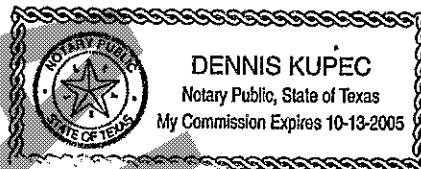
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COUNTY OF HARRIS

This instrument was acknowledged before me on this *14* day of *MAY*, 2004, by STEPHEN D. SCOTT AND DEBORAH C. SCOTT, PURCHASERS.

Dennis Kupec

Notary Public, State of Texas



586-26-2469

COPY

ADDENDUM TO DEED OF TRUST

This addendum is attached to that certain Deed of Trust ("Deed of Trust") of even date herewith executed by the undersigned Borrower (whether one or more) to Howard C. Lee, Jr., Trustee, securing Houston Habitat for Humanity, Inc. in the payment of SIXTY NINE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$69,500.00) Note (the "Note") and is in modification of and is supplemental to the Note and Deed of Trust. All terms used but not defined herein shall have the meaning set out in the Note and Deed of Trust.

To the extent of any conflict, inconsistency, incompatibility, discordance, variance or discrepancy between any of the words, clauses, terms, provisions, agreements, covenants, warranties, duties, rights, remedies, powers and interests set forth or contained in the Deed of Trust or the Note and this addendum, the content of this addendum shall govern, control, take precedence over and supersede the content of the Deed of Trust and the Note.

Borrower agrees that Borrower has obtained special and favorable financing from Lender, and that Lender is requiring very special agreements and covenants from Borrower as a condition of this financing. Borrower acknowledges that these agreements and covenants are a critical part of the consideration for this financing from Lender. These covenants and conditions are set forth in the Deed of Trust and addendum(s) thereto.

Each Borrower jointly and severally hereby further covenants, agrees and warrants as follows:

A. **Escrow Funds.** Notwithstanding anything to the contrary in paragraph 2 or elsewhere in the Deed of Trust, the Funds shall be a sum determined from time to time by Lender to be substantially equal to 1/12th of (i) all estimated taxes, assessments and ground rents levied or assessed or owing against the Property by any person or entity, public or private, whether or not they may attain priority, and (ii) all insurance premiums, including hazard and mortgage guaranty insurance premiums, next becoming due. Lender may hold the Funds, without bond and without liability to pay interest thereon or other compensation therefor in any account (which may include like deposits from other parties) to pay such taxes, assessments, ground rents and insurance premiums, but Lender shall not be liable for any failure to pay the same, and Lender may use and invest the Funds as Lender may desire without any duty or obligation to account or otherwise compensate any Borrower for any profit or other benefit realized by Lender thereon. Any conveyance of the Property shall serve as a transfer of all the Funds to the grantee of such conveyance without further act on the part of any Borrower. Additionally, and without impairing any other rights of Lender, Lender may, at Lender's option, at any time without notice, pay from Lender's own funds any such taxes or assessments or take out and maintain such insurance, and all amounts so paid shall be due and payable to Lender without demand or notice, and such amounts so paid shall bear interest at the rate of ten percent (10%) per annum from the date such payments were made by Lender until paid in full, and such sums are and shall be secured by the Deed of Trust, and Lender shall be subrogated to all liens, rights and remedies of any person or entity so paid.

B. **Application of Payments.** Notwithstanding anything to the contrary in paragraph 3 or elsewhere in the Deed of Trust or the Note, any and all payments and other sums received by Lender under the Note or Deed of Trust may be applied by Lender in any manner, order or priority as Lender so desires on any indebtedness then secured by the Deed of Trust.

C. **Taxes, Assessments and Insurance.** Notwithstanding anything to the contrary in paragraphs 4 or 5 or elsewhere in the Deed of Trust, Borrower shall pay to Lender the Funds required in paragraph 2 of the Deed of Trust, and shall also pay all taxes, assessments, other charges, fines and impositions levied, assessed or attributable to the Property, whether or not they may attain priority, and all premiums for all insurance required by Lender, prior to the date such sums become due, and all proceeds of such Insurance shall be delivered to Lender and Lender may apply all or any part of such insurance proceeds against any indebtedness then secured by the Deed of Trust in any manner, order or priority as Lender may determine, whether or not such indebtedness is then due or the restoration or repair of the Property is economically feasible, or at Lender's option, all or any part of such proceeds may be applied to the restoration or repair of the Property. Borrower shall also pay to Lender any tax or assessment (except income taxes) levied or assessed on any indebtedness now or hereafter secured by the Deed of Trust or on the Deed of Trust, immediately upon request by Lender.

D. **Condemnation.** Notwithstanding anything to the contrary in paragraph 10 or elsewhere in the Deed of Trust, in the event of any total or partial taking of the Property in connection with any condemnation or conveyance in lieu thereof, all proceeds shall be paid to Lender and may be applied by Lender against any indebtedness then secured by said Deed of Trust in any manner, order or priority as Lender may desire, whether or not such indebtedness is then due, or may, at Lender's option, be refunded to Borrower.

E. **Acceleration; Remedies.** Notwithstanding anything to the contrary in paragraphs 17 or 18 or elsewhere in the Deed of Trust or the Note, in the event any sum payable under the Note or Deed of Trust is not promptly paid when due, or in the event there is or occurs any default under any of the terms, covenants or provisions set forth in the Note or Deed of Trust, or in the event any Borrower seeks any relief under any bankruptcy, reorganization, debtor's relief or insolvency law now or hereafter existing or in the event a receiver of any property of any Borrower be appointed, or in the event involuntary bankruptcy proceedings be filed or threatened against any Borrower, or in the event that any writ of garnishment, writ of sequestration, writ of attachment or other legal process in any manner applicable to or concerning any property of (or debt to) any Borrower is applied for or issued (each of such events being herein called an "**Event of Default**"), then in any such event, at the option of Lender at any time thereafter (without demand, notice of any such default or event, notice of intent to accelerate maturity, notice of acceleration of maturity, presentment for payment or acceleration or any other notice or act whatsoever), the entire unpaid principal balance of the Note and all accrued interest thereon, and all other indebtedness then secured by the Deed of Trust shall immediately be due and payable and shall bear interest from the date of such Event of Default until paid at the rate of ten (10) percent interest per annum; and upon the occurrence of any Event of Default, Lender may, at its option, without any notice to Borrower (other than the notice which is specifically required under the statutes of the State of Texas), enforce any and all rights, powers and remedies under the Deed of Trust and/or under any other instrument, document or other writing evidencing or securing any indebtedness then secured by the Deed of Trust, by Trustee's sale or otherwise. Any notice of such sale may be posted or mailed by Lender, the Trustee or his successor or any person requested by Lender or the Trustee or his successor. Where said Property is situated in more than one county, said Property may be sold at the courthouse door of any one of such counties, and the notices so posted shall designate the county where the Property will be sold. Out of the proceeds of any such sale, the Trustee acting shall pay first, all of the expenses of advertising the sale and making the conveyance, including a commission of five percent (5%) to himself, which commission shall be due and owing in addition to attorney's fees provided for herein, and the remainder then applied or credited to any indebtedness then secured by the Deed of Trust in any manner, order or priority as Lender may desire (whether or not such indebtedness is then due, rendering the balance of the sales price, if any, to the owners of the Property immediately prior to such sale according to the records of Lender, and each Borrower shall remain liable for any deficiency. It is further agreed that several sales may be made hereunder without exhausting the right to sell all or any of the Property not previously sold or previously sold but which sale was voided as herein provided until all indebtednesses then secured by the Deed of Trust have been fully and finally paid; and upon the occurrence of any Event of Default, Lender shall also have the right to proceed with foreclosure in satisfaction of any sum due, either through the courts or under the Deed of Trust, and proceed as if under a full foreclosure, conducting the sale as herein provided, and without declaring the whole of the indebtednesses secured hereby due; provided that if such sale is made because of any such default, such sale may be made subject to the unmatured portion of all indebtednesses then secured by the Deed of Trust if Lender is the successful bidder at such sale, and such sale (at the option of Lender) may be made subject to or in assumption of the unmatured portion of all indebtednesses then secured by the Deed of Trust if any other person or entity should be the successful bidder at said sale; and it is further agreed that such sale, if so made, shall not in any manner affect the unmatured portion of such indebtednesses but as to such unmatured part, the Deed of Trust shall remain in full force and effect just as though no sale had been made; and it is further expressly agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured portion of any indebtedness and without exhausting the power of foreclosure to sell all or any of the Property for any other part of any indebtedness, whether matured at the time or subsequently maturing; it is further agreed that any foreclosure under the Deed of Trust shall also foreclose any Vendor's Lien or other lien recited in the Deed of Trust; it is further agreed that all courts of law and equity shall accept any deed by the Trustee acting as prime facie evidence that all prerequisites to the validity of such sale were had and done, and such sale and conveyance shall be conclusive against each Borrower; it is further agreed that if Lender should institute a suit for the collection of any indebtedness and for a foreclosure of the liens and security interests of the Deed of Trust (in whole or in part), that it may at any time before the entry of a final judgment in said suit dismiss the same, and require the Trustee, or his successor, to sell the Property in accordance with the provisions of the Deed of Trust.

It is further expressly agreed that Lender, or the Trustee acting, may postpone or cancel any advertised sale at any time; and in the event Lender learns or is advised of facts concerning any such sale or the Property sold which would lessen the value of the Property or would tend to make such sale undesirable in the sole opinion of Lender, Lender may cancel and void any such sale in which Lender purchased the Property or any part thereof. The Deed of Trust and a deed executed by the Trustee acting pursuant hereto shall be, in any forcible detainer action, prima facie evidence of the existence of the relationship of landlord and tenant as between the purchaser at a foreclosure sale hereunder and Borrower, their tenants, heirs, successors and assigns; and each Borrower does hereby expressly waive and renounce the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale, for any extension of the time of enforcing any indebtedness, or creating a period of redemption, and further hereby waives all rights to a marshalling of any security.

F. No Reinstatement. Notwithstanding paragraphs 18 and 21 of the Deed of Trust, Borrower shall have no right: (i) to have any proceedings to enforce the Deed of trust discontinued or (ii) to reinstate any indebtedness secured by the Deed of Trust once it has been accelerated by Lender, and all rights of any Borrower contained in said paragraphs 18 and 21 are hereby waived.

G. Assignment of Rents; Receiver; Lender's Right of Possession. Notwithstanding anything to the contrary in the Deed of Trust, Lender is hereby authorized at any time after the occurrence of an Event of Default to demand, collect and receive all rents, income, issues, profits, royalties and revenues hereafter accruing or emanating from the Property, and to enter upon and take possession and control of the Property, or any part thereof, so long as any of the indebtedness secured by the Deed of Trust remains unpaid; provided, however, Lender shall not be required or obligated to collect any such rents, revenues, profits or income or be liable for any failure to do so. Lender shall have the additional right, upon the occurrence of any Event of Default to have a court appoint a receiver to take possession of the premises and to collect the rents, revenues, issues and profits arising from the Property, without regard to the adequacy of the collateral for the Note or the solvency or insolvency of Borrower. This provision is a right created hereby and is cumulative of the rights of Lender, at law or in equity, to secure the appointment of a receiver. All costs and expenses of Lender acting under this paragraph and all costs and expenses of any receiver so appointed shall be due and payable by Borrower to Lender or such receiver, respectively, upon demand and are and shall be secured by the Deed of Trust.

H. Release Costs. Notwithstanding anything to the contrary in paragraph 22 or elsewhere in the Deed of Trust, Borrower shall pay to Lender all of Lender's costs, including attorney's fees, in connection with any release of the Deed of Trust.

I. Substitute Trustee, No Recording. Notwithstanding anything to the contrary in paragraph 23 or elsewhere in the Deed of Trust, the instrument removing any Trustee or appointing any successor trustee shall be valid and effective upon its execution and shall not be required to be recorded.

J. Attorney's Fees. If said Promissory Note shall be placed in the hands of any attorney for collection after any Event of Default or for the purpose of being sued upon or established in any manner in any court, then, in any such event, each Borrower promises to pay Lender's costs of court, appraisal fees, expert witness fees, and reasonable attorney's fees which additional sums shall be immediately due and payable (without demand, notice of such event, presentment for payment or any other notice or act) and shall be added to the principal of the Note, bear interest from the date of such event at the rate of ten (10) percent interest per annum and are and shall be secured by the Deed of Trust.

K. Prepayment. Notwithstanding anything to the contrary in the Note, no prepayment charge or penalty may be collected in connection with the Note except where such collection is required by an agency created under the laws of the United States.

L. Waivers by Borrower. Each Borrower severally waives grace, demand, notice of default, notice of intent to accelerate maturity, notice of acceleration of maturity, presentment for acceleration, presentment for payment, protest, notice of protest and of dishonor as to any indebtedness secured by the Deed of Trust and diligence in taking any act

with respect to any security or the collection of any sums owing thereon, and consents to and waives notice of any and all renewals, extensions and rearrangements thereof and to the release of all or any part of the security therefor or any party liable thereon or therefor under any terms deemed by Lender, in its sole discretion, to be adequate. Any such renewal, extension or rearrangement, or the release of any such security or party, may be made without notice to any party liable thereon or therefor and without affecting any security or the liabilities and obligations of any party which is not expressly released in writing. It is also agreed that the exercise of any right or remedy conferred upon Lender in the Note or the Deed of Trust shall be wholly discretionary with Lender, and such exercise of, or failure to exercise, any such right or remedy shall not in any manner affect, impair or diminish the obligations and liabilities of any party liable thereon or therefor, or be deemed to be a waiver of any such right or remedy of any other past, present or future right or remedy of Lender, and no waiver shall be enforceable against Lender unless such waiver is expressly set forth in writing and duly executed by Lender. Without in any manner limiting the above, each Borrower specifically waives all notices required in the Note or in the Deed of Trust except such notice as is specifically required under the statutes now in force in the State of Texas.

M. Vacate or Abandon. Each Borrower agrees not to vacate or abandon any of the Property except as may be requested by Lender.

N. Late Charge. Each Borrower agrees that the late charge stated in the Note is a reasonable charge to cover the administrative expenses of Lender in collecting delinquent payments, and is not for the use, detention, or forbearance of money.

O. Occupancy of Residence. Borrower covenants and agrees that he will occupy the Property as his principal residence throughout the term of the Note. Borrower further covenants and agrees that no person(s) other than the Borrower will occupy the Property for 48 hours or more, or will remain overnight in the Property for two or more consecutive nights, unless such person(s) is listed on the application filed with the Lender in connection with the loan evidenced by the Note and secured by the Property. The failure by Borrower to comply with this covenant shall constitute an event of default under the Note, the same as if default has occurred in the payment thereof.

P. False Information. Borrower represents and warrants to Lender that all information furnished to Lender in connection with the Loan evidenced by the Note and the purchase of the Property by Borrower from Lender is true and correct in all respects, including all information contained in all applications and other documents and information furnished to Lender. In the event Lender discovers that any such information was false in any respect, Lender shall have the option to declare the Note to be immediately due and payable without grace, protest, presentment, notice of intent to accelerate, notice of acceleration or any other notice whatsoever, all of which are hereby expressly waived.

Q. Property Maintenance. Borrower covenants and agrees that he will:

- (a) not allow the Property to be used for open storage of a boat or trailer on the Property unless he has removed any trash or rubbish from the boat and trailer, elevated the boat by at least 6 inches from the ground surface, and if the boat is on a trailer that the trailer must be operable;
- (b) not allow the Property to be used for the open storage of inoperable refrigerators, freezers, air conditioning units and other appliances;
- (c) not allow the Property to be used for the open storage of dead trees or tree limbs and will promptly remove and properly dispose of dead trees or tree limbs that are capable of causing injuries to a person;
- (d) not allow the Property to be used as a rat harborage or suffer rat infestation and will promptly remove garbage, rubbish, lumber, barrels or materials that may be used as a harborage for rats;
- (e) not allow the Property to have weeds and or grass in excess of nine inches;
- (f) will promptly remove and properly dispose of rubbish or trash on the Property;
- (g) will not allow on the Property tires left in open storage and exposed to the elements of nature;
- (h) will not allow the Property to be used for the open storage of an inoperable or junked vehicle (Inoperable means that the vehicle cannot move under its own power, does not have lawfully affixed to it either an unexpired license plate or a valid motor vehicle inspection certificate, that is either wrecked, dismantled or partially dismantled, or discarded, or that remains inoperable for a continuous period of more than 10 days). It is agreed by Borrower that Lender shall have the sole discretion to determine Borrower's compliance with the foregoing covenants.

R. Amounts Disbursed by Lender. Notwithstanding anything to the contrary in paragraph 7 or elsewhere in the Deed of Trust or Note, any amounts disbursed by Lender under paragraph 7 of the Deed of Trust shall bear interest from

the date of disbursement at the rate of ten (10) percent per annum and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

S. Property Entry. Borrower irrevocably grants to Lender and its agents and contractors the right to enter the Property to make any repair or perform any maintenance that Lender in its sole discretion deems necessary. Borrower hereby grants acceptance of all such repairs and maintenance performed. Lender shall assess the Property for any such repair or maintenance, and Borrower hereby consents to all such assessments. The assessment shall be secured by this Deed of Trust and shall bear interest at the rate of ten (10) percent per annum from date of assessment and shall be payable, with interest, upon notice from Lender to Borrower requesting payment. Although Lender may take action under this paragraph, Lender does not have to do so.

T. Neighborhood Health & Safety. Borrower understands and agrees that Borrower will be in default under the Note and Deed of Trust if: (1) Borrower or any guest or occupant violates fire, safety, health, or criminal laws, regardless of whether arrest or conviction occurs; (2) Borrower or any occupant or guest is arrested, convicted, or given deferred adjudication for a felony offense involving actual or potential physical harm to another person, or involving possession, manufacture, or delivery of a controlled substance, marihuana, or drug paraphernalia as defined in the Texas Controlled Substance Act; (3) any illegal drugs or paraphernalia are found in the Property; (4) Borrower or any guest or occupant disturbs or threatens the rights, comfort, health, safety or convenience of others in or near the Property; or (5) Borrower or any guest or occupant engages in or threatens violence, or possesses a weapon prohibited by state law, discharges a firearm on the Property, displays a knife, gun, or other weapon on the Property that may alarm others. Although Lender may take action under this paragraph, Lender is not required to do so.

U. Borrower to Notify Lender of Junior Liens. Borrower agrees to notify Lender in Writing of any voluntary junior lien or encumbrance entered into by Borrower which affixes a lien to the Property. Such notice shall be given in accordance with Section 17 hereof.

V. Lender's Right to Terminate Addendum. Lender shall have the right and option at any time and from time to time to declare this addendum, or any part of this addendum, void and of no further force and effect without notice to or consent by any Borrower, by recording such declaration in the real property records in the county in which the Deed of Trust is recorded, and in such event, without further act, the Note and Deed of Trust shall be and remain in full force and effect in accordance with their original face, tenor, effect and reading, as if this addendum, or that part of the addendum had never been executed.

EXECUTED this 14 day of May, 2004.

Stephen D. Scott
STEPHEN D. SCOTT

Deborah C. Scott
DEBORAH C. SCOTT

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

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me, and was duly RECORDED, in the Official Public Records of Real Property of Harris County, Texas on

MAY 20 2004



Dorothy B. Kayman
COUNTY CLERK
HARRIS COUNTY, TEXAS

886-26-2474

UNOFFICIAL COPY

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COUNTY CLERK
HARRIS COUNTY, TEXAS