

DEED OF TRUST

572

Date: June 10, 1999

Grantor: JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON, Deceased

Grantor's Mailing Address (including county):

JOHN WAYNE DENISON
RR 1 BOX 84
OLD GLORY TX 79540
Stonewall County

IDA BALDWIN DENISON ESTATE
c/o JOHN WAYNE DENISON
RR 1 BOX 84
OLD GLORY TX 79540
Stonewall County

BOB MARSHALL DENISON TRUST
c/o JOHN WAYNE DENISON
RR 1 BOX 84
OLD GLORY TX 79540
Stonewall County

Trustee: JOE E. FORD

Trustee's Mailing Address (including county):

JOE E. FORD
PO BOX 308
HAMLIN TX 79520
Jones County

Beneficiary: HAMLIN NATIONAL BANK

Beneficiary's Mailing Address (including county):

HAMLIN NATIONAL BANK
PO BOX 308
HAMLIN TX 79520
Jones County

Note:

Date: June 10, 1999

Amount: \$550,000.00

Maker: JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON, Deceased

Payee: HAMLIN NATIONAL BANK

Final Maturity Date: June 10, 2009

Terms of Payment: as therein provided

Property (including any improvements):

The SURFACE ONLY of ALL of Sections 155, 156, 157, 158, 159, 167, 168, 169, 170, and the East one-half (E 1/2) of Section 166, Block D, H. & T.C. Ry Company Survey, Stonewall County, Texas

Prior Lien(s) (including recording information): None

Other Exceptions to Conveyance and Warranty: Easements, rights-of-way, and prescriptive rights, whether of record or not; cemeteries; all presently recorded instruments, other than liens and conveyances, that affect the property; taxes for the current year.

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

Grantor's Obligations

Grantor agrees to:

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

Beneficiary's Rights

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.
2. If the proceeds of the note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid.
3. Beneficiary may apply any proceeds received under the insurance policy either to reduce the note or to repair or replace damaged or destroyed improvements covered by the policy.
4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the note is payable for any sums so paid, including attorney's fees, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.
5. If Grantor defaults on the note or fails to perform any of Grantor's obligations or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary

gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:

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

Trustee's Duties

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

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

General Provisions

1. If any of the property is sold under this deed of trust, Grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceedings under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. **This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.**
5. If any portion of the note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce the note. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.
7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment. Grantor may as Beneficiary's licensee collect rent and other income and receipts as long as Grantor is not in default under the note or this deed of trust. Grantor will apply all rent and other income and receipts to payment of the note and performance of this deed of trust, but if the rent and other income and receipts exceed the amount due under the note and deed of trust, Grantor may retain the excess. If Grantor defaults in payment of the note or performance of this deed of trust, Beneficiary may terminate Grantor's license to collect and then as Grantor's agent may rent the property if it is vacant and collect all rent and other income and receipts. Beneficiary neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the property. Beneficiary may exercise Beneficiary's rights and remedies under this paragraph without taking possession of the property. Beneficiary shall apply all rent and other income and receipts collected under this paragraph first to expenses incurred in exercising Beneficiary's rights and remedies and then to Grantor's obligations under the note and this deed of trust in

the order determined by Beneficiary. Beneficiary is not required to act under this paragraph, and acting under this paragraph does not waive any of Beneficiary's other rights or remedies. If Grantor becomes a voluntary or involuntary bankrupt, Beneficiary's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.

8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.
9. When the context requires, singular nouns and pronouns include the plural.
10. The term "note" includes all sums secured by this deed of trust.
11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.
12. If Grantor and Maker are not the same person, the term "Grantor" shall include Maker.
13. Grantor represents that this deed of trust and the note are given for the following purposes:

Purpose Clause: The note renews and extends the balance of \$278,569.64 that Grantor owes on a prior note in the original principal sum of TWO HUNDRED SIXTY THOUSAND THREE HUNDRED NINETY-SEVEN AND 80/100 DOLLARS (\$260,397.80), which is dated September 1, 1998, executed by JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON, Deceased, payable to the order of THE FIRST NATIONAL BANK OF ASPERMONT, TEXAS. The prior note is secured by a deed of trust on the property from JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST, created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON to S.H. HART, Trustee, which is dated September 1, 1998 and recorded in Volume 83, Page 766 of the Deed of Trust Records of Stonewall County, Texas. Grantor acknowledges that the lien securing the prior note is valid, that it subsists against the property, and by this instrument it is renewed and extended in full force until the note secured by this deed of trust is paid. The prior note and the liens securing it have been transferred to Beneficiary.

The note also represents TWO HUNDRED SEVENTY-ONE THOUSAND FOUR HUNDRED THIRTY AND 36/100 DOLLARS (\$271,430.36) in cash that Beneficiary advanced to Grantor on this date at Grantor's request. Grantor acknowledges receipt of the amount advanced.

14. **Due On Sale Clause:** If Grantor transfers any part of the property without Beneficiary's prior written consent, Beneficiary may declare the debt secured by this deed of trust immediately payable. In that event Beneficiary will notify Grantor that the debt is payable; if it is not paid within thirty days after notice to Grantor, Beneficiary may without further notice or demand to Grantor invoke any remedies provided in this instrument for default. Exceptions to this provision for declaring the note due on sale or transfer are limited to the following: (a) creation of a lien or encumbrance subordinate to this deed of trust; (b) creation of a purchase-money security interest for household appliances; (c) transfer by devise, descent, or operation of law on the death of a joint tenant; (d) grant of a leasehold interest of three years or less without an option to purchase; and (e) a transfer from one spouse to the other.
15. **Future Advances:** This conveyance is also made in trust to secure payment of all other present and future debts that JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON may owe to Beneficiary, regardless of how the

other debt is incurred or evidenced. Payment on all present and future debts of JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON to Beneficiary will be made at 231 S. CENTRAL, HAMLIN, TEXAS in Jones County, Texas, and the debts will bear interest as provided in notes or other evidences of debt that JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON will give Beneficiary. This conveyance is also made to secure payment of any renewal or extension of any present or future debt that JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON owes Beneficiary, including any loans and advancements from Beneficiary to JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON under the provisions of this deed of trust. When JOHN WAYNE DENISON, Individually, and as Independent Executor of the Estate of IDA BALDWIN DENISON, Deceased, and as Trustee of the BOB MARSHALL DENISON TRUST created under the terms and provisions of the Last Will and Testament of IDA BALDWIN DENISON, Deceased, repays all debts owed to Beneficiary, this deed of trust will terminate only if Beneficiary releases this deed of trust at the request of Grantor. Until Beneficiary releases it, this deed of trust will remain fully in effect to secure future advances and debts, regardless of any additional security given for any debt and regardless of any renewals, extensions, or partial releases.

16. **Homestead Disclaimer and Designation:** Grantor represents to Beneficiary that no part of the property is either the residential or business homestead of Grantor and that Grantor neither does nor intends to reside in or conduct business on the property. Grantor renounces all present and future rights to a homestead exemption for the property. Grantor acknowledges that Beneficiary relies on the truth of representations in this paragraph in making the loan secured by this deed of trust.
17. **Evidence of Payment of Taxes:** Grantor agrees to furnish on Beneficiary's request evidence satisfactory to Beneficiary that all taxes and assessments on the property have been paid when due.

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

John Wayne Denison, IND.
JOHN WAYNE DENISON, Individually

John Wayne Denison, Ind. Ex.
JOHN WAYNE DENISON, Independent Executor of
IDA BALDWIN DENISON ESTATE

John Wayne Denison, Trustee
JOHN WAYNE DENISON, Trustee of the
BOB MARSHALL DENISON TRUST

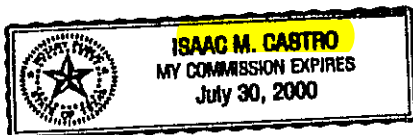
ACKNOWLEDGMENT

STATE OF TEXAS

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COUNTY OF JONES

This instrument was acknowledged before me on June 10, 1999, by JOHN WAYNE DENISON, Individually.



[Signature]
Notary Public, State of Texas

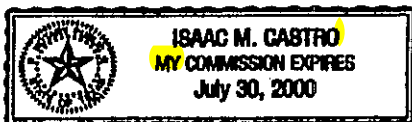
ACKNOWLEDGMENT

STATE OF TEXAS

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COUNTY OF JONES

This instrument was acknowledged before me on June 10, 1999, by JOHN WAYNE DENISON, Independent Executor of THE ESTATE OF IDA BALDWIN DENISON ESTATE, on behalf of said ESTATE.



[Signature]
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS

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COUNTY OF JONES

This instrument was acknowledged before me on June 10, 1999, by JOHN WAYNE DENISON, as Trustee of the BOB MARSHALL DENISON TRUST, on behalf of said TRUST.

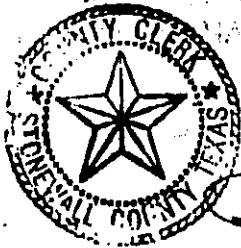


[Signature]
Notary Public, State of Texas

Notary Public, State of Texas
My Commission Expires July 30, 2000
I hereby certify that the foregoing is a true and correct copy of the original instrument as the same appears in my records.

State of Texas
County of Stonewall

I hereby certify that this instrument was filed and
time stamped hereon by me and was duly recorded in
the volume and page of the named records of Stonewall
County, Texas as stamped hereon by me.



Recorded: 6-15-99
Vol. 84 Page 693

Donna J. Aust Records

Betty Smith
County Clerk

Stonewall County, Texas

Donna J. Aust Deputy

FILED FOR RECORD

at 10 o'clock a M

JUN 15 1999

BETTY SMITH

Clerk County Court, Stonewall County

Donna J. Aust Deputy