

LALT/GF # 1217001131 /BRANCH SU
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NOTICE OF CONFIDENTIALITY RIGHTS: YOU MAY REMOVE OR STRIKE YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER BEFORE THIS INSTRUMENT IS FILED FOR RECORD.

DEED OF TRUST

Date: October 31, 2006

Grantor: Mandoman Management, Inc., Trustee for the 254 St. Francis Land Trust

Grantor's Mailing Address: 239 Dalehurst
San Antonio, Tx. 78201



Trustee: Stewart J. Alexander

Trustee's Mailing Address: 7718 Broadway
San Antonio, Tx. 78209



Beneficiary: VCH Funding Corp.

Beneficiary's Mailing Address: 103 Happy Trail
San Antonio, Tx. 78231

Note:

Date: Of even date herewith

Amount: \$52,500.00

Maker: Mandoman Management, Inc., Trustee for the 254 St. Francis Land Trust

Guarantor: David Montelongo

Payee: VCH Funding Corp.

Final Maturity Date: As provided in the Note

Terms of Payment: As provided in the Note

Property (including any improvements):

Lot 29, Block NCB 6161, THELMA PLACE, City of San Antonio, BEXAR County, Texas, according to plat, recorded in Volume 368, Page 262, Deed and Plat Records, BEXAR County, Texas.

together with all buildings and other improvements thereon or hereafter placed thereon; all rights, titles and interests now owned or hereinafter acquired by Grantors in and to all easements, streets and rights of way of every kind and nature adjoining the above described land and all public or

private utility connections thereto and all appurtenances, servitudes, rights, ways, privileges, prescriptions and advantages thereunto belonging or in anywise appertaining; all fixtures, materials, goods, equipment, appliances, apparatus, furniture, furnishings, inventory, and other property, real or personal, now owned or hereafter acquired by Grantors and now or hereafter installed, used or located on the above described property or the improvements thereon, whether or not the same have or would become a part of said land by attachment thereto, including but not limited to, all heating, lighting, refrigeration, plumbing, ventilating, laundry, incinerating, water-heating, cooking, dishwashing, radio, communication, electrical and air conditioning equipment, appliances, fixtures and appurtenances, together with all disposals, dishwashers, machinery, elevators, pumps, generators, sprinklers, wiring, pipe, doors, motors, compressors, boilers, condensing units, range hoods, windows, window screens, window shades, venetian blinds, awnings, drapes, shelving, mantels, cabinets, paneling, rugs and other floor coverings, and shrubbery and other chattels and personal property as are ever used, usable or furnished in connection with any present or future operation, use or enjoyment of the above described property and the improvements thereon, and all renewals, replacements and substitutions thereof and additions thereto; all rights, title and interests of Grantors in and to all timber to be cut from the real estate covered hereby and all minerals in, under and upon, produced or to be produced from said real estate; and without limitation of the foregoing, any and all rights, rents, revenues, benefits, leases, contracts, accounts, general intangibles, moneys, instruments, documents, tenements, hereditaments and appurtenances now or hereafter owned by Grantors and appertaining to, generated from, arising out of or belonging to the above described properties or any part thereof (all of the aforesaid being hereinafter sometimes called the "Mortgaged Premises"). Some of the said items are to become "fixtures" (as that term is defined in Chapter 9 in the Texas Business and Commerce Code) on the above described land and as provided under Chapter 9 of the Texas Business and Commerce Code, this Deed of Trust upon being filed for record in the real property records of Bexar County, Texas, shall operate also as a "fixture filing" and financing statement upon such of the items which are or may become fixtures.

Prior Liens (including recording information): None.

Reservations from and Exceptions to Conveyance and Warranty: Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded oil, gas, and other minerals, the royalties, bonuses, rentals, and other rights in connection with same, maintenance charges, building setback lines, municipal zoning and other ordinances, restrictions, regulations, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the property; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; all rights, obligations, and other matters emanating from and existing by reason of the creation, establishment, maintenance, and operation of any Public Utility District, including but not limited to County Water and Fire Districts; taxes for 2006, the payment of which Grantor herein assumes; and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantor herein assumes.

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, or the appropriate portion of it, at Grantor's expense.

Rehabilitation Funding Obligations

1. Grantor will cause certain repairs and improvements to be made to the property in accordance with a rehabilitation plan approved by Beneficiary. Repairs and improvements will begin immediately after the date of this deed of trust and will be completed not later than 90 days from commencement, or such subsequent date as the parties may agree in writing.

2. Beneficiary has withheld \$12,000.00 of the Loan proceeds as a Rehab Reserve to cover estimated rehabilitation costs and estimated draw inspection fees. Beneficiary will disburse such funds under its control in connection with said rehabilitation only in proportion to the report of satisfactory rehabilitation progress made by inspector of the Beneficiary, accompanied by a proper affidavit from the Grantor, retaining at all times sufficient funds which, in the opinion of Beneficiary, will complete said rehabilitation. Funds will be released as items on the Rehabilitation Plan are completed to the satisfaction of the inspector designated by the Beneficiary. Grantor may request as many partial draws as required during the progress of work on the property plus a final payment when the work is completed, provided however, that each partial draw payment must represent a minimum of \$1,000 of work performed in renovating the property. The cost of each inspection shall be paid by the Grantor from the Rehab Reserve held by Beneficiary. The remaining balance of the Rehab Reserve shall be disbursed with the final payment. Grantor is responsible for the payment of all cost overruns.

3. Grantor shall not make any change to the work and materials described in the Rehabilitation Plan without the prior written consent of Beneficiary.

4. The Beneficiary may, at any time, without the consent of or notice to the Grantor, if, in its opinion, it becomes necessary to do so, pay bills and/or complete said rehabilitation in accordance with the rehabilitation plan on file with it, using funds the Grantor have to their credit with the Beneficiary, which funds are hereby expressly assigned to this Beneficiary for such purpose; but nothing herein contained shall in any way be construed as an obligation on the part of the Beneficiary to pay or complete.

5. Grantor represents and warrants that no rehabilitation of the Property has begun, nor has any material been delivered to the Property prior to the execution of this document.

Grantor's Obligations

Grantor agrees to:

1. Make repairs in accordance with the terms and conditions of the Rehabilitation Funding Obligations and to keep the property in good repair and condition thereafter. This obligation shall survive any foreclosure and beneficiary has a legal cause of action to recover damages from breach of this obligation, in addition to any deficiency cause of action.

2. Pay all taxes and assessments on the property when due without penalty;
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 small amount in writing;
 - b. contains an 80 percent 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 percent coinsurance clause;
6. Deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary at least ten days before expiration;
7. Not lease, rent, nor permit any person to occupy any building without written consent of Beneficiary; and
8. If this is not a first lien, or is later subordinated, pay all prior lien notes that Grantor is personally liable to pay and abide by all prior lien instruments.
9. Not occupy the property in any manner without specific approval of the Beneficiary.
10. Cause the repairs to the Property to comply with all applicable legal requirements, including but not limited to, permits, building codes, deed restrictions and city ordinances.
11. Pay when due all bills of contractors, subcontractors, suppliers and other persons incurred on labor, materials and services in connection with the rehabilitation and all taxes and governmental charges of every kind upon it or against its income, profits or property; and (ii) cause its property to be protected, maintained and kept in good repair and make all replacements and additions to its property as may be reasonably necessary.
12. Permit Beneficiary and its agents, representatives and employees at all reasonable times to go upon, examine, inspect and remain on the Property, to assist and cooperate, and require Grantors' employees, agents and contractors to cooperate, with Beneficiary and to furnish to Beneficiary on request all pertinent information concerning the physical and economic condition, development and operation of the Property.

Beneficiary's Rights

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

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

3. Beneficiary may apply any proceeds received under the insurance policy either to reduce the note or to repair or replace damaged or destroyed improvements covered by the policy.

4. Grantor's failure to perform any of Grantor's obligations hereunder constitutes a default, and 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 attorneys' 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 if default occurs on a prior or later lien note or other instrument or Grantor fails to perform any of Grantor's obligations 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 percent of the bid;
- b. to Beneficiary, the full amount of principal, interest, attorneys' fees, and other charges due and unpaid;
- c. any amounts required by law to be paid before payment to Grantor; and
- d. to Grantor, any balance.

General Provisions

1. If any of the property is sold under this Deed of Trust, Grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.

2. Recitals in any Trustee's deed conveying the property will be presumed to be true.

3. Proceeding under this Deed of Trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.

4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.

5. If any portion of the note cannot be lawfully secured by this Deed of Trust, payments shall be applied first to discharge that portion.

6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorneys' 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 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 and 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 purpose of payment of all or part of the purchase price, acquisition costs and rehabilitation costs of the subject property described herein. Said Note is secured both by this instrument and a deed to Grantor of even date retaining a vendor's lien, both of which create liens against the subject property. This instrument does not waive the vendor's lien, and the two liens and the rights created by this instrument shall be cumulative. Beneficiary may elect to foreclose under either of the liens without waiving the other or may foreclose under both. The deed is incorporated into this Deed of Trust.

14. If the property is transferred, the transferee shall acquire title to all insurance policies on the property, including all paid but unearned premiums.

15. Beneficiary may remedy any default without waiving it and may waive any default without waiving any prior or subsequent default.

16. 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 encumbrances 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; and (d) grant of a leasehold interest of three years or less without an option to purchase.

17. Grantor agrees to pay all taxes, assessments, and insurance without the necessity of a fund and to furnish, on Beneficiary's request, evidence satisfactory to Beneficiary that all taxes, assessments, and insurance on the property have been paid when due.

18. This Deed of Trust also secures payment of any debt that Grantor may subsequently owe to Beneficiary and that arises while Grantor owns the property. In no event shall this Deed of Trust secure payment of any debt otherwise prohibited by law, nor shall it create a lien otherwise prohibited by law.

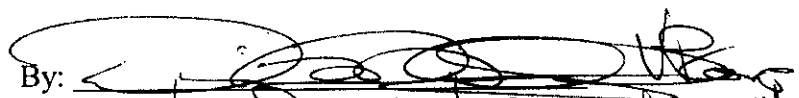
19. This Deed of Trust shall continue until the full amount of the note is paid, even if the note is extended or renewed.

20. No waiver by the Beneficiary of any breach of any covenant of the Grantor herein contained shall be construed as a waiver of any subsequent breach of the same or any other covenant herein contained.

21. Grantor will not, in any single transaction or series of transactions, directly or indirectly: (1) consolidate, terminate, liquidate or dissolve; (2) be a party to any consolidation, termination, merger or consolidation; (3) modify or amend any of its Organizational Documents; or (4) sell, convey or lease (other than leases entered into in the ordinary course of business which comply with the terms and provisions of the Credit Documents) all or any substantial part of its assets.

254 ST. FRANCIS LAND TRUST

BY: Mandoman Management, Inc., Trustee

By: 
Its: Vice President of Mandoman Mgt. Inc.
Printed name: David Montelongo Trustee

ACKNOWLEDGMENT

STATE OF TEXAS

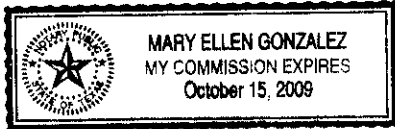
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COUNTY OF BEXAR

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This instrument was acknowledged before me on the 1 day of November, 2006,
by David Montelongo, Vice President of Mandoman
Management, Inc., Trustee of 254 St. Francis Land Trust, on behalf of said trust.



Mary Ellen Gonzalez
Notary Public in and for the State of Texas

After Filing, Return to:

VCH Funding Corp.
103 Happy Trail
San Antonio, Texas 78231

Any provision herein which restricts the sale, or use of the described real property because of race is invalid and unenforceable under Federal law
STATE OF TEXAS, COUNTY OF BEXAR
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 Record of Real Property of Bexar County, Texas on:

NOV - 7 2006



Gerry Rickhoff
COUNTY CLERK BEXAR COUNTY, TEXAS

Doc# 20060270899 Fees: \$48.00
11/07/2006 12:43PM # Pages 9
Filed & Recorded in the Official Public
Records of BEXAR COUNTY
GERRY RICKHOFF COUNTY CLERK