

**COUNTY OF HIDALGO
STATE OF TEXAS
URBAN COUNTY PROGRAM
HOMEBUYER ASSISTANCE PROGRAM CONTRACT**

This Homebuyer Assistance Program Contract ("Homeowner Contract") is entered into this _____ day of _____ 2008, between the County of Hidalgo, State of Texas ("County") and _____ ("Owner").

Owner has requested financial assistance from the County to assist Owner with the down payment and/or closing costs to purchase a home in accordance with the requirements of the County's Homebuyer Assistance Program ("Homeowner Program"); and

Owner, based on the information furnished to County, qualifies for financial assistance under the Homeowner Program.

NOW THEREFORE, the County and Owner agree as follows:

1. Owner represents and warrants that all information furnished to the County in or as a part of Owner's application for financial assistance in the Homeowner Program is true and correct.

2. Owner agrees that the financial assistance provided to Owner by County will be used to pay Owner's closing costs and/or a portion of Owner's down payment in order for Owner to acquire Owner's principal residence located at: _____ more fully described on Exhibit "A" attached hereto ("Property").

3. Owner represents to County that the contract attached hereto as Exhibit "B" is a true and correct copy of the contract under which Owner will acquire the Property. The debt and lien described in Exhibit "B" will be the only debt and lien against the Property other than the lien granted pursuant to this Homeowner Contract.

4. Owner agrees to comply with all applicable requirements of the U. S. Housing and Urban Development affordable housing home ownership statutes and regulations, including 24 CFR § 92.254(a), as amended.

5. Owner agrees to provide, within ten (10) business days of the final loan closing, the Urban County Program with copies of the Lender's Note, Settlement Statement, Truth-in-Lending Disclosure, Property Deed and Property Insurance.

6. Owner agrees to execute all documents requested by County in order for County to obtain a valid second deed of trust lien on the Property.

7. OWNER UNDERSTAND AND AGREES THAT COUNTY IS NOT RESPONSIBLE TO OWNER FOR: (i) ANY ASPECT OF THE CONSTRUCTION OF THE RESIDENCE ON THE PROPERTY BEING PURCHASED BY OWNER, INCLUDING ANY CLAIM FOR DEFECTIVE WORK, INCOMPLETE WORK OR WARRANTY WORK; AND/OR (ii) ANY DEFECTS IN OWNER'S TITLE TO THE PROPERTY.

8. County agrees to expend \$_____ ("Homeowner Advance") for the benefit of Owner in connection with Owner's purchase of the Property. The Homeowner Advance will be applied first to Owner's closing costs and any excess funds will be applied to Owner's down payment and to the principal if funds are available.

9. OWNER AGREES THAT OWNER WILL, FOR A MINIMUM OF FIVE (5) CONSECUTIVE YEARS FOLLOWING OWNER'S PURCHASE OF THE PROPERTY, CONTINUOUSLY USE THE RESIDENCE LOCATED ON THE PROPERTY AS OWNER'S PRINCIPAL RESIDENCE. OWNER AGREES THAT OWNER WILL, ON AN ANNUAL BASIS, EXECUTE SUCH CERTIFICATIONS AS COUNTY MAY REQUIRE TO CONFIRM OWNER'S COMPLIANCE WITH THE REQUIREMENT OF THIS PARAGRAPH 8.

10. Owner agrees to execute documents ("Loan Documents") that obligate Owner to repay the Homeowner Advance to the County and which contain other provisions with which Owner must comply until the Homeowner Advance is repaid. Owner understands and agrees that Owner is obligated to repay the County the Homeowner Advance in a lump sum, without interest, five (5) years after the beginning date used in the Loan Documents ("Repayment Date"). Provided Owner has continuously used the residence located on the Property as Owner's principal residence for five (5) consecutive years after the beginning date used in the Loan Documents, County will credit Owner's outstanding Homeowner Advance on the Repayment Date in an amount equal to the Homeowner Advance.

FAILURE TO REPAY THE HOMEOWNER ADVANCE IN ACCORDANCE WITH THIS HOMEOWNER CONTRACT AND/OR THE LOAN DOCUMENTS AND/OR TO COMPLY WITH THE OTHER PROVISIONS OF THE LOAN DOCUMENTS MAY RESULT IN THE FORECLOSURE OF THE COUNTY'S LIENS AGAINST THE PROPERTY AND THE LOSS OF YOUR RESIDENCE AND THE PROPERTY.

11. For five (5) years following the date used as the beginning date in the Loan Documents, Owner agrees that any sale of the Property or failure to use the Property as their principal residence (as defined in 24 C.F.R. Part 92, as amended) the County Homeownership Program guidelines will apply. Owner understands and agrees that if Owner sells the Property, as provided in this paragraph, within five (5) years following the beginning date used in the Loan Documents, the Owner shall immediately repay to the County the full Homeowner Advance, less any applicable Homeownership Credits (as hereinafter defined), hereinafter "Net Homeowner Advance." The Net Homeownership Advance shall be paid immediately out of the proceeds of sale, after deducting the amount

For purposes of this Contract, "Homeownership Credits" shall mean:

- (i) During the first year of the Loan Documents - None;
- (ii) During the second year of the Loan Documents - 20% of the Homeowner Advance;
- (iii) During the third year of the Loan Documents - 40% of the Homeowner Advance;
- (iv) During the fourth year of the Loan Documents - 60% of the Homeowner Advance; and
- (v) During the fifth year of the Loan Documents - 80% of the Homeowner Advance.

12. Owner understands and agrees that if Owner sells the Property, as provided in this paragraph, within five (5) years following the beginning date used in the Loan Documents, the Owner shall immediately repay to the County the full Homeowner Advance. If the gross sales proceeds for the Property, less amounts required to repay the First Lien Debt and closing costs, are insufficient to repay the Homeowner Advance in full, then County shall be entitled to receive all net sales proceeds over and above amounts needed to repay the First Lien Debt and closing costs. The balance owing on the Homeowner Advance ("Deficiency Advance") shall be repaid as follows:

The Deficiency Advance shall be repaid, at the option of County, either immediately, out of other funds of Owner, or in monthly installments of principal and interest in an amount necessary to fully amortize the Deficiency Advance, with six percent (6%) interest per annum, from the date of the closing on the sale of the Property through the Repayment Date; provided, however, the minimum monthly payment of principal and interest shall be Fifty and no/100 Dollars (\$50.00).

13. Owner understands and agrees that if: (i) Owner fails to continuously use the residence located on the Property as Owner's principal residence for five (5) consecutive years following the beginning date used in the Loan Documents; or (ii) Owner fails to honor any of its other obligations to County under the Homeowner Contract or the Loan Documents; collectively, "Defaults;" that Owner, at County's option, is required to repay the Default Debt (hereinafter defined), either immediately or in monthly installments of principal and interest in an amount necessary to fully amortize the Default Debt, at six percent (6%) interest per annum, from the date of any default through the Repayment Date. For purposes of this Homeowner Contract, "Default Debt" shall mean the difference between: (i) the Homeowner Advance; and (ii) Default Credits. For purposes of this Homeowner Contract, "Defaults Credits" shall mean:

- (i) Defaults during the first year of the Loan Documents - None;
- (ii) Defaults during the second year of the Loan Documents - 20% of Homeowner Advance;
- (iii) Defaults during the third year of the Loan Documents - 40% of Homeowner Advance;
- (iv) Defaults during the fourth year of the Loan Documents - 60% of Homeowner Advance; and
- (v) Defaults during the fifth year of the Loan Documents - 80% of Homeowner Advance.

14. THIS HOMEOWNER CONTRACT CREATES A BINDING AGREEMENT BETWEEN YOU AND THE COUNTY; HOWEVER, THE OBLIGATIONS OF THE COUNTY ARE SUBJECT TO APPROVAL OF THE HIDALGO COUNTY COMMISSIONERS COURT. IF SUCH APPROVAL IS NOT OBTAINED WITHIN SIXTY DAYS OF THE DATE OF THIS AGREEMENT, BOTH PARTIES TO THIS HOMEOWNER CONTRACT ARE RELIEVED OF ANY FURTHER OBLIGATIONS TO THE OTHER. OWNER REPRESENTS AND WARRANTS TO THE COUNTY THAT OWNER HAS REVIEWED THE HOMEOWNER CONTRACT, UNDERSTANDS IT, AND IS EXECUTING IT FREELY AND VOLUNTARILY.

Executed and effective as of the date and year first written above.

COUNTY OF HIDALGO
URBAN COUNTY PROGRAM

DIANA R. SERNA
DIRECTOR

OWNER

**(Jurat/Individual
Acknowledgment)**

**STATE OF TEXAS §
 §
COUNTY OF HIDALGO §**

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me _____ ON
THIS _____ day of _____, 2008.

NOTARY PUBLIC, STATE OF TEXAS

**(Jurat/Individual
Acknowledgment)**

**STATE OF TEXAS §
 §
COUNTY OF HIDALGO §**

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me _____ ON
THIS _____ day of _____, 2008.

NOTARY PUBLIC, STATE OF TEXAS

Exhibit "A"
To a
Homebuyer Assistance Program Contract

LEGAL DESCRIPTION OF THE PROPERTY:

Exhibit "B"
To a
Homebuyer Assistance Program Contract

Copy of Earnest Money Contract