

**COUNTY OF HIDALGO
URBAN COUNTY PROGRAM
OWNER-OCCUPIED REHABILITATION LOAN PROGRAM CONTRACT**

This Owner-Occupied Rehabilitation Loan Program Contract ("Rehabilitation Contract") is entered into this _____ day of _____ **2009**, between the County of Hidalgo, State of Texas ("County") and _____ ("Owner(s)").

Owner has requested financial assistance from the County to renovate and/or rehabilitate Owner's residence in accordance with the requirements of the County's Owner-Occupied Rehabilitation Loan Program ("Rehabilitation Program"); and

Owner, based on the information furnished to County, qualifies for financial assistance under the Rehabilitation 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 Rehabilitation Program is true and correct, that Owner is eligible to participate in the Rehabilitation Program and that Owner's participation in the Rehabilitation Program shall be in accordance with the terms of such Rehabilitation Program.

2. Owner agrees that the renovations and/or rehabilitation will be made to Owner's principal residence located at _____, as more fully described on Exhibit "A" attached hereto ("Property").

3. Owner represents to County that Owner has good and indefeasible title to the Property. Owner further represents that there are no liens against the Property other than those disclosed on Exhibit "A," and that all ad valorem taxes on the Property have been paid.

4. Owner agrees that the renovations and/or rehabilitation to the Property will be made in accordance with the plans and specifications described on Exhibit "B" attached hereto ("Approved Construction").

5. Owner agrees that the Approved Construction will comply with: (i) all applicable Housing Quality Standards contained in 24 Code of Federal Regulations, as amended, if the Property is located outside the jurisdiction of a municipality; or (ii) all applicable local building codes and ordinances of the municipality if the Property is located within the jurisdiction of a municipality, unless the municipality has no local building codes

and ordinances, in which event Owner shall comply with all applicable Housing Quality Standards contained in 24 Code of Federal Regulations, as amended.

6. Owner agrees that the Approved Construction will also 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(b), as amended.

7. Owner agrees that the contractor selected to carry out the Approved Construction will be obtained using the County's procurement procedures.

8. Owner agrees to execute all documents requested by County in order for County to obtain a valid mechanic's and materialman's lien and deed of trust lien on the Property.

9. OWNER AGREES THAT ALL CONSENTS AND/OR APPROVALS REQUIRED BY THE COUNTY WITH RESPECT TO THE APPROVED CONSTRUCTION ARE SOLELY FOR COUNTY'S BENEFIT, AND THAT COUNTY IS NOT RESPONSIBLE TO OWNER FOR ANY ASPECT OF THE APPROVED CONSTRUCTION, INCLUDING ANY CLAIM FOR DEFECTIVE WORK, INCOMPLETE WORK OR WARRANTY WORK.

10. County agrees to expend up to \$_____ ("Construction Costs") for the benefit of Owner for the Approved Construction. The actual amount needed for Approved Construction will be determined based on the lowest and best bid received from eligible contractors through the County's procurement process. Once such amount is determined it shall become the approved Construction Costs for purposes of this Rehabilitation Contract. In no event shall County be obligated to expend in excess of \$_____ for the Approved Construction.

11. OWNER AGREES THAT OWNER WILL, FOR A MINIMUM OF TEN (10) CONSECUTIVE YEARS FOLLOWING THE COMPLETION OF THE APPROVED CONSTRUCTION, 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 11. Such certificate shall include proof of a valid homeowner's insurance policy, copies of property tax statements, and a current utility bill. In the event of death of the Owner during the term of this contract, County is to be notified within sixty (60) days of the death so appropriate action may be taken.

12. Owner agrees to execute documents ("Loan Documents") which obligate Owner to repay the Construction Costs to the County and which contain other provisions with which Owner must comply until the Construction Costs are repaid. Owner understands and agrees that Owner is obligated to repay the County the Construction Costs in a lump sum, without interest (except in case of a default by Owner), TEN (10) 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 TEN (10) consecutive years after the beginning date used in the Loan Documents and is otherwise in compliance with the terms of the Loan Documents, County will credit Owner's Construction Costs on the Repayment Date in an amount equal to the Construction Costs. **FAILURE TO REPAY THE CONSTRUCTION COSTS IN ACCORDANCE WITH THIS REHABILITATION 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.**

13. Owner understands and agrees that if: (i) Owner sells the Property within ten (10) years following the beginning date used in the Loan Documents and such purchaser does not meet the requirements of Paragraph 14 of this Rehabilitation Contract; or (ii) Owner fails to continuously use the residence located on the Property as Owner's principal residence for ten (10) consecutive years following the beginning date used in the Loan Documents; or (iii) Owner fails to honor any of its other obligations to County under the Rehabilitation Contract or the Loan Documents; collectively, "Defaults;" that Owner, at County's option, is required to repay the Default Debt (hereinafter defined), together with interest at the rate of five percent (5%) per annum on the Default Debt, immediately. For purposes of this Rehabilitation Contract, "Default Debt" shall mean the difference between: (i) the Construction Costs; and (ii) "Default Credits". For purposes of this Rehabilitation Contract, "Default Credits" shall mean the amount, which shall vary based on the amount of time that has passed since the beginning date used in the Loan Documents at the time of the first Default, determined as follows:

- (i) Defaults during the first year of the Loan Documents - 0 %;
- (ii) Defaults during the second year of the Loan Documents - 10% of Construction Costs;
- (iii) Defaults during the third year of the Loan Documents - 20% of Construction Costs;
- (iv) Defaults during the fourth year of the Loan Documents - 30% of Construction Costs;
- (v) Defaults during the fifth year of the Loan Documents - 40% of Construction Costs;
- (vi) Defaults during the sixth year of the Loan Documents - 50% of Construction Costs;
- (vii) Defaults during the seventh year of the Loan Documents - 60% of Construction Costs;
- (viii) Defaults during the eighth year of the Loan Documents - 70% of Construction Costs;
- (ix) Defaults during the ninth year of the Loan Documents - 80% of Construction Costs;

and

- (x) Defaults during the tenth year of the Loan Documents - 90% of Construction Costs.

14. If Owner sells the Property within ten (10) years of the beginning date used in the Loan Documents and the person to whom the Property is sold qualifies for the County's Rehabilitation Program, the County may, in its sole discretion, consent to the sale and to the assumption by the purchaser of the Owner's obligations hereunder and under the loan Documents, including without limitation the obligation to use the Property as such purchaser's principal residence for the remainder of said ten (10) year period.

15. THIS REHABILITATION 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 REHABILITATION CONTRACT ARE RELIEVED OF ANY FURTHER OBLIGATIONS TO THE OTHER. OWNER REPRESENTS AND WARRANTS TO THE COUNTY THAT OWNER HAS REVIEWED THE REHABILITATION 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

By: Diana R. Serna
Its: Director

OWNER(s)

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by Diana Serna,
Director of COUNTY OF HIDALGO, URBAN COUNTY PROGRAM, on _____
_____ of 2009, in the capacity therein stated.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by _____
_____ on the _____ 2009.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by _____
_____ on the _____ 2009.

NOTARY PUBLIC, STATE OF TEXAS

Exhibit "A"
To
Owner-Occupied Rehabilitation Loan Program Contract

LEGAL DESCRIPTION OF THE PROPERTY:

OTHER LIENS AGAINST THE PROPERTY: **None of Record**

Exhibit "B"
To
Owner-Occupied Rehabilitation Loan Program Contract
Plans and Specifications

CONSTRUCTION LOAN AGREEMENT

OWNER-OCCUPIED REHABILITATION LOAN PROGRAM

This Construction Loan Agreement ("Agreement"), effective as of _____, **2009**, among the Borrower, Lender and Contractor who are identified and whose addresses are stated below. This Agreement relates to the manner of disbursement of the loan proceeds on the Note for the benefit of Borrower for the rehabilitation and/or renovation of the Improvements on the Property under the Lender's Owner-Occupied Housing Rehabilitation Program. The Note is secured by liens on the Property and Improvements granted in a Mechanic's Lien Contract and a Deed of Trust.

BORROWER:

BORROWER'S ADDRESS:

LENDER: County of Hidalgo, Texas

LENDER'S ADDRESS:

County of Hidalgo, Urban County Program
Owner-Occupied Rehabilitation Loan Program
1916 Tesoro Blvd
Pharr, Texas 78577

CONTRACTOR: **Gustavo De Leon d/b/a GMH Construction**

CONTRACTOR'S ADDRESS: 304 Toledo, Mission, TX 78572

NOTE:

\$ _____ Mechanic's Lien Note dated _____, executed by Borrower, payable to Contractor, as stated in the note, and secured by the Property, which note has been renewed and extended into a Promissory Note dated _____, executed by Borrower, payable to Lender, also secured by the Property

CONTRACT:

Mechanic's Lien Contract of even date herewith executed by Borrower and Contractor providing for the rehabilitation and/or renovation to the Improvements and retaining liens against the Property. The liens have been transferred to Lender

SECURITY FOR PAYMENT:

Mechanic's and materialman's lien granted by Borrower to Contractor in the Mechanic's Lien Contract on the Property, which liens were transferred to Lender in a Transfer of Lien of even date herewith, which Mechanic's Lien Contract and Transfer of Lien are recorded in the Real Property Records of Hidalgo County, Texas, and a deed of trust lien granted by Borrower for the benefit of Lender in a Deed of Trust of even date herewith, which Deed of Trust is recorded in the Real Property Records of Hidalgo County, Texas

PROPERTY: See Exhibit "A" attached hereto

IMPROVEMENTS:

Renovation and/or rehabilitation to Borrower's residence located on the Property according to: (i) Plans and Specifications, Timetable and Budget attached hereto as Exhibit "B"; (ii) an Owner-Occupied Rehabilitation Loan Program Contract dated _____ between Borrower and Lender; and (iii) the accepted bid submitted to Lender by Contractor. In the event of a conflict in the documents, the provision in the document containing the most stringent requirement for the matter in dispute shall control

AMOUNT AVAILABLE FOR CONSTRUCTION: _____

Borrower, Lender and Contractor agree as follows:

1. Purpose and Limitation of Advances.

(a) Subject to the provisions of this Agreement, and in compliance with Subchapter K, Chapter 53, Texas Property Code, Lender will advance funds to Contractor for the benefit of Borrower in the aggregate amount of the Note. Provided Contractor has obtained the performance bond required in Paragraph 1 (b) of this Agreement, Lender will advance the Amount Available for Construction during the course of the construction of the Improvements, in accordance with this Agreement. The Amount Available for Construction will be advanced solely to pay Contractor for costs of labor performed and materials furnished by Contractor pursuant to the Contract.

(b) Contractor may furnish a performance bond ("Bond"), to be kept in force throughout the period of this Agreement, in an amount equal to the Amount Available for Construction. The Bond shall: (i) cover Contractor's faithful performance of the Contract, free of liens upon the Property; (ii) name as obligees both Borrower and Lender, jointly and severally; (iii) be written by surety companies qualified to do business in the State of Texas; and (iv) be in such form and with such sureties as the Lender may approve.

(c) Construction advances are to be made by Lender to Borrower for work done.

(d) If Contractor has provided Lender and Borrower the Bond permitted by this Agreement, Contractor may submit a request for 40% of the Amount Available for Construction ("Initial Advance") when 50% of the work related to the Improvements have been completed and Contractor and Borrower have complied with the provisions of Paragraph 3 of this Agreement. A second request for construction advance for 50% of the Amount Available for Construction ("Final Advance") may be submitted when the Improvements have been completed and accepted by Borrower and Lender and Contractor and Borrower have complied with the provisions of Paragraph 4 of this Agreement.

(e) If Contractor has not provided Lender and Borrower the Bond permitted by this Agreement, Contractor may submit a request for 90% of the Amount Available for Construction when the Improvements have been completed and accepted by Borrower and Lender, and Contractor and Borrower have complied with the provisions of Paragraph 4 (except as to the Bond) of this Agreement.

(f) All requests for construction advances shall comply with Subchapter K, Chapter 53, Texas Property Code, and be made on forms approved

by Lender. Each construction advance shall be in an amount equal to the Amount Available for Construction times the applicable percentage as determined by Lender and/or its inspectors. Lender may prepare a chart for determining the percentage of completion and the schedule of advances to be made by Lender, and Lender may limit advances according to the schedule based on the percentage of the Improvements that are complete at the time of any request for construction advance.

(g) Whenever in the sole opinion of Lender the cost of completing the Improvements pursuant to the plans and specifications approved by Lender exceeds the total amount of unadvanced loan proceeds, Borrower, at Lender's request, shall pay such excess to the satisfaction of Lender prior to any further advances under the Note.

2. Lender's Payments on Behalf of Borrower. Lender shall make payments for the cost of construction of the Improvements by check payable to the Owner and Contractor, or to Contractor, and in Lender's discretion, following Contractor's default under this Agreement or the Contract, jointly to Contractor and Contractor's subcontractors or suppliers.

3. Conditions to Initial Advance. Lender shall have no obligation to make the Initial Advance of funds to Borrower unless and until Contractor has furnished Borrower and Lender the Bond permitted by this Contract, and the following conditions have been satisfied:

(a) Borrower and Contractor have executed and delivered to Lender this Agreement, the Contract, the Note, the Deed of Trust, an Owner-Occupied Rehabilitation Loan Program Contract, Affidavit of Commencement and other documents securing the loan evidenced by the Note;

(b) Borrower and Contractor have furnished Lender all documents required by Lender to evidence compliance with Subchapter K, Chapter 53, Texas Property Code;

(c) To the extent applicable, Contractor has furnished Lender evidence that Contractor has established a construction account in compliance with Chapter 162, Texas Property Code;

(d) Contractor has provided Lender a copy of the final plans and specifications for the construction of the Improvements acceptable to Lender, along with a timetable and budget for completion of the Improvements as required by this Agreement and the Contractor's accepted bid;

(e) Contractor has provided Lender a copy of the building permit for the Improvements;

(f) Contractor has provided Borrower and Lender a list of all subcontractors used or to be used for completion of the Improvements, and executed partial release and lien waivers from subcontractors, suppliers and Contractor for all amounts to be disbursed to Contractor against the Amount Available for Construction;

(g) Contractor has provided Lender a copy of all insurance policies, which Contractor is required to maintain under the Contract, or in lieu thereof, a certificate of insurance which confirms Contractor has obtained all insurance required under the Contract;

(h) Contractor has provided Lender evidence that Contractor is in compliance with Chapter 416, Texas Property Code; and

(i) Borrower and Contractor have provided Lender such other items as Lender shall reasonably require.

4. Final Advance. The Final Advance (except for retainage, which will be disbursed in accordance with paragraph 5) shall be disbursed at the completion of the Improvements when Contractor has delivered to Lender all documents required under Paragraph 3 and the following:

(a) Affidavit of Completion and Final Bills Paid Affidavit executed by Borrower and Contractor, which complies with Subchapter K, Chapter 53, Texas Property Code, together with supporting evidence (including, but not limited to, waivers of lien and releases signed by Contractor and all subcontractors and suppliers of materials) that: (i) the construction work for the Improvements has been fully completed; and (ii) all bills for labor and material have been paid in full;

(b) Evidence that Borrower and Contractor have complied with all applicable laws pertaining to the location, development, and construction of the Improvements and that all governmental authorities having jurisdiction have approved: (i) the location, development, and construction of the Improvements to the Property; and (ii) all other matters requiring approval by governmental authorities; and

(c) Borrower and Contractor have provided such other items as Lender shall reasonably require.

5. Disbursement of Retainage. The retainage will be disbursed thirty-one days after all of the following events have occurred: (i) completion of the Improvements and acceptance by Borrower and Lender; (ii) an Affidavit of Completion acceptable to Lender has been executed by Borrower and Contractor; (iii) the Affidavit of Completion has been filed in the Real Property Records of the county where the Property is located; and (iv) Borrower and Contractor have complied with

the provisions of Paragraph 4 of this Agreement. Notwithstanding any statement in this paragraph to the contrary, the retainage will not be disbursed if any liens have been filed against the Property in the Real Property Records of the county where the Property is located. Further, Lender may withhold approval of payment of the retainage until after Lender is presented evidence satisfactory to Lender, including but not limited to affidavits by Borrower and Contractor, showing payment in full of all obligations incurred in connection with construction.

6. Inspections. Lender shall be entitled to: (i) use its own personnel; or (ii) to designate an architect, engineer or other third party; to make any inspections or certifications required by Lender, and Lender shall not be required to make any loan advance until Lender has received inspections and certifications satisfactory to it. Prior to each loan advance, and at such other times as Lender may require, either Borrower or Contractor will be required to call for a physical inspection by Lender or other party designated by Lender.

7. Borrower's and Contractor's Additional Obligations. Borrower and Contractor further agree that:

(a) The Improvements will be constructed and fully equipped in a good and workmanlike manner with materials of high quality, using all new materials, strictly in accordance with the plans and specifications approved by Lender, and that the Improvements will comply with: (i) all applicable Housing Quality Standards contained in 24 Code of Federal Regulations, as amended, if the Property is located outside the jurisdiction of a municipality; or (ii) all applicable local building codes and ordinances of the municipality if the Property is located within the jurisdiction of a municipality, unless the municipality has no local building codes and ordinances, in which event Owner shall comply with all applicable Housing Quality Standards contained in 24 Code of Federal Regulations, as amended;

(b) No changes will be made in the plans and specifications submitted to Lender except on the written approval of the same by Lender;

(c) No extras shall be allowed to any contractor or subcontractor or any change made in any contract or subcontract without the Lender's prior written approval and consent;

(d) Contractor will promptly furnish Lender, at Lender's request, after execution thereof, executed copies of all contracts between Contractor and subcontractors, and of all contracts between Contractor and its suppliers, as well as contracts between subcontractors and their suppliers;

(e) Borrower and Contractor will cooperate with Lender in arranging for inspections by representatives of Lender of the progress of construction from time

to time and will promptly comply with Lender's requirements or satisfy any objections regarding construction of the Improvements or the progress thereof;

(f) Borrower and Contractor will not suffer or permit any mechanics' or materialmen's lien claims to be filed or otherwise asserted against the Property and will promptly discharge the same in case of the filing of any claims for lien or proceedings for the enforcement thereof; provided, however, that Borrower shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claim on furnishing to Lender such security or indemnity as it may require;

(g) Borrower will pay all real estate taxes and assessments of every kind on the Property before the same become delinquent, and Lender may at any time require Borrower to provide evidence that taxes have been paid current;

(h) In the event that Lender shall expend any amount in performance of any of Borrower's covenants or agreements under the Note or any document securing the Note, such amounts shall constitute additional indebtedness secured under the Contract;

(i) All of the personal property, fixtures, attachments, and equipment delivered on, attached to, or used in connection with the construction of the Improvements or the operation thereof will be kept free and clear of all liens, encumbrances, and security interests whatsoever, and Borrower will be the absolute owner of such personal property, fixtures, attachments, and equipment and Contractor and Borrower will, from time to time, furnish Lender with satisfactory evidence of such ownership, including searches of applicable public records;

(j) Borrower and Contractor will comply with their respective obligations under this Agreement and the Contract and with all applicable laws, rules, ordinances and regulations;

(k) Borrower and Contractor will comply with the Special Conditions, if any, set forth in Exhibit "C" attached hereto;

(l) Contractor will pay all premiums on all insurance policies required from time to time during the progress of construction, and furnish to Lender additional and renewal insurance policies with companies, coverage, and amounts satisfactory to Lender; and

(m) Contractor will keep accurate and proper books and records of the construction of the Improvements, and will at all reasonable hours allow Lender or its representative to examine such books and records and all contracts and bills relating to the construction of the Improvements.

(l) Contractor shall not discriminate against any employee or applicant for employment because of sex, race, creed, color, national origin or handicap and shall take affirmative action to ensure that during the application process and during employment applicants and employees are treated without regard to their race, creed, color, national origin or handicap. Such action shall include, but not be limited to hiring and employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor shall continuously post in conspicuous places, readily available to employees and applicants for employment, notices to be provided or approved by the County of Hidalgo, setting forth the provisions of this non-discrimination provision and such other notices as may be required by law.

8. Actions For Lender's Benefit Only. **THE AUTHORITY HEREIN CONFERRED ON LENDER AND ANY ACTION TAKEN BY LENDER IN MAKING INSPECTIONS OF THE PROPERTY, PROCURING SWORN STATEMENTS AND WAIVERS OF LIENS, APPROVING CONTRACTS AND SUBCONTRACTS AND APPROVING PLANS AND SPECIFICATIONS WILL BE TAKEN BY LENDER FOR ITS OWN PROTECTION ONLY, AND LENDER SHALL NOT BE DEEMED TO HAVE ASSUMED ANY RESPONSIBILITY TO BORROWER OR ANY OTHER PERSON WITH RESPECT TO ANY SUCH ACTION HEREIN AUTHORIZED OR TAKEN BY LENDER OR WITH RESPECT TO THE PROPER CONSTRUCTION OF THE IMPROVEMENTS, PERFORMANCE OF CONTRACTS OR SUBCONTRACTS BY ANY CONTRACTORS OR SUBCONTRACTORS, OR PREVENTION OF CLAIMS FOR MECHANIC'S LIEN.**

9. Non-Waiver By Lender. No waiver of any breach or default hereunder shall constitute or be construed as a waiver by Lender of any subsequent breach or default or of any breach or default of any other provision.

10. Conflict of Interest. **BORROWER AND CONTRACTOR REPRESENT AND WARRANT TO LENDER THAT, TO THE BEST OF THEIR KNOWLEDGE, NO EMPLOYEE, AGENT, CONSULTANT, OFFICER, OR ELECTED OR APPOINTED OFFICIAL OF LENDER WHO EXERCISES OR HAS EXERCISED ANY FUNCTIONS OR RESPONSIBILITIES WITH RESPECT TO THE ACTIVITIES ASSISTED WITH THE LENDER'S OWNER-OCCUPIED REHABILITATION LOAN PROGRAM OR WHO ARE IN A POSITION TO PARTICIPATE IN A DECISION MAKING PROCESS OR GAIN INSIDE INFORMATION WITH REGARD TO THESE ACTIVITIES, DURING THEIR TENURE OR WITHIN ONE YEAR THEREAFTER, HAS A FINANCIAL INTEREST OR BENEFIT IN THE LOAN RELATED TO THIS AGREEMENT, OR THE PROCEEDS THEREUNDER, EITHER FOR THEMSELVES OR THOSE WITH WHOM THEY HAVE FAMILY OR BUSINESS TIES.**

11. Dispute Resolution. All disputes between Contractor and Borrower regarding the construction project which is the subject of this Agreement, including, but not limited to, all disputes with regard to the Contract and this Agreement, shall, in the first instance, be submitted, in writing, with supporting documentation, within ten (10) days of the incident giving rise to the dispute, to Lender's program director having responsibility for the Lender's owner-occupied rehabilitation loan program for resolution. Except for good cause shown, any dispute not submitted within such ten (10) day period shall be deemed waived. While a dispute is pending, Contractor and Borrower shall otherwise proceed to perform all obligations under the Contract and this Agreement not otherwise in dispute.

12. Sole and Only Agreement. This Agreement and the instruments executed in connection therewith constitute the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

LENDER'S SIGNATURE:

BORROWER'S SIGNATURE:

COUNTY OF HIDALGO

By: Diana R. Serna
Its: Director

CONTRACTOR'S SIGNATURE:

Gustavo De Leon d/b/a
GMH Construction

(Jurat/Individual Acknowledgement)

STATE OF TEXAS §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by _____
_____ of HIDALGO COUNTY, on _____ **2009**.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgement)

STATE OF TEXAS §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by _____
_____ of HIDALGO COUNTY, on _____ **2009**.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §
COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by **Gustavo De Leon d/b/a GMH Construction** on _____, **2009**.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS

§

COUNTY OF HIDALGO

§

§

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me by Diana Serna
on _____, 2009.

NOTARY PUBLIC, STATE OF TEXAS

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "B"
PLANS AND SPECIFICATIONS,
TIMETABLE
AND
BUDGET

EXHIBIT "C"

SPECIAL CONDITIONS: **NONE**