

DELETION OF ARBITRATION PROVISION
(Not applicable to the Texas Residential Owner Policy)

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The Arbitration provision in the Policy is as follows:

“Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association (“Rules”). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.”

I request deletion of the Arbitration provision.

SIGNATURE:

DATE:

**First American Title Insurance Company
Privacy Policy Notice**

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **First American Title Insurance Company**.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as on applications or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

REAL ESTATE LIEN NOTE

HOMEBUYER ASSISTANCE PROGRAM

DATE: _____

(HUD #)

GRANTOR: Sue Ellen Lugo & Juan Manuel Rodriguez

GRANTOR'S MAILING ADDRESS: 807 S 28th Street Donna TX

PAYEE: County of Hidalgo, State of Texas, a political
subdivision

PAYEE'S MAILING ADDRESS: Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd.
Pharr, TX 78577

COUNTY OF EXECUTION: Hidalgo County, Texas

PLACE FOR PAYMENT: Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd.
Pharr, TX 78577

PRINCIPAL AMOUNT: \$ 7,500.00

USE OF PROCEEDS:

Closing costs and/or a portion of the down payment to purchase the **Property** according to a Homeowner Assistance Program Contract ("**Homeowner Contract**") dated _____ executed by **Payee** and **Maker**.

compliance the entire face value of the loan will be due and payable and will incur a four percent (6%) interest per annum.

Events of Default:

Maker shall be in default ("**Event of Default**") under the terms of this Real Estate Lien Note if any one or more of the following occurs:

1. **Maker** fails to keep any promise contained in: (i) the Homeowner Contract; or (ii) the First Lien Debt;
2. **Maker** fails to make one or more payments on this note or the First Lien Debt on time or in the amount due;
3. **Maker** fails to keep any promise contained in this note and/or fails to keep any promise contained in any agreement which secures the repayment of this note, including the Deed of Trust and/or the First Lien Debt deed of trust; or
4. **Maker** makes any written statement or provides any financial information that is untrue or inaccurate at the time it was made or provided.

Acceleration of Payment:

The repayment of the **Principal Amount** may, at **Payee's** option, be accelerated if any of the following occur:

1. **Maker** fails to continuously use the residence located on the **Property** as **Maker's** principal residence; or
2. Except to the extent permitted in this note or the **Homeowner Contract**, the voluntary transfer of beneficial ownership of all or part of the **Property**, whether by deed, contract for deed, or otherwise; or
3. Except as provided in the **Deed of Trust** or the **Homeowner Contract**, the existence of any voluntary or involuntary lien, encumbrance or charge against the **Property**, or any part thereof, which is superior to the **Payee's** liens, except for the lien for non-delinquent ad valorem taxes and the **First Lien Debt**; or
4. An **Event of Default** exists.

Additional Terms:

Maker also agrees to the following additional terms and conditions:

1. This note incorporates and is subject to the **Homeowner Contract** and the **Deed of Trust**.
2. **Maker** promises to pay to the order of **Payee** at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.
3. If **Maker** defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to it, and the default continues

after **Payee** gives **Maker** notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then **Payee** may declare the unpaid principal balance and earned interest on this note immediately due and/or repayable in installments as provided in the **Homeowner Contract**. **Maker** and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of default, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

4. **Maker** may at any time make full or partial prepayments on the principal without paying any penalty, in addition to making regularly scheduled payments. Unless **Payee** agrees otherwise in writing, partial prepayments will not alter the dates or amounts of regularly scheduled payments. **Payee** may require that any partial prepayments be in the same amount as regularly scheduled payments.
5. If this note or any instrument securing or collateral to it is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then **Maker** shall pay **Payee** all costs of collection and enforcement, including court costs and reasonable attorney's fees paid to an attorney who is not an employee of **Payee**, in addition to other amounts due. Reasonable attorney's fees shall be 10% of all amounts due unless either party pleads otherwise.
6. Interest on the debt evidenced by this note 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.
7. Each **Maker** is responsible for all obligations represented by this note.
8. When the context requires, singular nouns and pronouns include the plural.

NOTICE TO MAKER:

THIS PROMISSORY NOTE IS SUBJECT TO THE AFFORDABILITY PROVISIONS OF 24 CODE OF FEDERAL REGULATIONS, SECTION 92.254, & THE HOME INVESTMENT PARTNERSHIP PROGRAM OF THE COUNTY OF HIDALGO ADOPTED UNDER SAID 24 CFR Part 92.

SINCE THESE REGULATIONS PLACE SOME LIMITATIONS ON THE MAKERS' FREEDOM OF SALE FOR A PERIOD OF FIVE(5) YEARS IN RELATION TO THE PROPERTY TO BE SECURED BY THE LOAN, MAKERS HAVE BEEN INFORMED THAT THEY SHOULD OBTAIN LEGAL ADVICE BEFORE SIGNING THIS DOCUMENT.

Signature

Signature

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this _____ day of 20__ by
_____.

NOTARY PUBLIC, STATE OF TEXAS

(ACKNOWLEDGMENT)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this _____ day of 20__ by
_____.

NOTARY PUBLIC, STATE OF TEXAS

AFTER RECORDING RETURN TO:

**Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd
Pharr, Tx. 78577**

**SECOND LIEN
DEED OF TRUST
HOMEBUYER ASSISTANCE PROGRAM**

DATE: _____

(HUD #: _____)

GRANTOR: Sue Ellen Lugo & Juan Manuel Rodriguez

GRANTOR'S MAILING ADDRESS: 807 S 28th Street Donna TX

TRUSTEE: Diana R. Serna, Director

TRUSTEE'S MAILING ADDRESS:

Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd.
Pharr, TX 78577

BENEFICIARY: County of Hidalgo, State of Texas, a political subdivision

BENEFICIARY'S MAILING ADDRESS (including county):

Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd.
Pharr, Tx. 78577

NOTE:

DATE: (DATE OF CLOSING)

AMOUNT: \$7,500

GRANTOR: Sue Ellen Lugo & Juan Manuel Rodriguez

PAYEE: County of Hidalgo, State of Texas

FINAL MATURITY DATE: (FIVE YRS FROM DATE OF CLOSING)

PROPERTY (including any improvements):

TERM OF PAYMENTS:

The terms of payment shall be in accordance with that Real Estate Lien Note entered in between the County of Hidalgo and Sue Ellen Lugo & Juan Manuel Rodriguez (maker) dated _____. Owner understands and agrees that if Owner sells the Property, as provided in this paragraph, within the period of affordability, five (5) years following the beginning date used in the Loan Documents

(A).

Accordingly, in the event of a voluntary or involuntary transfer of the property during the applicable period of affordability, the County will recapture all or a portion of the direct subsidy provided to the homebuyer.

The loan will be forgiven pro rata over the period of affordability under the following terms, as long as the home remains the principal residence of the home buyer:

- (i) Upon completion of the 1st year of the Loan Documents -20% of the original principal amount will be forgiven;
 - (ii) Upon completion of the 2nd year of the Loan Documents -40% of the original principal amount will be forgiven;
 - (iii) Upon completion of the 3rd year of the Loan Documents - 60% of the original principal amount will be forgiven;
 - (iv) Upon completion of the 4th year of the Loan Documents - 80% of the original principal amount will be forgiven; and
 - (v) Upon completion of the 5th year of the Loan Documents -100% of the original principal amount will be forgiven
- (B). If the net proceeds from a voluntary or involuntary sale are insufficient to repay the prorated amount of the HOME subsidy, the County shall recapture the entire amount of net proceeds from the sale. If there are no net proceeds from the sale, no repayment is required. Net proceeds are defined as the sales price minus superior loan repayment and any closing costs incurred by the homebuyer.

Penalties for Non-Compliance

In the event that the County determines that the assisted homebuyer(s) is non-compliant with the residency requirements and the other requirements stated in the Homebuyer Assistance Program Contract then the entire face value of the loan is immediately due and payable to the County. Homebuyer will be given 30 days to return to compliance. If homebuyer(s) does not return to compliance the entire face value of the loan will be due and payable and will incur a six percent (6%) interest per annum.

DESCRIPTION OF PROPERTY:

LEGAL DESCRIPTION

PRIOR LIEN(S):

The indebtedness evidenced by the Note and this deed of trust is subordinate to the indebtedness evidenced by a note dated (DATE OF CLOSING), in the original principal sum of \$ 69,442.00 executed by Grantor and payable to Affordable Homes of South Texas, Inc.("First Lien Debt"), which First Lien Debt is also secured by a deed of trust lien on the Property.

Grantor and Beneficiary acknowledge and agree that this Second Lien Deed of Trust is subject and subordinate in all respects to the liens, covenants and conditions of the First Lien Debt and to all advances heretofore made or which may hereafter be made pursuant to the First Lien Debt including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Lien Debt, curing defaults by Grantor under the First Lien Debt or for any other purpose expressly permitted by the First Lien Debt or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Lien Debt are paramount and controlling, and they supercede any other terms and provisions in conflict therewith. In the event of a foreclosure of the First Lien Debt, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Grantor's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property. Any person, including successors and assigns (other than the Grantor or a related entity of the Grantor), receiving title to the Property through a foreclosure of the First Lien Debt shall receive title to the Property free and clear from any such restrictions.

In the event Beneficiary commences foreclosure proceedings on the Property under this Second Lien Deed

of Trust, Beneficiary, in addition to providing Grantor notices at the time(s) and in the manner provided in Section 51.002, Texas Property Code, will also provide a copy of such notice(s) to the holder of the First Lien Debt at the same time such notice(s) are provided to Grantor as provided in Section 51.002, Texas Property Code; however, the holder of the First Lien Debt shall have no claim or cause of action against Beneficiary in the event Beneficiary fails to give any such notice to the holder of the First Lien Debt so long as such failure is not due to willful disregard on the part of Beneficiary, or if such notice(s) are given by Beneficiary to the holder of the First Lien Debt in the manner provided by Section 51.002, Texas Property Code, but such notice(s) are not received by the holder of the First Lien Debt. For purposes of giving any notices to the holder of the First Lien Debt as provided in this paragraph, such holder's address is as follows:

Affordable Homes of South Texas, Inc
1420 Erie Ave
McAllen TX 78501

If no address has been inserted in the space immediately above, Beneficiary has no obligation to provide such notices to the holder of the First Lien Debt until such time as beneficiary receives written notice of such holder's address, by certified mail, return receipt requested, addressed to Beneficiary, in care of Trustee, at Beneficiary's Mailing Address shown herein.

OTHER EXCEPTIONS TO CONVEYANCE AND WARRANTY:

(See Exhibit "A" attached hereto)

For value received and to secure payment of the **Note**, **Grantor** conveys the **Property** to **Trustee** in trust. **Grantor** warrants and agrees to defend 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 the **Property** in such a manner as to cause it to comply with Grantor's agreements in a First Time Homeowner Program Contract ("**Homeowner Contract**") between **Grantor** and **Beneficiary**;
5. 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;

6. comply at all times with the requirements of the 80% coinsurance clause;
7. deliver the insurance policy to **Beneficiary** and deliver renewals to **Beneficiary** at least ten days before expiration;
8. keep any buildings occupies as required by the insurance policy;
9. comply with its obligations under the **Homeowner Contract**; and
10. 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, including the **First Lien Debt**.

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. Notwithstanding the above, the **Beneficiary's** right to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the senior lien holder to collect and apply such proceeds in accordance with the **First Deed of Trust**.
5. 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.
6. 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, including the **First Lien Debt**, 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 as provided in the **DPA Contact**;
 - 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; or
 - c. purchase the **Property** at any foreclosure sale by offering the highest bid and then have the bid credited on the **Note**.
7. **Beneficiary** will give the senior lien written notice of default and prior written notice of acceleration under the subordinate **Deed of Trust**.

TRUSTEE'S DUTIES

If requested by **Beneficiary** to foreclose this lien, **Trustee** shall;

1. either personally or by agent give notice to 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. 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 after 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 to evidence funds advanced by **Beneficiary** to **Grantor** as a portion of the down payment and closing costs related to **Grantor's** purchase of the **Property**.
14. For five (5) years following the date of this deed of trust, **Grantor** 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. The restrictions in this section are subordinate to the deed of trust lien which secures the repayment of the First Lien Debt.

This Deed of Trust, and the Real Estate Lien note which it secures is given for and represents the sum of \$7,500 HOME funds paid by the County of Hidalgo at the special instance and request of the grantors herein and used to pay for closing costs, down payment and any principle reduction if allowed, to the property by the grantor herein. Said amount represents a Homebuyer Assistance Program loan to Grantors herein under the HOME Investment Partnership Program of the Hidalgo County – Urban County Program.

THIS DEED OF TRUST AND THE NOTE TO WHICH IT RELATES IS SUBJECT TO THE AFFORDABILITY PROVISIONS OF 24 CODE OF FEDERAL REGULATIONS, SECTION 92.254, & THE HOME INVESTMENT PARTNERSHIP PROGRAM OF THE COUNTY OF HIDALGO ADOPTED UNDER SAID 24 CFR Part 92.

SINCE THESE REGULATIONS PLACE SOME LIMITATIONS ON THE GRANTORS' FREEDOM OF SALE FOR A PERIOD OF (5) YEARS IN RELATION TO THE PROPERTY, GRANTORS HAVE BEEN INFORMED THAT THEY SHOULD OBTAIN LEGAL ADVICE BEFORE SIGNING THIS DOCUMENT.

SIGNATURE

SIGNATURE

(ACKNOWLEDGMENT)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this _____ day of 20__ by _____.

NOTARY PUBLIC, STATE OF TEXAS

(ACKNOWLEDGMENT)

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this _____ day of 20__ by _____.

NOTARY PUBLIC, STATE OF TEXAS

AFTER RECORDING RETURN TO:

**Urban County Program
Homebuyer Assistance Program
1916 Tesoro Blvd
Pharr, Tx. 78577**

Exhibit "A"
To A
Deed of Trust
Legal Description of the Property
and
Exceptions to Conveyance and Warranty

LEGAL DESCRIPTION OF THE PROPERTY:

LOT 30 Donna Meadows Subdivision Phase II, Donna, TEXAS

OTHER EXCEPTIONS TO CONVEYANCE AND WARRANTY:

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 _____ 2012, between the County of Hidalgo, State of Texas ("County") and Sue Ellen Lugo & Juan Manuel Rodriguez ("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:

Lot 30 DONNA MEADOWS SUBDIVISION PHASE II, DONNA, HIDALGO COUNTY TEXAS
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) Qualification as Affordable Housing: Homeownership, 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 \$7,500.00 ("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 9.**

10. 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 forgive Owner's outstanding HOMEBUYER ASSISTANCE Funds on the Repayment Date in an amount equal to the HOMEBUYER ASSISTANCE Funds.

FAILURE TO REPAY THE HOMEBUYER ASSISTANCE FUNDS IN ACCORDANCE WITH THIS 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. Owner understands and agrees that if Owner sells the Property, within the period of affordability (five (5) years the beginning date used in the Loan Documents), through a voluntary or involuntary transfer, the County will recapture all or a portion of the direct subsidy provided to the homebuyer as provided in this paragraph.

The loan will be forgiven pro rata over the period of affordability under the following terms, as long as the home remains the principal residence of the home buyer:

- (i) Upon completion of the 1st year of the Loan Documents -20% of the original principal amount will be forgiven;
- (ii) Upon completion of the 2nd year of the Loan Documents -40% of the original principal amount will be forgiven;
- (iii) Upon completion of the 3rd year of the Loan Documents - 60% of the original principal amount will be forgiven;
- (iv) Upon completion of the 4th year of the Loan Documents - 80% of the original principal amount will be forgiven; and
- (v) Upon completion of the 5th year of the Loan Documents -100% of the original principal amount will be forgiven

If the net proceeds from a voluntary or involuntary sale are insufficient to repay the prorated amount of the HOME subsidy, the County shall recapture the entire amount of net proceeds from the sale. If there are no net proceeds from the sale, no repayment is required. Net proceeds are defined as the sales price minus superior loan repayment and any closing costs incurred by the homebuyer.

12. Owner understands and agrees that: (i) Owner agrees 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; and (ii) Owner agrees to honor any of its other obligations to County under the Homebuyer Contract or the Loan Documents; collectively. In the event that the County determines that the assisted homebuyer(s) is non-compliant with the residency requirements and the other requirements stated in the Homebuyer Assistance Program Contract then the entire face value of the funds are immediately due and payable to the County. Homebuyer will be given 30 days to return to compliance. If homebuyer(s) does not return to compliance the entire face value of the funds will be due and payable and will incur a four percent (4%) interest per annum.

13. **THIS HOMEBUYER CONTRACT CREATES A BINDING AGREEMENT BETWEEN YOU AND THE COUNTY; OWNER REPRESENTS AND WARRANTS TO THE COUNTY THAT OWNER HAS REVIEWED THE 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

Sue Ellen Lugo

Juan Manuel Rodriguez

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §

COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me Sue Ellen Lugo ON THIS _____
day of _____, 2012.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §

COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me Juan Manuel Rodriguez ON THIS
_____ day of _____, 2012.

NOTARY PUBLIC, STATE OF TEXAS

(Jurat/Individual Acknowledgment)

STATE OF TEXAS §

COUNTY OF HIDALGO §

SWORN, SUBSCRIBED AND ACKNOWLEDGED before me Diana R. Serna ON THIS
_____ day of _____, 2012.

NOTARY PUBLIC, STATE OF TEXAS

Exhibit "A"

To a

Homebuyer Assistance Program Contract

LEGAL DESCRIPTION OF THE PROPERTY:

Lot 30 DONNA MEADOWS SUBDIVISION PHASE II, HIDALGO COUNTY TEXAS

Exhibit "B"
To a
Homebuyer Assistance Program Contract

Copy of BUILDERS CONTRACT