

**RESOLUTION RENEWING A LINE OF CREDIT**

**WHEREAS**, Hidalgo County Urban County Program has been awarded grants from the Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Agriculture (TDA), and from the Texas General Land Office (GLO);

**WHEREAS**, there is a need to open a line of credit in the amount of \$500,000.00 for the purposes related to the administration and on-going business of these programs; and

**WHEREAS**, any amounts obtained from the line of credit will be re-paid directly from the corresponding TDHCA, TDA and GLO programs.

**THEREFORE, BE IT RESOLVED** by the Commissioners' Court of Hidalgo County that the Urban County Program is authorized to open a Line of Credit with the Lone Star National Bank of McAllen, Texas in the amount of \$500,000.00 at an interest rate so specified in the County's depository contract with Lone Star National Bank of McAllen, Texas.

Signed the \_\_\_\_\_ day of \_\_\_\_\_, 2013

\_\_\_\_\_  
*County Judge*

**Attest:**

\_\_\_\_\_  
*County Clerk*

**Frank**

---

**From:** Pedro Salazar | NML S# 813894 [salazarp@lonestarnationalbank.com]  
**Sent:** Wednesday, July 10, 2013 6:20 PM  
**To:** francisco.martinez@ucp.co.hidalgo.tx.us  
**Cc:** Edna Yaccarino; Wes Kittleman  
**Subject:** Urban County Line of Credit  
**Attachments:** MX-M310\_20130710\_063012.pdf

Good Afternoon Frank,

These are the documents for the Line of Credit that we discussed. They are marked draft so that you can include them as part of your agenda item. Once the item is presented as Commissioners Court, get me a copy of the minuetts so that we can finalize the documents and take them to you for the appropriate signatures.

Thanks

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

## PROMISSORY NOTE

\$500,000.00

McAllen, Texas

July \_\_\_\_, 2013

As hereinafter stipulated, for value received, COUNTY OF HIDALGO, acting by and through the URBAN COUNTY PROGRAM (the "Maker"), promises to pay to the order of LONE STAR NATIONAL BANK, a national banking association (the "Payee") the principal sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), or so much thereof as may be advanced and unpaid hereon from time to time, whichever is the lesser amount, together with interest on the amounts outstanding hereon from date until maturity at a fluctuating rate equal to the Wall Street Journal's Prime Rate (as herein defined) per annum, but in no event shall such rate exceed the maximum lawful rate permitted under applicable Texas or federal law. The interest rate shall be computed on the basis of a year containing 360 days for the actual number of days elapsed. Both principal and interest shall be payable at 520 E. Nolana Ave., McAllen, Texas 78504. Interest will accrue on any payments of principal and/or interest not made on or before their due date from such due date until paid, and after the maturity of this note on the entire unpaid balance hereof, at a rate equal to the greater of (i) eighteen percent (18%) per annum, or (ii) the quarterly ceiling in effect on the date the note is signed as provided in the Texas Finance Code.

The term Wall Street Journal's "Prime Rate" shall mean the Prime Interest Rate as used in this note means a per annum interest rate equal to the "Prime Rate" as published each day by the Wall Street Journal in its "Money Rate" section, and if more than one such rate is published, then the highest such rate. On any day when the Wall Street Journal is not published or a prime rate is not published under the money rates section thereof, then the prime rate published for the preceding publication date of the Wall Street Journal shall apply. Should the method of establishing the Prime Interest Rate, or the publication of such prime rate, cease or be abolished, then the Prime Interest Rate used for the balance of the term of this note shall be that interest rate established, adopted or used by Payee as its Prime or Prime Interest Rate. The applicable rate shall be adjusted with each change in the Prime Rate and shall be effective until the effective date of the next change in the Prime Rate.

The Maker and Payee of this note have computed the interest under the terms hereof and the instruments securing the payment hereof as not being in excess of the maximum legal rate provided by law and have determined to the satisfaction of both Maker and Payee that interest payable under the terms of this note could not exceed the maximum legal rate provided by law; however, should the interpretation or application of the provisions hereof and the instruments securing the payment hereof when considered jointly or severally be construed by a court of last resort to provide for or permit the payment of interest in excess of the maximum legal rate, such interpretation was not the intention of the parties and results from a mutual mistake and the payments shall be first applied to interest at the maximum legal rate provided by law and the remaining balance to principal or rebated to Maker where applicable.

If default shall be made in the payment of any installment of principal or interest on this

note, when due, or in case of failure to perform any covenant or agreement contained in any of the instruments securing the payment hereof, then the indebtedness evidenced by this note and all accrued interest hereon shall, at the election of the legal holder hereof, become immediately due and payable. The holder of this note may waive any default without waiving any prior or subsequent default.

If this note is placed in the hands of an attorney for collection or is collected through the Probate or Bankruptcy Court, or through other legal proceedings, the makers, endorsers, and/or guarantors hereof further promise to pay reasonable attorneys' fees and all costs, including but not limited to court costs and the cost of any bonds required for the preservation or possession of any property securing this note, which may be incurred by the holder of this note.

Except to the extent prohibited by applicable law, the Maker, sureties, endorsers, and guarantors of this note hereby severally waive presentation for payment, notice of non-payment, protest, and notice of protest, demand for payment, presentment for acceleration of maturity, notice of intention to accelerate maturity and diligence in bringing suit against any party hereto, and consent that the time of payment may be extended without notice thereof to any of the sureties, endorsers and/or guarantors on this note, and each agrees that his, her or its liability on or with respect to this note shall not be affected, diminished or impaired by a release or substitution of any security at any time existing for this note or any failure to perfect (or to maintain perfection of) any lien or security interest in any such security.

This note shall constitute an unsecured revolving line of credit and, as such, the Maker shall be entitled to borrow, repay and reborrow the funds evidenced by this note; provided that the total amount advanced hereunder shall at no time exceed \$500,000.00. Interest on the amount of each advance against this note shall be computed on the amount of each advance and shall accrue from the date such funds are made available to Maker.

Upon the occurrence of any event of default hereunder or under any of the other documents evidencing or securing this note, including, but not limited to the occurrence of any event of default upon that certain Loan Agreement between Maker and Payee dated of even date herewith (the "Loan Agreement"), then the indebtedness evidenced by this note and all accrued interest hereon shall, at the election of the legal holder hereof, become immediately due and payable. The holder of this note may waive any default without waiving any prior or subsequent default.

Accrued interest only on this note shall be due and payable in eleven (11) monthly installments beginning August \_\_\_\_, 2013 and continuing on the \_\_\_\_ day of each month thereafter until and including June \_\_\_\_, 2014. The entire unpaid principal balance of this note, together with any accrued, but unpaid, interest shall be due and payable in a lump sum on July \_\_\_\_, 2014.

Payments are due on dates described below, however, should any payment not be made within ten (10) days of due date, then, at the option of the holder hereof, the undersigned

shall pay a "late charge" equal to five percent (5%) of the amount of the delinquent payment to compensate the holder for administrative expenses and other costs created by the delinquent payment. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to the holder hereof.

Maker may prepay all or part of this note at any time without the payments of any premium or fee.

THIS LOAN IS PAYABLE IN FULL ON OR BEFORE JULY \_\_, 2014. AT MATURITY, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. PAYEE IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE BANK YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER. A NEW APPLICATION FOR REFINANCING MAY BE CONSIDERED AT MATURITY.

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

COUNTY OF HIDALGO, acting by and through  
the URBAN COUNTY PROGRAM

By: \_\_\_\_\_  
Ramon Garcia, County Judge

ATTESTED BY:

\_\_\_\_\_  
Arturo Guajardo, Jr., County Clerk

## BORROWING CERTIFICATE

The undersigned, being the duly elected County Judge of Hidalgo County, Texas, hereby certifies as follows:

1. The minutes attached hereto as Exhibit "A" (the "Minutes") is a true and complete copy of the minutes of the Hidalgo County Commissioners' Court (the "Commissioners' Court") meeting which was held on \_\_\_\_\_ (the "Meeting").
2. The resolutions contained in the Minutes have been duly adopted by the Commissioners' Court and the Commissioners' Court has taken all actions necessary to approve these resolutions.
3. With regard to the resolutions approving a \$500,000.00 line of credit from Lone Star National Bank for use by the Hidalgo County Urban County Program, the undersigned, in his capacity as County Judge, is authorized to execute and deliver the note and other loan documents evidencing this indebtedness (the "Loan Documents"), and when executed, the Loan Documents shall constitute valid and binding obligations of the Court of Hidalgo.

Executed as of this \_\_\_\_\_ day of July, 2013

\_\_\_\_\_  
Ramon Garcia, County Judge

## LOAN AGREEMENT

This Loan Agreement is made this \_\_\_\_ day of July, 2013, by and between COUNTY OF HIDALGO acting by and through the URBAN COUNTY PROGRAM, (the "Borrower") and LONE STAR NATIONAL BANK, a national banking association (the "Bank"):

### WITNESSETH:

WHEREAS, subject to the terms and conditions set forth herein, the Bank has made or agreed to make the loan to Borrower described herein (the "Loan"); and

WHEREAS, the Bank has requested, and the Borrower has agreed to execute and deliver this Loan Agreement to set forth certain terms and conditions pertaining to the Loan.

NOW, THEREFORE, the parties hereto agree as follows:

1. Borrower will execute and deliver to the Bank an unsecured note in the original principal sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), said note to be in a form and substance acceptable to the Bank in all respects. The Loan shall bear interest at a daily fluctuating rate equal to the Wall Street Journal's Prime Rate (as defined in the note) per annum, but in no event shall such rate exceed the maximum lawful rate permitted under applicable Texas or federal law. The interest rate shall be computed on the basis of a year containing 360 days for the actual number of days elapsed. Accrued interest only on this note shall be due and payable in eleven (11) monthly installments beginning August \_\_\_\_, 2013 and continuing on the \_\_\_\_ day of each month thereafter until and including June \_\_\_\_, 2014. The entire unpaid principal balance of this note, together with any accrued, but unpaid, interest, shall be due and payable in a lump sum on July \_\_\_\_, 2014.
2. The Loan shall constitute an unsecured revolving line of credit and, as such, the Borrower shall be entitled to borrow, repay and reborrow the funds evidenced by the Loan; provided that the total amount advanced on the Loan shall at no time exceed \$500,000.00. Interest on the amount of each advance shall be computed on the amount of each advance and shall accrue from the date such funds are made available to Borrower. Diana Serna, Urban County Program Director, or her designee, is authorized to request advances on this Loan. All advance requests shall be in writing on such form as the Bank shall require.
3. Within one hundred eighty (180) days after the end of each fiscal year of the Borrower, Borrower shall provide the Bank with a copy of Borrower's audited annual financial statements for the previous fiscal year, detailing the assets and liabilities of Borrower, and an income statement detailing each item of income and expense incurred by Borrower during the preceding fiscal year. All of said financial statements

shall be prepared by Borrower's customary accountants, in conformance with generally accepted accounting principles consistently applied.

4. Borrower's failure to comply with any of the terms contained herein shall constitute an event of default on the Loan.
6. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. This Agreement represents the entire agreement of the parties regarding the matters addressed herein. This Agreement shall not be amended except by written instrument signed by all parties hereto. This Agreement shall be governed by the Laws of the State of Texas and the obligations of the parties hereunder are performable in Hidalgo County, Texas.
8. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED as of the date first above written.

**BORROWER:**

COUNTY OF HIDALGO, acting by and through  
the URBAN COUNTY PROGRAM

By: \_\_\_\_\_  
Ramon Garcia, County Judge

ATTESTED BY:

\_\_\_\_\_  
Arturo Guajardo, Jr., County Clerk

**BANK:**

LONE STAR NATIONAL BANK, a national  
banking association

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_