

FIRST AMENDED DEVELOPMENT AGREEMENT BY AND BETWEEN HIDALGO COUNTY, TEXAS; LOS PRADOS PUBLIC IMPROVEMENT DISTRICT; REINVESTMENT ZONE NUMBER ONE, HIDALGO COUNTY; VALLEY AFFORDABLE HOUSING, LLC; AND LOS PRADOS DEVELOPMENT, LLC

STATE OF TEXAS §
 § **KNOW ALL MEN, THESE PRESENTS**
COUNTY OF HIDALGO §

This First Amended Development Agreement (hereinafter, the “**Amended Agreement**”) is made by and between **Hidalgo County, Texas** (hereinafter, the “**COUNTY**”) acting by and through its duly elected Judge and Commissioners; **Los Prados Development, LLC**, a Texas limited liability company (hereinafter, the “**DEVELOPER**”); **Los Prados Public Improvement District**, a Public Improvement District created pursuant to and in accordance with Chapter 372, Texas Local Government Code (hereinafter, the “**PID**”), acting by and through its duly authorized manager; and **Reinvestment Zone Number One, Hidalgo County**, a tax increment reinvestment zone created pursuant to and in accordance with Chapter 311, Texas Tax Code, acting by and through its duly authorized board of directors (hereinafter “**TIRZ**”). Individually, the COUNTY, DEVELOPER, PID, and TIRZ may be referred to as a “**PARTY**,” and collectively referred to as the “**PARTIES**.” This Amended Agreement is made effective as of the date of final signature by all Parties, as hereafter defined (the “**Effective Date**”). .

WITNESSETH:

WHEREAS, COUNTY recognizes the importance of its continued role in and so desires economic development within the region to the benefit of its inhabitants and surrounding community by addressing housing affordability and improving living standards within the same; and

WHEREAS, the City of Mercedes, Texas (“**City**”), by and through its City Commission, passed Resolution No. 2023-25, expressing its strong support for the affordable housing project proposed by DEVELOPER to be located in the City’s extraterritorial jurisdiction and within Hidalgo County, Texas, and through such formal resolution has requested assistance from COUNTY to support DEVELOPER with the establishment of the PID and TIRZ; and

WHEREAS, DEVELOPER, is the owner of certain real property consisting of approximately 94.98 acres, more or less, in the City’s extraterritorial jurisdiction and within Hidalgo County, Texas, on which the affordable housing project proposed by DEVELOPER is to be located, said property being more particularly described in the map and metes and bounds description contained in **EXHIBIT A**, attached hereto and incorporated herein for all intents and purposes (hereinafter the “**Property**”); and

WHEREAS, DEVELOPER petitioned the COUNTY to create a Public Improvement District (hereinafter referred to as “**PID**” or “**DISTRICT**”) pursuant to the provisions of Chapter 372, Texas Local Government Code (“**Chapter 372**”) to provide qualifying infrastructure improvements, related services, as well as much-needed affordable housing options to low and moderate-income individuals and families within the surrounding community; and

WHEREAS, DEVELOPER also petitioned the COUNTY to create and designate a Tax Increment Reinvestment Zone (hereinafter referred to as “**TIRZ**” or “**ZONE**”) pursuant to the provisions of Chapter 311, Texas Tax Code (“**Chapter 311**”), under a Section 311.005(a)(4) thereof, to provide much-needed affordable housing options to low and moderate-income individuals and families within the surrounding community and allow for the establishment of a down-payment assistance program, which will be funded and distributed to home-buyers or other qualified applicants as more fully set forth below; and

WHEREAS, the COUNTY’s creation, designation, and establishment of the TIRZ and PID allows for and provides valuable tax incentives and improvements that are vital to the financial feasibility and ultimate success of the affordable housing project proposed by DEVELOPER on property that would otherwise remain vacant and the development thereof would not otherwise occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, the Property on which the affordable housing project proposed by DEVELOPER is to be located has been included by the COUNTY within the boundaries of the DISTRICT and within boundaries of the ZONE; and

WHEREAS, the COUNTY, PID, and TIRZ intend for this Agreement to be entered into pursuant to and under Chapter 791, Texas Government Code, for the purpose of providing and collaborating under this Agreement to provide affordable housing as allowed under TEX. LOC. GOV’T CODE § 372.003(b)(15) and TEX. TAX CODE § 311.010(b), within the Property; and

WHEREAS, Chapter 372 authorizes the expenditure of funds derived from the PID, the payment of expenditures made or estimated to be made, and the payment of monetary obligations incurred or estimated to be incurred, by the COUNTY in establishing the PID, the payment of costs of public improvements constructed and services provided within the DISTRICT, as well as other such project costs incidental to those expenditures and obligations, consistent with the service plan of the PID, which expenditures and monetary obligations constitute project costs, as more fully described in Chapter 372 (“**PID Improvements**”); and

WHEREAS, Chapter 311 authorizes the expenditure of funds derived from the TIRZ, the payment of expenditures made or estimated to be made, and payment of monetary obligations incurred or estimated to be incurred by the COUNTY in establishing the ZONE, the payment of costs of public works or public improvements in

the ZONE, plus other costs incidental to those expenditures and obligations, consistent with the project plan and finance plan of the TIRZ, and the pledging and use of tax increment funds generated from the TIRZ for uses that benefit the ZONE under this Agreement and pursuant to TEX. TAX CODE § 311.010(b), including use in affordable housing programs, which expenditures, pledges, and monetary obligations constitute project costs, as more fully described in Chapter 311 (“**TIRZ Improvements**”); and

WHEREAS, the PID Improvements and the TIRZ Improvements are collectively referred to hereinafter as “Authorized Improvements;” and

WHEREAS, on November 12, 2024, the COUNTY passed and approved Resolution No. 97398, which, *inter alia*, authorized establishment of the PID on the Property in accordance Chapter 372 (“**PID Creation Resolution**”); and

WHEREAS, on December 17, 2024, the COUNTY adopted Order No. 97795, which, *inter alia*, levied assessments and approved the 2024-2025 Service and Assessment Plan and 2024-2025 Assessment Roll for the PID in accordance with Chapter 372; and

WHEREAS, in accordance with Chapter 372, the manager of the PID, being Texas Special District Management, LLC, a Texas limited liability company (hereafter “**PID Manager**”) has authority to enter into agreements that it considers necessary or convenient to implement the improvements authorized thereunder and Service Plan and to achieve the purposes of developing the Property; and

WHEREAS, on November 12, 2024, the COUNTY passed and approved Order No. 97397, which, *inter alia*, designated and created the TIRZ and provided for a Board of Directors for the Zone (“**TIRZ Creation Order**”); and

WHEREAS, the TIRZ and use of TIF Funds, as contemplated herein, does not conflict with the County’s TIRZ Policy, as amended; and

WHEREAS, on December 9, 2024, the TIRZ Board of Directors (“**Board**”) duly passed Resolution No. 2024-02, recommending approval of a project plan and financing plan for the ZONE in accordance with Chapter 311; and

WHEREAS, on December 17, 2024, the COUNTY adopted Order No. 97747, which, *inter alia*, the County approved the project plan and financing plan for the TIRZ, as recommended by the Board; and

WHEREAS, pursuant to Chapter 311, the Board has authority to enter into agreements that it considers necessary or convenient for implementation of the project plan and financing plan for the ZONE and to dedicate, pledge, or otherwise provide for the use of the revenue from the TIRZ to pay for and finance TIRZ Improvements authorized under Chapter 311 that benefit the ZONE; and

WHEREAS, the COUNTY has pledged to contribute a certain portion of its tax increment collected from Property within the ZONE and is obligated to deposit the same on an annual basis into the tax increment fund established for the TIRZ under County Order No. 97397; and

WHEREAS, the PARTIES previously entered into that certain Development Agreement dated effective as of December 17, 2024, which set forth their respective rights, duties, and obligations to one another relating to development of the Los Prados Project on the Property and within the ZONE and DISTRICT (the “**Original Agreement**”); and

WHEREAS, the PARTIES mutually desire to amend the Original Agreement in accordance with Section 14.1 thereof; and

WHEREAS, the PARTIES intend for the terms and conditions of this Amended Agreement to supersede and replace the Original Agreement in its entirety, and in the event there exists a conflict between the provisions of the Original Agreement and this Amended Agreement, the provisions of this Amended Agreement shall be deemed to control and be binding upon the PARTIES and their respective rights, duties, and obligations relating to development of the Los Prados Project on the Property and within the ZONE and DISTRICT.

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in this Amended Agreement, the PARTIES hereby agree to amend the Original Agreement as follows:

I. DEFINITIONS

1.1 “**Chapter 372**” shall mean Chapter 372, Subchapter A of the Texas Local Government Code, as amended.

1.2 “**Chapter 311**” shall mean Chapter 311, of the Texas Tax Code, as amended.

1.3 “**Administrative Costs**” means the reasonable costs directly incurred by the COUNTY related to the administration of the Zone under the terms of this Amended Agreement and the Project Plan and Financing Plan for the Zone, as may be amended. Such Administrative Costs have been determined to be \$300,000.00 which is to be paid over the life of the Zone as further described herein.

1.4 “**Amended Agreement**” shall mean this document reflecting the formal agreements among and between the COUNTY, PID, TIRZ, and DEVELOPER, and shall be deemed to include (i) the Project Plan and Financing Plan for the Zone as adopted under Order No. 97747, which is made a part hereof and incorporated herein by reference for all intents and purposes, and further shall automatically include any amendments to such Project Plan and Financing Plan for the Zone that may be duly adopted by the

COUNTY in accordance with Chapter 311 without the need for further action by the PARTIES (“TIRZ Project Plan and Financing Plan”); (ii) the Service and Assessment Plan, including the Assessment Roll, for the PID as adopted by the COUNTY under Order No. 97795, which is made a part hereof and incorporated herein by reference for all intents and purposes, and further shall automatically include any amendments or annual updates to such Service and Assessment Plan, including the Assessment Roll, for the PID that may be duly adopted by the COUNTY in accordance with Chapter 372 without the need for further action by the PARTIES (“PID Service and Assessment Plan”); and any exhibit(s) attached hereto. With this Amended Agreement, the TIRZ Project Plan and Financing Plan, including any amendments thereto subsequently adopted by the COUNTY, the PID Service and Assessment Plan, including amendments or annual updates thereto subsequently adopted by the COUNTY thereto, and the exhibits attached hereto, being hereinafter collectively referred to as the “**Contract Documents.**”

1.5 “**Available Tax Increment**” shall mean as to the COUNTY only, unless otherwise amended by subsequent, mutual, written agreement by the PARTIES, an amount calculated as a millage rate per \$100 of Captured Appraised Value of real property in the ZONE that equals 50% of the COUNTY’s M&O Tax Rate as levied and collected (i.e., excluding only the portion of the COUNTY’s property tax rate that is apportioned for payment of outstanding general obligation bonded indebtedness commonly referred to as the “interest and sinking fund rate”), together with any rollback taxes collected from within the ZONE over the TIRZ Term.

1.6 “**Available PID Assessments**” shall mean the combined totals of the PID Debt Service Assessments and PID Maintenance Assessments levied on the Property within the District, as such terms are defined herein.

1.7 “**Certificate of Completion**” shall mean a written acknowledgement by DEVELOPER that the public improvements were constructed in accordance with the Project Plan and Financing Plan and/or Service and Assessment Plan and this Amended Agreement.

1.8 “**COUNTY**”, “**PID Manager**”, and “**DEVELOPER**” shall have the meanings specified herein.

1.9 “**Completion**” or “**completed**” shall mean construction of a public improvement in the PID substantially in accordance with the Service and Assessment Plan and/or a public improvement in the TIRZ substantially in accordance with the Project Plan and Financing Plan, and with this Amended Agreement so that the particular improvement can be used and maintained for its intended purpose.

1.10 “**Contract Progress Payment Request**” or “**Reimbursement Request**” shall mean a request for payment made by and due to DEVELOPER for incurring an expense or having successfully completed work on a specific improvement in the PID and/or TIRZ within the Property, accompanied by documentation satisfactory to the PID Manager and/or TIRZ Board of Directors, as may be applicable, which may include the

name and address of the entity or entities that performed the work, a description of the contract pursuant to which the payment(s) were made, the amount of such payment, the original contract amount, total payments made to date on such contract(s), cancelled checks and invoices for said payments, if available, an estimate of remaining work to be completed on the specific improvement, the cost of such remaining work, and any customary lien and/or subcontractor releases, as applicable.

1.11 “**Fiscal Year of Zone**” shall be congruent with the fiscal year of the COUNTY, with the exception of the initial year and the ending year which shall be partial Fiscal Years.

1.12 “**Goods and Services**” shall mean the services and goods (infrastructure, LPDAP, etc.) that are performed, installed, and/or provided by the DEVELOPER pursuant to this Amended Agreement. The Goods and Services provided hereunder are “goods and services” as such terms are described in and shall have the meaning prescribed in Section 271.151 of the Texas Local Government Code, and this Agreement shall be subject to Chapter 271, Texas Local Government Code for the purposes of interpretation and enforcement between the PARTIES.

1.13 “**Los Prados Down-Payment Assistance Program**” or “**LPDAP**” shall mean the down-payment assistance program established, administered, and maintained by the TIRZ, in accordance with this Amended Agreement, to assist future and initial inhabitants of the Property in the purchase of a single-family home located on a developed lot within the ZONE, and who are qualified under the LPDAP Guidelines, as herein defined, to receive such downpayment assistance for the purpose of increasing affordability of housing within the community. The LPDAP Guidelines, which describe the requirements, qualifications, processes, and procedures of the LPDAP are as set forth in the attached **Exhibit B**. The TIRZ Board may adopt forms, from time to time, and approve partnering mortgage companies and title companies to assist in administering the LPDAP.

1.14 “**Original Agreement**” shall mean that certain Development Agreement made and entered into between COUNTY, PID, TIRZ, and DEVELOPER and made effective on December 17, 2024.

1.15 “**Participating Taxing Entity**” means a taxing unit participating in the ZONE, which is the COUNTY, unless otherwise amended to include other such taxing entities.

1.16 “**Phase**” shall mean a portion of the Project that is being constructed by DEVELOPER, normally being a set number of units and/or acres out of the Property being constructed together during a specific timeline.

1.17 “**PID**” shall mean the Los Prados Public Improvement District authorized and established by the COUNTY pursuant to Chapter 372 over the Property under the PID Creation Resolution.

1.18 “**PID Assessment(s)**” shall collectively mean both the Debt Service Assessment and Maintenance Assessment levied on the Property by the COUNTY as described under the Service and Assessment Plan.

1.19 “**PID Debt Service Assessment**” or “**Debt Service Assessment**” shall mean the assessment levied on each developed single-family lot located on the Property and within the District for the purpose of paying the debt service on obligations owed by the PID for the Project Costs incurred by DEVELOPER for the benefit of the Project, including for the construction and installation of Project Improvements together with allowable interest thereon until paid, and as such assessment is defined and more fully described in the Service and Assessment Plan adopted by the COUNTY under Order No. 97795, and for the purposes of this Amended Agreement shall be deemed to automatically include any Debt Service Assessment as may be described in a subsequent amendment or annual update to the Service and Assessment Plan duly adopted by the COUNTY from time to time in accordance with Chapter 372.

1.20 “**PID Maintenance Assessment**” or “**Maintenance Assessment**” shall mean the assessment levied on each developed single-family lot located on the Property and within the District for the purpose of funding the costs of operation of the PID and maintaining the Project Improvements, and as such assessment is defined and more fully described in the Service and Assessment Plan adopted by the COUNTY under Order No. 97795, and for the purposes of this Amended Agreement shall be deemed to automatically include any Maintenance Assessment as may be described in a subsequent amendment or annual update to the Service and Assessment Plan duly adopted by the COUNTY from time to time in accordance with Chapter 372.

1.21 “**PID Improvements**” shall mean those improvements and services authorized in Chapter 372 of the Texas Local Government Code, and described in the Service and Assessment Plan as adopted under Order No. 97795, and shall further be defined to include those improvements and services identified in any amendment or annual update to the Service and Assessment Plan subsequently adopted by the COUNTY in accordance with Chapter 372 without the need for further action by the PARTIES under this Amended Agreement..

1.22 “**PID Property**” shall mean the real property subject to the Service and Assessment Plan, as may be amended or updated annually.

1.23 “**Project**” shall mean the design, construction, assembly, installation and implementation of the improvements and/or activities as more specifically detailed in the Project Plan and Finance Plan and/or Service and Assessment Plan and in this Amended Agreement as (either or all) may be amended and/or updated by the COUNTY from time to time, and includes the Project Improvements and Project Costs, as such terms are defined below.

1.24 “**Project Plan and Finance Plan**” shall mean initially the Project Plan

and Financing Plan for the ZONE as adopted by the COUNTY under Order No. 97747, which is made a part hereof and incorporated herein by reference for all intents and purposes, and for the purposes of this Amended Agreement shall further automatically include any amendments thereto subsequently adopted by the COUNTY in accordance with Chapter 311 without the need for further action by the PARTIES.

1.25 “**Project Costs**” shall mean the included in the Project Plan and Finance Plan for the ZONE, as may be amended, and authorized under Chapter 311. The estimated Project Costs are set forth in the Project Plan and Finance Plan, and are inclusive of the Administrative Costs of the TIRZ, the Funding Coordination Costs, as well as the cost of funding the LPDAP.

1.26 “**Public Improvement District Fund**” means the fund created by COUNTY for the deposit of available PID Assessments for the PID entitled “Los Prados Public Improvement District Fund.” The PARTIES agree that the PID Assessments deposited in the Public Improvement District Fund shall consist of a combination of both the Debt Service Assessments and the Maintenance Assessments collected and deposited. Any deposit into the Public Improvement District Fund, whether from collected Debt Service Assessments and/or collected Maintenance Assessments, shall be held in the Public Improvement District Fund by the COUNTY until such time as paid to DEVELOPER or PID Manager for reimbursement or maintenance and operational costs, and appropriately earmarked back to the source of such funds, specifically whether the funds deposited and their corresponding amounts are generated from the Debt Service Assessments or Maintenance Assessments collected.

1.27 “**Service and Assessment Plan**” shall mean initially the Service and Assessment Plan, together with the Assessment Roll, as adopted by the COUNTY under Order No. 97795, which is made a part hereof and incorporated herein by reference for all intents and purposes, and for the purposes of this Amended Agreement shall further automatically include any amendments or annual updates thereto subsequently adopted by the COUNTY in accordance with Chapter 372 without the need for further action by the PARTIES..

1.28 Singular and Plural: Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified.

1.29 “**Tax Increment Base**” means the total certified appraised value of all real property taxable by COUNTY and located in the ZONE as of January 1, 2024, being the most recent certified tax roll available at the time and date on which the ZONE was designated.

1.30 “**Tax Increment Fund**” means the tax increment fund created by the COUNTY under Order No. 97397 in accordance with Chapter 311 and as described herein.

1.31 “**TIF Funds**” shall mean all Available Tax Increments collected and

deposited in the Tax Increment Fund by the COUNTY and subject to this Amended Agreement.

1.32 “**TIRZ Term**” shall mean a period of thirty (30) years, beginning on the creation of the ZONE and ending on the 30th anniversary of said date as set forth in the TIRZ Creation Order.

1.33 “**TIRZ Termination Date**” shall mean the date the Zone will terminate as set forth in the TIRZ Creation Order establishing the Zone.

1.34 “**TIRZ Improvements**” shall mean those improvements and services authorized under Chapter 311 and identified in the Project Plan and Financing Plan..

II. REPRESENTATIONS

2.1 COUNTY, the PID, TIRZ, and DEVELOPER each represent to the other the following understandings, intent, and agreements:

2.1.1. The PARTIES expressly acknowledge and agree that any terms, conditions, or obligations stated above in Article I, Definitions, of this Amended Agreement are hereby incorporated herein by reference and respectively enforceable as between them.

2.1.2 For a term of 38 years from the establishment of the PID under PID Creation Resolution, the COUNTY and the PID shall use all Debt Service Assessments collected and deposited in the Public Improvement District Fund only to reimburse the DEVELOPER for the costs related to the formation of the PID and of designing and constructing the PID Improvements designated under the Service and Assessment Plan and this Amended Agreement.

2.1.3 That COUNTY and the PID shall use all Maintenance Assessments collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER for the initial costs and, thereafter, for the continued and ongoing costs of operation of the PID and maintenance of streets, drainage, sidewalks, and other PID Improvements within the DISTRICT, on a continual basis, and as such Maintenance Assessments may be collected, deposited, and available in the Public Improvement District Fund, each and every quarter of the COUNTY’S Fiscal Year until the later of: (i) full reimbursement to the DEVELOPER for any funds advanced to the PID for the payment of such costs (and accrued interest thereon); (ii) termination of the DISTRICT; or (iii) until no such Maintenance Assessments have been collected for a period of ten (10) consecutive years.

2.1.4 That COUNTY shall use any and all available TIF Funds in the Tax Increment Fund not pledged towards Administrative Costs or Funding Coordination Costs, to reimburse DEVELOPER for the costs and expenses incurred or advanced for the Project Costs (e.g., the Los Prados Downpayment

Assistance Program) up to the amount DEVELOPER contributed as Advanced Funds.

2.1.5 DEVELOPER represents that it understands that any expense incurred by or made by DEVELOPER in anticipation of reimbursement from the TIF Funds in the Tax Increment Fund or PID Assessments in the Public Improvement District Fund shall not be, nor construed to be under this Agreement, financial obligations of the COUNTY, but only of the PID and/or TIRZ, respectively. DEVELOPER shall bear all risks associated with reimbursement from incorrect estimates of tax increment and/or assessments, changes in tax rates or collections, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in regulations for which the Project does not enjoy statutory or constitutional vested rights, unanticipated effects covered under the legal doctrine of *force majeure*, and/or other unanticipated factors. This section, however, shall not prevent nor be construed to prevent the extension of time for PARTIES to perform an obligation due to *force majeure* as later described in this Amended Agreement.

2.1.6 The PARTIES acknowledge, agree, and represent to one another that any and all TIF Funds collected, received, and deposited in the Tax Increment Fund shall be used to reimburse DEVELOPER for those costs and expenses incurred and advanced as Project Costs in accordance with the Project Plan and Financing Plan. Additionally, the PARTIES acknowledge, agree, and represent to one another that any and all PID Assessments collected, received, and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER for those costs and expenses incurred and advanced as Project Costs in accordance with the Service and Assessment Plan.

2.1.7 The PARTIES acknowledge, agree, and represent to one another that the work, goods and services to be completed and provided to COUNTY, PID, and/or TIRZ by DEVELOPER are “goods and services” as defined by, and are provided by DEVELOPER and accepted by the COUNTY, PID, and TIRZ, subject to the provisions of TEX. LOC. GOV’T CODE §§ 271.001 *et seq.*

III. THE PROJECT

3.1 **The Project.** DEVELOPER’S Project shall consist of those improvements and services respectively described in the Project Plan and Finance Plan and the Service and Assessment Plan, to the extent applicable, with such improvements and services to be located and provided within the Property, which is coterminous with the boundaries of the ZONE and DISTRICT, being more fully described by the map, metes and bounds description, and site plan attached hereto as **EXHIBIT A**, all of which is located in Hidalgo County, Texas.

3.2 COUNTY hereby acknowledges and agrees that DEVELOPER has received all such waivers and exceptions, as may be required, to the Hidalgo County Subdivision Regulations, for subdivision of the Property in the manner depicted in the site plan of the Project which is included in the attached **EXHIBIT A**. To the extent such waivers and exceptions to the Hidalgo County Subdivision Regulations have not already been given, the same are hereby granted by the COUNTY, and further, that DEVELOPER is entitled to fully rely on such waivers and exceptions to the Hidalgo County Subdivision Regulations.

3.3 **Project Improvements.**

3.3.1 **PID Improvements.** The costs and expenses associated with PID Improvements, as such improvements and corresponding services are described in the Service and Assessment Plan, as may be amended or updated annually by the COUNTY, are to be paid for by DEVELOPER and shall be reimbursed to DEVELOPER with funds generated from collected PID Assessments that are deposited in the Public Improvement District Fund. All Debt Service Assessments collected and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER for those improvements and services described and attributable to reimbursement to DEVELOPER from Debt Service Assessment under the Service and Assessment Plan. All Maintenance Assessments collected and deposited in the Public Improvement District Fund shall be used to reimburse DEVELOPER or PID Manager or used to directly pay for the ongoing costs and expenses associated with maintenance of infrastructure and the provision of certain services within the DISTRICT as more fully set forth in the Service and Assessment Plan, as may be amended or updated annually by the COUNTY.

3.3.2 **TIRZ Improvements.** The costs and expenses associated with TIRZ Improvements, as such improvements and corresponding services are described in the Project Plan and Financing Plan, as may be amended by the COUNTY, are to be paid for by DEVELOPER and shall be reimbursed to DEVELOPER with funds generated from Available Tax Increment and deposited in the Tax Increment Fund. The PARTIES acknowledge and agree that the funds to be used for and that make up the available financing incentives to qualified applicants under the Los Prados Down-Payment Assistance Program, being in the total amount of and not to exceed \$8,000,000.00 (“LPDAP Fund”), may be advanced and paid for by DEVELOPER and shall be reimbursed to DEVELOPER from TIF Funds deposited in the Tax Increment Fund by the TIRZ in the manner and as provided for herein and in accordance with the Project Plan and Financing Plan.

3.4 **Contracting for Construction of Project Improvements.** Costs of PID Improvements eligible for reimbursement through PID Assessments a collected and deposited into their respective funds, may be, but shall not be required to be unless otherwise mandated by Texas law, publicly bid in general compliance with the requirements of the Texas Local Government Code.

3.5 **Financing.** The costs and expenses associated with the PID Improvements and all other improvement and maintenance expenses associated with the Project shall be completed through the use of DEVELOPER's own capital or through: (1) commercial or private construction loans/lines of credit secured solely by DEVELOPER; and/or (2) through funds received from the PID. Notwithstanding anything contained herein to the contrary, nothing in this Amended Agreement shall be construed to prevent or preclude the COUNTY from issuing bonds on behalf of the PID and/or TIRZ, provided such issuance(s) is/are in compliance with Chapter 372 or Chapter 311, respectively, and all other applicable state law. DEVELOPER may use any or part of the Property owned by DEVELOPER as collateral for the construction loan or loans as required for the financing of the Project. Further, DEVELOPER, without the consent of any other PARTY, may use the rights of reimbursement provided for in this Amended Agreement as collateral for any loan or obligation DEVELOPER may require to fund the Project Costs and PID Improvements costs, including the assignment or monetization of such rights of reimbursement hereunder.

3.6 **Reliance; Indemnification.** The TIRZ, PID, and COUNTY shall be entitled to rely on the information provided by DEVELOPER in verifying costs and seeking reimbursement for such costs from the Tax Increment Fund and/or Public Improvement District Fund. Further, TIRZ, PID, and COUNTY are under no duty or obligation to independently verify the truth, accuracy, or completeness of such information. DEVELOPER covenants and is under the obligation to release, hold harmless, and indemnify the TIRZ, PID, and COUNTY (and their respective elected and appointed members, officers, and staff) from any claims by third-parties relating to the costs for which DEVELOPER seeks or may seek reimbursement under and in accordance with this Amended Agreement.

IV. DUTIES AND OBLIGATIONS OF DEVELOPER

4.1 Subject to the consideration exchanged and described in this Amended Agreement from COUNTY, PID, and TIRZ, DEVELOPER agrees to complete, or cause to be completed, the improvements and provide the services respectively described in the Service and Assessment Plan, Project Plan and Financing Plan, and in this Amended Agreement. DEVELOPER agrees to provide, or cause to be provided, all materials, labor and services for completing the Project. DEVELOPER also agrees, when required in connection with improving the Project, to obtain or cause to be obtained, all necessary permits and approvals from COUNTY and/or all other governmental agencies having jurisdiction over the construction of Project Improvements to the extent not provided for herein. All Project Improvements will be completed in accordance with the Service and Assessment Plan and/or Project Plan and Financing Plan, to the extent applicable, and this Amended Agreement. DEVELOPER shall complete the above-referenced Project Improvements and provide such services during the term of the Project.

4.2 DEVELOPER shall be responsible for paying, or causing to be paid, to COUNTY and all other governmental agencies, the cost of all applicable permit fees and

licenses required for construction of the Project.

4.3 DEVELOPER agrees to use best efforts to start and complete the Project in accordance with the Service and Assessment Plan for PID Improvements and related services and the Project Plan and Financing Plan for TIRZ Improvements and related services, including the establishment and administration of the LPDAP in accordance with the program guidelines, requirements, procedures, and policies attached hereto as **EXHIBIT B**.

4.4 DEVELOPER shall submit to COUNTY, PID, and TIRZ written annual reports, starting twelve (12) months from the commencement of construction of Project Improvements and annually thereafter through the duration of the Project, on its construction progress and expenses.

4.5 DEVELOPER shall work diligently to successfully complete, or have completed, any and all required improvements that are not completed before the PID terminates in accordance with the terms of the PID Creation Resolution. Such completion shall be at no additional cost to PID or COUNTY or any other taxing entity. DEVELOPER is only required to construct such PID Improvements to the extent the Public Improvement District Fund is reasonably anticipated to be sufficient to reimburse the cost of such improvements and related services provided in the Service and Assessment Plan, as may be amended or updated annually, pursuant to Chapter 372.

4.6 DEVELOPER shall work diligently to successfully complete, or have completed, any and all required improvements that are not completed before the TIRZ terminates in accordance with the terms of the TIRZ Creation Order. Such completion shall be at no additional cost to the TIRZ or COUNTY or any other taxing entity. DEVELOPER is only required to provide financing for down payment assistance to the extent the Tax Increment Fund is reasonably anticipated to be sufficient to reimburse the cost of such improvements and related services provided in the Project Plan and Financing Plan, as may be amended, pursuant to Chapter 311.

4.7 DEVELOPER shall prepare, or cause to be prepared, plans and specifications for each Phase of Project Improvements prior to starting any construction in said Phase. Furthermore, DEVELOPER shall not commence any construction on the Project until the plans and specifications for a Phase have been approved in writing by the appropriate department of COUNTY, to the extent such written approval may be required to be obtained from COUNTY under Texas law.

4.8 DEVELOPER agrees to supervise the construction of the Project and cause the construction to be performed substantially in accordance with the Project Plan and Financing Plan and the Service and Assessment Plan and the plans and specifications approved by the appropriate department of COUNTY. DEVELOPER also agrees to provide periodic reports of such construction to PID Manager, TIRZ Board, and to the COUNTY upon reasonable request, but no less than once each year.

4.9 The PARTIES expressly acknowledge that this Amended Agreement requires the DEVELOPER to provide Goods and Services to the COUNTY, TIRZ, and PID, and shall be enforceable subject to Texas law, and specifically shall be subject to Chapter 271, Texas Local Government Code.

4.10 The PARTIES agree that the DEVELOPER shall have the right to make an assignment of its right to receive reimbursements under this Amended Agreement to a third-party for the purpose of obtaining financing or any other purpose, or to a related third-party without obtaining the consent of the COUNTY, provided that such reimbursements have been approved by the TIRZ or PID, as applicable.

4.11 DEVELOPER shall use best efforts to the extent allowed by law for the Property within the PID to be annexed into the corporate limits of the City of Mercedes, Texas upon the expiration of the PID's reimbursement obligations to DEVELOPER. At such time, if annexation of the property within the PID boundaries occurs, any funds in the Public Improvement District Fund attributable to the collection of PID Maintenance Assessments shall be transferred to the City of Mercedes, Texas, provided the City of Mercedes, Texas pays off any amounts then owed to DEVELOPER under this agreement.

V. DUTIES AND OBLIGATIONS OF COUNTY AND PID

5.1 COUNTY and PID shall use Available PID Assessment funds available from Debt Service Assessments to pay DEVELOPER up to a maximum total amount of Twenty-Three Million and No/100 U.S. Dollars (\$23,000,000.00), plus interest thereon at a rate equal to the lesser of 6.00% or the maximum amount allowed by law, as full reimbursement for the costs of creation of the PID and the design and construction of the PID Improvements described in the Service and Assessment Plan and this Amended Agreement, which includes infrastructure improvements and other qualifying Project Costs. COUNTY shall deposit all Available PID Assessment funds into the Public Improvement District Fund established in accordance with this Amended Agreement at the times and in the manner provided herein. The COUNTY shall use all Available PID Assessments from Debt Service Assessments collected and deposited in the Public Improvement District Fund, together with any interest accrued thereon, to reimburse DEVELOPER for the Project Costs incurred by DEVELOPER relating to the PID and as set forth in the Service and Assessment Plan, as may be amended or updated annually. Interest on the amounts approved for reimbursement to DEVELOPER by the PID and payable to the DEVELOPER shall begin to accrue upon the COUNTY's receipt of written certification from the PID Manager in accordance the process described in this Article V, with such interest continuing to accrue thereon on any outstanding amounts due to DEVELOPER until paid.

5.2 If Available PID Assessment funds do not exist in an amount sufficient to make such reimbursement payment(s) in full to DEVELOPER when due to DEVELOPER under this Amended Agreement, COUNTY shall make partial payments to DEVELOPER and pay the remainder as Available PID Assessment funds become available and deposited in the Public Improvement District Fund. Although

DEVELOPER shall receive interest on approved reimbursements until paid (subject to the overall interest limitation set forth in Section 5.1 above), if a payment of reimbursement amounts approved by the PID and due by COUNTY to DEVELOPER is not remitted within the period(s) required under this Article V, then such payment shall be considered delinquent and incur a penalty of five (5%) percent of the amount delinquent (including interest owed to DEVELOPER) and additionally accrue interest at an annual rate of ten (10%) percent until paid in full to DEVELOPER. The COUNTY, however, is not obligated above and beyond what is actually collected as Available PID Assessment funds deposited in the Public Improvement District Fund. There shall also be no recourse against any Participating Taxing Entity, public official, or PID if all or part of the DEVELOPER contributions or costs are not reimbursed due to insufficient PID Assessment revenues or other funding generated by the PID, save and except in the case of improper conduct or misapplication of the funds by such persons or entities.

5.3 COUNTY agrees to recognize this agreement as a permit for development of the Project, pursuant to and under Chapter 245, Texas Local Government Code.

5.4 The COUNTY shall acknowledge the value of donation(s), if any, made by the DEVELOPER as a result of this Agreement and in connection with PID Improvements through the approval and execution of required and applicable IRS forms based upon appraisal value of the such property, real or personal, donated to the COUNTY, if any, as established by a licensed appraiser, with the cost of such appraisal(s) to be paid by DEVELOPER as a reimbursable expense.

5.5 COUNTY and PID shall use all Maintenance Assessment funds collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER for the initial cost and, and thereafter, for the continued and ongoing cost of operation of the PID and maintenance of streets, drainage, sidewalks, and other PID Improvements within the DISTRICT, on a continual basis, and as such Maintenance Assessment funds may be collected and available, each and every quarter of the COUNTY'S fiscal year until the later of: (i) full reimbursement to the DEVELOPER for any funds advanced to the PID for the payment of such costs (and accrued interest thereon); (ii) termination of the DISTRICT; or (iii) until no such Maintenance Assessments have been collected for a period of ten (10) consecutive years.

5.6 Subject to completion of a PID Improvement and sufficient evidence of a certain cost having been incurred by DEVELOPER pursuant to the Service and Assessment Plan, the PARTIES acknowledge and agree that:

5.6.1 As to the PID Improvements and related costs associated with the PID, as described in the Service and Assessment Plan, the COUNTY and PID pledge to and are obligated under this Amended Agreement to use any and all Debt Service Assessments collected and deposited in the Public Improvement District Fund, up to the maximum amount provided in the Service and Assessment Plan, as may be amended or updated annually, to reimburse DEVELOPER for formation of the PID, designing, and constructing said PID Improvements identified in the Service

and Assessment Plan. Additionally, to the extent that DEVELOPER has incurred, advanced, or will incur costs and expenses for operation of the PID and maintenance of PID Improvements and related services as described in the Service Plan on an ongoing and continued basis, the COUNTY and PID pledge to and are obligated under this Amended Agreement to use any and all Maintenance Assessments collected and deposited in the Public Improvement District Fund to reimburse DEVELOPER for such ongoing operation and maintenance costs and expenses.

5.6.1.1 To receive reimbursement from the Public Improvement District Fund, the following process is agreed to and shall be adhered to by the PARTIES:

5.6.1.1.1 First, DEVELOPER shall submit evidence (in reasonable detail) of costs and/or expenses incurred or advanced in connection with the PID Improvements, as described in the Service and Assessment Plan, to the PID (with a copy to the COUNTY), for which DEVELOPER requests reimbursement be made;

5.6.1.1.2 Then, upon determination by the PID Manager that the evidence submitted of such cost or expense is sufficient, the PID Manager shall verify to the COUNTY through submittal to COUNTY of a formal Contract Progress Payment Request or Reimbursement Request certifying that DEVELOPER paid or incurred such costs and expenses in connection with the PID Improvements associated with the PID, in accordance with the Service and Assessment Plan, as may be amended, and the PID Manager certifies such fact in writing to the COUNTY; and

5.6.1.1.3 Then the COUNTY shall cause the issuance of payment to the DEVELOPER for reimbursement of such actual Project Costs incurred by DEVELOPER, plus interest, as allowed under and in accordance with the Service and Assessment Plan, subject to the priority of payment set forth below. COUNTY shall cause payment to be issued and made to DEVELOPER, as reimbursement for such costs described in the Reimbursement Request, within, but no later than, ninety (90) days from the date the PID Manager provided its written certification of fact to the COUNTY under Section 5.6.1.1.2, in and up to the amount of funds available in the Public Improvement District Fund. In the event that the amount of funds available in the Public Improvement District Fund are insufficient to satisfy payment to the DEVELOPER for the subject Reimbursement Request in full, then payment of outstanding amounts under such Reimbursement Request shall be made in accordance with Section 5.2. As provided in Section 5.1 of this Agreement, interest on the amount described

in any Reimbursement Request(s) approved by the PID and payable to the DEVELOPER shall begin to accrue at a rate of six (6%) percent upon the COUNTY's receipt of the formal Reimbursement Request(s) from the PID Manager with such interest continuing to accrue thereon as to any outstanding amounts due to DEVELOPER until paid.

5.7 Public Improvement District Fund.

5.7.1 The COUNTY shall deposit annually the Available PID Assessments into the Public Improvement District Fund each year as the same is collected, on or before May 31st of each year for the term of the DISTRICT in accordance with the Service and Assessment Plan, as may be amended or updated annually by the COUNTY. The COUNTY, or the PID Manager on behalf of the COUNTY, may contract with the Hidalgo County Tax Assessor Collector or any other such qualified third-party to perform the billing and collection of the PID Assessments.

5.7.2 The COUNTY shall maintain the Public Improvement District Fund as a segregated account which shall not be commingled with any other funds of the COUNTY. The Public Improvement District Fund may be invested in the same reasonable and prudent manner as other funds of the COUNTY, and all interest earned shall be part of the Public Improvement District Fund. The COUNTY shall only make disbursements from the Public Improvement District Fund for those purposes set forth herein and in accordance with the Service and Assessment Plan. No payment shall be made from the Public Improvement District Fund by the COUNTY unless the PID has approved the expense or request for payment by PID Manager. Disbursements shall be made from the Public Improvement District Fund no less frequently than annually on or before May 31st of each year, beginning immediately after the PID verifies the costs to be reimbursed. Disbursements from the Public Improvement District Fund shall be made only for the following purposes and only in the following order of priority unless otherwise approved by the COUNTY and DEVELOPER:

5.7.2.1 FIRST, payment of all such Debt Service Assessments collected and deposited in the Public Improvement District Fund, plus interest thereon, to reimburse DEVELOPER for costs and expenses advanced or incurred by DEVELOPER in connection to the costs for the PID as further detailed within and specified in the Service and Assessment Plan.

5.7.2.2 SECOND, payment of all such Maintenance Assessments collected and deposited in the Public Improvement District Fund, plus interest thereon, to reimburse DEVELOPER for costs and expenses advanced or incurred in connection with ongoing maintenance and operation of infrastructure and the provision of services within the DISTRICT in connection to the Project for the PID as further detailed within and

specified in the Service and Assessment Plan.

5.7.3 All payments approved for reimbursement by the PID shall gain interest at the rate allowed by the Service and Assessment Plan from the date of such approval, and such approved reimbursements shall be paid on a first in, first out basis, subject only to the priority of payments identified in Section 5.7.2.

5.8 The COUNTY shall maintain complete books and records showing all deposits to and disbursements from the Public Improvement District Fund, which books and records shall be kept in accordance with generally accepted accounting principles as applied to Texas counties. Such books and records shall be available for examination and copying by DEVELOPER during normal business hours. The COUNTY shall maintain such books and records throughout the term of this Amended Agreement and for two (2) years thereafter.

VI. DUTIES AND OBLIGATIONS OF COUNTY AND TIRZ

6.1 COUNTY and TIRZ shall only use Available Tax Increment funds or TIF Funds to pay DEVELOPER up to a maximum total payment of Eight Million and NO/100 U.S. Dollars (\$8,000,000.00), as full reimbursement for advances to the LPDAP, as described in the Project Plan and Financing Plan and this Amended Agreement. This payment includes related costs associated with LPDAP, and other qualifying Project Costs related to the TIRZ as more fully set forth in the Project Plan and Financing Plan, as may be amended. The COUNTY shall deposit all Available Tax Increment into the Tax Increment Fund established in accordance with this Agreement at the times and in the manner provided herein. After deducting amounts reserved for Administrative Costs and Funding Coordination Costs for that Fiscal Year, the remainder of the Available Tax Increment shall be used to reimburse DEVELOPER for the Project Costs related to the TIRZ and incurred by DEVELOPER.

6.2 If Available Tax Increment funds do not exist in an amount sufficient to make any reimbursement payment(s) in full to DEVELOPER when due to DEVELOPER under this Amended Agreement, COUNTY shall make partial payments in the order of priority described in Section 6.1 and pay the remainder as Available Tax Increment funds become available. The COUNTY is not obligated above and beyond what is actually collected as Available Tax Increment funds. If payment of reimbursement amounts approved by the TIRZ Board, available in the TIRZ Fund, and due by COUNTY to DEVELOPER is not remitted within the period(s) required herein, as applicable, then such payment shall be considered delinquent and incur a penalty of five (5%) percent of the amount delinquent and additionally accrue interest at an annual rate of ten (10%) percent until paid in full to DEVELOPER. The COUNTY, however, is not obligated above and beyond what is actually collected as Available Tax Increment funds. There shall be no recourse against any Participating Taxing Entity, public official, TIRZ, or Board of Directors of TIRZ, if all or part of the DEVELOPER contributions or costs are not reimbursed due to insufficient tax revenue generated by the TIRZ, save and except in the case of improper conduct or misapplication of the funds by such persons or entities,

failure to deposit funds in the Tax Increment Fund as required under this Amended Agreement.

6.3 **Administrative Costs.** The COUNTY will pay or incur on an annual basis Administrative Costs for the administration of the Zone as described in the Project Plan and Finance Plan, with the COUNTY receiving 1/30th of its total amount of Administrative Costs to be paid under this Amended Agreement or Ten Thousand Dollars (\$10,000.00) per year for Thirty (30) years for a combined total of Three Hundred Thousand Dollars (\$300,000.00). Notwithstanding any provision contained herein to the contrary, such annual Administrative Costs to be paid to COUNTY shall only be paid from TIF Funds and only as such funds may become and are available in the Tax Increment Fund for any given year. In the event, there are not sufficient TIF Funds in the Tax Increment Fund to cover a payment to the COUNTY for its annual Administrative Costs, then those funds available for such purpose shall first be paid to the COUNTY, with any remaining outstanding amount rolling over to and becoming due in the next Fiscal Year until such time that the Administrative Costs to be paid to the COUNTY for that given year plus any outstanding and unpaid Administrative Costs not paid to the COUNTY in the previous year(s) has been paid in full.

6.4 **Funding Coordination Costs.** The COUNTY will pay or incur on an annual basis "Funding Coordination Costs" for coordinating the transfer of LPDAP funds to escrow for use in connection with downpayment assistance and other closing costs for borrowers eligible under the LPDAP Program. As such, the PARTIES agree that 1/9th of the total amount of Funding Coordination Costs (i.e., in the aggregate amount of One Hundred Eighty Thousand Dollars (\$180,000.00)), to be paid annually over a period of nine (9) years in installments of Twenty Thousand Dollars (\$20,000.00) per year shall be included as a Project Cost of the TIRZ under the Project Plan and Financing Plan. Notwithstanding any provision contained herein to the contrary, such annual Funding Coordination Costs to be paid to the COUNTY shall only be paid from TIF Funds and only as such funds may become and are available in the Tax Increment Fund for any given year. In the event, there are not sufficient TIF Funds in the Tax Increment Fund to cover a payment to the COUNTY for its annual Funding Coordination Costs, then those funds available for such purpose shall first be paid to the COUNTY, with any remaining outstanding amount rolling over to and becoming due in the next Fiscal Year until such time that the Funding Coordination Costs to be paid to the COUNTY for that given year plus any outstanding and unpaid Funding Coordination Costs not paid to the COUNTY in the previous year(s) has been paid in full.

6.5 **Los Prados Down-Payment Assistance Program.** The PARTIES acknowledge and agree that the establishment and administration of the LPDAP for providing availability of affordable housing through down-payment and closing cost assistance to qualified and future inhabitants of the ZONE is a material inducement to the execution of this Amended Agreement. The PARTIES further acknowledge and agree, with respect to the LPDAP, that:

6.5.1 The LPDAP is to be established, administered, and operated by the COUNTY through the TIRZ.

6.5.2 The LPDAP shall at a minimum be administered under and in accordance with the guidelines, requirements, policies and procedures attached hereto as **EXHIBIT B**.

6.6 The COUNTY shall acknowledge the value of donation(s), if any, made by the DEVELOPER as a result of this Agreement and in connection with TIRZ Improvements through the approval and execution of required and applicable IRS forms based upon appraisal value of the such property, real or personal, donated to the COUNTY, if any, as established by a licensed appraiser, with the cost of such appraisal(s) to be paid by DEVELOPER.

6.7 Subject to sufficient evidence of a certain cost having been incurred by DEVELOPER pursuant to the Project Plan and Financing Plan and this Amended Agreement, the PARTIES acknowledge and agree that:

6.7.1 As to the TIRZ Improvements or Project Costs associated with the TIRZ, as described in the Project Plan and Financing Plan, the COUNTY and TIRZ pledge to and are obligated under this Amended Agreement to use any and all available TIF Funds collected and deposited in the Tax Increment Fund (after Administrative Costs and Funding Coordination Costs are paid to the COUNTY as contemplated herein), to reimburse DEVELOPER for costs and expenses incurred or advanced for LPDAP Project Costs associated with the TIRZ under and in accordance with the Project Plan and Financing Plan.

6.7.1.1 For DEVELOPER to receive reimbursement from the Tax Increment Fund, the following process is agreed to and shall be adhered to by the PARTIES:

6.7.1.1.1 First, DEVELOPER shall submit evidence (in reasonable detail) of costs and/or expenses incurred or advanced in connection with Project Costs associated with the TIRZ, as described in the Project Plan and Financing Plan, to the TIRZ (with a copy to the COUNTY), for which DEVELOPER requests reimbursement be made;

6.7.1.1.2 Then, upon determination by the TIRZ Board that the evidence submitted of such cost or expense is sufficient, the TIRZ Board shall verify to the COUNTY submittal to COUNTY of a formal resolution certifying that DEVELOPER paid or incurred such costs and expenses in connection with the TIRZ Improvements or Project Costs associated with the TIRZ as

described in the Reimbursement Request, in accordance with the Project Plan and Financing Plan, as may be amended, certifying such fact in writing to the COUNTY; and

6.7.1.1.3 Then the County Auditor shall review the Resolution of the TIRZ Board Recommending Reimbursement to DEVELOPER of Project Costs incurred, and if acceptable to the COUNTY to be in accordance with this Amended Agreement, shall cause the issuance of payment to DEVELOPER for reimbursement of such Project Costs incurred or advanced by DEVELOPER, as allowed under and in accordance with the Project Plan and Financing Plan, subject to the priority of payment set forth below in Section 6.8.3. Approval of such Reimbursement Request shall not be unreasonably withheld by COUNTY or County Auditor. If County Auditor is satisfied with the TIRZ Board's Resolution Recommending Reimbursement, the COUNTY shall cause payment to be issued and made to DEVELOPER as reimbursement for such Project Costs described in the Reimbursement Request, within, but no later than, ninety (90) days from the date the TIRZ Board provided its resolution and accompanying certification of fact to the COUNTY under Section 6.7.1.1.2 of this Agreement, in and up to the amount of funds available in the Tax Increment Fund. In the event that the amount of funds available in the Tax Increment Fund are insufficient to satisfy payment to the DEVELOPER for the subject Reimbursement Request in full, then payment of outstanding amounts under such Reimbursement Request shall be made in accordance with Section 6.2 of this Agreement.

6.8 Tax Increment Fund.

6.8.1 The COUNTY shall establish a subaccount within the Tax Increment Fund designated as the "Advanced Funds Subaccount", which shall be used exclusively to receive and hold Advanced Funds and to distribute such funds in accordance with the LPDAP. DEVELOPER may, in its sole discretion and on a rolling basis, deposit funds into the Advanced Funds Subaccount for the purpose of funding the LPDAP ("Advanced Funds"). COUNTY shall maintain detailed and accurate records of all Advanced Funds deposited by DEVELOPER and shall use such funds to benefit eligible borrowers pursuant to the LPDAP. COUNTY shall disburse all Advanced Funds in accordance with the requirements and procedures of the LPDAP.

6.8.2 The COUNTY shall deposit annually the Available Tax Increment into the Tax Increment Fund each year as the same is collected, on or before May 31st of each year for the term of the ZONE. The PARTIES agree that any rollback taxes generated from within the ZONE which are attributed to periods of time

after the creation of the ZONE shall be considered as Tax Increment and deposited into the Tax Increment Fund. For example, if a fifty-acre tract of land is taken out of agricultural use in 2026 such that rollback taxes are owed, the rollback taxes owed for the year 2025 shall be considered part of the Available Tax Increment; however, the rollback taxes owed for years 2023 and 2024 shall not. The COUNTY shall maintain the Tax Increment Fund as a segregated account, which shall not be commingled with any other funds of the COUNTY. The Tax Increment Fund may be invested in the same reasonable and prudent manner as other funds of the COUNTY, and all interest earned shall be part of the Tax Increment Fund.

6.8.3 The COUNTY shall only make disbursements from the Tax Increment Fund for the purposes and in the priority set forth herein. No payment shall be made from the Tax Increment Fund of Available Tax Increment by the COUNTY unless the TIRZ Board has approved the expense or request for payment by TIRZ Board action. Disbursements shall be made by the COUNTY from the Tax Increment Fund no less frequently than annually on or before May 31st of each year, beginning immediately after the ZONE verifies the Project Costs to be reimbursed. Not including Advanced Funds in the Advanced Funds Subaccount, disbursements from the Tax Increment Fund shall be made only for the following purposes and only in the following order of priority unless otherwise approved by the COUNTY and DEVELOPER:

6.8.3.1 FIRST, payment of Funding Coordination Costs and Administrative Costs to the COUNTY for that year in which payment is to be made. Funding Coordination Costs being in the amount of \$20,000.00 annually, for a period not to exceed nine (9) years, plus any additional Funding Coordination Costs for the prior year(s) that (i) have not yet been paid out from the Tax Increment Fund; and (ii) is an outstanding amount owed to the COUNTY that has rolled over from the previous year(s). Administrative Costs being in the amount of no more than \$10,000.00 annually, plus any additional Administrative Costs for prior year(s) that (i) have not yet been paid out from the Tax Increment Fund; and (ii) is an outstanding amount owed to the COUNTY that has rolled over from the previous year(s).

6.8.3.2 SECOND, to reimburse DEVELOPER for Project Costs in a manner not inconsistent with and as provided for in the Project Plan and Financing Plan for Project Costs associated with the TIRZ Improvements.

6.9 All approved reimbursements shall be paid on a first in, first out basis, subject only to the priority of payments identified in Section 6.8.3.

6.10 The COUNTY shall maintain complete books and records showing all deposits to and disbursements from the Tax Increment Fund, which books and records shall be kept in accordance with generally accepted accounting principles as applied to

Texas counties. Such books and records shall be available for examination and copying by DEVELOPER during normal business hours. The COUNTY shall maintain such books and records throughout the term of this Amended Agreement and for two (2) years thereafter.

VII. INSURANCE

7.1 DEVELOPER's financial integrity is of interest to COUNTY; therefore, subject to DEVELOPER's right to maintain reasonable deductibles in such amounts as are approved by COUNTY, DEVELOPER shall obtain and maintain in full force during construction of all Project Improvements required by and respectively contemplated in the Project Plan and Financing Plan and/or Service and Assessment Plan, and any extension thereof, at DEVELOPER's sole expense, insurance coverage written on an occurrence basis, except for professional liability coverage which shall be on a claims made basis, by companies authorized and admitted to do business in the State of Texas and rated A - or better by A.M. Best Company and/or otherwise acceptable to COUNTY, initially in the types and amounts described in the Standard Insurance Requirements for Construction/Services/Professional Services of Hidalgo County, Texas, and in the event the COUNTY does not maintain or have widely available its Standard Insurance Requirements, in the following types and amounts:

<u>Type</u>		<u>Amount</u>
(1)	Worker's Compensation & Employer's Liability	Statutory \$500,000/\$500,000/\$500,000
(2)	Commercial General Liability (Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations)	Combined limits of \$500,000 per occurrence and \$7,500,000 in the aggregate or its equivalent in umbrella or excess liability coverage
(3)	Business Automobile Liability (any auto, including employer's non-owned and hired auto coverage)	\$500,000 combined single limit per occurrence

7.2 COUNTY shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by COUNTY and may make a reasonable request for deletion, revision or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by COUNTY, DEVELOPER shall exercise reasonable efforts to accomplish such changes in policy coverage and shall pay the cost thereof. COUNTY shall also have the right to require additional or different coverage from time to time and to require increased policy limits from time to time as (i) COUNTY deems appropriate in its discretion; and (ii) such changes are requested due to a requirement under cited and applicable Texas law. Upon such request by COUNTY, DEVELOPER shall accomplish such changes in policy

coverage and shall pay the cost thereof.

7.3 With the exception of the workers' compensation and professional liability policies, DEVELOPER agrees that with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance shall include COUNTY as an additional insured with respect to operations and activities of, or on behalf of, the named insured that are performed under agreement with COUNTY.

7.4 DEVELOPER SHALL, AND HEREBY DOES, INDEMNIFY COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR TIRZ, PID, THE PID MANAGER, AND ALL OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ AND THEIR RESPECTIVE OFFICIALS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTIONS, SUITS AND LIABILITIES (COLLECTIVELY "CLAIMS") RAISED BY THIRD PARTIES ARISING OUT OF ACTIONS RELATED TO THE PERFORMANCE OF THIS AMENDED AGREEMENT AND THE CONSTRUCTION OF PROJECT IMPROVEMENTS BY DEVELOPER AND DEVELOPER'S CONTRACTORS, SUBCONTRACTORS, BUT NOT OTHERWISE.

7.5 DEVELOPER shall also require each of its contractors and subcontractors working on this Project to indemnify the COUNTY, PID, the PID Manager, TIRZ, and Board of Directors for TIRZ, and all other participating taxing entities participating in the TIRZ and their respective officials and employees from and against any and all claims, losses, damages, causes of action, suits and liabilities arising out of their actions related to the performance of this Amended Agreement, utilizing the same indemnification language contained herein, in its entirety, or to carry insurance to contractually transfer such risk under policies naming the COUNTY as a named additional insured.

VIII. DEFAULT

8.1 The following events, if not cured within one hundred twenty (120) calendar days after receipt of written notice by a PARTY hereunder, shall constitute "Default": (i) any PARTY fails to pay any taxes or special assessments levied against it or any part of the Property owned by it prior to the time said taxes or special assessments are delinquent; or (ii) any PARTY fails to commence performing an obligation or complete performance of an obligation required to be performed by that PARTY under this Amended Agreement. In the event the Default is by the DEVELOPER, the COUNTY, PID, or TIRZ, through their respective authorized representatives, may terminate this Amended Agreement, after a final judgment by a court of competent jurisdiction that a Default has in fact occurred by the DEVELOPER hereunder. If this Amended Agreement, the PID, or TIRZ, is terminated and the DEVELOPER has incurred expenditures at the time of termination for Project Improvements that were specifically approved by the PID or TIRZ, as applicable, and such Project Improvements have been completed at the time of termination, then DEVELOPER shall be reimbursed for such respective expenditures out of the Tax Increment Fund or Public Improvement

District Fund, despite termination. In the event that the Default is by the TIRZ, PID, or COUNTY, then DEVELOPER shall have the right to seek any and all legal and equitable remedies through a court of competent jurisdiction to abate the defaults through injunctive or such other relief, including, but not limited to, specific performance. The remedies of the PARTIES as set forth above shall be in addition to and cumulative of any other rights and remedies as may be available to them at law or in equity in the event of a Default by any other PARTY. The PARTIES expressly agree that in an action to establish that a PARTY has committed Default under this Amended Agreement all legal fees and expenses by all PARTIES to the action shall be paid for by the PARTY bringing the action if the court determines that no Default has in fact occurred. In the event the court finds that a default did occur, the defaulting PARTY shall be required to pay the reasonable legal fees and expenses incurred by the non-defaulting PARTY related to the enforcement of this Amended Agreement.

IX. INDEMNIFICATION

9.1 DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND THE OTHER PARTICIPATING TAXING ENTITIES IN THE TIRZ, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY A THIRD PARTY, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGES, MADE UPON THE COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER'S ACTIVITIES UNDER THIS AMENDED AGREEMENT, INCLUDING ANY ACTS OR OMISSIONS OF DEVELOPER, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONTRACTOR OF DEVELOPER, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OF PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE NEGLIGENCE OF THE COUNTY, TIRZ, THE BOARD OF DIRECTORS FOR THE TIRZ, PID, THE PID MANAGER, AND THE OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ. IN THE EVENT DEVELOPER AND COUNTY ARE FOUND JOINLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AS MAY BE AVAILABLE TO THE COUNTY, TIRZ, THE BOARD OF DIRECTORS OF THE TIRZ, PID, THE PID MANAGER, AND OTHER TAXING ENTITIES PARTICIPATING IN THE TIRZ

UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW AS TO SAID CLAIMANTS. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE THE COUNTY IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE COUNTY OR DEVELOPER KNOWN TO DEVELOPER ARISING OUT OF OR RELATED TO DEVELOPER'S ACTIVITIES UNDER THIS AMENDED AGREEMENT.

X. SITE INSPECTION

10.1 DEVELOPER shall allow COUNTY, TIRZ, and/or PID reasonable access to the Project site for inspections during and upon completion of construction of the Project, and to documents and records necessary to assess DEVELOPER's compliance with this Amended Agreement.

10.2 All personnel supplied or used by DEVELOPER in the performance of this Amended Agreement shall be deemed employees, contractors or subcontractors of DEVELOPER and shall not be considered employees, agents or subcontractors of COUNTY, TIRZ, Board of Directors for TIRZ, PID, or PID Manager for any purpose whatsoever. DEVELOPER shall be solely responsible for the compensation of all such personnel.

10.3 The directors, officers, elected or appointed officials, employees and agents of COUNTY, PID, the PID Manager, TIRZ, and the Board of Directors for TIRZ, and shall be protected from personal responsibility for any liability arising under or growing out of the Amended Agreement.

XI. EXAMINATION OF RECORDS

11.1 COUNTY reserves the right to conduct examinations, during regular business hours and following notice to the PID, TIRZ, and DEVELOPER, of the books and records related to the Amended Agreement (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the PID Manager, Board of Directors for TIRZ and/or DEVELOPER's services hereunder) no matter where books and records are located. COUNTY also reserves the right to perform any and all additional audit tests relating to the PID Manager, Board of Directors for TIRZ and/or DEVELOPER's services, provided that such audit tests are related to those services as may be respectively performed by such entities for COUNTY. These examinations shall be conducted at the offices maintained by DEVELOPER.

XII. NON-WAIVER

12.1 Any provision of this Amended Agreement may be amended or waived if

done in writing and if signed by COUNTY, through a Resolution passed and approved by the COUNTY, the Board of Directors for TIRZ, the PID Manager, and DEVELOPER.

XIII. CHANGES AND AMENDMENTS

13.1 Except when the terms of this Amended Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by COUNTY, PID, TIRZ, and DEVELOPER and evidenced by passage of a subsequent COUNTY Order or Resolution, as to COUNTY's approval.

13.2 It is understood and agreed by the PARTIES hereto that changes in local, state and federal rules, regulations or laws applicable to the PID, TIRZ, and DEVELOPER's services hereunder may occur during the term of this Amended Agreement and the PARTIES agree to amend this Amended Agreement to reflect such changes in rules, regulations or laws.

XIV. SEVERABILITY

14.1 If any clause or provision of this Amended Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to COUNTY Subdivision Rules and Regulations or resolutions and/or orders of the COUNTY, then and in that event it is the intention of the PARTIES hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Amended Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the PARTIES hereto that in lieu of each clause or provision of this Amended Agreement that is invalid, illegal or unenforceable, there be added as a part of the Amended Agreement a clause or provision as similar as may be possible to such invalid, illegal or unenforceable clause or provision that is legal, valid and enforceable.

XV. VENUE AND GOVERNING LAW

15.1 THIS AMENDED AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

15.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Amended Agreement shall be heard and determined in Hidalgo County, Texas.

XVI. TAXES

16.1 DEVELOPER shall pay, on or before their respective due dates to the appropriate collecting authority, all federal, state, and local taxes and fees that are now or

may hereafter be levied upon its property, provided DEVELOPER record owner thereof.

XVII. NOTICE

17.1 Any notice sent under this Amended Agreement (except as otherwise expressly required) must be written and mailed with sufficient postage, sent by certified mail, return receipt requested, or delivered personally to an officer of the receiving PARTY at the following addresses:

If to PID:

LOS PRADOS PUBLIC IMPROVEMENT
DISTRICT
Attn: Texas Special District Management
200 S. 10th Street, Ste. 1700
McAllen, Texas 78501

If to TIRZ:

REINVESTMENT ZONE NUMBER ONE,
HIDALGO COUNTY
Attn: Nick Rhodes, Chair
200 S. 10th Street, Ste. 1700
McAllen, Texas 78501

If to COUNTY:

HIDALGO COUNTY
Attn: Richard F. Cortez, County Judge
100 E. Cano, Second Floor
Edinburg, Texas 78539

If to DEVELOPER:

LOS PRADOS DEVELOPMENT, LLC
Attn: Nick Rhodes, Manager
200 S. 10th Street, Ste. 1700
McAllen, Texas 78501

With a copy to:

JONES GALLIGAN KEY & LOZANO
Attn: Eugene Vaughan, Attorney
2300 W Pike Blvd, Suite 300
Weslaco, Texas 78596

With a copy to:

EARL & ASSOCIATES, P.C.
Attn: Jeffrey L. Earl, Attorney for Developer
10007 Huebner Road, Suite 303
San Antonio, Texas 78240

17.2 Each PARTY may change its address by written notice in accordance with this Article. Any communication delivered by facsimile transmission shall be deemed delivered when such transmission is made if during normal business hours or at the beginning of the next business day if the transmission is made after normal business hours. Any communication delivered in person shall be deemed received when receipted for by or actually received by an officer of the PARTY to whom the communication is properly addressed.

XVIII. CAPTIONS

18.1 All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the Amended Agreement between the PARTIES hereto.

XIX. EFFECTIVE DATE

19.1 This Amended Agreement shall become effective from the date of execution. This Amended Agreement shall terminate on the earlier of (i) the date DEVELOPER receives the final reimbursement and payment for completing the Project or (ii) the date of a termination by default (provided that all existing warranties on the Project shall survive termination of this Amended Agreement).

IN WITNESS WHEREOF, the PARTIES hereto have caused this instrument to be duly executed this 9th day of December 2025.

HIDALGO COUNTY, TEXAS

By: _____
Name: Honorable Richard F. Cortez
Title: Hidalgo County Judge

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

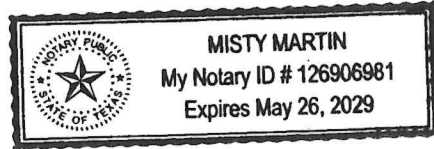
This instrument was acknowledged before me on the _____ day of _____, 2025, by Hon. Richard F. Cortez, Hidalgo County Judge, on behalf of Hidalgo County, Texas.

Notary Public, State of Texas
My commission expires: _____

DEVELOPER

By: LOS PRADOS DEVELOPMENT, LLC
a Texas limited liability company

By: _____
Name: Nicholas "Nick" B. Rhodes
Title: Manager



STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on the 20 day of November, 2025, by Nick Rhodes, Manager of Los Prados Development, LLC.

Misty Martin

LOS PRADOS PUBLIC IMPROVEMENT DISTRICT

By: _____
Texas Special District Management, LLC,
a Texas limited liability company, Manager for
the Los Prados Public Improvement District
Nicholas "Nick" B. Rhodes, Manager

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this the ____ day of _____, 2025, by Nicholas "Nick" B. Rhodes as Manager of Texas Special District Management, LLC, a Texas limited liability company serving as Manager of the Los Prados Public Improvement District.

Notary Public, State of Texas
My commission expires: _____

**REINVESTMENT ZONE NUMBER ONE,
HIDALGO COUNTY**

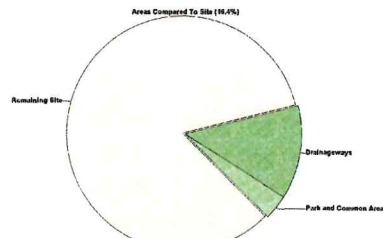
By: _____
Name: Nicholas "Nick" B. Rhodes
Title: Chairman of the Board

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this the 20 day of November, 2025, by Nicholas "Nick" B. Rhodes, Board Chairman for Reinvestment Zone Number One, Hidalgo County, Texas.

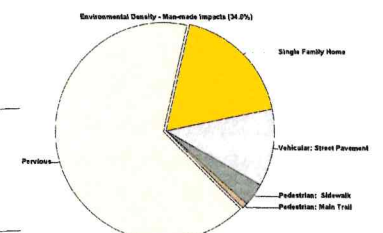
Notary Public, State of Texas
My commission expires: May 26, 2029

EXHIBIT A
DEVELOPERS PROJECT
(MAP, METES & BOUNDS DESCRIPTION, SITE PLAN)
(See Attached)



Site Area: 4,538,475 SF (103.6648 acres)

Park and Common Area	17,150 sqft	(0.3772 acres)
Drainageways	12,250 sqft	(0.2814 acres)
Remaining Site	4,509,075 sqft	(103.0062 acres)



Total Site: 4,538,475 SF (103.6648 acres)

Pedestrian: Multi Trail	100,000 sqft	(0.0023 acres)
Pedestrian: Sidewalk	100,000 sqft	(0.0023 acres)
Vehicular: Street Pavement	100,000 sqft	(0.0023 acres)
Single Family Home	1,315,150 sqft	(0.0300 acres)
Drainageways	12,250 sqft	(0.0003 acres)
Park and Common Area	17,150 sqft	(0.0004 acres)
Remaining Site	4,509,075 sqft	(103.0062 acres)

Los Prados

Total Area of Site 92.66 acres
 Number of Lots 527 lots
 Average Lot Size 5,119 sf
 Length of Street Centerline 13,617 lf



April 20, 2022

**METES AND BOUNDS DESCRIPTION
94.979 ACRES OUT OF
LOT 2, BLOCK 81 AND OUT OF
LOTS 9, 10, 15 AND ALL OF LTO 16, BLOCK 82,
CAPISALLO DISTRICT SUBDIVISION
HIDALGO COUNTY, TEXAS**

A tract of land containing 94.979 acres situated in Hidalgo County, Texas, being out of Lot 2, Block 81, and out of Lots 9, 10, 15 and all of Lot 16, Block 82, Capisallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed Records, which said 94.979 acres were conveyed to Dora L. Garcia, by virtue of a Special Warranty Deed recorded under Document Number 1972205, Hidalgo County Official Records, and to Judith P. Lucio, by virtue of a Special Warranty Deed recorded under Document Number 2868424, Hidalgo County Official records, and to Richard D. Ribisl, by virtue of a Special Warranty Deed recorded under Document Number 1813784, and Special Warranty Distribution Deed recorded under Document Number 2025259, Hidalgo County Official records, said 94.979 acres also being more particularly described as follows:

BEGINNING at a Nail set [Northing: 16,593,272.547, Easting: 1,177,535.711] on the Southeast corner of said Lot 16, Block 82, and within the existing right-of-way of Baseline Road – F.M. 491 and Mile 9 North Road, from which a No. 4 rebar found bears N 88° 47' 48" E, a distance of 1,320.00 feet and N 01° 12' 12" W, a distance of 20.00 feet, for the Southeast corner of this herein described tract;

1. THENCE, S 88° 47' 48" W, along the South line of said Lot 16, block 82, and within the existing right-of-way of Mile 9 North Road, a distance of 1,320.00 feet to a No. 4 rebar set on the Southwest corner of said Lot 16, Block 82 and Northeast corner of said Lot 2, Block 81, and the Northwest corner of a certain tract of land conveyed to Mayra Banks and Michael Banks, by virtue of a Warranty Deed with Vendor's Lien recorded under Document Number 3213621, Hidalgo County Official records, for an inside corner of this tract;
2. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81 and West line of said Mayra Banks and Michael Banks tract, a distance of 1,320.00 feet to a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81 and the North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat according to the plat thereof recorded under document number 2173891, Hidalgo County Map records, for an outside corner of this tract;
3. THENCE, S 88° 47' 48" W, along the South line of said Lot 2, Block 81, and North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, a distance of 183.52 feet to a No. 4 rebar set on the East line of the Hidalgo County Irrigation District No. 9 canal, for the Southwest corner of this tract;
4. THENCE, N 22° 53' 02" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 667.20 feet to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 680.00 feet pass a No. 4 rebar set on the existing South right-of-way of Mile 9 North Road, at a distance of 700.00 feet to a No. 4 rebar set on the North line of said Lot 2, Block 81, for an outside corner of this tract;
6. THENCE, N 88° 47' 48" E, along the North line of said Lot 2, Block 81, a distance of 10.00 feet to a No. 4 rebar set, for an inside corner of this tract,

7. THENCE, N 01° 12' 12" W, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9, at a distance of 20.00 feet pass a No. 4 rebar set on the North right-of-way line of Mile 9 North Road, continuing a total distance of 790.00 feet to No. 4 rebar set, for an angle point of this tract;
8. THENCE, N 20° 24' 41" E a distance of 570.09 feet to a No. 4 rebar set on the North line of said Lot 15, Block 82, and South line of said Lot 10, Block 82 for an angle point of this tract;
9. THENCE, N 22° 41' 19" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 518.50 feet pass the East line of said Lot 10, Block 82 and the West line of said Lot 9, Block 82, continuing a total distance of 981.66 feet to a No. 4 rebar set, for an angle point of this tract;
10. THENCE, N 52° 32' 49" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 130.21 feet pass a No. 4 rebar set on the South right-of-way line of a canal right-of-way claimed by Hidalgo and Cameron Counties Irrigation District No. 9, a total distance of 174.48 feet to a No. 4 rebar set, for an inside corner of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set, for an outside corner of this tract;
12. THENCE, N 53° 23' 48" E, along the East line of the Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 504.29 feet to a No. 4 rebar found on the North line of said Lot 9, for the Northwest of this tract;
13. THENCE, N 88° 47' 48" E, along the North line of said Lot 9, Block 82, at a distance of 567.80 feet pass a No. 4 rebar found on the West right-of-way line of Baseline Road – F.M. 491, continuing a total distance of 607.80 feet, to a Nail set on the East line of said Lot 9, Block 82, for the Northeast corner of this tract;
14. THENCE, S 01° 12' 12" E, along the East line of said Lot 16, Block 82, within the existing right-of-way of Baseline Road – F.M. 491, at a distance of 1,320.00 feet pass the Southeast corner of said Lot 9, Block 82 and the Northeast corner of said Lot 16, Block 82, continuing a total distance of 2,640.00 feet to the POINT OF BEGINNING and containing 98.752 acres, SAVE and EXCEPT 3.773 acres, leaving 94.979 acres Gross, of which 2.425 acres lie within the existing right-of-way of Baseline Road – F.M. 491, and 0.977 of one acre lies within the existing right-of-way of Mile 9 North Road, leaving a Net of 91.557 acres of land, more or less.

SAVE AND EXCEPT:

TRACT 1,

A certain tract of land containing 1.931 acres situated in Hidalgo County, Texas, being out of Lot 9, Block 82, Capiasallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.931 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.931 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar found on the intersection of the North line of said Lot 9, Block 82, and East line of said Hidalgo and Cameron Counties Irrigation District No. 9;

THENCE, S 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 459.92 feet, to a No. 4 rebar set, for the POINT OF BEGINNING, and Northwest corner of this herein described tract;

1. THENCE, S 46° 12' 22" E, a distance of 266.30 feet to a No. 4 rebar set, for an angle point of this tract;
2. THENCE, S 43° 00' 14" E, a distance of 156.64 feet to a No. 4 rebar set, for an angle point of this tract;
3. THENCE, S 46° 12' 22" E, a distance of 163.07 feet to a No. 4 rebar set, for an angle point of this tract;
4. THENCE, S 42° 18' 26" E, a distance of 147.07 feet, to a No. 4 rebar set, for an angle point of this tract;
5. THENCE, S 46° 12' 22" E, a distance of 297.42 feet to a No. 4 rebar set, for an angle point of this tract;
6. THENCE, S 42° 28' 35" E, a distance of 96.08 feet to a No. 4 rebar set, for an angle point of this tract;
7. THENCE, S 46° 12' 22" E, a distance of 232.31 feet to a No. 4 rebar set on the existing West right-of-way line of Baseline Road-F.M. 491, for the Northeast corner of this tract;
8. THENCE, S 01° 12' 12" E, along the West right-of-way line of Baseline Road-F.M. 491, a distance of 53.03 feet, to a No. 4 rebar set, for the Southeast corner of this tract;
9. THENCE, N 46° 12' 22" W, a distance of 269.81 feet, to a No. 4 rebar set, for an angle point if this tract;
10. THENCE, N 49° 44' 19" W, a distance of 101.43 feet, to a No. 4 rebar set, for an angle point of this tract;
11. THENCE, N 46° 12' 22" W, a distance of 292.37 feet, to a No. 4 rebar set, for an angle point of this tract;
12. THENCE, N 50° 08' 02" W, a distance of 145.98 feet, to a No. 4 rebar set, for an angle point of this tract;
13. THENCE, N 46° 12' 22" W, a distance of 160.60 feet, to a No. 4 rebar set, for an angle point of this tract;
14. THENCE, N 49° 22' 35" W, a distance of 158.22 feet, to a No. 4 rebar set, for an angle point of this tract;
15. THENCE, N 46° 12' 22" W, a distance of 243.70 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
16. THENCE, N 52° 32' 49" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 44.27 feet to a No. 4 rebar set for an inside corner of this tract;
17. THENCE, N 46° 12' 22" W, a distance of 38.41 feet to a No. 4 rebar set for an outside corner of this tract;

18. THENCE, N 53° 23' 48" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 44.37 feet to the POINT OF BEGINNING, and containing 1.931 acres of land, more or less.

TRACT 2:

A certain tract of land containing 1.579 acres situated in Hidalgo County, Texas, being out of Lots 15 and 16, Block 82, Capiasallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 1.579 acres being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 1.579 acres being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southwest corner of Lot 16, Block 82, and within the existing right-of-way of Mile 9 North;

THENCE, N 88° 47' 48" E, along the South line of said Lot 16, Block 82, and within the existing right-of-way of Mile 9 North, a distance of 38.83 feet to the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 Canal;

THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9, a distance of 22.45 feet to a No. 4 rebar set on the existing North right-of-way line of Mile 9 north West, for the POINT OF BEGINNING, and Southwest corner of this herein described tract;

1. THENCE, N 28° 12' 26" W, along the West line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 63.08 feet pass the West line of said Lot 16, Block 82 and the East line of said Lot 15, Block 82, continuing a total distance of 933.91 feet to a No 4 rebar set, on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract;
2. THENCE, N 20° 24' 41" E, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 93.29 feet, to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northeast corner of this tract;
3. THENCE, S 28° 12' 26" E, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, at a distance of 795.14 feet pass the East line of said Lot 15, Block 82 and the West line of said Lot 16, Block 82, continuing a total distance of 1,031.25 feet to a No. 4 rebar set on the North right-of-way line of Mile 9 North, for the Southeast corner of this tract;
4. THENCE, N 88° 47' 48" E, along the existing North right-of-way line of Nile 9 North, a distance of 78.57 feet to the POINT OF BEGINNING, and containing 1.579 acres of land, more or less.

TRACT 3:

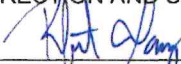
A certain tract of land containing 0.283 of one acre situated in Hidalgo County, Texas, being out of Lot 2, Block 81, Capiasallo District Subdivision, as shown in Volume "P", Page 227, Hidalgo County Deed records, said 0.283 of one acre being claimed by Hidalgo and Cameron Counties Irrigation District No. 9, said 0.283 of one acre being more particularly described as follows:

COMMENCING, at a No. 4 rebar set on the Southeast corner of said Lot 2, Block 81, and North line of Lot 1, M.I.S.D. North Elementary Subdivision Replat, according to the plat thereof recorded under Document Number 2173891, Hidalgo County Map Records;

THENCE, N 01° 12' 12" W, along the East line of said Lot 2, Block 81, a distance of 49.64 feet to a No. 4 rebar set on the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the POINT OF BEGINNING, and Southeast corner of this herein described tract;

1. THENCE, S 59° 30' 44" W, along the South line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 101.49 feet, to a No. 3 rebar set on the North line of said Lot 1, M.I.S.D. North Elementary Subdivision Replat, for an angle point of this tract;
2. THENCE, S 88° 47' 48" W, a distance of 95.00 feet to a No. 4 rebar set, on the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Southwest corner of this tract;
3. THENCE, N 22° 53' 02" W, along the East line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 23.69 feet to a No. 4 rebar set, on the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, for the Northwest corner of this tract,
4. THENCE, N 59° 29' 39" E, along the North line of said Hidalgo and Cameron Counties Irrigation District No. 9 canal, a distance of 220.48 feet to a No. 4 rebar set on the East line of said Lot 2, Block 81, for the Northeast corner of this tract;
5. THENCE, S 01° 12' 12" E, along the East line of said Lot 2, Block 81, a distance of 80.28 feet to the POINT OF BEGINNING, and containing 0.283 of one acre of land, more or less.

I, ROBERTO N. TAMEZ, A REGISTERED PROFESSIONAL LAND SURVEYOR DO HEREBY AFFIRM THAT THIS METES AND BOUNDS DESCRIPTION REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND ON 3/17/2022 UNDER MY DIRECTION AND SUPERVISION.


ROBERTO N. TAMEZ, R.P.L.S. #6238

04/20/2022
DATE:



EXHIBIT B
LOS PRADOS DOWN-PAYMENT ASSISTANCE PROGRAM (LPDAP)
Guidelines, Requirements, Policies, and Procedures
(See Attached)

LOS PRADOS DOWNPAYMENT ASSISTANCE PROGRAM (LPDAP)
HIDALGO COUNTY, TEXAS
Program Guidelines, Policies, and Procedures
November 2025

I. PROGRAM OVERVIEW

The Los Prados Downpayment Assistance Program (“LPDAP”) is established to promote homeownership opportunities within the Los Prados Subdivision and to expand the availability of affordable housing options for residents of Hidalgo County, Texas. LPDAP is intended to assist qualified applicants in overcoming financial barriers associated with the purchase of a newly constructed home in the Los Prados Subdivision through targeted downpayment and closing cost support.

II. ELIGIBILITY

Eligibility to qualify for participation in LPDAP, is conditioned upon applicants meeting the below general requirements, with priority being given, to the extent permitted under law, as follows:

Income Requirement: Applicant(s) must have an income that does not exceed 180% of the most recently published Area Median Income (AMI) for Hidalgo County, Texas at the time of application, as such AMI is calculated annually by the U.S. Department of Housing and Urban Development (HUD).

Primary Residence: If meeting the above income requirement, Applicant(s) must also commit to using any downpayment assistance provided through LPDAP toward the purchase of a home in Los Prados Subdivision, and that such purchased home will be reported as their primary residence.

First-Time Homebuyer Preference: To the extent permitted by law, priority will be given to those Applicants who (i) are purchasing their first home; and/or (ii) have not owned a home within the last three (3) years.

III. PROGRAM BENEFITS

The following is representative of the benefits offered to qualified Applicants through LPDAP, however, such benefits are subject to change based on availability of funding, changes in law, etc.:

Downpayment Assistance: Qualified Borrower(s) are eligible to receive downpayment assistance in an amount of \$15,000.00, with any such provided downpayment assistance constituting a zero-interest,

forgivable loan to recipient borrower(s) for assistance to purchase a newly constructed home in the Los Prados Subdivision. The funds received from Hidalgo County for the LPDAP by borrower(s) may be applied to the downpayment, closing costs including but not limited to appraisal fees, credit report fees, title insurance, Initial PID Maintenance Assessment (if any), recording fees, rate buy-down, etc. at the discretion of borrower(s).

Forgivable Loan: The amount of downpayment assistance provided to qualified Applicants by LPDAP, is provided as a zero-interest loan to the recipient, with \$5,000.00 of such loan amount being eligible for forgiveness each year following the first anniversary of uninterrupted home-ownership, provided the loan recipient (i) maintains uninterrupted and continued ownership of the home for the entire duration of the year in which the forgiveness amount is being sought; (ii) maintains the home for which downpayment assistance was provided as the their primary residence; and (iii) timely pays all assessments, fees, taxes, etc., as may be required under law.

The below illustrative chart provides guidance on the loan forgiveness structure described above:

End of Year	Outstanding Loan Balance
1	\$10,000.00
2	\$5,000.00
3	\$0,000.00

Homebuyer Education: Participation in a homebuyer education course is recommended but not required. Such education course can be provided at no additional cost to qualified Applicants.

IV. APPLICATION REQUIREMENTS & PROCESS

The below information generally describes the application process that the Applicant must adhere to for participation in LPDAP:

Application Requirements:

- Submission of the LPDAP application form(s), which may be updated from time to time along with income verification and certification of primary residence.
- Use of an LPDAP Approved Lender as the loan originator for a mortgage and qualifying for such mortgage.
- Use of an LPDAP Approved Title Company as the title company.

Review and Approval: Applications will be reviewed on a first-come, first-served basis, subject to funding availability and meeting the LPDAP criteria provided herein.

Funds Allocation: Upon determination that Applicant has satisfied all requirements and criteria stated herein, the amount of funds approved for downpayment assistance to the qualified Applicant will be directly sent to escrow of the LPDAP Approved title company and allocated to the downpayment and other eligible costs associated (closing costs, title fees, rate-buydown, Initial PID Maintenance Assessment, etc.) with purchasing a newly constructed home in the Los Prados Subdivision upon closing, at Applicant's discretion.

V. PREFERENTIAL CONSIDERATION

While LPDAP is open to all individuals who meet the requirements and criteria stated herein for participation, preferential consideration will be given to:

1. Public employees such as city, county, state, and federal employees;
2. First-responders, teachers, nurses, and other such education or medical personnel; and
3. Veterans or active military personnel.

VI. COMPLIANCE AND RESIDENCY VERIFICATION

Regular Audits: Representatives of the LPDAP will verify adherence to these requirements and criteria for eligibility by conducting regular audits.

Residency Verification: Annually, qualified Applicants who have received downpayment assistance through LPDAP may be required to provide documentation to LPDAP for verification of their continued compliance with all conditions and requirements for participation in LPDAP, such as submitting utility bills and/or property tax statements that evidence their primary residence.

VII. CONTACT INFORMATION

For further information regarding the Los Prados Downpayment Assistance Program, please contact Esperanza Homes via email at info@esperanzahomes.com or by phone at (956) 275-8069. While this document endeavors to provide potential applicants with the requirements and criteria for participation in LPDAP, this document and additional forms and criteria are subject to change by the administrator of LPDAP as they may deem necessary and appropriate.