



CITY OF DALLAS

Date:

To: Title Company

From: City of Dallas Attorney's Office
1500 Marilla Street, Room 7DN
Dallas, TX 75201
Attn: Laurie Nichols, Paralegal
Ph: 214.670.1331 / Email: laurie.nichols@dallascityhall.com

Re: Borrower(s): [Borrower Name] – marital status
Property: [Property Address]
Loan No: [Loan Number]

We hereby deliver these instructions and certain closing documents to you on behalf of **The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas**, ("City") of **1500 Marilla Street, Room 6DN, Dallas, Texas 75201** in connection with a second lien loan ("City Loan") in the amount of **[\$[2nd Lien]** pursuant to the Dallas Homebuyer Assistance Program ("DHAP"). The City Loan will be subordinate to a first lien loan in the amount of **[\$[First Lien]** to be made to Borrower(s) by [Mortgage Lender] ("First Lien Lender").

YOU MUST CAREFULLY REVIEW AND STRICTLY COMPLY WITH THESE CLOSING INSTRUCTIONS, INCLUDING THE POST-CLOSING DELIVERY OF DOCUMENTS CHECKLIST SET FORTH IN ARTICLE V HEREOF.

I. Loan Documents.

With respect to City Loan, we have attached one (1) execution original of each of the following documents:

1. General Warranty Deed with First and Second Vendor's Liens (the "General Warranty Deed");
2. City Promissory Note;
3. City Subordinate Deed of Trust (the "Deed of Trust");
4. City Borrower(s) Certificate;
5. City Name Affidavit and Correction Agreement(s);
6. City Notice of No Oral Agreements;
7. No Attorney Representation by the Dallas City Attorney's Office Notice;
8. DHAP Customer Survey; and
9. DHAP Deed Restrictions.

II. Intentionally Deleted

III. Second Lien Mortgage Policy.

The Title Commitment issued by you with respect to this transaction and the City Loan must reflect the following changes:

Schedule A:

Second Lien Insured: **The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas**

Second Lien Amount: **[\$[2nd Lien]**

Schedule B:

Item 2 should be modified to read "Shortages in area." only.

Items 3 and 4 – apply to Owner Policy only.

Item 5 should read "Standby fees, taxes and assessments by any taxing authority for the year 2019, not yet due and payable, and subsequent years, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous year."

Schedule C:

All requirements of Schedule C must be completed to your satisfaction. No such items shall be reflected on Schedule B.

A MORTGAGEE POLICY OF TITLE INSURANCE IN FAVOR OF THE CITY WITH RESPECT TO THE CITY LOAN MUST BE ISSUED IN ACCORDANCE WITH THE FOREGOING REQUIREMENTS PROMPTLY AFTER CLOSING AND DELIVERED TO THE CITY. THE MORTGAGEE POLICY MUST INCLUDE THE FOLLOWING ENDORSEMENTS FOR THE PREMIUM SPECIFIED:

!	Simultaneous Issuance (R-5)	<u>\$ 100.00</u>
!	Tax Deletion (P-20)	<u>\$ 20.00</u>
!	Not Yet Due and Payable (P-29)	<u>\$ 5.00</u>
!	Survey Amendment (P-2)	No Cost
!	Restrictions, Encroachments and Minerals (P-50A)	5% Basic Rate/Min. <u>\$ 25.00</u>
!	Environmental Liens (P-9. b.9)	<u>\$25.00</u>

No other endorsements are required unless requested by the City. Please be advised that Borrower(s) are responsible for the mortgagee title policy premium for the City Loan at no expense to the City and for recording fees (unless Seller agrees to pay) for the General Warranty Deed, the City Deed of Trust and the DHAP Deed Restrictions.

IV. Closing/Funding.

(a) BORROWER(S) MAY NOT RECEIVE ANY CASH BACK.

(b) PRIOR TO CLOSING, email the First Lien Lender's TRID Closing Disclosure to **Tammi Southall** (email: tammi.southall@dallascityhall.com) for review and approval. **Please note that the First Lien Lender's TRID Closing Disclosure must delineate the source of funds provided by the City Loan. The net proceeds to the Borrower(s) shown on the HUD-1 Settlement Statement (Second Lien) should be reflected on the TRID Closing Disclosure as "DHAP Loan" in "Section L.06" of the Summaries of Transactions.**

(c) AS A CONDITION PRECEDENT AND PRIOR TO FUNDING, you must email to Ms. Southall (email: tammi.southall@dallascityhall.com) a fully executed copy of each of the following documents:

- **TRID Closing Disclosure (First Lien);**
- **HUD-1 Settlement Statement (Second Lien);**
- **TRID Closing Disclosure (Seller);**
- **Texas Disclosure (Form T-64);**
- **First Lien Note;**
- **City Promissory Note;**
- **First Lien Monthly Mortgage Payment Letter;**
- **Each City Name Affidavit and Correction Agreement;**
- **General Warranty Deed;**
- **DHAP Customer Survey;**
- **DHAP Deed Restrictions; and**
- **Evidence of Hazard Insurance (showing the City as Second Lienholder).**

You must then contact Ms. Southall (email: tammi.southall@dallascityhall.com) to obtain a funding authorization number. Upon receipt of the funding authorization number from Ms. Southall, you will be authorized to disburse the funds delivered to you by the City in the manner shown on the TRID Closing Disclosure (First Lien), HUD-1 Settlement Statement (Second Lien), and the Texas Disclosure (Form T-64) approved by Ms. Southall. **DO NOT FUND WITHOUT RECEIVING A FUNDING AUTHORIZATION NUMBER FROM MS. SOUTHALL.**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

GENERAL WARRANTY DEED WITH FIRST AND SECOND VENDOR'S LIENS

STATE OF TEXAS }
 }
COUNTY OF DALLAS }
KNOW ALL PERSONS BY THESE PRESENTS:

THAT **[Seller Name]**, ("Grantor"), for and in consideration of the sum of **Ten and No/100 Dollars (\$10.00)** and other good and valuable consideration to Grantor in hand paid by **[Borrower], a [marital status]** whose address is **[Property Address]** ("Grantee" whether one or more) the receipt of which is hereby acknowledged and confessed, and the further consideration of the execution and delivery by Grantee of that certain promissory note ("First Lien Note") of even date herewith in the principal sum of **[\$1st lien]** payable to the order of **[Mortgage Lender]** ("Lender"), and bearing interest at the rate provided in the First Lien Note containing the usual reasonable attorneys' fees clause and various acceleration of maturity clauses in case of default, and being secured by vendor's lien and superior title retained and reserved herein in favor of Lender, and being also secured by a Deed of Trust ("First Deed of Trust") of even date herewith from Grantee to a Trustee for the benefit of Lender;

WHEREAS, Lender has, at the special instance and request of Grantee, paid to Grantor the sum of **[\$1st Lien]** of the purchase price of the Premises (hereinafter defined) as evidenced by the First Lien Note; said vendor's lien and superior title against the Premises securing payment of the First Lien Note are hereby assigned, transferred and delivered to Lender, Grantor hereby conveying to Lender said superior title to the Premises and subrogating Lender to all of the rights and remedies of Grantor in the Premises by virtue of said liens; and

WHEREAS, for the further consideration of the execution and delivery by Grantee of that certain other promissory note ("Second Lien Note") of even date herewith in the principal sum of **[\$2nd Lien]** payable to the order of the **City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas** ("City") and bearing interest at the rate therein specified, the Second Lien Note evidencing the payment of a portion of the purchase price of the Premises and being secured by a second and inferior vendor's lien and superior title herein expressly retained and reserved upon the Premises, which vendor's lien and superior title are hereby assigned, transferred and delivered by Grantor to the City, and also being secured by a second and inferior Deed of Trust ("Second Deed of Trust") thereon of even date herewith to David Noguera, Trustee.

NOW THEREFORE, Grantor has **GRANTED, SOLD and CONVEYED**, and by these presents does **GRANT, SELL and CONVEY** unto Grantee, the following described real property, to-wit:

[LEGAL DESCRIPTION]

TO HAVE AND TO HOLD the above-described real property, together with all and singular, the improvements, rights and appurtenances thereunto in anywise belonging, (collectively, the "Premises") unto Grantee and Grantee's heirs, legal representatives, successors and assigns, forever. Grantor does hereby bind Grantor and Grantor's heirs, legal representatives, successors and assigns to warrant and forever defend all and singular the Premises unto Grantee and Grantee's heirs, legal representatives, successors and assigns, against every person whomsoever lawfully claiming the same or any part thereof. Taxes for the current year have been prorated and their payment is assumed by Grantee.

This conveyance is made subject to any and all valid and subsisting restrictions; easements; rights of way; reservations; and maintenance charges, together with any lien securing said maintenance charges; zoning laws; ordinances of municipal or other governmental authorities; and conditions and covenants, if any, applicable to and enforceable against the Premises as shown by the records of the County Clerk of Dallas County, Texas. In consideration of the purchase money loans made to Grantee evidenced by the First Lien Note and the Second Lien Note, and other good and valuable consideration, this conveyance is made subject to those certain Dallas Homebuyer Assistance Program Deed Restrictions

of even date herewith executed by Grantee and recorded on or about the date hereof in the Official Public Records of Dallas County, Texas.

The use of any pronoun herein to refer to Grantor or Grantee shall be deemed a proper reference even though Grantor or Grantee may be an individual (either male or female), corporation, partnership or other entity or a group of two or more individuals, corporations, partnerships or other entities, and when this deed is executed by or to a corporation, partnership, trustee or other entity, the words "heirs, legal representatives, successors and assigns" shall, with respect to such corporation, partnership, trustee or other entity, be construed to mean "successors and assigns."

It is expressly agreed that the vendor's liens retained and superior title in favor of the payees of the First Lien Note and Second Lien Note against the Premises shall remain effective until, respectively, the First Lien Note and Second Lien Note and all interest thereon shall have been fully paid according to the terms thereof, when this deed shall become absolute.

EXECUTED to be effective as of, although not necessarily on, **[CLOSING DATE]**.

GRANTOR:

Rodolfo Vazquez

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by _____.

(seal)

Notary Public, State of Texas

After recording, return to:
[BORROWER NAME]
[PROPERTY ADDRESS]
Dallas, Texas

PROMISSORY NOTE

Loan No. _____
DHAP 2019-2020

[CLOSING DATE]

[PROPERTY ADDRESS]

(the "Property")

1. BORROWER (S) PROMISE TO PAY

In return for a loan that I have received ("Loan"), I, [BORROWER NAME], a [marital status], promise to pay U.S. \$[2nd Lien] (this amount is called ("principal"), to the order of the Lender. The Lender is the **City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas**. I will make all payments under this promissory note ("Note") in the form of cash, check or money order. I understand that Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder." Any person signing this Note may herein be referred to as "Borrower(s)."

2. INTEREST

There will be no interest charged on the Loan.

3. PAYMENTS AND FORGIVENESS

(A) Time and Place of Payments

I understand that payment of the principal is not required, but payment shall be due however, in the event of default, as detailed in Section 6. If such default occurs, I shall repay the entire amount of \$[2nd Lien]. Repayment is subject to the recapture provisions detailed in Section 12. The date upon which Note Holder requires such payment, shall be the "maturity date", as further detailed in Section 12. In the event of default, I shall make payments to Lender, as specified herein, c/o **City of Dallas Housing and Neighborhood Revitalization, Dallas Homebuyer Assistance Program, 1500 Marilla, Room 6DN, Dallas, Texas 75201, Attn: Director** or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

I am not required to make monthly payments.

(C) Forgivable Loan

I must comply with the Homebuyer Agreement, this Note, the Subordinate Security Instrument, and the deed restrictions executed in favor of Lender (the "Loan Documents") for the affordability period, which shall be **five (5), ten (10), fifteen (15) years** from the date of this Note. A portion of the Loan will be forgiven annually on a pro-rata basis, if I am in compliance with the Loan Documents. I must be in compliance for the entire year in order to receive forgiveness for such year. I understand that failure to do so, is a default under the Loan Documents.

4. BORROWER (S) RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so. I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date unless the Note Holder agrees in writing to those changes. If I choose to partially prepay and the Loan is later forgiven, I will not receive a reimbursement for any amounts I have partially prepaid.

5. LOAN CHARGES

If a law, which applies to this Loan and which sets maximum loan charges, is finally interpreted so that any loan charges collected or to be collected in connection with this Loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this

refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. DEFAULT

(A) Default

A default exists if: (1) I sell, convey, transfer, lease, or rent the Property or if there is a hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest to the Property therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the Lender being first had and obtained; or (2) I fail to occupy the Property as my principal residence, or fail to adhere to any other term or condition described herein, including but not limited to failure to adhere to the Lender's Loan Documents or any other lien encumbering the Property, then I shall repay the remaining Loan amount to the Lender, or Note Holder if Lender is no longer the Note Holder. Such amount shall be immediately due and payable to the Lender, to the extent that there are net proceeds, as defined below, as detailed in Section 12 below. I will be provided not less than twenty (20) days from the date the notice is delivered or mailed within which I must pay all sums secured by this Note, under the Subordinate Security Instrument, defined below.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the amount by a certain date, the Note Holder may enforce the Loan Documents against me, which includes but is not limited to foreclosure of the Property. That date I must pay, must be at least twenty (20) days after the date on which the notice is mailed to me or delivered to me by other means.

(C) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property address above or at a different address if I give the Note Holder a notice of my different address. Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Subordinate Deed of Trust in favor of the Note Holder (the "Subordinate Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. The Subordinate Security Instrument is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust (hereinafter defined). In addition to this Note, the Subordinate Security Instrument also describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

11. SUBORDINATION

The indebtedness evidenced by this Note, and any other financial obligation which may hereafter be imposed on by the Lender, is subordinate to the indebtedness evidenced by a note payable to a senior lender ("Senior Lien Holder"), which note is secured by a first deed of trust (the "First Deed of Trust") dated of even date herewith encumbering the Property.

12. RECAPTURE/ TRANSFER TO HEIR

12.1 **Recapture.** If (1) I sell, convey, transfer, lease, or rent the Property or there is a hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest to the Property therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the Lender being first had and obtained; or (2) I fail to occupy the Property as my principal residence, or otherwise fail to adhere to any term or condition described herein, including but not limited to failure to adhere to the Loan Documents or any other lien encumbering the Property. **In such an instance, Note Holder shall require payment in full of all sums owed hereunder as more specifically provided by the Subordinate Security Instrument and the date upon which Note Holder requires such payment in full is called the "maturity date"; provided, however, such repayment shall be limited to the remaining Loan amount (that has not been forgiven) to the extent that there are "net proceeds" (defined below) and is further subject to the terms, provisions and limitations of the Homebuyer Agreement (hereinafter defined).** The term "net proceeds" is defined as the sale price less the balance due on superior secured debt and closing costs incurred by me at sale or transfer. In the event the net proceeds are less than the outstanding Loan balance, the Note Holder reserves the right to determine whether the sales price is comparable to the sales price in an arms-length transaction for a similar unit and to evaluate the closing costs being charged to Borrower(s) to ensure they are reasonable and customary. If the net proceeds of the sale are insufficient to repay the remaining Loan amount, then the entire net proceeds will be recaptured and retained by Note Holder to satisfy the Loan. If there are no net proceeds, repayment is not required. Net proceeds of sale in excess of the outstanding Loan amount will be retained by the Borrower(s).

However, in the event the Note Holder is prohibited by the Garn-St. Germain Depository Institutions Act, 12 U.S.C. Section 1701j-3 or other applicable law from exercising its right to accelerate the payment of the indebtedness evidenced by this Note and demand immediate payment in full thereof as a result of a transfer by devise, descent or operation of law on the death of any Borrower(s), the surviving Borrower(s) or any such transferee by devise, descent or operation of law shall pay the outstanding balance of this Note in full in sixty (60) equal monthly installments with the first of such installments being due and payable on the first day of the calendar month following the expiration of ninety (90) days after the death of any such Borrower(s), and the failure of such surviving Borrower(s) or any such transferee by devise, descent or operation of law to pay any such monthly installment shall constitute a default hereunder entitling Note Holder to exercise any and all remedies available at law or in equity.

12.2 **Transfer to Heir.** In accordance with the Homebuyer Agreement, the Loan may be transferred to my heir(s) if the heir meets the eligibility requirements of the Dallas Homebuyer Assistance Program (the "Program") effective on the Resolution Date, as defined in the Homebuyer Agreement, including but not limited to meeting the income eligibility requirements. If the heir qualifies, the heir shall utilize the Property as their primary residence for the remainder of the affordability period and shall comply with all other terms and condition of the Homebuyer Agreement. If the heir does not meet the requirements of the Program, does not utilize the Property as their primary residence, or does not comply with any term or condition of the Loan Documents, then the prorated Loan amount is due immediately and payable, in full, to the Note Holder.

13. HOMEBUYER AGREEMENT

Without limiting the foregoing, the Property and Borrower(s) shall be subject to the requirements and restrictions of that certain City of Dallas – HOME Program Homebuyer Assistance Program Written Agreement and that certain City of Dallas – CDBG Program Homebuyer Assistance Program Written Agreement (collectively the "Homebuyer

Agreement”) by and between Lender and Borrower(s), a copy of each of which is on file with the Lender’s Secretary’s Office of the Lender. The Homebuyer Agreement contains, among other material provisions, requirements governing eligibility of residents, affordability of the Property, use of the Property, hazard insurance requirements and additional inspection, reporting and housing quality standards that are required by the federal regulations applicable to the funding sources of the loan evidenced by this Note. Any assumption of Borrower(s) obligations under the Homebuyer Agreement is subject to Lender’s review and approval pursuant to the terms of the Homebuyer Agreement. A violation by Borrower(s) of the terms and provisions of the Homebuyer Agreement shall constitute a default by Borrower(s) under the terms and provisions of this Note and the other Loan Documents, entitling Note Holder to exercise the remedies available to Note Holder in accordance with the Loan Documents. The recapture of sums owed by Borrower(s) hereunder shall be subject to the provisions contained herein and in the Homebuyer Agreement. Without limiting the foregoing provisions of this Note, Borrower(s) covenants and agrees to comply with the terms and provisions of the Homebuyer Agreement, including, without limitation, the obligation of Borrower(s) to occupy the Property as Borrower (s) principal residence and to maintain hazard insurance as required by the Homebuyer Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Note to be effective as of, although not necessarily on, the day and date first above written.

BORROWER(S):

[Borrower Name]

After recording, return to:
Dallas City Attorney's Office
1500 Marilla Street, Room 7DN
Dallas, Texas 75201
Attn: Housing Section

Loan No. _____
DHAP 2019-2020

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SUBORDINATE DEED OF TRUST

THIS SUBORDINATE DEED OF TRUST ("Security Instrument") is made on **[Closing Date]**. The Grantor is **[Borrower Name], a [marital status]** ("Borrower"), **joined herein pro forma by his/her spouse, [Optional Language]**, ("Spouse"). The trustee is David Noguera ("Trustee"). The beneficiary is The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas, whose address is c/o City of Dallas Housing and Neighborhood Revitalization, Dallas Homebuyer Assistance Program, 1500 Marilla, Room 6DN, Dallas, Texas 75201, Attn: Director ("Lender"). Borrower(s) owe Lender the principal sum of **[\$2nd Lien]**. This debt is evidenced by Borrower (s) note ("Note") in the amount of **[\$2nd Lien]** dated the same date as this Security Instrument. The Note and this Security Instrument provide for payment, as detailed herein.

In addition to the loan evidenced by the Note, the Borrower(s) obtained a deed of trust loan (the "First Deed of Trust Loan" or "Loan") from **[Mortgage Lender]** (the "Senior Lien Holder"), in the amount of **[\$1st Lien]**, which loan is secured by the lien of a first deed of trust dated of even date herewith, executed by Borrower(s) in favor of a trustee for the benefit of Senior Lien Holder, encumbering the Property (the "First Deed of Trust"). The documents evidencing or securing the First Deed of Trust Loan, Note, and the associated deed restrictions are collectively referred to herein as the First Deed of Trust Loan Documents.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under Paragraph 8 to protect the security of this Security Instrument; and (c) the performance of Borrower (s) covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower(s) irrevocably grant and convey to Trustee, in trust, with power of sale, subject to the rights of the Senior Lien Holder under the First Deed of Trust, the property which has the address of **[Property Address]** ("Property Address") and is further described as follows:

[LEGAL DESCRIPTION]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing property and interests are referred to in this Security Instrument as the "Property."

BORROWER(S) COVENANT that Borrower(s) lawfully seized of the estate hereby conveyed and have the right to grant and convey the Property and, except for the First Deed of Trust and other encumbrances of record acceptable to the Lender, the Property is unencumbered. Borrower(s) warrant and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SUBORDINATE SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower(s) covenants and agrees as follows:

1. Payment of Principal and Late Charges. Borrower(s) shall promptly pay when due the principal on the debt evidenced by the Note and any late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower(s) shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower(s) to Lender, in accordance with the provisions of Paragraph 9, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a Lender for a federally related mortgage loan may require for Borrower (s) escrow account under the Federal Real Estate Settlement Procedures Act of 1974, as amended from time to time, 12 U.S.C. Section 2601, et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law. **The Borrower(s) shall not be obligated to make such payments of Funds to the Lender to the extent that the Borrower(s) makes such payments to the Senior Lien Holder in accordance with the First Deed of Trust.**

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower(s) for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower(s) interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower(s) to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with the loan evidenced by the Note, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower(s) any interest or earnings on the Funds. Borrower(s) and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower(s), without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument. If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower(s) for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower(s) in writing, and, in such case Borrower(s) shall pay to Lender the amount necessary to make up the deficiency. Borrower(s) shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion. Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower(s) any Funds held by Lender. If under Paragraph 23 Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, may apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under Paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under Paragraph 2; third, to interest, if any, due under the Note; fourth, to principal due under the Note; and last, to any late charges due under the Note. Any application of payments, insurance proceeds or miscellaneous proceeds to principal due under the Note shall not extend or postpone the due date or change the amount of any periodic payments.

4. Prior Deeds of Trust; Charges; Liens. Borrower(s) shall perform all of the Borrower(s) obligations under the First Deed of Trust, including Borrower (s) covenants to make payments when due. Borrower(s) shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower(s) shall pay these obligations in the manner provided in Paragraph 2, or if not paid in that manner, Borrower(s) shall pay them on time directly to the person owed payment. Borrower(s) shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 4. If Borrower(s) makes these payments directly, Borrower(s) shall promptly furnish to Lender receipts evidencing the payments. Except for the lien of the First Deed of Trust, Borrower(s) shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower(s): (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the lien of the First Deed of Trust, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower(s) a notice identifying the lien. Borrower(s) shall satisfy such lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

5. Subordination. Lender and Borrower(s) acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Borrower(s)

under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. In the event of a foreclosure of the First Deed of Trust, a conveyance of the Property by Borrower(s) to Senior Lien Holder pursuant to the written approval of Senior Lien Holder, or an assignment of the First Deed of Trust to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower(s) ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Borrower(s) or a related entity of the Borrower(s), receiving title to the Property through a foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions. Further, if the Senior Lien Holder acquires title to the Property pursuant to a conveyance from Borrower(s) with Senior Lien Holder's approval, the lien of this Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the Lender has been given written notice of a default under the First Deed of Trust, and (ii) Borrower(s) shall not have cured the default under the First Deed of Trust within the 30-day period provided in such notice sent to the Lender.

6. Hazard or Property Insurance. Borrower(s) shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires, including, as set forth in the Homebuyer Agreement (hereinafter defined). The insurance carrier providing the insurance shall be chosen by Borrower(s) subject to Lender's approval which shall not be unreasonably withheld. If Borrower(s) fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with Paragraph 8. All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. If Lender requires, Borrower(s) shall promptly give to Lender copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower(s) shall give prompt notice to the insurance carrier, the Senior Lien Holder and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower(s). Unless Lender and Borrower(s) otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower(s). If Borrower(s) abandons the Property, or does not answer within twenty (20) days after notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 20-day period will begin when the notice is given. Unless Lender and Borrower(s) otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraphs 1 and 2 or change the amount of the payments. If under Paragraph 23 the Property is acquired by Lender, Borrower(s) right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition. Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Deed of Trust.

7. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower(s) Loan Application; Leaseholds. Borrower(s) shall occupy, establish, and use the Property as Borrower(s) principal residence within thirty (30) days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower(s) principal residence for the duration of the Affordability Period (as defined in the Homebuyer Agreement) unless Lender determines that this requirement shall cause undue hardship for the Borrower(s) or unless extenuating circumstances exist which are beyond Borrower(s) control. Borrower(s) shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower(s) shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower(s) may cure such a default and reinstate, as provided in Paragraph 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower(s) interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower(s) shall also be in default if Borrower(s), during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the Loan evidenced by the Note, including, but not limited to, representations concerning (i) Borrower(s) occupancy of the Property as a principal residence and (ii) Borrower(s) income. If this Security Instrument is on a leasehold, Borrower(s) shall comply with all the provisions of the lease. If Borrower(s) acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing. **The Borrower(s) acknowledges that this Property is subject to certain use, occupancy and other restrictions set forth in the Homebuyer Agreement (hereinafter defined) and in that certain DHAP Deed Restrictions ("Deed Restrictions") of even date herewith executed by Grantor and recorded on or about the date hereof in the Official Public Records of Dallas County, Texas, affecting the Property. The violation by Borrower(s) of the terms and provisions of the Homebuyer Agreement or the Deed Restrictions shall constitute a default by Borrower(s) hereunder and shall entitle Lender to the remedies provided**

in Paragraph 23 hereof.

8. Protection of Lender's Rights in the Property. If Borrower(s) fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this Paragraph 8, Lender does not have to do so. Any amounts disbursed by Lender under this Paragraph 8 shall become additional debt of Borrower(s) secured by this Security Instrument. Unless Borrower(s) and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower(s) requesting payment. Prior to taking any actions under this Paragraph 8, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in Paragraph 23 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a conveyance of the Property from Borrower(s) until it has given the Senior Lien Holder at least 20 days' prior written notice. Any action by Lender hereunder to foreclose or accept a conveyance of the Property from Borrower(s) shall be subject to the "due on sale" provisions of the First Deed of Trust. Lender and Borrower(s) further agree that a default hereunder shall constitute a default under the First Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.

9. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the Loan secured by this Security Instrument, Borrower(s) shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower(s) shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower(s) of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower(s) shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower(s) when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower(s) shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower(s) and Lender or applicable law.

10. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower(s) notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

11. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the First Deed of Trust. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower(s). In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower(s) and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower(s). In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower(s) and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. If the Property is abandoned by Borrower(s), or if, after notice by Lender to Borrower(s) that the condemn or offers to make an award or settle a claim for damages, Borrower(s) fails to respond to Lender within twenty (20) days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. Unless Lender and Borrower(s) otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraphs 1 and 2 or change the amount of such payments.

12. Borrower(s) Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower(s) shall not operate to release the liability of the original Borrower(s) or Borrower(s) successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse

to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower(s) or Borrower(s) successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

13. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower(s), subject to the provisions of Paragraph 18. Borrower(s) covenants and agreements shall be joint and several. Any Borrower(s) who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey the Borrower(s) interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower(s) may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower(s) consent; provided, however, that such modification or accommodation shall not be made without the prior written consent of the Senior Lien Holder.

14. Loan Charges. If the Loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower(s) which exceeded permitted limits will be refunded to Borrower(s). Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower(s). If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

15. Notices. Any notice to Borrower(s) provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower(s) designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower(s). Any notice required to be given to the Senior Lien Holder shall be given by first class mail to the following address:

[MORTGAGE LENDER ADDRESS]

or such other address the Senior Lien Holder designates by notice to the Borrower(s). Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower(s) or Lender when given as provided in this Paragraph 15.

16. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

17. Borrower(s) Copy. Borrower(s) shall be given one conformed copy of the Note and of this Security Instrument.

18. Transfer of the Property or Beneficial Interest in Borrower(s). If: (1) Borrower(s) sells, conveys, transfers, leases, or rents the Property or there is a hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest to the Property therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the Lender being first had and obtained; or (2) Borrower(s) fails to occupy the Property as their principal residence, or otherwise fails to adhere to any term or condition described herein, including but not limited to failure to adhere to the First Deed of Trust Loan Documents or any other lien encumbering the Property. **In such an instance, Lender shall require payment in full of all sums owed hereunder as more specifically provided by this Security Instrument and the date upon which Lender requires such payment in full is called the "maturity date"; provided, however, such repayment shall be limited to the remaining Loan amount (that has not been forgiven) to the extent that there are "net proceeds" (defined below) and is further subject to the terms, provisions and limitations of the Homebuyer Agreement (hereinafter defined).** The term "net proceeds" is defined as the sale price less the balance due on superior secured debt and closing costs incurred by me at sale or transfer. In the event the net proceeds are less than the outstanding Loan balance, the Lender reserves the right to determine whether the sales price is comparable to the sales price in an arms-length transaction for a similar unit and to evaluate the closing costs being charged to Borrower(s) to ensure they are reasonable and customary. If the net proceeds of the sale are insufficient to repay the remaining Loan amount, then the entire net proceeds will be recaptured and retained by Lender to satisfy the Loan. If there are no net proceeds, repayment is not required. Net proceeds of sale in

excess of the outstanding Loan amount will be retained by the Borrower(s).

However, in the event the Lender is prohibited by the Garn-St. Germain Depository Institutions Act, 12 U.S.C. Section 1701j-3 or other applicable law from exercising its right to accelerate the payment of the indebtedness evidenced by the Note and this Security Instrument and demand immediate payment in full thereof as a result of a transfer by devise, descent or operation of law on the death of any Borrower(s), the surviving Borrower(s) or any such transferee by devise, descent or operation of law shall pay the outstanding balance of the Note in full in sixty (60) equal monthly installments with the first of such installments being due and payable on the first day of the calendar month following the expiration of ninety (90) days after the death of any such Borrower(s), and the failure of such surviving Borrower(s) or any such transferee by devise, descent or operation of law to pay any such monthly installment shall constitute a default hereunder entitling Lender to exercise any and all remedies available at law or in equity.

19. Borrower(s) Right to Reinstate. If Borrower(s) meets certain conditions, Borrower(s) shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) five (5) days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower(s): (w) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (x) cures any default of any other covenants or agreements; (y) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (z) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower(s) obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower(s), this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Paragraph 18.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower(s). A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower(s) will be given written notice of the change in accordance with Paragraph 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. No Assignment. Until the loan secured by the First Deed of Trust has been satisfied in full, the Lender and the Borrower(s) agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.

22. Hazardous Substances. Borrower(s) shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower(s) shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower(s) shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower(s) has actual knowledge. If Borrower(s) learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower(s) shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower(s) shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action. As used in this Paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Paragraph 22, "Environmental Law" means federal laws and laws of the State of Texas as agent jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower(s) and Lender further covenant and agree as follows:

23. Acceleration; Remedies. Lender shall give notice to Borrower(s) and the Senior Lien Holder prior to acceleration following Borrower(s) breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than twenty (20) days from the date the notice is given to Borrower(s) (and with respect to the Senior Lien Holder, twenty (20) days from the date the notice is given to the Senior Lien Holder), by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower(s) of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other

defense of Borrower(s) to acceleration and sale. If the default is not cured by the Borrower(s) on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the default, then Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Paragraph 8 above, the Lender agrees that it will not commence foreclosure proceedings or accept a conveyance of the Property from Borrower(s) until it has given the Senior Lien Holder at least twenty (20) days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Paragraph 23, including, but not limited to, reasonable attorneys' fees and costs of title evidence. For purposes of this Paragraph 23, the term "Lender" includes any holder of the Note who is entitled to receive payments under the Note.

If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower(s), the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public notice for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower(s), shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty from Borrower(s). Borrower(s) covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Property is sold pursuant to this Paragraph 23, Borrower(s) or any person holding possession of the Property through Borrower(s) shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower(s) or such person shall be a tenant at sufferance and may be removed by writ of possession or other court proceeding.

24. Release. Upon payment of all sums secured by this Security Instrument, Lender shall provide a release of this Security Instrument to Borrower(s). Borrower(s) shall pay any recordation costs. Lender may charge Borrower(s) a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered.

25. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without any further act or conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. Trustee shall not be liable if acting upon any notice, request, consent, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

26. Modification of First Deed of Trust Loan Documents. Subject to and only after written notice to Lender from Senior Lien Holder, the Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust Loan Documents, including any provisions requiring the payment of money.

27. Purchase Money Deed of Trust; Vendor's Lien. The funds advanced to Borrower(s) under the Note secured hereby were used to pay all or part of the purchase price of the Property. The Note secured hereby also is primarily secured by the Vendor's Lien retained in the deed of even date herewith conveying the Property to Borrower(s), which Vendor's Lien has been assigned to Lender, this Security Instrument being additional security therefor.

28. Requirement for Notice of Default and Foreclosure under Superior Mortgages or Deeds of Trust. Borrower(s) and Lender require the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Security Agreement, including the Senior Lien Holder, give notice to Lender, at Lender's address set forth on page one of this Security Instrument, of any default by Borrower(s) under the First Deed of Trust Loan or the First Deed of Trust and of any sale or other foreclosure action. This requirement is in addition to the notice of default requirement and agreement of Senior Lien Holder set forth in the Lender Membership Application signed and delivered to Lender by Senior Lien Holder.

29. Loan Not a Home Equity Loan. The loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower(s) residence, then Borrower(s) agrees that Borrower(s) will receive no cash from the loan evidenced by the Note and that

any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the Property, will be used to reduce the balance evidenced by the Note or such loan will be modified to evidence the correct loan balance, at Lender's option. Borrower(s) agrees to execute any documentation necessary to comply with this Paragraph 29.

30. Homebuyer Agreement. Without limiting the foregoing, the Property and Borrower(s) shall be subject to the requirements and restrictions of that certain City of Dallas – HOME Program Homebuyer Assistance Program Written Agreement and that certain City of Dallas – CDBG Program Homebuyer Assistance Program Written Agreement (collectively the “Homebuyer Agreement”) by and between Lender and Borrower(s), a copy of each of which is on file with the Lender’s City Secretary’s Office of the Lender. The Homebuyer Agreement contains, among other material provisions, requirements governing eligibility of residents, affordability of the Property, use of the Property, hazard insurance requirements and additional inspection, reporting and housing quality standards that are required by the federal regulations applicable to the funding sources of the loan evidenced by the Note and this Security Instrument. Any assumption of Borrower(s) obligations under the Homebuyer Agreement is subject to Lender’s review and approval pursuant to the terms of the Homebuyer Agreement. A violation by Borrower(s) of the terms and provisions of the Homebuyer Agreement shall constitute a default by Borrower(s) under the terms and provisions of this Note and the other First Deed of Trust Loan Documents, entitling Lender to exercise the remedies available to Lender in accordance with the First Deed of Trust Loan Documents. The recapture of sums owed by Borrower(s) hereunder shall be subject to the provisions contained herein and in the Homebuyer Agreement. Without limiting the foregoing provisions of this Security Instrument, Borrower(s) covenants and agrees to comply with the terms and provisions of the Homebuyer Agreement, including, without limitation, the obligation of Borrower(s) to occupy the Property as Borrower(s) principal residence and to maintain hazard insurance as required by the Homebuyer Agreement.

BY SIGNING BELOW, Borrower(s) accept and agree to the terms and covenants contained in this Security Instrument. Borrower(s) have executed this Security Instrument to be effective as of, although not necessarily on, the day and date first above written.

BORROWER(S):

STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by _____.

(seal)

Notary Public, State of Texas

BORROWER(S) CERTIFICATE

Loan No. _____
DHAP 2019-2020

BEFORE ME, the undersigned authority duly authorized to take acknowledgments and administer oaths, on this day personally appeared the borrower(s) named below (collectively the "Borrower(s)"), who after being duly sworn on oath makes the following representations and warranties to **The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas**, ("Lender") in order to induce Lender to make the Loan (hereinafter defined) to Borrower.

1. The principal amount of the ("Loan") by Lender to Borrower(s) is **[\$2nd Lien]**.
2. The property to be acquired with the proceeds of the Loan (the "Property") is to be used as a single-family residential property, owner-occupied, detached primary residence and the Borrower(s) agree not to use the Property for any purpose other than as the principal residence of Borrower(s).
3. The address of the Property is **[Property Address]**
4. The Borrower(s) have no present intention of selling or otherwise disposing of the Property or any interest of Borrower(s) therein, directly or indirectly.
5. The Borrower(s) have been advised and understand that the Loan, at the option of Lender, shall be due and payable upon the sale, lease, lease with an option to purchase, transfer or other disposition (including any contract for deed) of all or any interest in the Property, if Borrower(s) default under any superior lien on the Property, or if Borrower(s) default under any of the Loan documents.
6. The Borrower(s) are persons with requisite legal capacity to own property and make and perform contracts in Texas.
7. There has been no material change, adverse or otherwise, in the financial condition of the Borrower(s) since the submission of credit information incident to the Borrower(s) loan application with respect to the Loan. The information submitted by Borrower(s) with respect to the Borrower(s) creditworthiness is true and not misleading in any respect as of the date hereof.
8. The Borrower(s) promises to advise Lender of any facts or circumstances that occur or come to the attention of the Borrower(s) between the date hereof and the closing of the Loan that would make this certificate not true or misleading in any material respect.

EXECUTED to be effective as of, although not necessarily on **[Closing Date]**, by Borrower(s).

[Signatures on the next page]

BORROWER(S):

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by _____.

(seal)

Notary Public, State of Texas

NOTICE OF NO ORAL AGREEMENTS

THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE LENDER AND BORROWER(S) AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Receipt of Notice: The undersigned hereby represents and warrants that Borrower(s) have received and read a copy of this notice on or before the execution of the "Loan Agreement." "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, pursuant to which a financial institution loans or delays repayment of or agrees to loan or delay repayment of money, goods, or another thing of value or to otherwise extend credit or make a financial accommodation.

BORROWER(S):

Date: [Closing Date]

NO ATTORNEY REPRESENTATION BY THE DALLAS CITY ATTORNEY'S OFFICE NOTICE

The legal instruments involved in the loan ("Loan") by **The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas** ("Lender"), to **[Borrower Name]** ("Borrower"), in the amount of **[\$2nd Lien]** have been prepared by the Dallas City Attorney's Office. The Borrower(s) acknowledge that the attorney's in the Dallas City Attorney's Office (the "CAO") have not acted as counsel to the Borrower(s). The CAO has not assisted or rendered legal advice to the Borrower(s) with respect to the Loan or the property securing it or the documents executed in connection with it. Borrower(s) may retain personal legal counsel for advice in this transaction.

DESCRIPTION OF LEGAL SERVICES PERFORMED. The CAO has prepared all or part of the following legal instruments affecting title to the property on behalf of the Lender: deed transferring title (if applicable), note and deed of trust.

DISCLAIMER OF REPRESENTATION OR WARRANTY. Borrower(s) understands that the CAO has not conducted a title search on the property and makes no representation or warranty about condition of the title, access to the property or any other matters that might be revealed from an examination by Borrower(s), of a survey or the property itself. The Borrower(s) are cautioned to make sure the deed to Borrower(s) convey what the Borrower(s) have contracted to purchase.

Each Borrower(s) and Seller(s) hereby acknowledge receiving and reading a copy of this Attorney Representation Notice, and by his/her/its signature affirms his/her/its acknowledgment of the accuracy of the above statements.

BORROWER(S):

Date: [Closing Date]

SELLER:

Date: [Closing Date]

NAME AFFIDAVIT AND CORRECTION AGREEMENT

BEFORE ME, the undersigned authority duly authorized to take acknowledgments and administer oaths, on this day personally appeared the borrower named below ("Borrower"), who after being duly sworn on oath stated as hereinafter provided in order to induce Lender (hereinafter defined) to make the Loan (hereinafter defined) to Borrower.

- 1. I am one and the same person named in the note evidencing an **[\$2nd Lien]** ("Loan") by **The City of Dallas, a municipal corporation organized and existing under the laws of the State of Texas** ("Lender"), to the undersigned, as well as the person named in the deed of trust securing the payment of the Loan.
- 2. The address of the Property is: **[Property Address]**.
- 3. I solemnly swear before a notary public that I am one and the same person as:
[Borrower Name]
- 4. In consideration of the Lender disbursing the proceeds of the Loan, Borrower agrees to correct or execute any documentation deemed necessary by Lender to accurately reflect the true and correct terms and conditions of the Loan. Borrower understands that this may mean correction of the existing note and subordinate deed of trust (the "deed of trust") or execution of a new note, deed of trust or additional documents. If the original note is replaced, the Lender hereby indemnifies the Borrower against any loss associated with a demand on the original note. Borrower agrees that upon the request of the Lender (including persons acting on behalf of the Lender) or settlement agent, Borrower will comply with Lender's reasonable request of Borrower to supply additional documentation and/or to pay Lender any additional sum previously disclosed to Borrower as a cost or fee associated with the Loan which for whatever reason was not collected at closing.
- 5. The Borrower does hereby agree and covenant that the terms of this Name Affidavit and Correction Agreement constitute an additional covenant under the note and deed of trust. In the event Borrower does not duly correct, execute and deliver any and all of the additional documents or fees referenced hereinabove within ten (10) days of such request, Lender may, in its sole discretion, deem Borrower's failure to timely cooperate as a default under the terms and conditions of the note, deed of trust and other documents executed in connection therewith. Lender may then proceed to enforce its rights under the note and deed of trust, which enforcement may include acceleration of all sums due under the note and, in the event such sums are not promptly paid, forced sale of the property secured by the deed of trust.
- 6. If Borrower fails or refuses to execute, acknowledge, initial and deliver the correct documents or provide the additional documents or fees to Lender more than ten (10) days after being requested to do so by Lender, and understanding that Lender is relying on these representations, Borrower agrees to be liable for any and all loss or damage which Lender reasonably sustains thereby, including, but not limited to, all reasonable attorney's fees and costs incurred by Lender.
- 7. I swear and affirm that the signature below is my true and exact signature for execution of the documentation evidencing the Loan.
- 8. I understand that this Name Affidavit and Correction Agreement is given as a material inducement to cause Lender to make the Loan to me and that any false statements, misrepresentations, or material omissions may result in civil or criminal liabilities.

EXECUTED to be effective as of, although not necessarily on **[Closing Date]**, by Borrower.

[AFFIANT]:

SWORN TO and **SUBSCRIBED** before me on _____, _____, by _____.

(seal)

Notary Public, State of Texas

**DHAP
CUSTOMER SURVEY**

1. How did you find out about the DHAP (the "Program")? (check all that apply)
 - City Sponsored Housing Event
 - Lender Realtor
 - Friend Advertisement Other

2. Could you have purchased this home without the Program's financial assistance?
 - YES NO

3. Would you have purchased your home without the homebuyer counseling provided through the Program?
 - YES NO

4. Would you recommend the Program to a close friend or relative?
 - YES NO

5. How do you rate the usefulness of the training/homebuyer counseling you received?
1=very bad, 5=very good (circle choice)
 - 1 2 3 4 5

6. How did you feel about the length of time required to complete the Program from the initial contact with your lender until closing? 1=very bad, 5=very good (circle choice)
 - 1 2 3 4 5

7. How knowledgeable/helpful was your real estate agent in explaining the Program to you?
1=not helpful, 5=very helpful (circle choice)
 - 1 2 3 4 5

8. How knowledgeable/helpful was your lender in explaining the Program to you?
1=not helpful, 5=very helpful (circle choice)
 - 1 2 3 4 5

9. If you used the Minimum Housing Standards Repair Assistance of the Program, would you have purchased your home without these repair funds?
 - YES NO N/A

10. Overall satisfaction with the Program: Satisfied Unsatisfied
 - If unsatisfied with the Program, please provide comments as to why:
 - _____
 - _____

11. What one thing would you recommend to improve the Program?
 - _____
 - _____

CLOSING DOCUMENTS
(DHAP 2019-2020)

Loan No.: _____

Borrower(s): **[Borrower Name]**

Property Address: **[Property Address]**

Title Company/Contact:

GF Commitment No.:

City Loan Amount: **\$(2nd Lien)**

- ___ 1. TRID Closing Disclosure (First Lien – Certified Copy)
- ___ 2. HUD-1 Settlement Statement (Second Lien – Certified Copy)
- ___ 3. TRID Closing Disclosure (Seller – Certified Copy)
- ___ 4. Texas Disclosure (Form T-64)
- ___ 5. City Promissory Note (Original)
- ___ 6. City Promissory Note (Certified Copy)
- ___ 7. City Deed of Trust (Original)
- ___ 8. City Deed of Trust (Certified Copy)
- ___ 9. City Borrower(s) Certificate (Original)
- ___ 10. City Notice of No Oral Agreements (Original)
- ___ 11. No Attorney Representation by the Dallas City Attorney’s Office Notice (original)
- ___ 12. City Name Affidavit and Correction Agreements (Original)
- ___ 13. DHAP Deed Restrictions (Original)
- ___ 14. DHAP Deed Restrictions (Certified Copy)
- ___ 15. DHAP Customer Survey
- ___ 16. Title Commitment (Certified Copy)
- ___ 17. General Warranty Deed (Certified Copy)
- ___ 18. First Lien Note (Certified Copy)
- ___ 19. First Lien Deed of Trust (Certified Copy)
- ___ 20. First Lien Monthly Mortgage Letter (Certified Copy)
- ___ 21. Hazard Insurance
- ___ 22. Mortgagee Policy