



CITY OF DALLAS

Date: [Insert]

To: [Insert]

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: [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]** from the City to the Borrower. The City Loan will be subordinate to a first lien loan in the amount of **[\$[1st Lien]** to be made to Borrower 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 Deed of Trust;
4. City Borrower's Certificate;
5. City Name Affidavit and Correction Agreement(s);
6. City Notice of No Oral Agreements;
7. DHAP Customer Survey; and
8. 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 2018, ~~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>\$ 0.00</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 is 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 MAY NOT RECEIVE ANY CASH BACK.

(b) PRIOR TO CLOSING, email the First Lien Lender's TRID Closing Disclosure to **David Silva** (email: david.silva@dallascityhall.com) *and* **Tammi Southall** (email: tammi.southall@dallascityhall.com) for their 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 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 Mr. Silva (email: david.silva@dallascityhall.com) *and* 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 Mr. Silva (email: david.silva@dallascityhall.com) or Ms. Southall (email: tammi.southall@dallascityhall.com) to obtain a funding authorization number. Upon receipt of the funding authorization number from Mr. Silva or 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 Mr. Silva or Ms. Southall. **DO NOT FUND WITHOUT RECEIVING A FUNDING AUTHORIZATION NUMBER FROM MR. SILVA OR MS. SOUTHALL.**

(d) As part of closing, you should record the General Warranty Deed, the City Deed of Trust and the DHAP Deed Restrictions in the Official Public Records of Dallas County, Texas. **PLEASE USE THE ATTACHED GENERAL WARRANTY DEED FOR THE CONVEYANCE OF THE PROPERTY TO BORROWER OR PROVIDE ONE FOR REVIEW.** After recording, the City Deed of Trust and the DHAP Deed Restrictions should be returned to the City.

(e) Mr. Silva and Ms. Southall will make every effort to fund the City Loan at closing. In no event whatsoever shall you fund the City Loan for the benefit of the Borrower until (i) all parties have executed the closing and loan documents, (ii) you have confirmed the Borrower is not receiving any cash back, (iii) **you have received the funding authorization number from Mr. Silva or Ms. Southall, and (iv) you are prepared to strictly comply with these instructions in their entirety.**

YOU MUST USE THE FOLLOWING CHECKLIST FOR RETURN OF DOCUMENTS

**ALL DOCUMENTS MUST BE SENT TO THE DALLAS CITY ATTORNEY'S OFFICE
ATTN: LAURIE NICHOLS, 1500 MARILLA STREET, ROOM 7DN, DALLAS, TEXAS
75201.**

V. Checklist for Post-Closing Delivery of Documents.

Immediately after closing, you must send by overnight courier to the following documents:

- _____ 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. City Name Affidavit and Correction Agreement (original)
- _____ 12. DHAP Deed Restrictions (original)
- _____ 13. DHAP Deed Restrictions (certified copy)
- _____ 14. DHAP Customer Survey
- _____ 15. Title Commitment (certified copy)
- _____ 16. General Warranty Deed (certified copy)
- _____ 17. First Lien Note (certified copy)
- _____ 18. First Lien Deed of Trust (certified copy)
- _____ 19. First Lien Monthly Mortgage Payment Letter (certified copy)
- _____ 20. Evidence of Hazard Insurance, with mortgagee clause as follows:

City of Dallas Housing and Neighborhood Revitalization
Attn: DHAP
1500 Marilla Street, Room 6DN
Dallas, Texas 75201

- _____ 21. City Mortgagee Policy of Title Insurance should be mailed to:
Dallas City Attorney's Office
1500 Marilla Street, Room 7DN
Dallas, Texas 75201

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

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KNOW ALL PERSONS BY THESE PRESENTS:

THAT [Seller Name] ("Grantor," whether one or more), 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] and its successors and assigns ("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 DESCRIPTON].

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 DHAP 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:

By: _____
Name: _____
Title: _____

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 2018-2019**

[Closing Date]

[Property Address]
(the "Property")

1. **BORROWER'S PROMISE TO PAY**

In return for a loan that I have received ("Loan"), I promise to pay U.S. \$[2nd Lien] (this amount is called "principal"), plus interest, 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."

2. **INTEREST**

There will be no interest charged on the Loan.

3. **PAYMENTS**

(A) **Time and Place of Payments**

I will pay principal and interest by making payments every month. N/A. I will make my payments to Lender 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**

My monthly payment will be in the amount of U.S. \$N/A.

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 or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. **LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other 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. **BORROWER'S FAILURE TO PAY AS REQUIRED**

(A) **Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payments by the end of N/A calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be N/A% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) **Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default. A default under the terms and provisions of the documents evidencing, securing or pertaining to the indebtedness secured by the First Deed of Trust (hereinafter defined) shall constitute a default hereunder.

(C) 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 overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date 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.

(D) 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.

(E) 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 (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). The Subordinate Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property (hereinafter defined) or any interest in the Property (hereinafter defined) is sold, conveyed, leased, leased with an option to purchase, transferred or otherwise disposed (including any contract for deed) without Note Holder's prior written consent, Note Holder may, at its option, require immediate payment in full of all sums secured by the Subordinate Security Instrument. However, this option shall not be exercised by Note Holder if exercise is prohibited by federal law as of the date of the Subordinate Security Instrument. If Note Holder exercises this option, Note Holder shall give Borrower prior written notice of acceleration. The notice shall provide a period of not less than twenty (20) days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by the Subordinate Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Note Holder may invoke any remedies permitted by the Subordinate Security Instrument without further notice or demand on Borrower.

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 certain real property located in Dallas, Dallas County, Texas (the "Property").

12. RECAPTURE

If, on the sale, lease, lease with an option to purchase, transfer (voluntary or involuntary) or other disposition (including any contract for deed) of all or any interest in the Property, I still owe amounts under this Note, Note Holder may 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 subject to the terms, provisions and limitations of the Homebuyer Agreement (hereinafter defined); and provided, further, 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, the surviving Borrower 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, and the failure of such surviving Borrower 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.

13. HOMEBUYER AGREEMENT

Without limiting the foregoing, the Property and Borrower shall be subject to the requirements and restrictions of that certain City of Dallas – HOME Program Homebuyer Written Agreement and that certain City of Dallas – CDBG Program Homebuyer Written Agreement (collectively the “Homebuyer Agreement”) by and between Lender and Borrower, a copy of each of which is on file with the 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 this Note. Borrower acknowledges that any use of the Property for purposes other than Borrower’s principal residence and any transfer (voluntary or involuntary), sale or lease of the Property or 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 of the terms and provisions of the Homebuyer Agreement shall constitute a default by Borrower under the terms and provisions of this Note and the Deed of Trust entitling Note Holder to exercise the remedies available to Note Holder in accordance with the Homebuyer Agreement, the Note and the Deed of Trust. The recapture of sums owed by Borrower hereunder shall be subject to the provisions contained in the Homebuyer Agreement. Without limiting the foregoing provisions of this Note, Borrower covenants and agrees to comply with the terms and provisions of the Homebuyer Agreement, including, without limitation, the obligation of Borrower 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:

[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 2018-2019

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 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 owes 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 in full upon the sale, lease, lease with option to purchase, transfer or other disposition (including any contract for deed) of all of or any interest in the Property.

In addition to the loan evidenced by the Note, the Borrower obtained a deed of trust loan (the "First Deed of Trust 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 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 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, with interest 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 **and Spouse** 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 AND SPOUSE COVENANT that Borrower **and Spouse** are 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 **and Spouse** warrant and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS 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 covenants and agrees as follows:

- 1. Payment of Principal, Interest and Late Charges.** Borrower shall promptly pay when due the principal of and interest, if any, 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 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 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 shall not be obligated to make such payments of Funds to the Lender to the extent that the Borrower 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 for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower 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 any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, 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 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 in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower 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 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 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 shall perform all of the Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due. Borrower 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 shall pay these obligations in the manner provided in Paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 4. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments. Except for the lien of the First Deed of Trust, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (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 a notice identifying the lien. Borrower 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 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 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 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 or a related entity of the Borrower), 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 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 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 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 subject to Lender's approval which shall not be unreasonably withheld. If Borrower 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 shall promptly give to Lender copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower 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. Unless Lender and Borrower 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. If Borrower 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 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 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 or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower 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 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 shall also be in default if Borrower, 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 shall comply with all the provisions of the lease. If Borrower 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 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 of the terms and provisions of the Homebuyer Agreement or the Deed Restrictions shall constitute a default by Borrower hereunder and shall entitle Lender to the remedies provided in Paragraph 23 hereof.**

8. Protection of Lender's Rights in the Property. If Borrower 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 secured by this Security Instrument. Unless Borrower 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 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 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 shall be subject to the "due on sale" provisions of the First Deed of Trust. Lender and Borrower 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 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 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 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 shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower 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 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 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 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. 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 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. 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 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, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower 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 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 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 shall not operate to release the liability of the original Borrower 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 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, subject to the provisions of Paragraph 18. Borrower's covenants and agreements shall be joint and several. Any Borrower 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 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 which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. 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 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 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. 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. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower 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 shall be given one conformed copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold, conveyed, leased, leased with an option to purchase, transferred (voluntarily or involuntarily) or disposed (including any contract for deed) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by the Garn-St. Germain Depository Institutions Act, 12 U.S.C. Section 1701j-3 or other applicable law from requiring immediate payment in full of all sums secured by this Security Instrument. If Lender exercises this option, Lender shall give Borrower prior written notice of acceleration. The notice shall provide a period of not less than thirty (30) days after the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower. In the event 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 in full of all sums secured by 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, the surviving Borrower or any such transferee by devise, descent or operation of law shall pay the outstanding balance of the sums secured by this Security Instrument in full in (60) equal monthly installments commencing on the first day of the calendar month following the expiration of ninety (90) days after the death of any such Borrower, and the failure of such surviving Borrower 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 meets certain conditions, Borrower 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: (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, 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. 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 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 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 shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower 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 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 has actual knowledge. If Borrower 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 shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower 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 and Lender further covenant and agree as follows:

23. Acceleration; Remedies. Lender shall give notice to Borrower 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 (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 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 to acceleration and sale. If the default is not cured by the Borrower 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 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, 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, 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. Borrower 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 or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale.

If possession is not surrendered, Borrower 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. Borrower shall pay any recordation costs. Lender may charge Borrower 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 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, 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 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 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 agrees that Borrower 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 agrees to execute any documentation necessary to comply with this Paragraph 29.

30. Homebuyer Agreement. Without limiting the foregoing provisions of this Security Instrument, the Property and Borrower shall be subject to the requirements and restrictions of that certain City of Dallas - HOME Program Homebuyer Written Agreement and that certain City of Dallas - CDBG Program Homebuyer Written Agreement (collectively, the "Homebuyer Agreement") by and between Lender and Borrower, a copy of each of which is on file with the office of City Secretary of the City. 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. Borrower acknowledges that any use of the Property for purposes other than Borrower's principal residence and any transfer, sale or lease of the Property or 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 of the terms and provisions of the Homebuyer Agreement shall constitute a default by Borrower under the terms and provisions of the Note and this Security Instrument entitling Lender to exercise the remedies available to Lender in accordance with the Homebuyer Agreement, the Note and this Security Instrument. The recapture of sums owed hereunder or under the Note shall be subject to the provisions contained in the Homebuyer Agreement. Without limiting the foregoing provisions of this Security Instrument, Borrower covenants and agrees to comply with the terms and provisions of the Homebuyer Agreement, including, without limitation, the obligation of Borrower to occupy the Property as Borrower's principal residence and to maintain hazard insurance as required by the Homebuyer Agreement.

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

BORROWER:

[Borrower Name]

SPOUSE:

[Optional]

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by **[Borrower Name]**.

(seal)

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by **[Optional]**.

(seal)

Notary Public, State of Texas

BORROWER'S CERTIFICATE

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 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 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, owner-occupied, detached primary residence and the Borrower agrees not to use the Property for any purpose other than as the principal residence of Borrower.
- 3. The address of the Property is **[Property Address]**.
- 4. The Borrower has no present intention of selling or otherwise disposing of the Property or any interest of Borrower therein, directly or indirectly.
- 5. The Borrower has been advised and understands 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.
- 6. The Borrower is a person 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 since the submission of credit information incident to the Borrower's loan application with respect to the Loan. The information submitted by Borrower with respect to the Borrower's creditworthiness is true and not misleading in any respect as of the date hereof.
- 8. The Borrower promises to advise Lender of any facts or circumstances that occur or come to the attention of the Borrower 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.

BORROWER:

[Borrower Name]

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, _____, by **[Borrower Name]**.

(seal)

Notary Public, State of Texas

NOTICE OF NO ORAL AGREEMENTS

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

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Receipt of Notice: The undersigned hereby represents and warrants that I/we 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:

[Borrower Name]

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 a \$[2nd Lien] loan ("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. I solemnly swear before a notary public that I am one and the same person as:
[insert aka]
3. 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 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.
4. 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.
5. 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.
6. I swear and affirm that the signature below is my true and exact signature for execution of the documentation evidencing the Loan.
7. 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.

BORROWER:

[Borrower Name]

SWORN TO and **SUBSCRIBED** before me on _____, _____, by [Borrower Name].

(seal)

Notary Public, State of Texas

NAME AFFIDAVIT AND CORRECTION AGREEMENT
(Non-Purchasing Spouse) [OPTIONAL]

BEFORE ME, the undersigned authority duly authorized to take acknowledgments and administer oaths, on this day personally appeared the person named below ("Affiant"), 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 (hereinafter defined).

1. I am one and the same person named in that certain deed of trust securing the payment of that certain note evidencing a \$[2nd Lien] 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").
2. I solemnly swear before a notary public that I am one and the same person as:
insert aka
3. In consideration of the Lender disbursing the proceeds of the Loan, Affiant agrees to correct or execute any documentation deemed necessary by Lender to accurately reflect the true and correct terms and conditions of the Loan. Affiant understands that this may mean correction of the existing note and 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 Affiant against any loss associated with a demand on the original note. Affiant agrees that upon the request of the Lender (including persons acting on behalf of the Lender) or settlement agent, Affiant will comply with Lender's reasonable request of Borrower to supply additional documentation and/or to pay Lender any additional sum previously disclosed to Affiant as a cost or fee associated with the Loan which for whatever reason was not collected at closing.
4. The Affiant 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 Affiant 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 Affiant'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.
5. If Affiant 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, Affiant 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.
6. I solemnly swear and affirm that the signature below is my true and exact signature for execution of the documentation evidencing the Loan.
7. 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 Affiant.

AFFIANT:

[Insert Name]

SWORN TO and **SUBSCRIBED** before me on _____, _____, by **[Insert Name]**.

(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 2018-2019)**

Loan No.:

Borrower: [Borrower Name]

Property Address: [Property Address]

Title Company/Contact:

GF 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. City Name Affidavit and Correction Agreements (Original)
- ___ 12. DHAP Deed Restrictions (Original)
- ___ 13. DHAP Deed Restrictions (Certified Copy)
- ___ 14. DHAP Customer Survey
- ___ 15. Title Commitment (Certified Copy)
- ___ 16. General Warranty Deed (Certified Copy)
- ___ 17. First Lien Note (Certified Copy)
- ___ 18. First Lien Deed of Trust (Certified Copy)
- ___ 19. First Lien Monthly Mortgage Letter (Certified Copy)
- ___ 20. Hazard Insurance
- ___ 21. Mortgagee Policy