

**GALVESTON HOUSING FINANCE CORPORATION
WINNIE STREET PROGRAM
HOMEBUYER LOAN AGREEMENT
(TO BE SIGNED PRIOR TO CLOSING)**

STATE OF TEXAS §

GALVESTON COUNTY §

THIS AGREEMENT is by and between Galveston Housing Finance Corporation, hereinafter referred to as "GHFC" and _____, hereinafter referred to as the "Homebuyer".

WHEREAS, GHFC is constructing five single-family homes on property owned by GHFC at or near intersection of 35th Street and Winnie (Avenue G) in Galveston, Texas; and

WHEREAS, the purposes of GHFC's program of construction are to provide homeownership opportunities for persons of low- to moderate-income residing in Galveston, Texas and to aid in the revitalization of the neighborhood surrounding the construction location; and

WHEREAS, Homebuyer understands that the base price to GHFC for construction of the homes to be constructed under GHFC's Program is between \$151,900.00 (3 bedroom/1 bath homes) and \$161,338.00 (3 bedroom/2 bath homes) which does not include the cost to GHFC of the land on which the home is to be constructed; and

WHEREAS, GHFC wishes to make the homes as affordable as possible to persons below the maximum Household Income limit established by GHFC for this program; and

WHEREAS, GHFC has determined that it will make a forgivable loan to homebuyers in the amount of the value assigned to the land on which the home being sold is built, thereby potentially reducing the amount which a homebuyer will need to borrow or raise in cash in order to purchase the home, and thereby encouraging potential homebuyers to purchase the homes, and aiding in the revitalization of the neighborhood; and

WHEREAS, the Homebuyer has requested such assistance from the GHFC, and has met the eligibility requirements set forth in the operating guidelines of the Program and Plan adopted by GHFC.

NOW THEREFORE GHFC AND THE HOMEBUYER DO HEREBY AGREE AS FOLLOWS:

ARTICLE 1. APPROVAL OF ASSISTANCE

GHFC hereby approves the Homebuyer's application for purchase of a home in the construction Program and will loan Homebuyer \$8,000 toward the purchase of the home, said amount being

the amount of GHFC's estimated investment in the land. The loan is subject to the various provisions, terms and conditions as hereinafter set forth in this Agreement and the GHFC's homebuyer program guidelines.

ARTICLE II. DOLLAR AMOUNT OF ASSISTANCE APPROVED

The dollar amount of assistance to be provided by GHFC to the Homebuyer under the Agreement shall be \$8,000.

ARTICLE III. TYPE OF ASSISTANCE/RECAPTURE PROVISION

The type of assistance the GHFC is providing to the Homebuyer is a five year deferred-payment loan which is forgiven after five years after the date of closing of the purchase. This deferred loan is not prorated over the five-year period and no portion thereof is forgiven until the five-year period has been completed. Therefore, if all or part of the Homebuyer's property or any interest in it is sold or transferred, including the leasing or renting of the Homebuyer's property, or if the Homebuyer ceases to occupy the property as his/her/their principal place of residence, within a period of five years from the date of closing, the Homebuyer will have violated the terms of this Agreement. In such event, the GHFC will have the right to require immediate payment of the full amount loaned to the Homebuyer.

ARTICLE IV. HOMEBUYER TO EXECUTE PROMISSORY NOTE

In return for the loan, Homebuyer promises to repay the Grantor the dollar amount of assistance provided hereunder, unless the loan is forgiven as provided herein, including the Grantor's reasonable attorney's fees arising from any enforcement efforts. Homebuyer shall execute a promissory note secured by a deed of trust to document the loan. The loan shall be without interest, and repayment shall be governed by the deferral provisions set forth in this Agreement, and in the promissory note and the deed of trust securing payment.

ARTICLE V. RECAPTURE PROVISIONS

For the term of this agreement, if the Homebuyer fails to maintain the property as his/her/their principal place of residence, or otherwise fails to comply with the terms of the note and deed of trust, Grantor will enforce the recapture provision outlined above.

ARTICLE VI. OTHER TERMS AND CONDITIONS

A. As further consideration for the loan for the purchase of the property described herein, Homebuyer also agrees to maintain and keep the property in a state of good repair and condition. Homebuyer understands that failure to keep the property in a state of good repair and condition shall constitute a default of this Agreement and trigger repayment of the deferred loan.

B. This agreement shall be valid for a period of sixty (60) days from execution by GHFC and shall terminate, expire, and be of no further force and effort at the end of that period: GHFC shall have no further obligation thereafter to make the loan.

Executed this ____ day of _____, 2018.

By:

Homebuyer

Homebuyer

Approved on the ____ day of _____, 2018, by _____
as _____ of Galveston Housing Finance Corporation by authority of its Board of
Directors.

President or Vice-President