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| GLO Designated Representative Information |
| Funding Source: **Pub. L 115-31 and 115-56 (Harvey)** | Federal Award Number: **Harvey-B-17-DM-48-0001** |
| Lender:**Texas General Land Office (GLO)** |  |
| GLO Designated Representative:  | GLO Designated Representative Address:  |
| GLO Designated Representative Work Order Number:  | GLO Designated Representative Work Order Date:  |
| Applicant Information |
| Promissory Note Version: Choose an item. |
| Applicant Name “Borrower”:  | Co-Applicant Name “Co-Borrower”:  |
| Property Address “Property”:  | Property City/State/ZIP: |
| Property’s Legal Description:  |
| Principal Amount: $ | Annual Interest Rate: Zero Percent (0%) |
| Annual Installment: $ |
| Promissory Note Effective Date: ENTER DATE | Promissory Note Maturity Date\*:   |
| \*Original Promissory Note: 3 years plus 120 days for rehabilitation, reconstruction, or new construction to the Property; Amended Promissory Note(s): 3 years after the date of the final inspection of the Property plus the number of days remaining, if any in the rehabilitation, reconstruction, and new construction phase. |

**Article 1**

**Section 1.1 Vocabulary Terms Defined**

The terms used in this Unsecured Forgivable Promissory Note shall have, unless the context clearly indicates otherwise, the meanings specified within this Article:

1. **“Action Plan”** means the [State of Texas Plan for Disaster Recovery: Hurricane Harvey Round 1](http://recovery.texas.gov/local-government/hud-requirements-reports/hurricane-harvey/index.html).
2. **“Borrower”** means the HAP participant, including any Co-Borrower(s), who are recipients of HAP funding.
3. **“CDBG-DR Program**” means Community Development Block Grant Disaster Recovery Program administered by HUD.
4. **“GLO”** means the Texas General Land Office.
5. **“GLO Designated Representative”** or **“GDR”** means a vendor procured by the GLO to provide services necessary to implement the Program or act on behalf of the GLO.
6. **“GLO Housing Guidelines”** means the policies and procedures issued by the GLO, in accordance with CDBG-DR Program requirements, to administer the Homeowner Assistance Program (“HAP”) for Hurricane Harvey housing relief, available online at [www.recovery.texas.gov](http://www.recovery.texas.gov) and incorporated herein by reference.
7. **“HAP” or “Program”** means the Homeowner Assistance Program, administered by the GLO using an allocation of HUD CDBG-DR funding, to assist eligible homeowners whose principal place of residence was damaged by Hurricane Harvey.
8. **“HUD”** means the U.S. Department of Housing and Urban Development.
9. **“Lender”** means the Texas General Land Office (GLO) in its capacity to make funds available to Borrower and Co-Borrower(s), if any, with the expectation that those funds will be repaid in accordance with the terms outlined in this Note.
10. **“Maturity Date”** means the date on which the principal amount of this Note becomes due in full.
11. **“Parties”** means the GLO and the Borrower and/or Co-Borrower(s), if any.
12. **“Principal Amount”** means the total amount of funds borrowed by Borrower and Co-Borrower(s), if any, and, as that amount is forgiven in accordance with the terms of this Note, the evolving outstanding balance.

(m) **“Promissory Note”** or **“Note”** means this written agreement, including any amendments, between the Borrower and all Co-Borrower(s), if any, and the Lender in which the Borrower or all Co-Borrower agree to pay the stated sum according to the provisions listed below, which may be executed in any number of counterparts, each of which shall be an original, but all of which, taken together, shall be deemed to constitute one and the same instrument.

 (n) **“Terms of Payment”** means the provisions contained herein that circumscribe the manner in which the funds described in this Note are to be repaid.

**Contextual Note:** Where the context requires, use of singular nouns and pronouns in this Note include the plural, and vice versa.

**Article 2**

**Section 2.1 Overall Purpose**

The purpose of this Note is to evidence an unsecured forgivable loan of funds by Lender to Borrower and all Co-Borrower(s), if any, for the rehabilitation, reconstruction, or new construction of improvements to Borrower’s and all Co-Borrower’(s), if any, principal place of residence (“the Property”) in accordance with the plans and specifications approved by Lender. The expenditure of CDBG-DR funds by the GLO is subject to the requirements of the U.S. Department of Housing and Urban Development (“HUD”) CDBG-DR Program for disaster relief, long-term recovery, and restoration of housing, as detailed in the GLO’s Action Plan and all amendments thereto.

**Section 2.2 Terms and Conditions**

This Note shall be binding upon and inures to the benefit of Lender, Borrower, Co-Borrower(s), if any, and their respective successors and assigns. Borrower and Co-Borrower(s), if any, may not, without advance written permission of the Lender, assign any rights or powers nor delegate any duties of obligations under this Note.

**Section 2.3 Terms of Payment**

The Principal Amount shall be due and payable in three equal annual installments, with the first installment due and payable one year after the date of completion of rehabilitation, reconstruction, or new construction of improvements to the Property, and a like installment due and payable on the same day of each succeeding year thereafter until the total Principal Amount is paid in full; provided however, that: 1) for each year that Borrower and Co-Borrower(s), if any, comply with the terms of this Note, any and all other documents executed in connection with this Note, and all requirements of the Program, the installment amount due that year and payable under this Note shall be forgiven by Lender; and 2) in the event Borrower and all Co-Borrowers, if any, die before the Principal Amount in its entirety is repaid or forgiven under the terms of this Note, any unpaid and unforgiven debt still owing under this Note shall be forgiven by Lender. Other instances in which the unpaid balance of this Note may be forgiven by Lender are described in the GLO Housing Guidelines.

**Section 2.4 Undertaking of the Parties**

1. **Repayment.** Subject to the terms and conditions of this Note, any and all other documents executed in connection with this Note, and all requirements of the Program, Lender agrees to lend to Borrower and all Co-Borrowers, if any, the Principal Amount for the purpose stated in Section 2.1, above. Borrower and all Co-Borrowers, if any, agree to repay Lender the Principal Amount according to the Terms of Payment stated in Section 2.3, above.
2. **Principal Place of Residency Requirement.** As a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that the Property is his, her, or their principal place of residence. Borrower and all Co-Borrowers, if any, further certify to Lender that the Property will continue as his, her, or their principal place of residence through the Maturity Date. Borrower and all Co-Borrowers, if any, understand and acknowledge that, during the term of this Note, Lender may annually or at any other time require re-certification or other proof satisfactory to Lender that the Property remains his, her, or their principal place of residence. Borrower shall continue to occupy the Property until this Unsecured Forgivable Promissory Note is paid or forgiven in full by Lender.

Additional requirements under this Section for Low- to-Moderate-Income Households. If, upon review of Borrower and any Co-Borrowers’ application under the Program, Borrower’s household was determined by Lender to be a Low-to Moderate-Income (“LMI”) Household, then the Property shall be considered encumbered by this Note, for the purposes of this Section, to ensure that the Property, during the term of this Note, is occupied by an LMI Household. Borrower’s obligation to maintain compliance with the preceding shall for all purposes be deemed to be a covenant and agreement included in this Note and the Property shall not be sold or transferred without Lender’s prior, written consent. As part of the Lender’s approval process, Lender must determine whether the buyer or transferee household is an LMI Household and Lender shall not approve the sale or transfer to a buyer or transferee household that does not qualify as an LMI Household.

1. **Satisfaction of Tax Obligations.** Borrower and/or Co-Borrower(s), if any, shall pay, in a timely manner, all taxes and assessments, including any installment payments, due on the Property to the prevailing jurisdiction(s) until this Unsecured Forgivable Promissory Note is paid or forgiven in full. Borrower and all Co-Borrowers, if any, understand and acknowledge that, during the term of this Note, Lender may annually or at any other time require proof satisfactory to Lender that taxes and assessments have been so paid.

The obligation of Borrower and/or any Co-Borrower(s), if any, to make such payments and to provide receipts shall, for all purposes, be deemed to be a covenant and agreement contained in this Note.  If Borrower or any Co-Borrower(s), if any, was on a payment plan previously agreed upon with the prevailing jurisdiction and prior to the execution of this Note, continued installment payments shall be maintained as documented and accepted by Lender at origination.  If the payment plan documented and approved at application origination is subsequently altered by written agreement with prevailing jurisdiction, such proof of new agreement will be provided to Lender, within ten (10) days of execution of payment plan, and new installment payments shall proceed as documented.

(d) **Hazard Insurance.** As a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that he, she, or they have hazard insurance in force covering at a minimum the full replacement cost value of the Property, howsoever termed as hazard, casualty, wind, flood, homeowners insurance or otherwise, and will maintain such insurance in force through the Maturity Date. Borrower and all Co-Borrowers, if any, understand and acknowledge that, during the term of this Note, Lender may annually or at any other time require proof satisfactory to Lender that such insurance is, has been, and will be in force. Accordingly, as a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that in the event the Property is destroyed or damaged during the term of this Note by an occurrence covered under such hazard insurance, Borrower and all Co-Borrowers, if any, will reasonably pursue all available claims and apply any and all proceeds thereof to the rehabilitation, reconstruction, or new construction of improvements to the Property.

(e) **Floodplain or Special Flood Hazard Area Designations.** As a condition of the loan, only if the Property is located within a 100-year floodplain or Special Flood Hazard Area designated by the Federal Emergency Management Agency, Borrower and all Co-Borrowers, if any, certify to Lender that he, she, or they have flood insurance made available under the National Flood Insurance Act of 1968, 42 U.S.C. § 4001 *et seq.,* as amended, in force covering at a minimum the full replacement cost value of the Property and in an amount prescribed by FEMA’s National Flood Insurance Program, and will maintain such insurance in force through the Maturity Date. Borrower and all Co-Borrowers, if any, understand and acknowledge that, during the term of this Note, Lender may annually or at any other time require proof satisfactory to Lender that such insurance is, has been, and will be in force. The purpose of this flood insurance requirement is to protect the investment of the Program in the Property located within the 100-year floodplain or Special Flood Hazard Area designated by the Federal Emergency Management Agency. Accordingly, as a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that, in the event such Property is destroyed or damaged during the term of this Note by an occurrence covered under such flood insurance, Borrower and all Co-Borrowers, if any, will reasonably pursue all available claims and apply any and all proceeds thereof to the construction, reconstruction or rehabilitation of the Property.

Furthermore, Borrower and all Co-Borrowers, if any, understand and acknowledge that failure to maintain federally mandated required flood insurance beyond the scope of this Note and into perpetuity will result in ineligibility for any further federal disaster relief of any kind, including, but not limited to, Program assistance. The purpose of this hazard insurance requirement is to protect the investment of the Program in the Property.

Borrowers and Co-Borrowers, if they reside outside of a designated Special Flood Hazard Area, are strongly encouraged to purchase flood insurance for the Property, if the Property has previously been damaged by a flood, to protect against economic risks from potential future flooding.

**Continuance of Obligations.** As a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that, upon transfer of the Property, he, she, or they will, on or before the date of such transfer, and as part of the documents evidencing such transfer, notify all transferees in writing of transferees’ continuing obligation to maintain required hazard insurance in force on the Property through the Maturity Date. As a condition of the loan, only if the Property is located within a 100-year floodplain or Special Flood Hazard Area designated by the Federal Emergency Management Agency, Borrower and all Co-Borrowers, if any, further certify to Lender that, upon transfer of the Property, he, she, or they will, on or before the date of such transfer, and as part of the documents evidencing such transfer, notify all transferees in writing of transferees’ continuing obligation to maintain required flood insurance in force on the Property in accordance with this Note. Borrower and all Co-Borrowers, if any, further certify to Lender that, upon transfer of the property, he, she, or they will, on or before the date of such transfer, and as a part of the documents evidencing such transfer, notify all transferees in writing of transferees’ continuing obligation to maintain flood insurance in perpetuity in order to preserve eligibility for future federally funded disaster assistance, as required by federal law (42 U.S.C. §5154a).

Borrower and all Co-Borrowers, if any, understand and acknowledge that if he, she, or they fail to provide such notice of required flood insurance to all transferees, and (1) no transferee subsequently maintains required flood insurance, (2) a Presidentially-declared flood disaster damages the Property, and (3) one or more transferees receives federal disaster relief of any kind to repair, replace, or restore the Property as a result of such flood, Borrower and/or Co-Borrower(s), if any, shall be required to reimburse the full amount of such disaster relief to the federal agency that provided it to the transferees.

Borrower and all Co-Borrowers, if any, further understand and acknowledge, that if he, she, or they fail to provide notice to all transferees of transferees’ duty to maintain required hazard insurance on the Property, and (1) no transferee subsequently maintains such insurance, (2) a Presidentially-declared disaster damages the Property, and (3) one or more transferees receives federal disaster relief of any kind to repair, replace, or restore the Property as a result of such disaster, Borrower and/or Co-Borrower(s), if any, may be required to reimburse the full amount of such disaster relief to the federal agency that provided it to transferees.

As a condition of the loan, Borrower and all Co-Borrowers, if any, certify to Lender that, upon completion of improvements, he, she, or they will maintain the Property in good repair through the Maturity Date.

(f) **Assignment of Rights to Reimbursement.** As a condition of the loan, Borrower and all Co-Borrowers, if any, assign to Lender all of his, her, or their rights to reimbursement, and to all payments received, from any other program, insurance, or other source available to Borrower or Co-Borrower(s) for damage to the Property as a result of the same Presidentially-declared disaster or disasters for which Borrower and all Co-Borrowers, if any, receive Program assistance in accordance with this Note, or as a result of any damage to the Property incurred after such disaster or disasters but before commencement of Property rehabilitation, reconstruction, or new construction with Program funds. The purpose of this assignment is to prevent duplication of benefits to Borrower and all Co-Borrowers, if any, as prohibited by the Stafford Act, 42 U.S.C. § 5155, as amended. Such assignment includes, but is not limited to, reimbursement rights held and payments received by Borrower and all Co-Borrowers, if any, under any insurance policy covering damage to the Property, whether characterized as hazard, casualty, wind, flood, homeowner’s or otherwise, and payments received pursuant to federal disaster relief programs conducted by the Federal Emergency Management Agency, Small Business Administration, National Flood Insurance Program, or other federal agency. In the event that Lender elects to pursue any right to reimbursement assigned under this Note, by subrogation or otherwise, Borrower and all Co-Borrowers, if any, agree to reasonably cooperate with Lender, including allowing Lender to file suit in Borrower’s name or Co-Borrower(s)’ names, if any, and participating in such suit proceedings. Such duty to cooperate also includes, but is not limited to, the execution by Borrower and all Co-Borrowers, if any, of other and further documents that may be necessary to accomplish the purpose of the assignment. In the event that Borrower or any Co-Borrower at any time receives payment for damage to the Property not included in the duplication of benefits analysis for calculation of Borrower’s or Co-Borrower’s Program assistance award amount, as through settlement of an insurance claim after the award was made, Borrower and all Co-Borrowers, if any, agree to promptly pay the amount of such payment to Lender. In order to achieve the purpose of this assignment, Borrower and all Co-Borrowers, if any, agree to the release to Lender of non-public or confidential information about Borrower and Co-Borrower(s) by any insurer, federal agency, or other third party.

**Section 2.5 Event(s) of Default**

A default exists under this Note if any of the following events occur:

1. Borrower or any Co-Borrowers, if any, fail to comply with the terms and conditions of this Note, any and all documents executed in connection with this Note, or any requirement(s) of the Program.
2. Lender determines that the Borrower or any Co-Borrowers, if any, are ineligible to participate in Program after the execution of this Note or amendment(s) to the Note;
3. Any indebtedness to any person or entity holding a lien or security interest in the Property is refinanced in whole or in part, or is assumed by a new borrower, without the advance written permission of Lender;
4. All or any part of the Property, or any interest in it, is foreclosed upon, leased, or otherwise alienated by non-sale transfer, except that this clause (c) will not apply to:
5. A transfer not upon death between or among owners in common of the Property, whether by joint tenancy, tenancy in common or otherwise, who are also Co-Borrowers, if one or more Co-Borrowers continues to occupy the Property as his, her, or their principal place of residence;
6. A transfer by devise, descent or operation of law upon the death of an owner in common of the Property, whether by joint tenancy, tenancy in common or otherwise, if at least one other owner in common who is also a Co-Borrower remains alive and continues to occupy the Property as his or her principal residence; or
7. A transfer with the advance written permission of Lender to a person or persons eligible for housing assistance from the Program, if such person becomes a substitute Borrower, or persons become substitute Co-Borrowers, for the remaining term of this Note in a written amendment thereto;
8. All or part of the Property, or any interest in it, is sold without Lender’s prior, written approval;
9. Borrower and all Co-Borrowers, if any, fail or cease to occupy the Property as his, her, or their principal place of residence during the term of this Note. For the purpose of this clause, Lender may conclude that Borrower and all Co-Borrowers have ceased such occupancy if he or she is, or they are, absent from the Property more than 30 days without the advance written permission of Lender. Lender may likewise conclude that such occupancy has ceased if Borrower or all Co-Borrower(s), if any, have failed to provide to Lender required re-certification or other proof that the Property remains Borrower’s or any Co-Borrowers’, if any, principal place of residence; and
10. Failure to maintain tax obligations pursuant to Section 2.4(c).

**Section 2.6 Remedies**

1. After the completion of rehabilitation, reconstruction, or new construction of improvements to the Property and upon occurrence of any one or more of the Event(s) of Default stated above, excepting Section 2.5(b), Lender shall send written Notice of Default to Borrower’s and all Co-Borrower(s)’, if any, mailing address stated above, or to such other address Borrower or Co-Borrower(s), if any, have provided Lender in writing.
	1. **Notice of Default:** Notice of Default shall be deemed to have been delivered upon actual receipt or upon deposit, if deposited in an official depository of the United States Postal Service, properly addressed to Borrower or Co-Borrower(s), if any, marked certified mail, return receipt requested, and containing sufficient postage.
	2. **Cure of Default:** Borrower or Co-Borrower(s), if any, shall thereupon cure the default within 30 days of such delivery, or such further time as Lender allows in writing.
	3. **Failure to Cure:** Upon failure by Borrower or Co-Borrower(s), if any, to cure the default within the time stated above, Lender in its sole discretion may declare the unforgiven balance of this Note immediately due and payable without further notice, demand, presentation, notice of intent to accelerate, notice of acceleration protest or notice of protest of any kind, all of which Borrower and all Co-Borrowers, if any, expressly waive.
	4. **Unforgiven Balance:** Such unforgiven balance shall be calculated *pro rata* taking into account the number of days that have elapsed from the date of this Note to the date of the Event of Default within any of the 3-annual installment/forgiveness periods set forth in the Terms of Payment stated above.
	5. **Other Remedies:** Lender may further pursue any and all remedies available at law or in equity to collect the balance due and payable. In the event that Lender places this Note with the Texas Attorney General or other attorney for collection, or effects collection by legal proceedings of any kind, Borrower and all Co-Borrowers, if any, agree to pay Lender’s costs of collection, including but not limited to court costs and reasonable attorneys’ fees.
2. Before the completion of rehabilitation, reconstruction, or new construction of improvements to the Property, and upon the occurrence of an Event of Default described in Section 2.5(b), above, and an initial determination by Lender that Borrower and Co-Borrower(s), if any, are ineligible for Program assistance, this Note shall be considered null and void immediately. Upon such determination of ineligibility and nullification of this Note, Lender shall notify Borrower and Co-Borrower(s), if any, of same and pursue any and all remedies available at law or available under the Program, including, but not limited to, seeking reimbursement for the total amount of funds expended by the Lender for Program administration costs for the Property and for rehabilitation, reconstruction, or new construction of improvements to the Property on behalf of the Borrower and Co-Borrower(s), if any.

**2.7 Non-Waiver of Rights**

Lender’s failure or delay to exercise any right, power, or privilege under this Note shall not constitute a waiver thereof, nor shall any single or partial exercise of such right, power, or privilege preclude any other or further exercise of any other such right, power, or privilege. No waiver of or departure from the terms and conditions of the Note by Borrower or Co-Borrower(s), if any, shall be effective unless the same is in writing and signed by the Parties.

**2.8 Miscellaneous**

1. If the Note is amended, such amendment shall be a full restatement of the Note and shall supersede the Note and any prior amendments executed.
2. Parties shall execute an original Promissory Note prior to commencement of rehabilitation, reconstruction, or new construction services of improvements to the Property. Upon completion of rehabilitation, reconstruction, or new construction services and, if required, from time to time during the term of the Note, Borrower and all Co-Borrower(s) shall execute any amendments to the Note provided by the GLO, including, but not limited to, changes reflecting additional costs associated with the rehabilitation, reconstruction, or new construction services and corresponding changes to the Note’s Effective and Maturity Dates.
3. All duties or obligations under this Note are the joint and several duties or obligations of each signatory.
4. This Note represents the final agreement, unless amended in writing, between or among the Parties regarding the subject matter thereof, and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreement. There are no unwritten agreements between or among the Parties.
5. No modification or amendment of this Note shall be valid or effective unless it is in writing and signed by the Parties against whom it is sought to be enforced.
6. This Note shall be governed by and construed in accordance with the law of the State of Texas and applicable federal law.
7. This Note may be separately executed in any number of counterparts, each of which shall be an original, but all of which, taken together, shall be deemed to constitute one and the same instrument.

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| Signatures |
| **Warning:** Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. |
| Borrower Name:  |
| Borrower Signature:  | Date:  |
| Co-Borrower Name:  |
| Co-Borrower Signature:  | Date:  |
| Lender (or GLO Designated Representative’s) Name:  |
| Lender (or GLO Designated Representative’s) Signature:  | Date:  |

***Disclaimer:*** *The Texas General Land Office has made every effort to ensure the information contained on this form is accurate and in compliance with the most up-to-date CDBG-DR and/or CDBG-MIT federal rules and regulations, as applicable. It should be noted that the Texas General Land Office assumes no liability or responsibility for any error or omission on this form that may result from the interim period between the publication of amended and/or revised federal rules and regulations and the Texas General Land Office's standard review and update schedule.*