

SUBORDINATE LIEN DOWN PAYMENT ASSISTANCE (DPA) NOTE
("Note")

_____ **1** _____, 20_____, _____ **2** _____, Texas
[City]

_____ **3** _____, more
[Property Address]

specifically described as _____ **4** _____, hereinafter
[Legal Description]

referred to as "Property."

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U. S. \$ _____ **5** _____ (this amount is called "Deferred Principal") to the order of the Lender on the date that is 30 years from the date of this Note (the "Final Maturity Date"). The Lender is The Bank of New York Mellon Trust Company, N.A., as Trustee, and assignee of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas ("TDHCA"). I understand that the 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."

2. INTEREST

There is no stated interest rate on this Note. I understand, however, that a portion of the interest on my First Lien Note ("FLN"), as defined herein, will be attributed to this Note. I understand that I could have chosen a non-assisted mortgage loan with a lower interest rate than the assisted loan that I have chosen.

I understand and agree that the interest cost attributable to this Note is equal to 0.15% for each point of down payment assistance that I received. For example, if I received 3 points of down payment assistance and the stated interest on the FLN were 5.00%, then the amount of annual interest cost attributable to this Note would be approximately 0.45% times the outstanding principal amount of the FLN, and consequently, the interest rate attributed to the FLN would be 4.55%. Continuing this example, if the stated principal amount of the FLN were \$100,000, then the actual interest cost of this Note would be 0.45% times \$100,000 divided by \$3000 in the first year of this Note. As the principal amount of the FLN declines over time, the interest cost attributable to this Note likewise declines.

Based on other options available to me for down payment and closing cost assistance, I have determined that the interest cost allocable to this Note is in my financial best interest.

I understand that, if I prepay this Note in full pursuant to Section 4, the interest rate on the remaining portion of the FLN will be lowered to the interest rate applicable under the "non-assisted mortgage loan program" offered in the Commitment Lot Notice in effect at the time that this Note is made. Based on the example set forth above, if the stated rate of interest on the FLN were 5.00%, then a repayment of this Note in its entirety would lower my interest rate on the FLN to 4.55%.

3. TIME AND PLACE OF PAYMENTS

The unpaid balance of this Note shall be due and payable on the Final Maturity Date unless one of the following events should occur before said Final Maturity Date:

6 (a) the note executed by Borrower for the purchase price of the Property **7** e payable to _____, in the amount of \$ _____, of even date with this Note (the "FLN"), is paid in full prior to or upon its maturity and according to its terms; or

(b) the FLN is refinanced in whole or in part or if the FLN is assumed by a new borrower; or

(c) the unpaid balance of the FLN becomes due and payable in full for any reason (whether by acceleration or according to its terms, and including, without limitation, because any maker of the FLN is in default); or

(d) all or any part of the Property, or any interest in it, is leased, transferred or foreclosed, except that this clause (d) will not apply to:

(i) a transfer (not upon death) between joint tenants in the Property who are also co makers, of this Note, or

(iii) a transfer by devise, descent or operation of law upon the death of a joint tenant in the Property if at least one other joint tenant who is also a maker of the Note remains alive and continues to occupy the Property as his or her principal residence.

I will make my payment(s) at 5401 North Beach Street, Mail Stop TX2-977-01-17, Fort Worth, Texas 76137-2733, Attention: Payoff Department, or at a different place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments at any time before they are due. A payment of principal only is known as a "prepayment."

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 payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES: NO USURIOUS INTENT

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. Default

(i) If I do not make the full amount of the payment on the date it is due, I will be in default. Additionally, I will be in default under this Note:

(ii) if I fail to perform any obligation required of me under the deed of trust securing this Note or take any action prohibited under the deed of trust securing this Note,

(iii) if any representations made by me in connection with this loan was false in any material respect when made, or

(iv) if any default occurs under the FLN or under the deed of trust securing the FLN.

B. Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Deferred Principal which has not been paid. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

C. No Waiver By Note Holder

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

D. Payment of Note Holder's Costs and Expenses

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

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a written 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 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 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. SUBORDINATION TO FLN

This is a subordinate lien note, subject and subordinate in all respects to the lien, terms, covenants and conditions of the FLN and the deed of trust securing payment of said FLN. I understand that any default under the FLN or the deed of trust securing it will be a default under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive notice of intention to accelerate, except as provided in except as provided in Section 6(B) above, and 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.

11. GOVERNING LAW

The laws of the State of Texas and applicable federal law shall govern this Note. If applicable federal law permits any charge, fee or other item that is contracted for, charged, taken, reserved or received under this Note which is not permitted or in excess of the amount permitted under Texas law, the applicable federal law shall control. The Texas Consumer Credit Code, Fin. Code Ann. §341.001 et seq. shall not apply hereto.

[Signatures follow.]

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

Borrower _____
8

Borrower _____
9

Borrower _____
10

Borrower _____
11

Number	Data	Description
1	Date	Input the date (month/day/year in written and numeric format) this Note is being completed. This must correspond to the Security Instrument, along with the 1 st lien's document date.
2	City	Input the city where the document is being drawn.
3	Property address	Input complete property address (numeric/street name/city/state/zip code).
4	Legal description	Input legal description of property or reference; label and attach as an exhibit.
5	Deferred principal amount	Input the amount in numeric format.
6	Payable to	Input lender's name.
7	Note amount	Input Note amount from the 1 st lien in numeric format.
8 - 11	Borrower name	Input borrower names. Names must be typed under each signature line.