

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL HOUSING SERVICE

**AGREEMENT WITH PRIOR LIENHOLDER**

*(Select the applicable first paragraph by marking the box by the selected paragraph with an 'X'.)*

WHEREAS \_\_\_\_\_  
(hereinafter referred to as "Mortgagee") is owner and holder of a certain \_\_\_\_\_ (hereinafter referred to as "Security Instrument") which is to be recorded in the \_\_\_\_\_ Records, \_\_\_\_\_ County, Texas. The Security Instrument secures the payment of a certain promissory note dated \_\_\_\_\_ in the original principal amount of \$ \_\_\_\_\_ (hereinafter referred to as "Indebtedness") which is more particularly described in said Security Instrument. Mortgagee is the owner and holder of said Indebtedness;

WHEREAS \_\_\_\_\_  
(hereinafter referred to as "Mortgagee") is owner and holder of a certain \_\_\_\_\_ (hereinafter referred to as "Security Instrument") which is recorded in Volume \_\_\_\_\_, Page \_\_\_\_\_, \_\_\_\_\_ Records, \_\_\_\_\_ County, Texas. The Security Instrument secures the payment of a certain promissory note dated \_\_\_\_\_ in the original principal amount of \$ \_\_\_\_\_ (hereinafter referred to as "Indebtedness") which is more particularly described in said Security Instrument. Mortgagee is the owner and holder of said Indebtedness;

WHEREAS, \_\_\_\_\_ (hereinafter called "Borrower") is (are) the owner(s) or purchaser(s) of certain real estate described in the said Security Instrument;

WHEREAS, Borrower has applied to the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (hereinafter referred to as "Government"), for a loan in the amount of \$ \_\_\_\_\_

WHEREAS the loan to be made to the Borrower by the Government will be secured by a lien on said real estate which is inferior to the Security Instrument; and

WHEREAS the Government will not consummate said loan unless or until the Mortgagee executes this agreement.

NOW, THEREFORE, in consideration of the making of the loan by the Government, the Mortgagee, does hereby covenant and agree:

1. Unless prior written notice has been given by Mortgagee to the Government, Mortgagee will not:

- (a) declare the Security Instrument to be in default;
- (b) accelerate the Indebtedness secured by the Security Instrument;

- (c) commence the foreclosure of the Security Instrument pursuant to a power of sale, if any, contained in said Security Instrument or by way of a judicial foreclosure;
- (d) assert superior title to said real estate retained by virtue of an express vendor's lien, if any;
- (e) sell, transfer or otherwise dispose of the Indebtedness and Security Instrument; and/or
- (f) reamortize, modify, restructure, renew or extend the terms, conditions, or provisions of the Indebtedness and/or the Security Instrument.

Said notice will be mailed to the Government by certified mail and will be delivered to the Government not less than thirty (30) calendar days prior to the intended action. Said notice will be addressed to and delivered to the Government as follows:

- (a) Rural Development Manager, Rural Housing Service,  
\_\_\_\_\_ ; and
- (b) State Director, Rural Housing Service,  
101 South Main Street, Temple, Texas 76501.

and to such other addresses designated by the Government in writing to the Mortgagee.

If Mortgagee takes any action described in the notice required by this paragraph, Mortgagee shall give notice to Government within ten (10) calendar days of taking such action. Said notice shall be mailed in the manner and to the addresses specified in this paragraph.

2. If a default occurs in the payment of the Indebtedness, Mortgagee shall give Government written notice of such default. Said notice shall be mailed to the Government in the manner and to the addresses specified in ¶ 1 and within thirty (30) days of the occurrence of such default.

3. In the event of a default under the Security Instrument, the Government may, at its option:

- (a) cure any default and provide evidence of such cure to Mortgagee. If the default is a monetary default, the Government may pay the amount of the Borrower's delinquent payments to the Mortgagee. Any cure by Government must be completed within thirty (30) calendar days following the Government's receipt of the notice of default from Mortgagee; or
- (b) pay the Indebtedness secured by the Security Instrument in full. If the Government elects to pay the Indebtedness in full, the procedure described in ¶ 4 in this Agreement will be followed.

4. In the event that Mortgagee elects to sell, transfer or otherwise dispose of the Indebtedness and Security Instrument and after the Mortgagee provides notice to the Government of this intended action as required by this Agreement, the Government may, at its

option, purchase or pay off said Indebtedness and Security Instrument. Government shall have the first and prior right to purchase or pay off the Indebtedness and Security Instrument. If Government elects to purchase or pay off the Indebtedness, Government will advise Mortgagee of its election in writing within thirty (30) calendar days following the Government's receipt of the notice of the Mortgagee's intended action or notice of default. Within ten (10) calendar days of receipt of the Government's election, Mortgagee will provide Government with Indebtedness information (including the current unpaid balance of the Indebtedness with a daily per them figure for interest and with an itemized description of each component of the unpaid balance including unpaid principal, accrued interest and advances, fees and charges, if any). Within thirty (30) calendar days of receipt of the complete Indebtedness information, Government may purchase or pay said Indebtedness in full. When the Indebtedness is purchased or paid in full by the Government, Mortgagee will endorse its note or other evidence of the Indebtedness to the "United States of America" and assign its Security Instrument to the United States of America on a form acceptable to the Government.

If Mortgagee timely provides the notices and information required by this paragraph and if, within the time limits prescribed by this paragraph, the Government fails to exercise its rights under this paragraph to purchase or pay off the Indebtedness and Security Instrument, Mortgagee is released from all obligations under this paragraph.

5. If the Government commences liquidation proceedings and thereafter acquires the said real estate, the Mortgagee will not declare its Security Instrument to be in any non-monetary default;

6. If the Security Instrument secures the repayment of future advances, Mortgagee will make no advances for purposes other than the payment of taxes, insurance or payments on other prior liens without the prior written consent of the Government, acting through the State Director for Rural Development acting for the Rural Housing Service.

7. This Agreement is Mortgagee's consent to the Government for making (or transferring) loans and taking (or retaining) the related lien on the said real estate.

8. If the Government obtains title to the real estate either by foreclosure or voluntary conveyance, Mortgagee will grant consent so the Government may transfer the real estate subject to the Security Instrument.

9. Upon written request by the Government and within ten (10) calendar days of receipt of the request, Mortgagee will provide Government with the following information if it is in the possession of the Mortgagee:

- (a) current unpaid balance of the Indebtedness;
- (b) the amount of the delinquency, if any, on the Indebtedness;
- (c) amortization schedule for payments on the Indebtedness;
- (d) information as to the status of insurance and/or ad valorem taxes;

- (e) copies of any current insurance policies covering the real estate; and
- (f) information pertaining to Borrower's defaults under the Indebtedness and/or Security Instrument.

The Indebtedness balance information provided by Mortgagee will include an itemized description of each component of the unpaid balance including unpaid principal, accrued interest and advances, fees and charges, if any.

10. If Mortgagee violates any of the terms, conditions or requirements of this Agreement, Mortgagee hereby subordinates its Security Instrument to the lien or liens granted or to be granted to the Government to the extent:

- (a) of the entire unpaid balance of the Indebtedness, including accrued interest and any advances, if there is a violation of ¶ 1, ¶ 3, ¶ 4, ¶ 5, ¶ 7 or ¶ 8;
- (b) of all matured installments if there is a violation of ¶ 2 or ¶ 9; and
- (c) of all advances and the interest accrued thereon if there is a violation of ¶ 6.

11. This Agreement is binding on Mortgagee and on Mortgagee's heirs, executors, administrators, successors and assigns and on any person or entity which may claim Mortgagee's rights under the Security Instrument under principles of subrogation.

EXECUTED AND DELIVERED THIS \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

**MORTGAGEE:**

Name: \_\_\_\_\_

If a Corporation

ATTEST:

\_\_\_\_\_

Secretary

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GOVERNMENT:**

UNITED STATES OF AMERICA

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Rural Development, acting on behalf of  
the Rural Housing Service State of Texas

United States Department of Agriculture

**BORROWER APPROVAL AND CONSENT:**

The Borrower consents to the provisions of this Agreement and approves this Agreement.

Date: \_\_\_\_\_

\_\_\_\_\_

Borrower

\_\_\_\_\_

Borrower

**ACKNOWLEDGMENT**  
(Individual mortgagee)

STATE OF TEXAS

COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_

(SEAL)

\_\_\_\_\_

Notary Public, State of Texas

**ACKNOWLEDGMENT**  
(Corporate mortgagee)

STATE OF TEXAS

COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_  
\_\_\_\_\_*(name)*, \_\_\_\_\_*(title)* of \_\_\_\_\_  
\_\_\_\_\_, a Texas corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_

Notary Public, State of Texas

**ACKNOWLEDGMENT**

(RHS)

STATE OF TEXAS

COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_ in his/her capacity as \_\_\_\_\_ (title), Rural  
Development, acting on behalf of the Rural Housing Service (successor in interest to the Farmers  
Home Administration), United States Department of Agriculture on behalf of the United States  
of America.

(SEAL)

\_\_\_\_\_

Notary Public, State of Texas

**ACKNOWLEDGMENT**  
(Borrower)

STATE OF TEXAS

COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by

(SEAL)

\_\_\_\_\_

Notary Public, State of Texas

**Agreement With Prior Lienholder**

Used by Rural Housing Service if. (1) the agency is making an initial or subsequent loan; and (2) there is going to be a prior lien on the security property which will be senior to the RHS lien.

Procedure Reference: RD Instruction 1927-B and Texas Instruction (RD) 1927-B

Prepared by: Closing agent, title insurance company or Field Office

Number of Copies: Original and One for each party to the Agreement

Signatures Required: Original signed by prior lienholder, authorized agency official, and borrower(s)

Distribution: The original is placed in the borrower's loan file after it has been signed, notarized and recorded in the appropriate county records. Conformed copy to borrower and prior lienholder.

**COMPLETION OF THE FORM:**

**1. COMPLETING THE FIRST PARAGRAPH IN THE AGREEMENT: There are two alternate first paragraphs for this Agreement. Only one should be selected. The one not selected should be stricken.**

A. Selecting the correct alternate paragraph for the first paragraph of the Agreement:  
One of two alternate first paragraphs must be selected by marking the box by the selected paragraph with an " x " .

The first alternate paragraph will be selected in those instances when the agency is making an initial loan at the same time that the other lender (which will have the senior lien) is making its loan. This option is used in most leverage loan situations where the leveraged lender will have the senior lien and the agency will have the junior lien.

The second alternate paragraph will be selected in those instances when the agency is making an initial or subsequent loan and the other lender has already made its loan and the other lender's deed of trust or mortgage has already been recorded.

B. Striking the alternate paragraph which is not selected. The alternate paragraph which is not selected should be stricken. See the following example:

**Example of striking out the alternate paragraph not selected:**

C. If the first alternate paragraph is selected, complete it as follows:

1. Name of the prior lienholder. Use the name as it appears on the prior lien instrument.
2. The type of instrument creating the prior lien. Examples - deed of trust, mortgage, purchase contract, security agreement, vendor's lien.
3. [Intentionally left blank.]
4. Name of records where the prior lien instrument is recorded. For example, Deed of Trust Records, Deed Records, Real Estate Records, Official Public Records, Real Property Records, etc.
5. Name of county where prior lien instrument deed is recorded.
6. Date of other lender's promissory note.
7. Original principal amount of other lender's note.

D. If the second alternate paragraph is selected, complete it as follows:

1. Name of the prior lienholder. Use the name as it appears on the prior lien instrument.
2. The type of instrument creating the prior lien. Examples - deed of trust mortgage, purchase contract, security agreement, vendor's lien.
3. Recording information for prior lien instrument. Usually this is expressed by a volume number and a page number. Some counties may use different recording information.
4. Name of records where the prior lien instrument is recorded. For example, Deed of Trust Records, Deed Records, Real Estate Records, Official Public Records, Real Property Records, etc.

5. Name of county where prior lien instrument deed is recorded.
6. Date of other lender's promissory note.
7. Original principal amount of other lender's note.

**II. COMPLETING THE REMAINING PART OF THE AGREEMENT:**

8. Name of borrower(s)/applicant(s).
9. Amount of the agency's loan to be made to the borrower(s).
10. Address of the Field Office.
11. Date of the Agreement.
12. Name and signature of the prior lienholder. The name should be typed below the signature line.
13. If the prior lienholder is a corporation, the signature, name and title of the official signing the Agreement for the corporation.
14. Name and title of authorized official signing on behalf of the agency. The name and title should be typed below the signature line in the spaces provided.
15. Date that the borrower(s)/applicant(s) sign the Agreement.
16. The signature and name of the borrower(s)/applicant(s). Type their names below the signature line.

The Agreement will be acknowledged before a notary public or other official authorized to take acknowledgments.

17. Acknowledgment form for the prior lienholder if an individual. .
18. Acknowledgment form for the prior lienholder if a corporation.
19. Acknowledgment form for the agency.
20. Acknowledgment form for the borrower(s)/applicant(s).

**After this form is completed, signed by all parties and notarized, it must be recorded in the**

appropriate real estate records of the county where the security property is located. The loan may not be closed unless this form is completed and signed at or before loan closing.