

RENTAL RESTORATION AND DEVELOPMENT PROGRAM TAKE-OUT COMMITMENT AGREEMENT

[Construction Lender]

[Borrower]

RE: Take-out Commitment to Construction Lender and Borrower from Louisiana Housing Corporation

WHEREAS, the **LOUISIANA HOUSING CORPORATION**, a public body corporate and politic and an instrumentality of the State of Louisiana, and its successors and assigns (the “**LHC**”) in partnership with the State of Louisiana, Division of Administration, Office of Community Development (“**OCD**”) established the Rental Restoration And Development Program (“**RRDP**”) within parishes (“**FEMA Declared Disaster Parishes**”) adversely affected by Hurricanes Laura, Delta, Ida and the May 2021 floods (“**FEMA Declared Disasters**”); and

WHEREAS, LHC released a Notice of Funding Availability (“**RRDP NOFA**”) on March 27, 2023 describing the purposes of RRDP and the application process in which LHC will accept applications from applicants (“**Borrower**” or “**Applicant**”) who will construct new residential rental housing units (“**New Units**”) or will repair and/or renovate vacant residential rental housing units (“**Existing Units**”) in a project that will not exceed seven (7) residential housing units (“**Qualified Project**”); and

WHEREAS, RRDP provides assistance to approved Applicants who agree to construct New Units outside of a Special Flood Hazard Area or to repair and/or renovate Existing Units in order to increase the availability of affordable rental housing for households at or below eighty percent (80%) area median income (“**Qualified Household**”) within FEMA Declared Disaster Parishes; and

WHEREAS, LHC has accepted applications from Applicants under RRDP who agreed to construct New Units or to repair and/or renovate Existing Units within a project of not more than seven (7) units (“**Qualified Project**”) located in the FEMA Declared Disaster Parishes associated with Hurricanes Laura, Delta, and Ida or the May 2021 Floods; and

WHEREAS, RRDP requires Applicants to either: (i) partner with a pre-qualified commercial lender (“**Construction Lender**”) to provide the Applicants a firm commitment to provide construction financing (“**Construction Loan**”) of a Qualified Project or (ii) fully fund all development costs of the Qualified Project with the Applicant’s own funds; and

WHEREAS, RRDP provides a guaranteed pay-off or pay-down, (“**Take-out Commitment Amount**”), of the Construction Loan following completion of the construction or renovation of each unit in a Qualified Project within a budget, including hard construction costs and related soft costs, as approved by LHC (“**Approved Budget**”); and

WHEREAS, aggregate advances on a Construction Loan plus accrued interest will be paid by LHC through a specified date described herein (“**Conversion Date**”) provided that the Borrower has executed: (i) the RRDP Loan Agreement, (ii) RRDP Note, (iii) RRDP Mortgage, (iv) RRDP Regulatory Agreement, and (v) RRDP Guaranty (collectively, “**RRDP Closing Documents**”) and

WHEREAS, LHC received \$32 million in Community Development Block Grant -Disaster Recovery Funds (“**CDBG-DR Funds**”) for RRDP. The funding is divided equally between the FEMA Declared Disaster Parishes associated with Hurricanes Laura and Delta and the FEMA Declared Disaster Parishes associated with Hurricane Ida and the May 2021 Floods; and

WHEREAS, under the terms of this Take-out Commitment to the Borrower and the Lender, LHC guarantees payment to the Construction Lender of all advances by the Construction Lender to the Borrower up to \$_____ (“**Take-out Commitment Amount**”) through the Conversion Date based upon the financial information and other materials submitted by the Borrower and approved by the Construction Lender and LHC, which includes a preliminary budget attached hereto as **Exhibit “A”** (“**Approved Budget**”) pursuant to which the Construction Lender is providing construction financing for Qualified Project described below:

Qualified Unit Number	Unit Addresses	Bedrooms in each unit				
		0 BR	1 BR	2 BR	3 BR	4/More
#1						
#2						
#3						
#4						
#5						
#6						
#7						

; and

WHEREAS, LHC has duly and validly authorized the execution and delivery of this Take-Commitment Agreement;

NOW, THEREFORE, the Louisiana Housing Corporation enters into this Take-out Commitment Agreement as of _____, 202_ (“**Take-out Commitment**”) to pay down the Construction Loan bearing an interest rate per annum and to extend credit to the Borrower in the amount of \$_____ (“**Construction Loan Principal**”), based upon the terms and conditions set forth herein. Acceptance of this Take-out Commitment will be effective upon receipt by LHC of the Take-out Commitment executed by both the Borrower and the Construction Lender.

This commitment to Borrower is subject to the following terms, provisions, and conditions:

Borrower: The Borrower is _____.

Project Address: The Unit Addresses specified above.

Project Description: _____ (“**Project**”) will consist of the (select one: _____ new construction or _____ repair and renovation) of _____ housing units located in the Parish of _____, Louisiana. The land and all improvements thereto are herein referred to collectively as the “**Property**”.

Construction Loan Principal Amount and Interest Rate: The Construction Loan will be in an amount not expected to exceed \$_____ for the ___ housing units and will bear interest at ___ percent (___%) per annum.

Conversion Date: LHC Permanent Loan in Senior Lien Position: If the LHC Permanent Loan is in the senior lien position, the Conversion Date will be the later of (i) the date a certificate of occupancy of the Qualified Project is delivered to the Construction Lender and the LHC and (ii) the date the Construction Lender receives payment in full pursuant to the Take-out Commitment.

LHC Permanent Loan in Subordinate Lien Position: If the LHC Permanent Loan is subordinate to a third-party permanent lien lender, the Conversion Date will be delayed until all residential rental units in the Qualified Project are occupied by a Qualified Household.

LHC Permanent Loan Terms: The LHC Permanent Loan will not exceed the lower of (i) the total of principal advances under the Construction Loan plus accrued interest to the Conversion Date or (ii) the Take-out Commitment Amount. The LHC Permanent Loan will not amortize and will be deemed paid in full following an Affordability Period described in the RRDP NOFA and included in the RRDP Regulatory Agreement.

Closing & Funding Conditions as of the Conversion Date: Title Insurance: LHC will require a Loan Policy of Title Insurance insuring LHC for the amount of the Loan with all endorsements deemed necessary by LHC.

Other Sources: All other loans to the Borrower must have been closed and fully funded.

Other Project Documents: LHC will require certificates of substantial completion and Certificates of Occupancy on a house by house basis as RRDP funds are drawn simultaneous with each unit's RRDP Take-Out Draw Request if RRDP Mortgage is junior or inferior to any other mortgage.

Insurance: All required insurances not limited to hazard, homeowner, and flood should have the Louisiana Housing Corporation listed as an additional insured.

Release of Lien: Evidence of clear liens related to material and sub-contractor work on the property

Permanent Loan Security: Mortgage Liens: Mortgage on land and improvements.

Expiration Date: This Take-out Commitment will remain in effect for **24 months** following commencement of construction unless extended.

This Take-out Commitment is intended for your use only and may not be distributed, reviewed by others, or assigned without the prior written permission of LHC.

Accepted:

[Construction Lender]

By: _____

Name: _____

Title: _____

[Borrower]

By: _____

Name: _____

Title: _____

LOUISIANA HOUSING CORPORATION

By: _____

Name: Marjorianna Willman

Title: Executive Director

EXHIBIT A**APPROVED BUDGET**

The Approved Budget below is to be used by the Borrower to pay for the following eligible costs:

(A) Development Hard Costs

DESCRIPTION	COST
Construction Costs ⁽¹⁾	\$
TOTAL	\$

(B) Acquisition (Soft) Costs

DESCRIPTION	COST
Land	\$0.00
TOTAL	\$0.00

(C) Related Soft Costs

DESCRIPTION	COST
Architectural Fee	\$
Engineer Fee	\$
Insurance	\$
Interest During Construction	\$0.00
Lender Legal Fees	\$
Title and Recording	\$0.00
Tax Payer Legal Fees	\$
Contingency	\$0.00
Closing Fees	\$
Preliminary Fees	\$
TOTAL	\$

(D) TOTAL

TOTAL of (A) (B) and (C)	\$
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(1) Construction Contract with _____ dated _____, 20__ for \$ _____

(2) Architect Agreement with _____ dated _____, 202_