



**INDEX**

	<u>Page</u>
Preambles.....	1
Granting Clauses .....	1

**ARTICLE I  
DEFINITIONS, EXHIBITS AND MISCELLANEOUS**

<b>SECTION 1.01</b>	Definitions.....	2
<b>SECTION 1.02</b>	Rules of Interpretation. ....	7

**ARTICLE II  
REPRESENTATIONS OF LHC AND BORROWER**

<b>SECTION 2.01</b>	Representations by the LHC. ....	8
<b>SECTION 2.02</b>	Borrower’s General Representations, Covenants and Warranties.....	8

**ARTICLE III  
FINANCING OF PROJECT**

<b>SECTION 3.01</b>	Reliance by Construction Lender and Borrower on Take-out Commitment of LHC. ....	11
<b>SECTION 3.02</b>	Possession and Use of the Qualified Project.....	11
<b>SECTION 3.03</b>	Completion of the Qualified Project. ....	11

**ARTICLE IV  
THE CONSTRUCTION LOAN AND THE PERMANENT LOAN**

<b>SECTION 4.01</b>	The Construction Loan. ....	11
<b>SECTION 4.02</b>	The Permanent Loan. ....	12
<b>SECTION 4.03</b>	Mandatory Prepayment. ....	12

**ARTICLE V  
PROJECT REPRESENTATIONS, WARRANTIES AND COVENANTS**

<b>SECTION 5.01</b>	Project Representations, Warranties and Covenants. ....	12
<b>SECTION 5.02</b>	Sale or Lease of Project. ....	12

**ARTICLE VI  
DAMAGE, DESTRUCTION AND CONDEMNATION**

<b>SECTION 6.01</b>	Casualty or Condemnation.....	12
<b>SECTION 6.02</b>	Parties to Give Notice. ....	12

**ARTICLE VII  
BORROWER’S COVENANTS**

<b>SECTION 7.01</b>	Inspection and Access. ....	13
<b>SECTION 7.02</b>	Indemnity and Reimbursement by Borrower.....	13
<b>SECTION 7.03</b>	Status of Borrower. ....	13
<b>SECTION 7.04</b>	No Additional Debt.....	13

**ARTICLE VIII  
ASSIGNMENT AND TRANSFER; INVESTMENTS**

<b>SECTION 8.01</b>	Assignment and Transfer. ....	13
---------------------	-------------------------------	----

**ARTICLE IX  
EVENTS OF DEFAULT AND REMEDIES**

<b>SECTION 9.01</b>	Events of Default. ....	14
<b>SECTION 9.02</b>	Remedies. ....	14
<b>SECTION 9.03</b>	Nonexclusive Remedies. ....	14
<b>SECTION 9.04</b>	Attorneys' Fees and Expenses. ....	14
<b>SECTION 9.05</b>	Effect of Waiver. ....	14
<b>SECTION 9.06</b>	Waiver of Stay or Extension. ....	14
<b>SECTION 9.07</b>	Permanent Lender May File Proofs of Claim. ....	15
<b>SECTION 9.08</b>	Restoration of Positions. ....	15
<b>SECTION 9.09</b>	Performance by Third Parties. ....	15

**ARTICLE X  
GENERAL PROVISIONS**

<b>SECTION 10.01</b>	Notices. ....	15
<b>SECTION 10.02</b>	Binding Effect. ....	16
<b>SECTION 10.03</b>	Severability. ....	16
<b>SECTION 10.04</b>	Amendments, Changes, and Modifications. ....	16
<b>SECTION 10.05</b>	Execution in Counterparts. ....	16
<b>SECTION 10.06</b>	Required Approvals. ....	16
<b>SECTION 10.07</b>	Representations of Borrower. ....	16
<b>SECTION 10.08</b>	Electronic Transactions. ....	16
<b>SECTION 10.09</b>	Waiver to Right of Trial by Jury. ....	16

Exhibit A	NLRP Promissory Note .....	A-1
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**NEIGHBORHOOD LANDLORD RENTAL PROGRAM  
PERMANENT LOAN AGREEMENT**

**THIS NEIGHBORHOOD LANDLORD RENTAL PROGRAM PERMANENT LOAN AGREEMENT** (“**NLRP Loan Agreement**”) is made and entered into as of [REDACTED], 2018, by and between **LOUISIANA HOUSING CORPORATION**, a public body corporate and politic and an instrumentality of the State of Louisiana, and its successors and assigns (the “**LHC**”) and [REDACTED], its successors and assigns (“**Borrower**”).

**RECITALS:**

**WHEREAS**, the LHC in partnership with the State of Louisiana, Division of Administration, Office of Community Development (“**OCD**”) is establishing the Neighborhood Landlord Rental Program (“**NLRP Initiative**”) to provide assistance to approved applicants (“**Applicant**”) who will construct new residential rental housing units (“**New Units**”) or will renovate existing residential rental housing units (“**Existing Units**”) located in areas adversely affected by the floods identified by DR-4263 or DR-4277 in which FEMA Individual Assistance (“**Great Floods of 2016**”); and

**WHEREAS**, under the NLRP Initiative, the LHC has accepted applications from Applicants who will construct New Units or will renovate Existing Units in a project with not more than seven (7) residential housing units (“**Qualified Project**”) located in one of the parishes declared to be disaster areas (“**Eligible Parish**”) as a result of the Great Floods of 2016; and

**WHEREAS**, the NLRP Initiative required an Applicant either to (i) partner with a pre-qualified commercial lender (“**Construction Lender**”) to provide the Applicant a firm commitment to provide the Eligible Applicant mortgage lien 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**, the NLRP Initiative provides Construction Lenders a guaranteed payoff (“**Take-out Commitment**”) of the Construction Loan by the LHC subject to completion of construction or renovation of the Qualified Project within a budget of costs approved by the LHC; and

**WHEREAS**, all advances by the Construction Lender on the Construction Loan in an amount not to exceed \$ [REDACTED] will be paid in full to the Construction Lender to the later of (i) the date all residential rental units in a Qualified Project have been initially occupied by Qualified Households if the NLRP Mortgage is not a senior first lien mortgage or (ii) the Completion Date if the NLRP Mortgage will be in the senior first lien position following discharge and payment of the Construction Loan (“**Construction Loan Pay-off Date**”), provided that the Borrower has executed (i) the NLRP Loan Agreement, (ii) the NLRP Note, (iii) the NLRP Mortgage, (iv) the NLRP Regulatory Agreement, and (v) the NLRP Guaranty (collectively, the “**NLRP Loan Documents**”) in order to evidence the LHC loan to the Borrower of NLRP Funds not to exceed \$ [REDACTED] (the “**NLRP Loan**”); and

**WHEREAS**, the Construction Loan Pay-off Date will be as of the earlier of (i) the date all residential rental units in the Qualified Project are occupied by tenant households (“**Qualified Household**”) in which their household income does not exceed the lower of (a) 80% of AMI published by HUD as adjusted by family size or (b) such lower amount for Set-aside Units as LHC requires if the NLRP Mortgage is not a senior lien mortgage or (ii) the date the Construction Loan is paid in full pursuant to the Take-out Commitment prior to the date of initial occupancy provided that the NLRP Mortgage will be in the first superior lien position following such payment; and

**WHEREAS**, the LHC has a minimum of \$46.5 million of Community Development Block Grant Funds (“**CDBG Funds**”) made available to the LHC by OCD for the NLRP Initiative; and

**WHEREAS**, the Borrower has delivered to the Construction Lender a construction note in a principal amount not to exceed \$ [REDACTED] (the “**Lender Construction Loan**”) evidencing the Borrower’s obligation to the Construction Lender and the maximum amount of the LHC Take-out Commitment; and

**WHEREAS**, the Borrower agrees that the NLRP Loan will repay all amounts advanced by the Construction Lender under the Construction Loan and discharge the Construction Loan pursuant to this NLRP Loan Agreement; and

**WHEREAS**, the LHC has duly and validly authorized the execution and delivery of this NLRP Loan Agreement;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual promises hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

**ARTICLE I  
DEFINITIONS, EXHIBITS AND MISCELLANEOUS**

**SECTION 1.01    Definitions.**

In this NLRP Loan Agreement, the following terms have the following meanings, unless the context or use thereof indicates another or different meaning or intent:

**Affordability Period:** Five (5) years from the initial lease up of an eligible tenant and the continued leasing of an eligible tenant.

**Affordable Rents:** The rents for each residential rental housing unit by bedroom size published by LHC by parish location for each Qualified Project. Affordable Rents within each Eligible Parish will be based on the rent limitations at 24 CFR §92.252(a) under the HOME Investment Partnership Program. Affordable Rents will be posted on the LHC’s website each year and may be obtained from HUD’s website at <https://www.hudexchange.info/programs/home/home-rent-limits/>

**Application:** The NLRP Application required to be submitted by an Eligible Applicant for a Take-out Commitment in connection with the NLRP Initiative.

**Approved Budget:** Means the budget contained in Attachment B to the NLRP Regulatory Agreement.

**Authorized Borrower Representative:** Means [REDACTED].

**Borrower:** [REDACTED].

**Closing:** The date all NLRP Loan Documents are executed and a title policy with appropriate endorsements are released to LHC.

**Closing Docket:** A docket on disk or in a hard binder containing all NLRP Loan Documents, including Other Required Documents and Proceedings identified in the Closing Index.

**Closing Index:** The standard Index of Closing Documents that the LHC has approved in advance of Closing.

**Completion Certificate:** Means the certificate to be delivered to the Construction Lender and to the LHC that the construction and/or renovation of the Qualified Project is completed and that all residential units in the Qualified Project have received certificates of occupancy.

**Completion Date:** The date that a Completion Certificate is delivered to the LHC.

**Construction Lender:** Means [REDACTED]

**Construction Lender Fees:** Means any fee in the Approved Budget approved in advance by the LHC that is charged to an Eligible Applicant, including commitment fees, closing fees, legal fees and construction monitoring fees.

**Construction Loan:** The construction loan originated by a Lender to a Borrower to finance the construction of a New Unit or the renovation of an Existing Unit.

**Construction Note Pay-off Date:** The later of (i) the date all residential rental units in a Qualified Project have been initially occupied by Qualified Households if the NLRP Mortgage is not a senior first lien mortgage or (ii) the Completion Date if the NLRP Mortgage will be in the senior first lien position following discharge and payment of the Construction Loan.

**Eligible Applicant:** One of the following entities:

- Community Housing Development Organization (“**CHDO**”)
- 501(c)(3) or 501(c)(4) Not-For-Profit Organization (“**NPO**”)
- Local Public Housing Authority (“**PHA**”)
- A local development agency (“**LDA**”) that is not a parish or municipality
- A private for-profit property owner (“**Residential Rental Property Owner**”) organized under Louisiana law

**Eligible Costs:** The following constitute Eligible Costs:

1. Development hard costs. Development hard costs are the actual cost of constructing or rehabilitating housing pursuant to a fixed price construction contract.

2. Related soft costs. Other reasonable and necessary costs incurred by the Borrower, Construction Lender or LHC and associated with the financing or development (or both) of New Units or Existing Units assisted with CDBG Funds as contained in the Approved Budget..

**Eligible Parishes:** Acadia, Allen, Ascension, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, De Soto, East Carroll, East Baton Rouge, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Lafayette, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Ouachita, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Helena, St. James, St. Landry, St. Martin, St. Tammany, Tangipahoa, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn

**Event of Default:** Means any event or occurrence set forth in Section 9.01.

**Great Floods of 2016:** One or both of the floods identified by DR-4263 or DR-4277 floods in which FEMA Individual Assistance.

**Guarantors:** [TBD]

**HUD:** U.S. Department of Housing and Urban Development (“HUD”)

**HUD Designated Most Impacted Parishes:** The following ten (10) Parishes: Ascension, Acadia, East Baton Rouge, St. Tammany, Lafayette, Vermilion, Livingston, Washington, Ouachita, and Tangipahoa.

**Identity of Interest:** An identity of interest is construed to exist when:

1. There is any financial interest of the Borrower in the Builder or any financial interest of the Builder in the Borrower.
2. Any officer, director or stockholder or partner of the Borrower who is also an officer, director or stockholder or partner of the Builder.
3. Any officer, director, stockholder or partner of the Borrower has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Borrower.
4. The Borrower advances any funds to the Builder.
5. The Borrower supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Borrower in connection with its obligations under the construction contract.
6. The Borrower takes stock or any interest in the Builder compensation as consideration of payment.
7. There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.

8. Any relationship (e.g., family) existing which would give the Builder or Borrower control or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.
9. Any member of the Development Team advances any funds to the Borrower at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Borrower or the Contractor as appropriate to establish the identity of interest. The Corporation may reduce any allowable costs where an Identity of Interest has been found among the parties to transactions involving the sale, development and/or operation of the Qualified Project.

**Income Restricted:** During the Affordability Period, residential housing units in the Qualified Project may only be rented to Qualified Households.

**Ineligible Applications:** Applications will be deemed ineligible if any of the following conditions exist at the time of application submission:

1. Any person and or entity on the federal debarred list or an organization representing such person or entity is on the list.
2. Any person and or entity that received notice that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.
3. Homeownership Developments proposed by entities that currently have unsold properties funded by LHC CDBG Funds.
4. Any person or entity that currently has a LHC financed project with compliance issues that are unresolved for greater than ninety days.
5. Two or more projects previously awarded financing by LHC that are currently incomplete.
6. Any applicant not in compliance with any other LHC or OCD disaster program.

**Ineligible Costs:** No NLRP Funds may be used:

1. to purchase land from a person or person that has an identity of interest with the Borrower.
2. for development, operations or modernization of public housing financed under the 1973 Act (Public Housing Capital and Operating Funds).
3. for the cost of acquiring land that was purchased prior to the receipt of NLRP Project funding
4. to refinance any loan.

**LHC:** Louisiana Housing Corporation.

**Maturity Date:** Has the meaning set forth in the NLRP Note.

**NLRP Funds:** CDBG Funds of approximately Thirty-six Million Dollars (\$36,000,000).



**NLRP Loan:** The loan by LHC funded with NLRP Funds to discharge the Construction Loan in accordance with the Take-out Commitment.

**NLRP Loan Documents:**

The following documents:

- NLRP Loan Agreement
- NLRP Permanent Promissory Note (the “**NLRP Note**”)
- NLRP Permanent Mortgage, Pledge of Leases and Rents and Security Agreement (the “**NLRP Mortgage**”)
- UCC Financing Statement
- NLRP Regulatory Agreement (the “**NLRP Regulatory Agreement**”)
- NLRP Guaranty by Applicant and principals of applicant (the “**NLRP Guaranty**”)

**OCD:** State of Louisiana, Division of Administration, Office of Community Development.

**Permanent Lender:** Louisiana Housing Corporation (the “**LHC**”).

**Priority Eligible Parishes:**

HUD Designated Most Impacted Parishes

**Qualified Household:** A tenant household in which the household income does not exceed the lower of (i) 80% of AMI as published by HUD and adjusted by family size or (ii) such lower amount for Set-aside Units as required for a Take-out Commitment. No member of a Qualified Household may be related to the Applicant.

**Qualified Project:** A project not in excess of seven (7) residential housing units located in an Eligible Parish and in which each residential housing unit is a Qualified Unit on a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with CDBG Funds as a single undertaking located within a five mile radius of each other within a single governmental entity (if located within a city, town, or other similar political subdivision then all sites must be within the same political subdivision for rental projects. If located outside of a local jurisdiction then all sites must be within the same Parish. The Qualified Project includes all the activities associated with the site and building.

**Qualified Unit:** A residential rental unit in a Qualified Project that is Income Restricted and Rent Restricted

**Rent Restricted:** Rent charged a Qualified Household in a Qualified Project during the Affordability Period may not exceed Affordable Rents.

**State:** State of Louisiana.

**Take-out**

**Commitment:** The NLRP Funds that the LHC guarantees to the Construction Lender and to the Borrower to be used on the Construction Loan Pay-off Date to discharge the Construction Loan which will not exceed \$ [REDACTED].

**Take-out Commitment Agreement:** The Take-out Commitment Agreement dated as of [REDACTED], 2018 among the Borrower, Construction Lender and the LHC.

**Vacant Unit:** A residential housing unit that does not have a tenant occupant. In order to be eligible for the NLRP Initiative, all the units contained in the Application must have been vacant by February 14, 2017. A landlord may not intentionally displace a tenant prior to application to the NLRP Initiative in order to be able to apply to the NLRP Initiative.

**SECTION 1.02 Rules of Interpretation.**

(a) This NLRP Loan Agreement shall be interpreted in accordance with and governed by the laws of the State.

(b) The words “herein”, “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this NLRP Loan Agreement as a whole rather than to any particular section or subdivision of this NLRP Loan Agreement.

(c) References in this NLRP Loan Agreement to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this NLRP Loan Agreement as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this NLRP Loan Agreement, and shall not define or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Words importing person shall include partnerships, limited liability companies, associations and corporations, including public bodies, as well as natural persons.

(h) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this NLRP Loan Agreement.

(i) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

**ARTICLE II**  
**REPRESENTATIONS OF LHC AND BORROWER**

**SECTION 2.01    Representations by the LHC.**

The LHC represents and agrees as follows:

- (a)     The LHC is a public body corporate and politic and an instrumentality of the State.
  
- (b)     The LHC has lawful power and authority to enter into the transactions contemplated by this NLRP Loan Agreement and to carry out its obligations hereunder. By proper action of its Board of Directors, the LHC has been duly authorized to execute and deliver this NLRP Loan Agreement and to provide the Take-out Commitment to the Construction Lender, acting by and through its duly authorized officers.
  
- (c)     The execution and delivery of this NLRP Loan Agreement, the consummation of the transactions contemplated hereby, and the performance of or compliance with the terms and conditions of this NLRP Loan Agreement will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any restriction or any agreement or instrument to which the LHC is a party or by which it or any of its property is bound, or, to the best of the LHC's knowledge, any order, rule or regulation applicable to the LHC or any of its property of any court or governmental body, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the LHC under the terms of any instrument or agreement to which the LHC is a party.
  
- (d)     To the knowledge of the LHC, no member of the LHC or any other officer of the LHC has any significant or conflicting interest, financial, employment or otherwise, in the Borrower or the Qualified Project or in the transactions contemplated hereby.

**SECTION 2.02    Borrower's General Representations, Covenants and Warranties.**

- (a)     Borrower is an Eligible Applicant, validly existing and in good standing under the laws of the State of           , has all requisite authority to conduct its business and own and lease its properties, and is qualified and in good standing in every jurisdiction in which the nature of its business makes qualification necessary or where failure to qualify could have a material adverse effect on its financial condition or the performance of its obligations under the NLRP Loan Documents. Borrower is in compliance with all Laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished or will accomplish by the date required by applicable Laws, all filings, registrations and qualifications with, any Governmental Agency that are necessary for the transaction of its business. Borrower shall not amend, modify, supplement or restate Borrower's Organizational Documents without the prior written consent of the LHC, except as otherwise expressly permitted herein, nor shall Borrower cancel or terminate Borrower's Organizational Documents without the prior written consent of the LHC.
  
- (b)     Each Guarantor (i) is validly existing and in good standing under the laws of its state of organization and in good standing under the laws of the State, (ii) has all requisite authority to conduct its business and own and lease its properties, and (iii) is qualified and in good standing in every jurisdiction in

which the nature of its business makes qualification necessary or where failure to qualify could have a material adverse effect on its financial condition or the performance of its obligations under the NLRP Guaranty. Each Guarantor is in compliance in all material respects with all Laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished or will accomplish by the date required by applicable Laws, all filings, registrations and qualifications with, any Governmental Agency that are necessary for the transaction of its business.

(c) Each of Borrower and Guarantor has all requisite authority to execute, deliver, and perform its obligations under, the NLRP Loan Documents. Borrower shall timely perform its obligations under the NLRP Loan Documents and shall not cause or permit the occurrence of any default under the documents to which it is a party.

(d) The execution and delivery by each of Borrower and Guarantor of, and the performance by each of Borrower and Guarantor of its respective obligations under, each NLRP Loan Document that it has executed have been authorized by all necessary action on the part of Borrower, General Partner and Guarantor and do not and will not:

(i) require any consent or approval not heretofore obtained of any Person having any interest in Borrower and the Guarantor;

(ii) violate any provision of, or require any consent or approval not previously obtained under, any applicable governing document applicable to Borrower and the Guarantor;

(iii) result in or require the creation of any lien, claim, charge or other right of others of any kind (other than under the NLRP Loan Documents) on or with respect to any property now or hereafter owned or leased by Borrower or the Guarantor;

(iv) violate any provision of any Law presently in effect; or

(v) constitute a breach or default under, or permit the acceleration of obligations owed under, any contract, lease or other agreement or document to which Borrower or Guarantor is a party or by which Borrower, Guarantor, or any of their respective property is bound.

(e) Neither Borrower nor Guarantor is in default in any respect under the NLRP Loan Documents. Borrower is not in default under any Law, contract, loan agreement, lease or other agreement or document to which either Borrower is a party or by which Borrower or any of its respective property is bound.

(f) No approval, license, exemption or other authorization from, or filing, registration or qualification with, any Governmental Agency is required in connection with:

(i) the execution and delivery by Borrower and Guarantor of, and the performance by Borrower and Guarantor of their respective obligations under the NLRP Loan Documents; and

(ii) the creation of the liens described in the Construction Loan Documents.

(g) The Approved Budget is based on information deemed reliable by Borrower and represents Borrower's best estimate of all costs required to lease and complete the Qualified Project. Borrower has no knowledge, after due inquiry, that any source of funds for the Qualified Project will not be received. Borrower hereby certifies that all sources of funds have been identified in the Approved Budget and that there have not been nor will there be any other sources of funds to complete the Qualified Project.

(h) There are no actions or proceedings pending or, to the best of Borrower's knowledge, threatened against or affecting Borrower or Guarantor, or any of their property, or any circumstance existing which would in any manner materially adversely affect the priority or enforceability of the NLRP Loan Documents and the liens and Security Interests created pursuant thereto, or the ability of Borrower or any Guarantor to perform any of their obligations under the NLRP Loan Documents, except as disclosed to the LHC and the Construction Lender in writing prior to the execution of this NLRP Loan Agreement. There are no condemnation proceedings or moratorium pending or threatened against the Qualified Project that would impair the construction, use, sale, value or occupancy of the Qualified Project.

(i) Borrower has delivered to the LHC true and complete copies of all agreements related to the Qualified Project, together with all modifications thereto. Except as otherwise disclosed to LHC in writing, all such agreements are in full force and effect and no party is in default under any agreement. Borrower has delivered to LHC true and complete copies of (i) the form of lease to be used for each residential rental unit in the Qualified Project, (ii) every contract and other document that grants rights to, or imposes obligations on, Borrower in connection with the Qualified Project, and has fully disclosed to LHC in writing the material terms of all oral agreements granting or imposing any such rights or obligations.

(j) Borrower presently uses no trade name other than its actual name. Borrower's principal place of business is [REDACTED].

(k) The NLRP Loan, including interest rates, fees and charges as contemplated hereby, collectively constitutes a business loan. The proceeds of the Construction Loan shall be used for proper business purposes and consistently with all lawful requirements. Borrower is not in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of the Construction Loan shall be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(l) The Borrower does not currently maintain, and never has maintained, any employee benefit plan described in Section 3(3) of ERISA that is subject to ERISA or that would be subject to ERISA if it covered more than one employee of the Borrower and if the exclusions contained in Section 4 of ERISA did not apply. The Borrower is not currently, and never has been, part of a group of companies that is required to be aggregated and treated as one employer under Section 414 of the Code.

(m) Neither the Borrower nor any Guarantor is a "foreign person" within the meaning of Internal Revenue Code Sections 1445 and 7701 (i.e., it is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder). Borrower understands that the foregoing information may be disclosed to the Internal Revenue Service by Construction Lender, its agents, successors and assigns, and that any false statement could be punished by fine, imprisonment or both.

(n) The Borrower acknowledges, understands, and agrees that the representations and warranties set forth in this Agreement shall be deemed to be continuing during all times when the NLRP Loan remain outstanding and, except to the extent that Borrower discloses non-compliance to LHC in writing and LHC waives the non-compliance, the representations and warranties in this NLRP Loan Agreement shall be restated and made effective as of each date a Advance is requested and made in accordance herewith.

(o) The Borrower represents that it understands the nature and structure of the transactions relating to the financing of the Qualified Project; that it is familiar with the provisions of all of the NLRP

Loan Documents; that it understands the risks inherent in these transactions; and that it has not relied on LHC for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the NLRP Loan Documents and the Subordinate Loan Documents or otherwise relied on LHC for any advice.

(p) The Borrower will comply with all relevant Louisiana statutes, and all rules and regulations promulgated thereunder, all federal, state and local labor laws, including any prevailing wage requirements and all requirements of the Louisiana Housing Corporation as set forth in its Workforce Eligibility Policy.

(q) The Borrower acknowledges that the LHC has made no independent investigation of the matters with respect to which the Borrower has made the representations, covenants and warranties set forth in this Section.

### **ARTICLE III FINANCING OF PROJECT**

#### **SECTION 3.01 Reliance by Construction Lender and Borrower on Take-out Commitment of LHC.**

The Borrower and the LHC acknowledge and agree that the Construction Lender is financing the Construction Loan in reliance on a Take-out Commitment from the LHC on the Construction Loan Pay-off Date and that the Take-out Commitment requires the Borrower to have executed and delivered all of the NLRP Loan Documents. The Borrower agrees to execute and deliver all of the NLRP Loan Documents on or before the date that the Take-out Commitment is funded by the LHC and to accept the NLRP Loan on the Construction Loan Pay-off Date.

#### **SECTION 3.02 Possession and Use of the Qualified Project.**

The LHC acknowledges and agrees that the Borrower is entitled to sole and exclusive possession of the Qualified Project, subject to the NLRP Loan Documents to which the Borrower is a party.

#### **SECTION 3.03 Completion of the Qualified Project.**

(a) Completion of the Qualified Project with Other Funds: The Borrower shall cause the construction and equipping of the Qualified Project to be diligently and continuously pursued and to be completed with reasonable dispatch, and to provide (from its own funds if required) all moneys necessary to complete the construction and equipping of the Qualified Project substantially in accordance with the plans and specifications for the Qualified Project.

(b) Completion Certificate: The Borrower shall deliver to the Construction Lender a Completion Certificate signed by the Authorized Borrower Representative on or before the Construction Loan Pay-off Date.

### **ARTICLE IV THE CONSTRUCTION LOAN AND THE PERMANENT LOAN**

#### **SECTION 4.01 The Construction Loan.**

Borrower acknowledges and agree that advances under the Construction Loan may not exceed \$                      without the express written approval of the LHC.

**SECTION 4.02     The Permanent Loan.**

The Construction Loan will be paid and discharged from proceeds of the NLRP Loan on the Construction Loan Pay-off Date. The terms of the NLRP Loan are evidenced in the NLRP Note and NLRP Loan Documents

**SECTION 4.03     Mandatory Prepayment.**

The Borrower shall prepay the NLRP Note in whole or in part upon a casualty or condemnation with respect to the Qualified Project or any part thereof or upon an Event of Default under the NLRP Mortgage.

**ARTICLE V  
PROJECT REPRESENTATIONS, WARRANTIES AND COVENANTS**

**SECTION 5.01     Project Representations, Warranties and Covenants.**

The representations, warranties and covenants of the Borrower set forth in the Application for the benefit of the LHC are incorporated by this reference for the benefit of the LHC and the Construction Lender.

**SECTION 5.02     Sale or Lease of Project.**

The Borrower will not lease the Qualified Project (except pursuant to leases to residential tenants, leases of the commercial space and leases, licenses and easements to service providers (e.g. laundry, cable and similar services) in the normal course of business), in whole or in part, nor sell, mortgage, assign or otherwise encumber its interests in the Qualified Project, in whole or part, without the prior written consent of the LHC.

**ARTICLE VI  
DAMAGE, DESTRUCTION AND CONDEMNATION**

**SECTION 6.01     Casualty or Condemnation.**

If the Qualified Project is damaged or destroyed by fire or other casualty, the Borrower shall restore the Qualified Project from insurance proceeds.

**SECTION 6.02     Parties to Give Notice.**

In the case of material damage to or destruction of all or any part of the Qualified Project, the Borrower shall give prompt notice thereof to the LHC in the manner provided in **Section 10.01**. In the case of a taking or proposed taking of all or any part of the Qualified Project by condemnation, the party hereto upon which notice of such taking or proposed taking is served shall give prompt notice in the manner provided in **Section 10.01**. Any such notice shall describe generally the nature and extent of such damage, destruction, taking or proposed taking.

**ARTICLE VII  
BORROWER'S COVENANTS**

**SECTION 7.01     Inspection and Access.**

(a)     The Borrower agrees that, at all reasonable times upon the Borrower’s receipt of reasonable notice under the circumstances, the LHC shall have the right to examine and inspect, and for that purpose to enter upon, the Qualified Project, and shall also have such right of access thereto as may be reasonably necessary to cause the Qualified Project to be properly maintained in accordance with the Property Standards described in **Attachment M** of the NLRP Regulatory Agreement.

(b)     The Borrower covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the LHC the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment, lease or other transfer of the Qualified Project by the Borrower to any other person, other than the restriction provided for in the residential and commercial leases.

**SECTION 7.02     Indemnity and Reimbursement by Borrower.**

The Borrower shall defend (by counsel satisfactory to the Indemnified Parties as defined below), indemnify and save and hold harmless to the full extent permitted by law the LHC, and its directors, officers, agents and employees (the “**Indemnified Parties**”) from and against all claims, demands, actions, losses, liabilities, costs and expenses (including, without limitation, reasonable attorneys’ fees and court costs) arising from or relating to (i) the making of the NLRP Loan, except for violation of banking laws or regulations by the LHC ; (ii) a claim, demand or cause of action that any Person has or asserts against the Borrower or any Guarantor, (iii) any act or omission of the Borrower, any contractor, subcontractor or material supplier, engineer, architect or other Person with respect to the Qualified Project; or (iv) the ownership, occupancy or use of the Qualified Project. Notwithstanding the foregoing, the Borrower shall not be obligated to indemnify the Indemnified Parties with respect to any loss, liability, cost or expense which is determined by a final decision of a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of the applicable Indemnified Party.

**SECTION 7.03     Status of Borrower.**

The Borrower will remain qualified to do business in the State, and will not wind up or otherwise dispose of all or substantially all of its assets.

**SECTION 7.04     No Additional Debt.**

The Borrower will not incur, directly or indirectly, any indebtedness for borrowed money other than under this NLRP Loan Agreement.

**ARTICLE VIII  
ASSIGNMENT AND TRANSFER; INVESTMENTS**

**SECTION 8.01     Assignment and Transfer.**



The Borrower may not assign its rights and obligations under this NLRP Loan Agreement or transfer its interest in the Qualified Project, except as expressly provided in this NLRP Loan Agreement and the NLRP Loan Documents.

**ARTICLE IX  
EVENTS OF DEFAULT AND REMEDIES**

**SECTION 9.01 Events of Default.**

An Event of Default under this NLRP Loan Agreement, and the term “Event of Default,” wherever used herein, means the occurrence of an “Event of Default” within the meaning of the NLRP Mortgage.

**SECTION 9.02 Remedies.**

Whenever any Event of Default shall have occurred and be continuing, the LHC may accelerate the NLRP Loan and shall declare all amount due and payment.

**SECTION 9.03 Nonexclusive Remedies.**

No remedy herein conferred upon or reserved to a Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this NLRP Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the LHC to exercise any remedy reserved to either of them in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

**SECTION 9.04 Attorneys’ Fees and Expenses.**

If an Event of Default shall exist under this NLRP Loan Agreement and the LHC employs attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower shall upon demand pay to the LHC the reasonable fees of such attorneys and such other reasonable expenses so incurred.

**SECTION 9.05 Effect of Waiver.**

In the event any agreement contained in this NLRP Loan Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**SECTION 9.06 Waiver of Stay or Extension.**

The Borrower covenants that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisalment, valuation, stay, or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this NLRP Loan Agreement; and the Borrower hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power

herein granted to the LHC , but will suffer and permit the execution of every such power as though no such law had been enacted.

**SECTION 9.07 Permanent Lender May File Proofs of Claim.**

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or the property of the Borrower, the LHC shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the LHC (including any claim for the reasonable compensation, expenses, disbursements and advances of the LHC, its agents and counsel) allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

**SECTION 9.08 Restoration of Positions.**

If LHC has instituted any proceeding to enforce any right or remedy under this NLRP Loan Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the LHC, then and in every such case the Borrower, the LHC shall, subject to any determination in the proceeding, be restored to the positions held prior to commencement of such proceedings, and thereafter all rights and remedies of the LHC shall continue as though no such proceeding had been instituted.

**SECTION 9.09 Performance by Third Parties.**

LHC may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to cure any Event of Default hereunder. The acceptance by LHC of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability under this NLRP Loan Agreement. Any cure offered or effected by a Guarantor shall be accepted hereunder as if offered or effected by the Borrower itself.

**ARTICLE X  
GENERAL PROVISIONS**

**SECTION 10.01 Notices.**

All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein), shall be deemed to have been properly given when delivered by hand delivery, telegram or facsimile or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as registered or certified mail, return receipt requested, bearing adequate postage, or delivery by reputable private carrier such as Federal Express, United Parcel Service or similar overnight delivery service, and addressed as hereinafter provided. Notices, except to the Construction Lender, shall be deemed given when mailed as provided herein. Notices to the LHC shall be deemed given only when received by the LHC. All parties listed below may, by written notice given to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this NLRP Loan Agreement. Any notice, certificate, report,

financial statement or other communication properly provided by legal counsel on behalf of any party hereunder shall be deemed properly provided by the party represented by such counsel.

**SECTION 10.02 Binding Effect.**

This NLRP Loan Agreement will inure to the benefit of and shall be binding upon the LHC and the Borrower and their respective successors and assigns.

**SECTION 10.03 Severability.**

If any court of competent jurisdiction holds any provision of this NLRP Loan Agreement invalid or unenforceable, the holding shall not invalidate or render unenforceable any other provision of this NLRP Loan Agreement.

**SECTION 10.04 Amendments, Changes, and Modifications.**

This NLRP Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the LHC prior to the Maturity Date.

**SECTION 10.05 Execution in Counterparts.**

This NLRP Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 10.06 Required Approvals.**

Consents and approvals required by this NLRP Loan Agreement to be obtained from the Borrower or the LHC shall be in writing and shall not be unreasonably withheld or delayed.

**SECTION 10.07 Representations of Borrower.**

All representations made in this NLRP Loan Agreement by the Borrower are based on its independent investigation of the facts and law, and accordingly no such representations are made in reliance upon any representations made or legal advice given by the LHC or any of its agents, officers or employees.

**SECTION 10.08 Electronic Transactions.**

The transactions described in this NLRP Loan Agreement and the other NLRP Loan Documents may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**SECTION 10.09 Waiver to Right of Trial by Jury.**

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE

TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR  
HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE;  
AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND,  
ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY,  
AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR  
A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF  
THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Borrower and Louisiana Housing Corporation as Permanent Lender have caused this NLRP Loan Agreement to be executed by their duly authorized signatories.

**LOUISIANA HOUSING CORPORATION**

By: \_\_\_\_\_  
Name: Edselle Keith Cunningham, Jr.  
Title: Executive Director

**[BORROWER]**

By: \_\_\_\_\_  
Name:  
Title:

**NEIGHBORHOOD LANDLORD RENTAL PROGRAM  
PERMANENT LOAN PROMISSORY NOTE**

<u>Maximum Principal</u>	<u>Interest Rate Per</u>	<u>Maturity Date:</u>	<u>Dated Date:</u>
<u>Amount:</u>	<u>Annum:</u>		
\$ [REDACTED]	0.00%	Five years from the initial lease up of an eligible tenant and the continued leasing to an eligible tenant.	[REDACTED], 2018

**FOR VALUE RECEIVED**, the undersigned (“**Borrower**”), in accordance with the provisions of the NLRP Permanent Loan Agreement dated [REDACTED], 2018, (the “**NLRP Permanent Loan Agreement**”) between the Borrower and Louisiana Housing Corporation (the “**Permanent Lender**”), promises to pay to the order of the **LOUISIANA HOUSING CORPORATION** or its successor and assigns on or before the above stated Maturity Date the principal sum of [REDACTED] and 00/100 DOLLARS (\$ [REDACTED]). Borrower has executed this Neighborhood Landlord Rental Program Permanent Loan Promissory Note (the “**NLRP Note**”) that is to be repaid and may be accelerated under the terms and provisions of the NLRP Permanent Loan Agreement.

**1. Defined Terms.** In addition to the defined terms found elsewhere in this NLRP Note, as used herein, the following definitions shall apply. Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the NLRP Permanent Loan Agreement or the NLRP Mortgage.

(a) **Affordability Period:** Five years from the initial lease up of an eligible tenant and the continued leasing to an eligible tenant.

(b) **Approved Budget:** The budget attached as Attachment B to the NLRP Regulatory Agreement for the construction or renovation of residential rental units in a Qualified Project.

(c) **AMI:** Area median income.

(d) **Closing:** The date all NLRP Permanent Loan Documents are executed and a title policy with appropriate endorsements are released to the LHC.

(e) **Construction Lender:** [REDACTED].

(f) **Construction Note:** The promissory note executed by the Borrower to the Construction Lender that is paid and discharged with the proceeds of this NLRP Note.

(g) **Construction Loan Pay-off Date:** The date that the Construction Note Lender is paid and discharged with the proceeds of this NLRP Note from the Permanent Lender.

(h) **Default Rate:** A rate equal to the lesser of twelve percent (12%) or the maximum interest rate which may be collected from Borrower under applicable law.

(i) **Income Restricted:** A residential housing unit that is rented only to Qualified Households described in the NLRP Permanent Loan Agreement.

(j) **Permanent Lender:** The Louisiana Housing Corporation.

(k) **Permanent Loan Interest Rate:** The annual rate of zero percent 0.00%).

(l) **Permanent Loan Term:** The period beginning on the Construction Loan Pay-off Date and ending on the Maturity Date.

(m) **Qualified Household:** A household as defined in the NLRP Permanent Loan Agreement that occupies a residential housing unit within a Qualified Project.

(n) **Qualified Project:** The project described in the NLRP Permanent Loan Agreement.

(o) **Rent Restricted:** The maximum Affordable Rents (as defined in the NLRP Permanent Loan Agreement) that may be paid by a Qualified Household during the Affordability Period.

(p) **NLRP Permanent Loan Agreement:** The NLRP Permanent Loan Agreement dated as of [REDACTED], 2018 by and between the Borrower and the Louisiana Housing Corporation as Permanent Lender.

(q) **NLRP Permanent Loan Documents:** The NLRP Permanent Loan Agreement, this NLRP Note, the NLRP Guaranty by Applicant and Principals, and the NLRP Mortgage.

(r) **NLRP Mortgage:** The NLRP Program Mortgage, Pledge of Leases and Rents and Security Agreement dated as of [REDACTED], 2018 by the Borrower in favor of the LHC.

(s) **Take-out Commitment:** The guaranty to the Construction Lender by the Permanent Lender to pay the Construction Lender all Advances plus accrued and unpaid interest on the Advances up to but not including the Construction Loan Pay-off Date.

(t) **Take-out Commitment Agreement:** The Take-out Commitment Agreement dated as of [REDACTED], 2018 by and among the Borrower, Construction Lender, and the LHC.

2. **Address for Payment.** During the Construction Loan Term, all payments due under this NLRP Note shall be payable at the offices of the Construction Lender as follows:

[Name and Payment Address of Construction Lender]

On and after the Pay-off Date, all payments due under this NLRP Note shall be payable at the offices of the Permanent Lender as follows

Louisiana Housing Corporation  
NLRP Loan # [REDACTED],  
Attention: Chief Financial Officer  
2415 Quail Drive, Baton Rouge, Louisiana 70808

**3. Payment of Principal Balance Prior to Maturity Date.** Prior to the Maturity Date, payments of the Principal Balance on this NLRP Note shall be paid in full if the Property fails to be continuously maintained as a Qualified Project during the Affordability Period and a default is declared by the Permanent Lender that results in an acceleration of this NLRP Note.

**4. Reduction of Principal Balance Upon Expiration of the Affordability Period.** Provided that the Borrower operates the Property described in the NLRP Mortgage as a Qualified Project for the full duration of the Affordability Period, the Permanent Lender shall reduce the Principal Balance of this NLRP Note to zero dollars (\$0.00).

**5. Application of Payments.** If at any time a Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

**6. Security.** The indebtedness of this NLRP Note is also evidenced by the NLRP Permanent Loan Agreement and secured, among other things, by the NLRP Mortgage, and reference is made to the NLRP Mortgage for other rights of a Lender concerning the collateral for the Indebtedness.

**7. Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest and all other amounts payable under this NLRP Note and any other NLRP Loan Document shall at once become due and payable, at the option of the Construction Lender during the Construction Loan Term and at the option of the Permanent Lender on and after the Construction Loan Pay-off Date, without any prior notice to Borrower. A Lender may exercise this option to accelerate regardless of any prior forbearance.

**8. Prepayments.** Borrower may prepay this NLRP Note in whole or in part with or without notice to a Lender and without prepayment penalty.

**9. Costs and Expenses.** Borrower shall pay on demand all expenses and costs, including fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by a Lender as a result of any default under this NLRP Note or in connection with efforts to collect any amount due under this NLRP Note, or to enforce the provisions of any of the other NLRP Permanent Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

**10. Forbearance.** Any forbearance by a Lender in exercising any right or remedy under this NLRP Note, the NLRP Mortgage, or any other NLRP Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by a Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this NLRP Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.



**11. Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness are waived by Borrower and all endorsers and guarantors of this NLRP Note and all other third party obligors.

**12. Commercial Purpose.** Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

**13. Counting of Days.** Except where otherwise specifically provided, any reference in this NLRP Note to a period of “days” means calendar days, not Business Days.

**14. Governing Law.** This NLRP Note shall be governed by the law of the East Baton Rouge Parish.

**15. Captions.** The captions of the paragraphs of this NLRP Note are for convenience only and shall be disregarded in construing this NLRP Note.

**16. Notices.** All notices, demands and other communications required or permitted to be given by Permanent Lender to Borrower pursuant to this NLRP Note shall be given as follows:

**To the Borrower:**

**Attention:**

**To the Permanent Lender:**

Louisiana Housing Corporation  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Attention:

**17. Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this NLRP Note shall be litigated exclusively in the Courts of East Baton Rouge Parish. The state and federal courts and authorities with jurisdiction in the East Baton Rouge Parish shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this NLRP Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOW]

**IN WITNESS WHEREOF**, Borrower has signed and delivered this NLRP Note or has caused this NLRP Note to be signed and delivered by its duly authorized representative.

**[BORROWER]**

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

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

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

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