

NEIGHBORHOOD LANDLORD RENTAL 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 Neighborhood Landlord Rental Program (“**NLRP Initiative**”) to provide assistance to approved applicants (“**Borrower**” or “**Applicant**”) who agree to construct new residential rental housing units (“**New Units**”) or to 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 agreed to construct New Units or to 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 a guaranteed pay-off of the Construction Loan to the Construction Lender following completion of construction or renovation of a Qualified Project within a budget (“**Approved Budget**”) of the construction and soft costs approved by the LHC; and

WHEREAS, all advances by the Construction Lender on the Construction Loan will be paid by the LHC to a specified date (“**Construction Loan Pay-off Date**”) provided that the Borrower has executed (i) the NLRP Loan Agreement, (ii) the NLRP Note, (iii) the NLRP Mortgage, the NLRP Regulatory Agreement, and (iv) the NLRP Guaranty (collectively, the “**NLRP Legal Documents**”) 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 first occupied by Qualified Households or (ii) a date prior to the date of initial occupancy of the Qualified Project if the NLRP Mortgage will be in the first superior lien position following such payment; and

WHEREAS, the LHC has a minimum of \$43 million of Community Development Block Grant Funds (“**CDBG Funds**”) made available to the LHC by OCD for the NLRP Initiative; and

WHEREAS, the Borrower will deliver to the Construction Lender a construction note in a principal amount not to exceed the Lender Construction Loan evidencing the Borrower’s obligation to repay the Construction Loan and which will constitute the maximum amount of the LHC Take-out Commitment; 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 through the Construction Loan Pay-off Date based upon the financial information and other materials submitted by the Borrower and approved by the Construction Lender and the 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, the 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 [redacted], 2018 (“**Take-out Commitment**”) to pay-off the Construction Loan bearing an interest rate per annum and to extend credit to the Borrower in the amount of \$ [redacted] based upon the terms and conditions set forth herein. By signing and returning this Take-out Commitment, your acceptance will be effective upon our receipt of the executed Take-out Commitment by the Borrower and the Construction Lender.

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

- Borrower: The Borrower will be [redacted]
- Project Address: The Unit Addresses specified above.
- Project Description: [redacted] the (“**Project**”) will consist of the substantial rehabilitation of [redacted] housing units located in the Parish of East Baton Rouge, Louisiana, LA. The land and all improvements thereto are herein referred to collectively as the “**Property**”.
- Construction Loan Amount and Interest Rate: The Construction Lender will be in an amount not to exceed \$ [redacted] and will bear interest at [redacted] percent ([redacted] %) per annum.

Construction Loan Pay-off Date: The earlier of (i) the date all residential rental units in the Qualified Project are first occupied by Qualified Households or (ii) a date prior to the date of initial occupancy of the Qualified Project if the NLRP Mortgage will be in the first superior lien position following such payment

Permanent Loan Terms: The Permanent Loan will not exceed advances under the Construction Loan, will not amortize and will be deemed paid in full on a date that is five (5) years from the Construction Loan Pay-off Date of the Construction Loan and an eligible tenant has occupied during the time frame; provided that the Borrower has not defaulted under the NLRP Regulatory Agreement.

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

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

Other Project Documents: The LHC will require certificates of substantial completion and Certificates of Occupancy if the NLRP 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 the LHC.

Accepted:

[CONSTRUCTION LENDER]

By: _____
Name: _____
Title: _____

[BORROWER]

By: _____
Name: _____
Title: _____

LOUISIANA HOUSING CORPORATION

By: _____
Name: Edselle Keith Cunningham, Jr.
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	
TOTAL	

(C) Related Soft Costs

DESCRIPTION	COST
Construction Cost per Construction Contract	
Architectural Fee	
Survey & Engineering	
Construction Lender Financing Costs / Loan Fees	
Interest During Construction	
Closing Costs & Legal Fees	
Construction Monitoring Fee	
Contingency for Qualified Project	
TOTAL	

(D) TOTAL

TOTAL of (A) (B) and (C)	\$40,000
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(1) Construction Contract with dated N/A for \$