

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

**MULTIFAMILY RESTORATION LOAN
REGULATORY AGREEMENT
OF THE
LOUISIANA HOUSING CORPORATION**

**UNITED STATES OF AMERICA
STATE OF LOUISIANA**

BE IT KNOWN, that on the dates set forth below, but effective for all purposes as of _____, 201_, (the “**Effective Date**”), before the undersigned notaries, duly commissioned and qualified in and for the Parish and State set forth below, and in the presence of the undersigned witnesses, personally came and appeared:

_____, a Louisiana _____, the owner (the “**Owner**”) of the herein defined Project; and

The Louisiana Housing Corporation, (“**LHC**”, which shall, in every instance, include LHC’s successors and assigns);

PRELIMINARY RECITALS:

A. **WHEREAS**, the State of Louisiana, Division of Administration, Office of Community Development (“**OCD**”) is providing funds from the United States of America, HUD Community Development Block Grant (“**CDBG**”) Program to the Borrower through the LHC in accordance with the CDBG Action Plan known as “Master Action Plan For The Utilization Of Community Development Block Grant Funds In Response To The Great Floods Of 2016” as amended (the “**Action Plan**”); and

B. **WHEREAS**, pursuant to the Action Plan, the Multifamily Restoration Loan Funding Program (the “**MRLF Program**”) is to be administered by the LHC on behalf of OCD; and

C. **WHEREAS**, LHC has adopted certain Application and Program Implementation Guidelines dated May __, 2017 (the “**MRLF Program Guidelines**”), describing the requirements of the MRLF Program

D. **WHEREAS**, the primary objectives of MRLF Program are as follows:

- For Existing Multifamily Housing with Existing Affordability Commitments: MRLF Program’s objective is to finance the rehabilitation of flood-impacted multifamily housing units in developments located within FEMA Disaster-Declared Parishes and HUD Designated Most Impacted Parishes.

- For Existing Non-Affordable Housing Without an Existing Affordability Commitment: MRLF Program’s objectives are as follows:

- a. to finance the rehabilitation of flood-impacted multifamily housing units in developments located within FEMA Disaster-Declared Parishes and HUD Designated Most Impacted Parishes;

- b. to ensure physical and economic viability of such developments throughout a period to be required by a new Restoration Affordability Commitment; and

- c. to increase Affordable Housing Units within the FEMA Disaster-Declared Parishes and HUD Designated Most Impacted Parishes; and

E. **WHEREAS**, Borrower submitted an application to LHC, and pursuant to the Borrower’s completed printed application, and all written responses to any requests for clarification or requests for additional information, and all written attachments, addenda, and amendments pertaining thereto (collectively, the “**Application**”), LHC agreed to make an award (“**Award**”) described and in accordance with the terms and conditions of the letter dated _____, 201_, for the project described therein; and

F. **WHEREAS**, LHC has agreed to provide to Borrower a loan of \$ _____ (“**Loan**”) for the development, rehabilitation, replacement, and/or restoration of a ___ unit multifamily residential rental project (the “**Project**”) located on certain immovable property in _____ Parish, Louisiana, as more fully described on **Exhibit A - Property Description** attached hereto (the “**Land**”); and

G. **WHEREAS**, in order to secure the Loan and all of Borrower’s and all of Guarantor’s obligations to LHC under the MRLF Legal Documents (defined below), the parties have entered into a certain MRLF Mortgage, Pledge of Leases and Rents and Security Agreement (the “**MRLF Mortgage**”) securing the collateral described therein (the “**MRLF Mortgaged Property**”); and

H. **WHEREAS**, the Borrower has agreed to certain commitments regarding number of affordable units, affordability levels, and Market Rate Units; and

I. **WHEREAS**, to insure that the Qualified Project will be rehabilitated, used and operated in accordance with the MRLF Program Guidelines, the Borrower and LHC have agreed to enter into this Multifamily Restoration Loan Regulatory Agreement (this “**Agreement**”).

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, LHC and the Borrower hereby contract and agree as follows:

SECTION 1 DEFINITIONS

1.1 **Definitions and Interpretations.** Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for purposes of this Agreement. Capitalized terms appearing herein but not defined in this Agreement have the meanings assigned to them in the MRLF Loan Agreement.

(a) **Affiliate:** with respect to any entity, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which has a Controlling Interest in, such entity.

(b) **Affordability Commitment:** An agreement as to residential rental units in an Qualified Project being Income Restricted and Rent Restricted which is or may be recorded as a covenant running with the land that is enforceable against the property owner and all successors and assigns for a period of at least five (5) years from Closing and which is superior to all debt as a condition of an Award.

(c) **Affordable:** The rent charged plus tenant paid utilities are at or below 30% of the applicable Imputed Income Limit, based on the bedroom size of the Qualified Unit.

(d) **Affordable Rent:** The maximum rent for the applicable Income Limit(s) for each Qualified Unit by bedroom size published by LHC by parish location for each Qualified Project but reduced by the Utility Allowance for each Qualified Unit.

(e) **AMI:** The Area Median Income published annually by HUD as adjusted by household size.

(f) **Borrower:** The Owner specified above.

(g) **Business Day:** Any day other than a Saturday, Sunday or any other day on which LHC is not open for business.

(h) **Closing:** The date on which (i) all MRLF Program Legal Documents are executed and (ii) a title policy with appropriate endorsements is released to the LHC.

(i) **Completion Date:** The earliest date following Closing on which each Qualified Unit within the Project (excluding any Market Rate Units) shall have been initially occupied for a lease term of not less than twelve months.

(j) **Compliance Period:** For properties with Existing Affordability Commitments, the remaining duration of time over which the Existing Affordability Commitment occurs but not less than five (5) years from Closing; for Existing Non-Affordable Housing, a period of twenty (20) years commencing with the date of Closing.

(k) **Construction Contract:** A contract with a Louisiana licensed contractor to complete rehabilitation or construction of an Qualified Project.

(l) **“Controlled by”, “under common control with”, or “Controlling Interest”:** (i) the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of a company (or other entity) and includes the definition of “control” in 24 CFR 401.310(a)(2); or (ii) the power to vote, directly or

indirectly, 25 percent or more of any class of the voting stock of a company; or (iii) the ability to direct in any manner the election of a majority of a company (or other entity's) directors, trustees or members; or (iv) the ability to exercise a controlling influence over the company or entity's management and policies. For purposes of this definition, a general partner of a limited partnership is presumed to be in control of that partnership, and a managing member of a limited liability company is presumed to be in control of that limited liability company.

(m) **Existing Affordability Commitment:** Any enforceable Affordability Commitment which was entered into prior to 2017 by and between the Eligible Applicant and a governmental entity that remains in effect as of the date an Application is submitted and with respect to which at least fifty-one percent (51%) of the residential rental units are Rent Restricted and Income Restricted for the Compliance Period.

(n) **Existing Affordable Housing:** Any otherwise qualifying project which at the time of Application is subject to an Existing Affordability Commitment.

(o) **Existing Non-Affordable Housing:** Any otherwise qualifying project which does have an Existing Affordability Commitment in place, but which would enter into a Restoration Affordability Commitment as a condition of an Award of MRLF Program Funds.

(p) **FEMA Disaster-Declared Parishes:** The following forty-one (41) parishes affected by DR-4263 or DR-4277 floods in which FEMA Individual Assistance was available, which are not otherwise defined as HUD Designated Most Impacted: Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Catahoula, Claiborne, DeSoto, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Helena, St. James, St. Landry, St. Martin, Union, Vernon, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn.

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

(r) **Gross Potential Rent:** The maximum amount of money a property would generate if such property was 100% occupied and every residential rental paid the scheduled rent on time and in full.

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

(t) **Identity of Interest:** an identity of interest relationship exists if any officer, director, board member, or authorized agent of any Project team member (consultant, general contractor, supplier, vendor, vendee, attorney, management agent, seller of the land, etc.): (i) is also an officer, director, board member or authorized agent of any other Project team member; (ii) has any control over or any financial interest in any other Project team member's firm or corporation; (iii) is a business partner of an officer, director, board member, or authorized agent of any other Project team member; (iv) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any Project team member; or (v) advances any funds or items of value to the Borrower.

(u) **Imputed Income Limit:** Each bedroom is assumed to be occupied by a household at Income Limits specified in the Affordability Commitment with not more than 1.5 persons occupying each bedroom. Efficiencies are assumed to be occupied by one person.

(v) **Income Limit:** The maximum household income for a tenant occupying a Qualified Unit to be a Qualified Household.

(w) **Income Restricted:** Residential rental units reserved for occupancy for the duration of the Compliance Period by households with household incomes at or below 80% AMI at initial occupancy.

(x) **Qualified Projects:** Properties which (i) are located in a Special Flood Hazard Area and which did not carry flood insurance, (ii) are not structured as a single asset entity, (iii) have fewer than 20 units, (iv) are not located in either a FEMA Disaster-Declared Parish or a HUD Designated Most Impacted Parish, or (v) did not incur damage as a result of the Great Floods of 2016.

(y) **Lender:** the LHC as the holder of the MLRF Note.

(z) **Loan:** the loan made to Borrower by LHC pursuant to this Agreement.

(aa) **Market Rate Unit:** a residential rental unit that is neither Rent Restricted nor Income Restricted.

(bb) **Market Rent:** The amount of money that a given residential rental unit would command if it were open for leasing without any Affordability Commitment; provided that the Market Rents may not exceed the rent charged for the unit in Existing Non-Affordable Housing as reflected in an Qualified Project's financials prior to calendar year 2016.

(cc) **MRLF Program Legal Documents:** the MRLF Program Legal Documents posted to the LHC's website and consist of the following documents:

- (i) MRLF Loan Agreement
- (ii) MRLF Program Note
- (iii) MRLF Program Mortgage
- (iv) MRLF Regulatory Agreement
- (v) MRLF Intercreditor and Subordination Agreement

(dd) **MRLF Regulatory Agreement:** this regulatory agreement executed by Borrower in favor of LHC that shall run with the land and shall contain the applicable terms, conditions, restrictions and regulations agreed to in the Application and as required by the MRLF Program.

(ee) **MRLF Mortgage:** the Mortgage, Pledge of Leases and Rents, and Security Agreement, which shall (a) constitute a subordinate lien upon the Project, and (b) constitute a subordinate lien upon and security interest in all fixtures and movable property relating to or located in the Project, and (c) secures all of Borrower's obligations to LHC under the MRLF Legal Documents.

(ff) **MRLF Note:** the Promissory Note by Borrower payable to LHC evidencing the Loan.

(gg) **Non-Operating Expenses:** all expenses and costs of the Borrower other than Operating Expenses. Non-Operating Expenses may not be paid from the operating account until the Annual Installment has been calculated. Non-Operating Expenses shall include, without limitation: any and all costs of developing the project, payment of deferred developer fee, asset management fees and investor service fees, tax credit adjusters, income taxes of the Borrower, distributions to persons or entities having an ownership interest in the Borrower, deposits to reserve accounts and escrow accounts (other than deposits specifically approved in advance, in writing by LHC), Business travel expenses other than for front-line staff of the Project, payments on any loans other than the Senior Loan, payments to the

management agent or any Affiliate (other than the property management fee and other payments specifically approved in advance, in writing by LHC), and payments to the Borrower or any Affiliate (other than payment specifically approved in advance, in writing by LHC; payments to, or on behalf of, any other project, and advances or loans of any sort).

(hh) **Operating Deficit Guaranty:** any guaranty from the Guarantor covering operating deficits of Borrower and as may be set forth in an Operating Deficit and Completion Guaranty executed by Borrower and Guarantor in favor of Lender.

(ii) **Operating Expenses:** all cash costs and cash expenses of every kind and character which the Borrower incurs in connection with the operation of the Project (excluding principal and interest due and payable under the Loan and those expenses previously accrued, but including capital expenditures other than those paid for out of replacement reserves), and amounts required by LHC to be allocated to any reserve account, and all operating expenses that must be accrued monthly (including property taxes and insurance premiums based upon the completed Project full assessed value). For the purposes of calculating Operating Expenses the following principles shall apply:

- (i) Depreciation and amortization shall not be included
- (ii) Replacement reserve deposits shall be included
- (iii) Deposits to other reserves shall be included to the extent that LHC has provided its prior written consent as to the amount and use of such reserves (as further detailed herein)
- (iv) All capital expenditures shall be included (without regard to source of funding), except to the extent that such amounts were withdrawn from a reserve, in which case such withdrawn amounts shall be included as cash in the computation of Surplus Cash
- (v) Deposits to escrow accounts for the purposes of paying taxes and insurance premiums shall be included
- (vi) Casualty proceeds, to the extent that they are used to pay actual costs related to repairs or replacements due to a casualty, shall be included; however, any proceeds received for casualties shall be included as cash in the computation of Surplus Cash
- (vii) The property management fee in an amount not to exceed six percent (6%) of the effective gross income of the Project shall be an Operating Expense.
- (viii) All of the following are Operating Expenses:
 - (A) Administrative Expenses, Utility Expenses, Operational and Maintenance Expenses, and Taxes and Insurance Expenses that are reasonable and necessary in order to operate the Project.
 - (B) Deposits to any tax escrow or insurance escrow required by the Senior Lender, provided such deposits do not accrue more than one year of estimated tax or insurance costs.
 - (C) Deposits required by Lender to the Reserve for Replacements.
 - (D) Capital expenditures.

(E) Debt service on the Senior Loan.

(F) Construction loan interest and bridge loan interest, incurred after the effective date of the cost certification submitted for Lender's subsidy layering review.

(jj) **Organizational Documents:** the documents required or existing setting forth the organization and operation of the Borrower.

(kk) **Plans and Specifications:** The plans and specifications for the construction and/or rehabilitation of the Project as reviewed and approved by LHC and all amendments and modifications as approved by LHC.

(ll) **Qualified Household:** A tenant household in which the household income at initial occupancy of a Qualified Unit does not exceed the lower of 80% of AMI published by HUD as adjusted by family size or such lower amount for Set-aside Units as provided for in the Application.

(mm) **Qualified Project:** An existing multifamily housing development (i) which is not an Ineligible Project, (ii) which is located in one of the FEMA Disaster Declared Parishes or one of the HUD Designated Most Impacted Parishes, (iii) which contains at least 20 units, and (iv) in which at least one multifamily unit was rendered uninhabitable by the Great Floods of 2016.

(nn) **Qualified Unit:** A residential rental unit in an Qualified Project that is Income Restricted and Rent Restricted.

(oo) **Rent Restricted:** Residential rental subject to rents that are Affordable to Qualified Households.

(pp) **Restoration Affordability Commitment:** The requirement specified in MRLF Program Legal Documents that a specified number of units in Existing Non-Affordable Housing to become Affordable following an Award by requiring such units to be Income Restricted and Rent Restricted. Affordability will be achieved by requiring rents on such units to be reduced to the lesser of (a) 30% of 80% of the applicable Imputed Income Limit or (b) a rent which is affordable to households at ten percent below the AMI equivalent of the Market Rent for that unit.

(qq) **Senior Mortgage:** The Mortgage, Security Agreement, and Pledge of Leases and Rents securing the Senior Loan in favor of the Senior Lender.

(rr) **Senior Loan:** The loan which is secured by a Senior Mortgage.

(ss) **Senior Loan Documents:** any and all documents evidencing, securing or describing the Senior Loan.

(tt) **Set-aside Units:** Specified number of set aside units in an Qualified Project to be occupied initially by Qualified Households with lower household incomes.

(uu) **Special Flood Hazard Area:** Flood hazard areas identified on the Flood Insurance Rate Map labeled as Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30.

(vv) **State:** the State of Louisiana.

(ww) **Surplus Cash:** any cash (excluding tenant security deposits) remaining at the end of each fiscal year of the Borrower after: (A) payment of all Operating Expenses for the Project for such fiscal year; and (B) payment of all sums due or currently required to be paid under the terms of any Senior Loan. Surplus Cash will be computed by the Borrower's accountant (or such other representative of Borrower tasked with such computation), generally in accordance with HUD's requirements for calculating Surplus Cash in HUD's multifamily programs. The accountant's computation of Surplus Cash shall be included in the annual audited financial statements of the Project and will be subject to LHC's review and concurrence. Operating deficit loans/advances made to the Borrower shall not be eligible for repayment from operating funds of the Project, but may (at the option of the Borrower) be repaid from any portion of Surplus Cash that has been earned and received by the Borrower, but only after all required payments to LHC have been made. Repayment of all other voluntary operating deficit loans/advances shall not be considered as Operating Expenses for the purpose of calculating Surplus Cash unless Borrower shall have received approval from LHC of (1) the amount and terms of the voluntary operating deficit loan/advance prior to the time made, and (2) treatment of the repayment of voluntary operating deficit loan/advance as Operating Expenses for the purpose of calculating Surplus Cash.

(xx) **Total Permitted Costs:** the total costs to develop and construct the Project, including without limitation hard and soft costs, and developer fees, as set forth on Exhibit C - Total Permitted Costs attached hereto, as modified and amended from time to time with the consent of the Investor and LHC as described below:

(i) For Existing Affordable Housing: Costs include only the only costs to rehab and restore flood-impacted units, and certain soft costs.

(ii) For Existing Non-Affordable Housing: Costs include the costs to rehabilitate and restore flood-impacted units, other immediate physical needs, pay down of the 1st mortgage, fund reserves, third-party costs, and Developer Fee.

(yy) **Utility Allowance:** the estimated monthly tenant-paid utilities associated with a Contract Unit, established in accordance with applicable requirements of LHC.

SECTION 2 REPRESENTATIONS, COVENANTS AND COMMITMENTS

2.1 **Qualified Project.** LHC and the Borrower hereby declare their understanding and intent that the Qualified Project is to be rehabilitated, owned, managed and operated according to the terms and conditions of the MRLF Program, this Agreement and the MRLF Program Legal Documents, as applicable. To that end, the Borrower hereby represents, covenants, commits and agrees as follows:

(a) The Borrower will complete the renovation or rehabilitation of the Qualified Project in accordance with the Plans and Specifications and the Construction Contract consistent with the information contained in the Application, including any and all supplements, amendment, conditions and deletions thereto or therefrom. Not in limitation of the foregoing, Borrower will, pursuant to the Construction Contract, commence renovation or rehabilitation of the Qualified Project not later than _____ (__) days from the date hereof and will complete the renovation or rehabilitation of the Qualified Project within _____ (__) months (the estimated construction period contained in the Construction Contract following the actual construction start date.

(b) The Qualified Project consists of an (Existing Affordable Housing/Existing Non-Affordable Housing) to be renovated and rehabilitated and to operate on the Land.

(c) The renovation and rehabilitation of the Qualified Project will be completed in accordance with the Application and the Construction Contract, and all Qualified Units in the Qualified Project will be available for initial occupancy in the timeframe indicated in the Application.

(d) The Qualified Project, when completed, will be in good and habitable condition.

(e) When the Qualified Project is completed, there will be no defects or deficiencies in the Qualified Project other than normal and customary punch list items or incomplete work awaiting seasonal opportunity.

(f) All labor and material bills of every kind and character incurred by the Borrower in connection with the construction, equipping and completion of the Qualified Project will be paid in accordance with the payment provisions of each contract.

(g) The Qualified Project will be renovated or rehabilitated in all material respects in accordance with applicable zoning, building, housing and other codes, ordinances and regulations.

(h) All required certificates of occupancy will be issued by the applicable governmental authority and copies of such occupancy certificates will be provided to LHC.

(i) Borrower will provide final lien waivers in form and substance reasonably acceptable to LHC from the general contractor and all major subcontractors, and the lien periods provided by applicable law will expire, with no liens being filed against the Qualified Project.

(j) The Borrower, its successors or assigns, shall own, manage, and operate the Qualified Project exclusively as multifamily residential rental housing.

(k) The representations, warranties, covenants and commitments under this Agreement, are in effect for a period of not less than the Compliance Period from the Effective Date, unless this Agreement is earlier terminated by LHC.

2.2 Certain Borrower Commitments and Agreements. At all times during the Compliance Period, Borrower shall cause the Qualified Project to comply with the following commitments as covenants running with the land under Louisiana law so that the Qualified Project shall continuously contain the number of Qualified Units at Income Limits based on Area Median Income levels by household size for bedroom unit size specified below:

| Unit Type | 20% AMI | 30% AMI | 40% AMI | 50% AMI | 60% AMI | 80% AMI | 120% AMI | Market Rate Unit | Total Units |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-------------------------|--------------------|
| 0 BR | | | | | | | | | |
| 1 BR | | | | | | | | | |
| 2 BR | | | | | | | | | |
| 3 BR | | | | | | | | | |
| 4 BR | | | | | | | | | |
| Total | | | | | | | | | |

2.3 Prohibited Conversion. During the term hereof, the Borrower will not convert the Qualified Project to condominium or co-operative Ownership.

2.4 **Prohibited Discrimination.** Borrower shall not, on the grounds of race, color, religion, national origin, ethnicity, familial status, disability, or gender, exclude any person from participation in, or deny any person the benefits of, or subject any person to discrimination with respect to, any part of the Qualified Project. Borrower shall at all times comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d, et seq.) and implementing regulations in 24 CFR Part 1. Borrower shall also not discriminate on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §6101, et seq.) and the implementing regulations contained in 24 CFR Part 146, or on the basis of disability as provided in Section 504 of the Rehabilitation Act of 1973, and the implementing regulations contained in 24 CFR Part 8. Borrower shall comply with all state and local statutes, regulations and ordinances prohibiting discrimination.

2.5 **Inappropriate Advertising.** The Borrower will immediately withdraw from circulation any advertisement determined by LHC to violate or be inconsistent with its policies, with respect to promoting rental housing for persons and families of very low-income, and Borrower hereby consents to the remedy of specific performance.

2.6 **Rent Controls.** Rent controls shall not be allowed on any unit in the Qualified Project except as required by this Agreement and in conjunction with the issuance of tax-exempt bonds or federal low-income housing tax credits, if any.

2.7 **Run with the Land or Leasehold Interest.** The Borrower hereby subjects the Qualified Project to the covenants, reservations and restrictions set forth in this Agreement, including any Special Conditions specified herein. LHC and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land (or if Borrower's interest is as lessee pursuant to a long term lease, with its leasehold interest) to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Qualified Project throughout the term of this Agreement. Each and every contract, deed, mortgage or other instrument hereafter executed affecting or conveying the Qualified Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

2.8 **Compliance with Laws.** The Borrower and its successors in interest shall at all times abide by and operate the Qualified Project in conformity with all (a) federal, state, parish and municipal laws, codes, ordinances, rules and regulations applicable to the Qualified Project, whether presently existing or hereafter promulgated, including, without limitation, all environmental laws, building codes, land use, zoning codes, and other laws, orders, rules, regulations referenced below (b) all MRLF Program requirements, HUD regulations and the provisions of 24 CFR Part 570, as amended from time to time, and (c) all federal regulations and policies issued pursuant to these regulations. Borrower and its successors in interest shall comply with the Fair Housing Act (42 U.S.C. §§3601-3620) and Executive Order 11063, as amended by Executive Order 12259 (Equal Opportunity in Housing) and implementing regulations in 24 CFR Part 107 and keep all records demonstrating compliance with the foregoing. The Qualified Project shall be accessible to and usable by individuals with handicaps, in compliance with the Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157), the Uniform Federal Accessibility Standards, as set forth in 24 CFR Section 570.614, and the Americans with Disabilities Act of 1990. Borrower and its successors in interest shall comply with Section 504 of the Rehabilitation Act of 1973, and the implementing regulations contained in 24 CFR Part 8. Borrower and its successors in interest shall comply with 24 CFR Section 570.606 and shall keep all records demonstrating compliance with these requirements including, but not limited to, those records required in 24 CFR Section 570.506. Borrower and its successors in interest shall comply with applicable requirements of the Uniform

Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended (49 CFR Part 24) and Section 104(d) of the Housing and Community Project Act of 1974 as amended. These requirements are explained in HUD Handbook 1378 and specify the procedures for the acquisition of property and the treatment of tenants located in the Qualified Project. To the extent applicable, Borrower and its successors in interest shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the Qualified Project. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty (50) years old or older or that are included on a Federal, State, or local historic property list. For existing properties built prior to 1978, Borrower and its successors in interest shall not use lead-based paint in the Qualified Project and shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §4831(b)), and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§4851-4856) and implementing regulations at 24 CFR Part 35. Borrower and its successors in interest shall maintain records demonstrating compliance with the foregoing lead based paint requirements. To the extent that lead-based paint is located in any existing buildings at the Qualified Project, Borrower shall provide LHC with a plan for handling such lead-based paint in a safe manner, and in accordance with the foregoing regulations, and comply with the plan during any construction at the Qualified Project. Borrower and its successors in interest shall comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §§3701 to 3708), as supplemented by the Department of Labor regulations contained in 29 CFR Part 5. Borrower and its successors in interest shall comply with the Copeland “Anti-Kickback” Act (18 U.S.C. §874) as supplemented by the Department of Labor regulations contained in 29 CFR Part 3. Borrower and its successors in interest shall comply with 24 CFR Section 570.603, and the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. §3141 et seq.) as it applies to any construction work financed in whole or in part with CDBG funds. All contracts and subcontracts for construction shall include a provision for compliance with the Davis-Bacon Act and supporting Department of Labor regulations. Borrower and its successors interest shall maintain documentation and records which demonstrates compliance with hour and wage requirements, including contract provisions and payroll records. Borrower and its successors in interest shall comply with 24 CFR Section 570.607, Executive Order 11246, as amended by E.O. 11375, and the implementing regulations in 41 CFR Part 60. Borrower and its successors in interest shall comply with the provisions of Section 3 of the Housing and Urban Project Act of 1968 (12 U.S.C. §1701u) and implementing regulations contained in 24 CFR Part 135 regarding economic opportunities for low and very low income persons. Borrower and its successors in interest shall also keep records demonstrating compliance with the foregoing regulations, including without limitation the provisions of 24 CFR Section 570.506(g)(5).

2.9 **Burden and Benefit.** LHC and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land and, if appropriate, Borrower's leasehold interest, in that the Borrower's legal interest in the Qualified Project is rendered less valuable thereby. LHC and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land, or, if appropriate, the leasehold interest, by enhancing and increasing the enjoyment and use of the Qualified Project by Qualified Households during the Compliance Period, the intended beneficiaries of such covenants, reservations an restrictions, and by furthering the public purposes for which the MRLF Program financing was made by LHC.

SECTION 3 IDENTITY OF INTEREST RELATIONSHIPS

3.1 **Restrictions on Identity of Interest Relationships.** Borrower hereby acknowledges that in order to comply with the MRLF Program and LHC's rules and regulations under the MRLF Loan

Agreement, it must and does hereby covenant and agree that Borrower shall notify LHC in writing prior to contracting with any Identity of Interest entity, and Borrower must include in its audited annual financial statements a disclosure of all amounts paid to Identity of Interest entities. In addition, LHC will have the right, in its sole but reasonable discretion, during the term hereof, to require the cancellation of any contract between the Borrower and any Identity of Interest entity, and all Identity of Interest contracts must permit such cancellation. If LHC approves any existing contract that does not provide for subsequent cancellation, Borrower agrees, upon LHC's request, to cause the contract to be modified to provide for cancellation.

SECTION 4 INDEMNIFICATION

4.1 **Indemnification.** The Borrower hereby covenants and agrees that it shall indemnify, hold harmless and defend LHC and its directors, officers, members, officials, employees and agents from and against (a) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the MRLF Loan Documents and/or the Qualified Project, or arising out of the construction, operation and/or management of the Qualified Project or the granting of the Loan to the Borrower; and (b) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon as such fees, costs, expenses or liabilities become due. In the event that any action or proceeding is brought against LHC, or any of its directors, officers, members, officials, employees, or agents with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. This provision shall survive the termination of this Agreement. The indemnified party shall have the right to participate in the investigation and defense thereof and may employ separate counsel with or without the approval and consent of the Borrower.

SECTION 5 CONSIDERATION

5.1 **Consideration.** In addition to other purposes, LHC has authorized and made the Loan to the Borrower to be used to finance the Qualified Project as an inducement to the Borrower to operate the Qualified Project as set forth in this Agreement. In consideration of the issuance of the Loan by LHC for the foregoing purposes, LHC and the Borrower have entered into this Agreement.

SECTION 6 RELIANCE

6.1 **Reliance.** In performing its duties hereunder, LHC may rely upon statements and certificates of the Borrower and tenants of the Qualified Project believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Qualified Project. In addition, LHC may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by LHC in good faith and in conformity with the opinion of such counsel.

SECTION 7 SALE, TRANSFER OR OTHER CONVEYANCE OF INTEREST IN THE BORROWER OR OF THE QUALIFIED PROJECT

7.1 **Sale, Transfer or Other Conveyance of Interests in the Borrower.**

(a) Any material change (which includes an addition, removal or withdrawal or substitution of a general partner of a partnership or a managing member of a limited liability company) in the Ownership structure of the Borrower shall require prior approval of LHC. Changes to individual membership interests shall not require prior approval; however, the Borrower shall provide LHC with notice of any such change in a majority of the membership interests.

(b) Notwithstanding the foregoing to the contrary, provided that Borrower delivers notice to LHC of any such change, and that any entity replacing the general partner of the Borrower is under direct or indirect common control or management of, or has a Controlling Interest in, the Investor:

(i) the pledge to a limited partner by a general partner of the general partner's interest in the Organizational Documents as security for the performance of all of the general partner's obligations under the Organizational Documents shall not constitute a refinancing for purposes of this Agreement or the Loan Documents;

(ii) a sale, transfer, pledge, encumbrance or other disposition of any Investor interests in Borrower shall not require LHC's consent nor constitute a sale of the Qualified Project for the purposes of this Section 7.1(b), unless such transaction results in a sale of more than 51% of the Investor interest in Borrower; and

(iii) the change in the general partner of Borrower as general partner of Borrower in accordance with the terms of the Organizational Documents shall not require LHC consent nor constitute a sale of the Qualified Project for the purposes of this Section 7.1(b);

Notwithstanding the foregoing provisions in this Section 7.1(b), a transfer by the Investor of its Investor interests in Borrower to any successor which is an Affiliate of such entity or to the general partner of Borrower is hereby expressly permitted and accepted by LHC and shall not constitute a prohibited transfer hereunder or under any other Loan Document.

7.2 Sale or Transfer of the Qualified Project.

(a) Except as set forth in Section 7.1(b), the Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Qualified Project, or any portion thereof, without obtaining the prior written consent of LHC, which consent shall be in LHC's sole and reasonable discretion.

(b) It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Qualified Project in violation of this Section 7.2 shall be null, void and without effect, and shall cause a reversion of title to the Borrower.

SECTION 8 TERM

8.1 **Term.** This Agreement shall become effective on the Effective Date and shall remain in full force and effect for Compliance Period, unless earlier terminated and released by LHC as provided herein.

8.2 **LHC's Agreement to Terminate After Compliance Period.** If LHC determines in its sole and reasonable discretion, that Borrower and the Qualified Project have complied with all of the terms and conditions of this Agreement and the MRLF Loan Documents hereof for the Compliance Period, LHC will terminate and release this Agreement.

8.3 **LHC's Option to Terminate.** Notwithstanding Section 8.1 hereof, LHC may terminate this Agreement, and all and several of the terms hereof, and in such event, the terminated provisions shall be of no further force and effect, in the event of involuntary non-compliance with the provisions of this Agreement caused by fire, seizure, requisition, foreclosure, change in a Federal law or an action of a Federal agency after the date hereof that prevents LHC from enforcing the requirements hereof, or condemnation or other similar event.

8.4 **Documentation of Termination.** Upon the termination of all and several of the terms of this Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof.

SECTION 9 DAMAGE, DESTRUCTION OR CONDEMNATION OF THE QUALIFIED PROJECT

9.1 **Damage, Destruction or Condemnation of the Qualified Project.** In the event that the Qualified Project is damaged or destroyed or title to the Qualified Project, or any part thereof, is taken by any governmental body through the exercise or the threat of the exercise of the power of eminent domain, subject to the rights of any mortgagee and the provisions of any mortgage regarding same, the Borrower, within sixty (60) days of such event, shall deposit with LHC any insurance proceeds or any condemnation award, and shall within one hundred twenty (120) days of such event, commence to rebuild, replace, repair or restore the Qualified Project in such manner as is consistent with the Loan Documents and/or Program. LHC shall make any such insurance proceeds or condemnation award moneys available to provide funds for such restoration work. In the event that the Borrower fails to commence or to complete the rebuilding, repair, replacement or restoration of the Qualified Project timely, LHC shall have the right, in addition to any other remedies granted in the Loan Documents at law or in equity, to repair, restore, rebuild or replace the Qualified Project so as to prevent the occurrence of a default hereunder.

SECTION 10 ENFORCEMENT

10.1 **Enforcement.** If the Borrower defaults (by its action or inaction) in the performance of its obligations under this Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by LHC to the Borrower (or for an extended period approved by LHC if such default stated in such written notice can be corrected, but not within such thirty (30) day period, and if the Borrower commences such correction within such thirty (30) day period, and thereafter diligently pursues the same to completion within such extended period), then LHC may take any action at law or in equity or otherwise, as may be deemed most effectual by LHC to enforce the obligations of the Borrower with respect to the Qualified Project, including but not limited to enforcement of all remedies provided in the MRLF Loan Agreement and the MRLF Mortgage.

10.2 **Specific Performance.** Notwithstanding any of the foregoing, LHC will have the right to seek specific performance of any of the covenants and requirements of this Agreement concerning the construction and operation of the Qualified Project.

10.3 **Fees, Costs and Expenses.** All reasonable fees, costs and expenses of LHC incurred in taking any action pursuant to this Section 10 shall be the sole responsibility of the Borrower, and the Borrower, as security for the payment of any such fees, costs and expenses, hereby grants, bargains, sells and conveys to LHC a lien on the Qualified Project.

SECTION 11

RECORDING AND FILING

11.1 **Recording and Filing.** Upon execution and delivery by the parties hereto, the Borrower shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in the public conveyance and mortgage records of the Parish and in such manner and in such other places as LHC may reasonably request, and shall pay all fees and charges incurred in connection therewith.

SECTION 12 SUBORDINATION AND FORECLOSURE

12.1 **Subordination and Foreclosure.** If a “**Related Party**” to the Borrower as defined in the Internal Revenue Code should purchase the Qualified Project following a foreclosure or a deed in lieu of foreclosure, the use restrictions hereunder shall survive transfer of the Qualified Project to any such Related Party.

SECTION 13 GOVERNING LAW

13.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana, both substantive and governing remedies.

SECTION 14 NOTICE AND EFFECT

14.1 **Notice and Effect.** All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal service; or (b) national express air courier, provided such courier maintains written verification of actual delivery. Any notice or other communication given by the means described in subsection (a) or (b) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent.

LHC: Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

with a copy to: Foley & Judell, L.L.P.
365 Canal Street, Suite 2600
New Orleans, Louisiana 70130
Attention: Wayne J. Neveu

Borrower:

with a copy to:

Investor:

With a copy to:

Guarantor:

with a copy to:

Any addressee may change its address by giving the other parties hereto notice of such change of address in accordance with the foregoing provisions.

SECTION 15 MISCELLANEOUS

15.1 Compliance with Low-Income Housing Tax Credit Requirements. Nothing in this Agreement shall modify or affect any agreement that the Borrower has made or may make with the LHC in any application for low-income housing tax credits under Section 42 of the Internal Revenue Code with respect to such tax credits or in any Extended Low Income Housing Agreement executed or to be executed in connection therewith. In the event of any conflict, the MRLF Program and this Agreement shall control with respect to the requirements of the MRLF Program, and Section 42 of the Internal Revenue Code and any such Extended Low Income Housing Agreement shall control with respect to the requirements of the eligibility for tax credits.

15.2 Construction. Unless the context clearly requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

15.3 Convenience of Reference. The terms and phrases used in the recitals of this Agreement have been included for convenience of reference only and the meaning, construction and interpretation of all such terms and phrases for purposes of this Agreement shall be determined by references to Section 1 of this Agreement. The titles and headings of the sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any questions of intent shall arise.

15.4 Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

15.5 Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

15.6 Amendments. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the conveyance and mortgage property records of the Parish.

[Remainder of Page Intentionally Blank – Signature pages follow]

**COUNTERPART SIGNATURE PAGE FOR
MULTIFAMILY RESTORATION LOAN REGULATORY AGREEMENT**

IN WITNESS WHEREOF, LHC has executed this Agreement on this ____ day of ____, 201__, at Baton Rouge, Louisiana, in the presence of the undersigned witnesses and Notary Public after due reading of the whole.

WITNESSES:

LOUISIANA HOUSING CORPORATION

By: _____

Print Name: _____

By: _____

Name: Edselle Keith Cunningham, Jr.

Title: Executive Director

By: _____

Print Name: _____

NOTARY PUBLIC

Print Name: _____

Bar Roll/Notary No.: _____

My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
MULTIFAMILY RESTORATION LOAN REGULATORY AGREEMENT**

IN WITNESS WHEREOF, Borrower has executed this Agreement on this ____ day of ____, 201__, at _____, Louisiana, in the presence of the undersigned witnesses and Notary Public after due reading of the whole.

WITNESSES:

[BORROWER]

By: _____

By: _____

Print Name: _____

Name: _____

Title: _____

By: _____

Print Name: _____

NOTARY PUBLIC

Print Name: _____

Bar Roll/Notary No.: _____

My Commission Expires: _____

EXHIBIT A
PROPERTY DESCRIPTION