

Project Number: \_\_\_\_\_

**CONDITIONAL RESERVATION OF MRLF FUNDS**

**MULTIFAMILY RESTORATION LOAN FUNDING (“MRLF”) PROGRAM**

**Project Name:** \_\_\_\_\_

**Project Address:** \_\_\_\_\_

\_\_\_\_\_, Louisiana \_\_\_\_\_

**MRLF Reservation:** **XXX** Dollars (**\$000**)

This Conditional Reservation of MRLF Funds (the “**Conditional MRLF Agreement**” or “**Agreement**”) is executed by and between the Louisiana Housing Corporation (the “**LHC**”) and the undersigned (the “**Applicant**”) with respect to the Project specified above (the “**Project**”) in the amount of MRLF Funds reserved specified above under the terms and conditions hereinafter set forth.

**WITNESSETH:**

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 Applicant 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 administered by the LHC on behalf of OCD; and

C. WHEREAS, LHC has adopted certain Application and Program Implementation Guidelines as amended through June 1, 2017 (the “**MRLF Program Guidelines**”) which are posted to the LHC website and which describe the requirements of the MRLF Program; and

D. WHEREAS, the LHC has solicited competitive applications for MRLF Program funding in accordance with the MRLF Program Guidelines; and

E. WHEREAS, Applicant submitted a completed application to the LHC containing all written responses to any LHC requests for clarification or requests for additional information, together with all written attachments, addenda, and amendments pertaining thereto (collectively, the “**Application**”); and

F. WHEREAS, LHC has processed and approved the Application and now hereby reserves **XXX** Dollars (**\$000**) (the “**MRLF Funds Reservation**”) of MRLF Funds to the above named Project provided that the Applicant complies with the conditions herein, including the Special Conditions, if any, specified in **Exhibit “II”** hereto; and

G. WHEREAS, the MRLF Funds Reservation, as adjusted pursuant to Section 5 hereof, will provide MRLF Funds to the Project in the form of a zero percent (0.00%) deferred payment loan that will be due either at maturity or upon acceleration; and

H. WHEREAS, following an environmental clearance for the Project, the LHC will execute MRLF Program Legal Documents setting forth all of the MRLF Program and crosscutting federal requirements (“**Other Federal Requirements**”) applicable to the funding of the Project with MRLF Funds and will further make these requirements enforceable through the recordation of restrictions binding on the Applicant and all Applicant successors if all such MRLF Program and Other Federal Requirements are not pre-existing and currently recorded and enforceable against the Project; and

I. WHEREAS, the LHC and the undersigned Applicant desire to enter into this Conditional MRLF Agreement for purposes of confirming the MRLF Reservation to the Project for the purposes described in **Exhibit I** and to provide a framework within which the LHC and Applicant agree to comply with the requirements of the MRLF Program Guidelines and Special Conditions attached hereto as **Exhibit II**;

NOW THEREFORE, the LHC and the undersigned Applicant hereby agree as follows:

SECTION 1. MRLF Funds Reservation Does Not Constitute a Commitment of MRLF Funds. The LHC and the Applicant agree and acknowledge that the MRLF Funds Reservation by the LHC pursuant to this Agreement for the purposes described in **Exhibit I** hereto does not constitute a commitment of MRLF Funds or site approval. The commitment of MRLF Funds and the loan of MRLF Funds to the Project will occur only upon satisfaction of the following conditions: (i) completion of the cost reasonableness review, (ii) environmental clearance following completion of the federal environmental

review, including remediation or resolution of all identified environmental issues identified in the environmental review, (iii) the satisfactory resolution of the Special Conditions enumerated at **Exhibit II** hereof, and (iv) execution of the MRLF Program Legal Documents. This Agreement does not provide the Applicant any legal claim to any amount of MRLF Funds for the Project or site until a commitment of MRLF Funds has been executed by the LHC upon satisfaction of the foregoing conditions.

SECTION 2. Prohibition from Undertaking Choice Limiting Actions. Absent an environmental clearance applicable to the Project, the Applicant and its contractors are prohibited from undertaking or committing any funds or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction, or leasing or disposition. Notwithstanding the foregoing, rehabilitation work pursuant to a pre-existing construction contract may continue subsequent to the date of this Agreement only if approved by the LHC. Violation of this provision may result in the cancellation of the MRLF Funds Reservation under this Agreement.

SECTION 3. Applicant Acknowledgment of MRLF Program Legal Documents. The Applicant acknowledges and agrees that the following MRLF Program Legal Documents have been received and reviewed by the Applicant:

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

Applicant acknowledges and agrees that following environmental clearance of the Project and the cost-reasonableness review, the LHC will issue a Commitment of MRLF Funds and will execute the MRLF Program Legal Documents with the Applicant setting forth

all of the applicable MRLF Program and Other Federal Requirements unless MRLF Program and Other Federal Requirements are pre-existing in currently recorded documents that survive foreclosure and are enforceable against the Project. Absent pre-existing recorded and enforceable MRLF Program and Other Federal Requirements, the MRLF Program Legal Documents will be executed and the MRLF Regulatory Agreement will be recorded in the public records to be enforceable as a covenant running with the land that will be binding on the Applicant as owner of the Project and all successor owners of the Project. Applicant further acknowledges and agrees that the MRLF Loan shall be conditioned upon its subordination only to existing permanent mortgage debt and existing loans by either the LHC or the Louisiana Office of Community Development. The failure of other indebtedness to be subordinate to the MRLF Loan shall be cause for termination of the MRLF Funds Reservation under this Agreement. Other Federal Requirements include the requirements of the Fair Housing Act, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, Affirmatively Furthering Fair Housing, Section 504 of the Rehabilitation Act of 1973, the National Environmental Policy Act and Related Laws, the Lead-Based Paint Poisoning Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992, the Davis-Bacon Prevailing Wages under Section 1606 of Division A of the Recovery Act, the Ant-Lobbying Restrictions in 31 USC 1352 and implementing regulations at 24 CFR Part 87, the Drug-Free Workplace act of 1988, and OMB Regulations and Circulars.

SECTION 4. Financial Guarantees through Construction: The Applicant acknowledges and agrees that all MRLF Funds will be in the form of a zero percent (0.00%) deferred payment loan that will be due at maturity or upon acceleration in

accordance with the MRLF Program Legal Documents. The Applicant further acknowledges and agrees to immediately repay any MRLF Funds that were used for ineligible costs. Any costs in excess of the amount committed by LHC will be paid by the Applicant.

SECTION 5. Cost Reasonableness. The MRLF Funds reserved herein are subject to adjustment based upon a cost reasonableness review to be conducted by LHC. The conclusions and determination of LHC's costs reasonableness review are not subject to appeal. LHC's costs reasonableness review and determination shall be based upon submission by the Applicant by the deadline stipulated in Section 6(d) hereof of documentation including the following items:

- (a) For work completed in full as of the date of this Agreement: AIA (or substantially equivalent) construction contract(s) and all change orders, with a full schedule of values in detail sufficient to analyze costs, and all pay applicable construction costs.
- (b) For work not yet commenced as of the date of this Agreement: a detailed and itemized scope of work with a full schedule of values in detail sufficient to analyze costs to complete construction pursuant to the construction contract.

SECTION 6. Causes for Cancellation of MRLF Funds Reservation. The Applicant acknowledges and agrees that the MRLF Funds Reservation shall be null and void and cancelled by the LHC under the following circumstances:

- (a) The Project fails to complete a satisfactory environmental review and/or fails to obtain environmental clearance.

(b) The Project fails to clear any existing non-compliance issues on properties under affiliated ownership to the satisfaction of the OCD and the LHC within thirty (30) days of executing this Agreement.

(c) The construction and/or rehabilitation of the Project does not commence within sixty (60) days of LHC's issuance of a Commitment of Funds, which Commitment shall be subject to (i) completion of the cost reasonableness review, (ii) environmental clearance following completion of the federal environmental review, including remediation or resolution of all identified environmental issues identified in the environmental review, and (iii) the satisfactory resolution of the Special Conditions enumerated at **Exhibit II** hereof.

(d) The Applicant fails to submit documentation satisfactory to the LHC as enumerated in Section 5 hereof within thirty (30) days of executing this Agreement that the LHC concludes is necessary to determine the cost-reasonableness of the eligible repairs.

(d) The Special Conditions attached as **Exhibit II** are not satisfied and/or in LHC's determination not be satisfied in a timely manner.

THUS DONE AND PASSED on this \_\_\_ day of \_\_\_\_\_, 2017.

[APPLICANT]

Name of Ownership Entity: \_\_\_\_\_

Type of Ownership Entity: \_\_\_\_\_

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

Its: \_\_\_\_\_

LOUISIANA HOUSING CORPORATION LHC

By: \_\_\_\_\_  
Edselle K. Cunningham, Jr., Executive Director

**EXHIBIT I**  
**MLRF AWARD**

[Insert brief narrative as to how MLRF Funds will be used; include Source and Use  
Statement.]



**EXHIBIT II**  
**SPECIAL CONDITIONS**

[Insert]