

**Attachment 17:
Housing Leverage Documentation**

**Applicant:
Housing Authority of New Orleans, Louisiana**

**File Name:
Att17_Housing_Lev_Doc.pdf**

Attachment 17: *Housing Development Resources*

List all funds that will be used for Housing Development only. For each resource you list, you must provide a commitment document behind this Attachment that meets the standards described in the match and leveraging section of the NOFA. The amounts listed on this form must be consistent with the amounts listed on Attachment 7 (Sources & Uses) and the amounts in each resource commitment document.

Source of Housing Development Resource	Dollar Value of Resource	Page # of Commitment Document	HUD Use Only Amount Approved
City CDBG (match)	\$ 745,680.00	2 of 135	\$
City HOME Funds (match)	3,000,000.00	2 of 135	
City Disaster CDBG (match)	10,000,000.00	2 of 135	
City Disaster CDBG (Soft 2nds) (match)	2,000,000.00	2 of 135	
City Donated Property (match)	1,334,300.00	2 of 135	
LLT Properties	482,877.64	4 of 135	
1501 Canal: AEGON Equity (Fed HTC & LIHTC)	16,430,930.00	6 of 135	
1501 Canal: Stonehenge Equity SHTC	5,331,798.00	35 of 135	
1501 Canal: Chase Perm Commitment	2,010,000.00	40 of 135	
1501 Canal: OCD CDBG Loan	9,500,000.00	50 of 135	
2222 Tulane: City HOME Funds	1,450,000.00	52 of 135	
2222 Tulane: LHFA 1602 Funds	6,400,000.00	87 of 135	
2222 Tulane: LHFA HOME Funds	862,600.00	92 of 135	
2222 Tulane: OCD CDBG Funds	7,590,000.00	94 of 135	
2222 Tulane: NSP2 Funds	500,000.00	105 of 135	
HANO FEMA Funds	10,000,000.00	132 of 135	
HANO Scattered Site Property Values	327,800.00	132 of 135	
Page Total	\$ 77,965,985.64		\$

CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

CEDRIC S. GRANT
DEPUTY MAYOR

May 20, 2011

Mr. David Gilmore
Housing Authority of New Orleans
4100 Touro Street
New Orleans, LA 70122

Dear Mr. Gilmore:

I am writing in support of our application, with the Housing Authority of New Orleans, for the Choice Neighborhoods Initiative to revitalize the Iberville and surrounding community. As a co-applicant, the City of New Orleans commits to providing the following new commitments to support the Housing Transformation Plan as described in the FY 2010 Choice Neighborhood Initiative Grant application.

These commitments provided from the City total **\$17,045,680** and directly support the housing activities described in the Choice Neighborhoods Transformation Plan. New commitments include:

CDBG Allocation (FY 2011)

The City commits 5% of our annual CDBG allocation for one year \$ 745,680.00

HOME Funds (FY 2011, 2012, 2013)

The City commits \$1 million of HOME funds for each of 3 years \$ 3,000,000.00

Disaster CDBG

The City commits \$10 million in disaster CDBG funds for infrastructure on site and in the community
\$ 10,000,000.00

The City allocates \$2 million for soft second mortgages for homeownership opportunities in the transformed community
\$ 2,000,000.00

Donated Property

We will donate our property at Esplanade and St. Claude, the value of which is supported by the attached documents from the Orleans Parish Assessor's Office \$ 1,300,000.00

TOTAL COMMITTED TO NEIGHBORHOOD ACTIVITIES: \$ 17,045,680.00

The City has firmly committed these new resources to the housing vision within the overall Transformation Plan. If you have any questions, please do not hesitate to contact me at (504) 658-8450.

Sincerely,



Cedric S. Grant
Deputy Mayor

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Council Districts

Address #

Parcels



Aerial Photo

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Scale:

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Parcel Information

Selected Parcel 29868-ESPLANADEAV (Click for Complete Card)

Class Code (NOTE: Not Zoning Info) E

Assessment District 7W

Land Area (sq ft) 38124

Ownership Information

Name CITY OF NEW ORLEANS

Mailing Address 1300 PERDIDO ST NEW ORLEANS, LA 70112

Location Address 29868 ESPLANADE AV

2011 Values

Land Value \$1,334,300

Improvement Value \$0

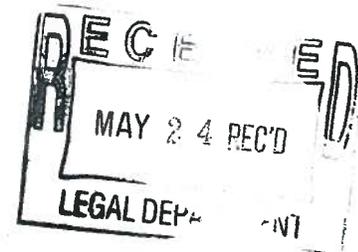
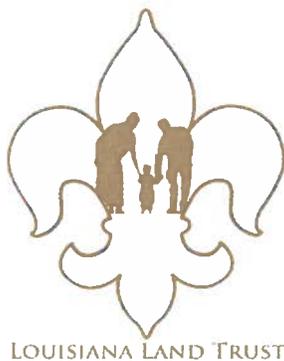
Total Value \$1,334,300

Last 2 Sales/Transfers

Sale/Transfer Date	Price	Grantor	Grantee
11-1993	\$375,000		

The Orleans Parish Assessor's Office makes every effort to produce the most accurate information possible. No warranties, expressed or implied, are provided for the data herein, its use or interpretation. The assessment information is from the last certified tax roll. All data is subject to change before the next certified tax roll.

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Michael B. Taylor
Executive Director

Raymond Allen
Deputy Executive Director

May 24, 2011

Mr. David Gilmore
Housing Authority of New Orleans
4100 Touro Street
New Orleans, LA 70122

Re: Letter of Intent for Donation of Properties in the Iberville/Tremé Transformation Plan

Dear Mr. Gilmore,

We are pleased to present this Letter of Intent (LOI) to transfer to HANO 15 Louisiana Land Trust properties in the Iberville/Tremé neighborhood targeted by the Housing Authority of New Orleans' application for the Choice Neighborhoods Initiative grant. The properties are listed in Attachment A. The New Orleans Redevelopment Authority has appraised value of the majority of the properties equal to \$276,510. The appraisals of the three properties will be forthcoming. In addition to contributing the properties, the Louisiana Land Trust will cover the costs of demolition estimated to be \$184,237.64 as well as maintenance and security costs estimated to be \$22,130 through December 31, 2011. This LOI serves as evidence of our intent to transfer the properties and our commitment to the goals of the Transformation Plan ("Plan") proposed in the grant application.

It is our understanding that if the Choice Neighborhoods grant is awarded, HANO and its team will implement the Plan to revitalize the Iberville/Tremé neighborhood and we are excited to be able to contribute to this plan.

I am an authorized executive of Louisiana Land Trust (formally known as Road home Corporation) that has control of the property in question. Please do not hesitate to contact me at (225) 395-0779 if you are in need of additional information.

Sincerely,


Michael B. Taylor
Executive Director

11601 SOUTHFORK DRIVE, BLDG. D * BATON ROUGE, LA 70816 * www.lalandtrust.us

OFFICE: (225) 395-0777 * TOLL FREE: 1-866-615-7999 * FAX: (225) 448-5085 * TDD - TTY: 800-846-5277

AN EQUAL OPPORTUNITY EMPLOYER



ORL #	Address	Appraised Value*	Actual Maintenance incurred to date	Projected Maintenance until 12/31/11	Security	Estimated Cost of Demolition for Structure
ORL222865	1819 ST PHILLIP ST	\$6,420*	796.50	956.00	-	\$13,000
ORL221429	2529 LAPEYROUSE	\$18,000	5,125.00	956.00	-	\$2,237.64**
ORL196822	1917 GOV NICHOLLS ST	\$2,380*	1,433.50	956.00	260.00	\$13,000
ORL159614	2521 -2523 BANKS ST	\$35,000	5,798.50	956.00	732.86	\$13,000
ORL136466	2507 2505 PALMYRA ST	\$30,000	5,086.50	956.00	732.86	\$13,000
ORL119859	2631 ST ANN ST	\$35,000	6,526.50	956.00	732.86	\$13,000
ORL099598	2643 -2645 DUMAINE ST	\$15,000	7,353.50	956.00	732.86	\$13,000
ORL097877	1543 N ROBERTSON ST	\$710*	900.50	956.00	201.43	\$13,000
ORL093639	1012 -14 NORTH BROAD	\$15,000	4,467.00	956.00	-	\$13,000
ORL091810	2612 -14 ST PHILIP ST	\$11,000	4,019.00	956.00	732.86	\$13,000
ORL076831	2221 BIENVILLE ST	\$37,000	7,409.50	956.00	732.86	\$13,000
ORL065826	2410 DUMAINE ST	\$18,000	5,777.50	956.00	732.86	\$13,000
ORL026245	1958 -60 NORTH TONTI ST	\$21,000	6,003.50	956.00	732.86	\$13,000
ORL023691	2620 PALMYRA ST	\$32,000	5,975.00	956.00	732.86	\$13,000
ORL004104	1667 N ROCHEBLAVE ST	\$10,000	7,448.00	956.00	732.86	\$13,000
		\$276,510	\$74,120	\$14,340	\$7,790	\$184,237.64

*All values under 'Appraised Value' are appraised, unless appraisal data is not available. For the 3 properties above, the assessed value taken from the Orleans Parish Assessor's data until more update appraisal data becomes available.

**2529 Lapeyrouse is a final cost because demolition is complete.



AEGON USA Realty Advisors, LLC
505 Sansome Street, Suite 1700
San Francisco, CA 94111
Phone: 415-983-5442
Fax: 415-983-5458

May 24, 2011

1501 Properties, LLC
c/o Mr. A. Thomas Leonhard, Jr.
HRI Properties
909 Poydras Street, Suite 3100
New Orleans, LA 70112

RE: 1501 Canal Elderly Residences
New Orleans, LA

Dear Mr. Leonhard:

Thank you for providing information on the 1501 Canal Elderly Residences, an affordable senior rental housing project located in New Orleans, Louisiana (the "Project") that your company or an affiliate of your company plan to develop. I am writing to confirm that AEGON USA Realty Advisors, LLC, acting as an agent for itself and/or as an agent of an affiliated life company or limited liability company (the "Investor"), is pleased to commit to providing both historic and low-income tax credit equity, in the amounts of \$5,915,706 and \$10,515,224 respectively, for the historic rehabilitation of the Texaco Building into 1501 Canal Elderly Residences.

AEGON USA Realty Advisors provides real estate advisory services and sources investments, including tax credit investments and mortgage loans for the AEGON Companies, including insurance companies of the AEGON Insurance Group. Since its first tax credit investment in 1987, AEGON has invested over \$2.3 billion in over 235 real estate investments building or preserving affordable housing and historic buildings. AEGON USA Realty Advisors is headquartered in Cedar Rapids, Iowa, with offices in Baltimore, New York, and San Francisco. AEGON N.V. is the parent company of AEGON USA Realty Advisors and the AEGON Insurance Group. It is headquartered in The Netherlands and employs over 25,000 people worldwide. For additional information, please visit the company's website at www.AEGON.com. All of the AEGON Companies that are part of the AEGON Insurance Group have earned high ratings for financial strength.

I understand that you will be constructing 114 1-BR residences targeted at elderly tenants of the Iberville Public Housing Project as part of your overall redevelopment plan of the Iberville Public Housing Project. I understand that the current plan is to have 11 units for seniors who earn 20% or less of the area median income, 11 units for seniors who earn 50% or less of the area median income, and 92 units for seniors who earn 60% or less of

the area median income. Your project financing includes tax exempt bond construction and permanent financing, Federal Low Income Housing Tax Credit equity, a combination of State and Federal Historic Tax Credit equity, subordinate CDBG debt funding, and deferred developer fee.

We have reviewed the project's pro forma and other due diligence information you have provided to date. AEGON USA Realty Advisors looks forward to working with you on this exciting development that will be part of the transformative Iberville redevelopment project. We are pleased to provide you with the attached term sheet outlining the key terms and conditions of our anticipated investment in the Project.

We are committed to invest in the Project subject to: (1) Iberville Revitalization Company, LLC or an affiliate of one or more of its members are in control of 1501 Properties, LLC at the time the investment is made; (2) receipt of all standard satisfactory closing due diligence documents; and, (3) the successful negotiation and execution of a limited partnership agreement between the parties, which will be a legally binding agreement setting forth the terms and conditions of our investment in the Project.

AEGON shall have the right to disclose any information received in conjunction with their proposed investment to any entity who is considering acquiring, either directly or indirectly, an interest in the Investor. Such disclosure may include, without limitation, any or all documents received in conjunction with AEGON's due diligence review (including, but not limited to, financial statements for the Sponsor, the General Partner, the Developer, and the Guarantors).

If you have any questions, please don't hesitate to contact our underwriter on this deal, Jeff Levy, at 415-983-5442 or jeff.levy@aegonusa.com.

Sincerely,



Christoph Gabler
Senior Vice President

AEGON USA Realty Advisors, LLC

Community Investments Group

505 Sansome St., Suite #1700

San Francisco, CA 94111

Phone: 415-983-5420

FAX: 415-983-5458

BASIC TERM SHEET

Initial Term Sheet for: 1501 Canal Elderly Residences, New Orleans, LA

Project Developer: HRI Properties

Date: May 24, 2011

PROJECT:

1501 Canal Elderly Residences, HRI Properties, will rehabilitate the historic Texaco Building located at 1501 Canal Street into 114 1-BR / 1-BA affordable rental senior housing apartment units.

PRICING:

	Fed LIHTC	Fed HTC	
Price	\$0.90	\$1.03	
Credits	\$11,802,790	\$5,743,978	
Total Equity	\$10,515,224	\$5,915,706	\$16,430,930

EQUITY PAY-IN:

Pay-In #	Condition	Date	% LIHTC	% HTC	LIHTC Amount	HTC Amount
1	Closing	11/11	10%	10%	\$1,051,522	\$591,571
2	100% Completion - TCO	12/12	10%	10%	\$1,051,522	\$591,571
3	Cost Certification	03/13	30%	30%	\$3,154,567	\$1,774,712
4	Stabilization, Delivery of NPS Part III, Perm Loan conversion	03/14	50%	50%	\$5,257,612	\$2,957,853
TOTAL					\$10,515,224	\$5,915,706

Notes: The dates listed above are considered "no earlier than" dates. The equity will be funded upon the later to occur of the date listed or the condition(s) met.

ADJUSTERS

1. **Total Amount of Tax Credits.** If the actual amount of federal tax credits delivered to the Investor is less than or greater than the projected federal tax credits, then the capital contributions will be adjusted from the original commitment based on the negotiated credit price for the federal tax credits.
2. **Timing of First and Second Year LIHTC Tax Credits.** We will adjust the federal equity based on first and second year federal credit delivery and any 2/3rds federal Credit. If the actual federal LIHTC delivered in 2013 and/or 2014 is less than projected amounts, then the federal capital contribution will be reduced. If the actual federal LIHTC delivered in 2013 and/or 2014 is greater than projected amounts, then the federal capital contribution will be increased.
3. **Timing of HTC Tax Credits.** The Project will be placed in service by December 2012. However, the Project will also benefit from the 26% Go Zone bonus depreciation on qualified rehabilitation work completed in 2010. In addition, a small amount of additional qualified rehabilitation work will be completed in 2013. If assumed historic tax credit amounts are not delivered on the anticipated schedule, the HTC price will be adjusted downward per quarter of delayed delivery.
4. **Limitation on Upward Adjuster.** The cumulative upward adjuster cannot exceed 10% of the original commitment without additional approval by the AEGON Investment Committee. Other options for ensuring additional credits are monetized can be explored.

GUARANTEES

1. The standard tax credit guarantees will be required – Completion, Repurchase, Operating Deficit, and Tax Credit – pursuant to an Unconditional Guaranty whereby the Guarantor will guaranty all the obligations of the General Partner under the Partnership Agreement.
 - **Completion of Construction** – Unlimited through stabilization and loan conversion.
 - **Operating Deficit Guarantee** – is capped at 6 months of operating expenses and debt service. This amount will decrease by 10% per year for every year the debt service coverage ratio is between 1.15 and 1.20, 15% a year for every year the DSCR is between 1.20 and 1.25, 20% a year for every year the DSCR is between 1.25 and 1.30, and 25% a year for every year the DSCR exceeds 1.30 to 1.0.
 - **Tax Credit** – Unlimited through the investment period.
 - **Repurchase** – Unlimited.

2. In addition, the Investor will require the following additional guarantees:
 - **Investor taxes payable due to allocation of net income** - The Guarantors will advance any monies necessary to pay any Investor taxes should operating cash flow be insufficient to pay any allocation of partnership income to the Investor.
 - **Environmental Indemnity** - The Guarantors will execute an environmental indemnity to indemnify the Investor and the Partnership from any environmental concerns or issues.
 - **Put Option Guarantee** - Guarantors shall guarantee payment of the put option price at the end of the compliance period, together with any related exit costs, interests and penalties, as previously described.

GUARANTORS

1. The Developer, the General Partner of the Partnership, and Historic Restoration, Inc. will be the Guarantors. Subject to further review of Historic Restoration, Inc. financials, contingent liabilities, and pending litigation, additional Guarantors could be required.
2. The Guarantors will be joint and severally liable under all of the Guarantees.
3. Guarantor Liquidity/Net Worth Requirements:
 - a. The Guarantors will provide current financial statements evidencing minimum net worth and liquidity as needed to cover the Guarantees. Amounts to be determined by AEGON.

RESERVES

1. Capital Replacement Reserve – Replacement reserve requirement is \$300 per unit per year.
2. Operating Reserve – To be capitalized with at least \$762,690 (6 months of debt service and operating expenses) to be used for operating deficits.
3. Marketing & Lease-Up Reserve - To be capitalized with at least \$150,000 to be used to fund deficits during lease up and/or assist with the marketing and lease-up efforts. Any funds remaining in the account can be:
 - a. Used to capitalize the Operating Reserve;
 - b. Released to cover other Project costs, if necessary; or,
 - c. Released as an incentive rent-up fee to the General Partner.

CASH FLOW

Annual operating cash flow of the Partnership, after payment of operating expenses, debt service on the payment of must-pay permanent loan, payment of any partner loan made by the Investor and funding of the Capital Replacement Reserve, shall be utilized in the following order:

1. to the payment of principal and interest as required by the subordinate CDBG loan, consistent with its loan documents.
2. to the Investor as payment of any accrued and unpaid tax credit adjusters;
3. to payment of the current and any accrued and unpaid annual Asset Management Fee to AEGON;
4. to the Investor an amount equal, on an after-tax basis, to any taxes payable by the Investor due to an income allocation from the Partnership;
5. 100% to payment of any deferred Developer Fee Note until paid. To the extent not repaid by Year 13, a capital contribution will be required;
6. to payment of any current annual Partnership Management Fee to the General Partner;
7. to repayment of any subordinated Property Management Fees (including accrued, but unpaid, Property Management Fees);
8. to repayment of any Operating Loans;
9. to repayment of any subordinated loan(s), if required;
10. In the first five years of operations, to the Partners, distributed according to their Percentage Interests in the Partnership. Thereafter, 85% to the General Partner and 15% to the Investor.

DISPOSITION / SALE / TRANSFER / REFINANCE

At disposition/sale/transfer/redemption (exit structure and options TBD):

1. AEGON will receive payment of the lesser of actual costs incurred with exiting the Partnership or \$100,000.
2. The distribution of net proceeds, after satisfaction of all transaction costs (including the cost mentioned above) and third-party debt from an arm's length transaction, shall basically follow the waterfall and splits mentioned above.

FEES PAID BY PARTNERSHIP

1. **Asset Management Fee** - \$10,000 with 3% per annum increase.
2. **Property Management Fee** – Up to a maximum of 6% of the Project's gross collected income. The fee shall be subordinated and subject to the Project maintaining breakeven operations.

3. **Construction Monitoring Fee** – to AEGON an amount equal to the lesser of \$1,500, or the actual costs of the services to be provided by the construction inspector, per month to cover the cost of monthly construction inspection from the Closing to lien-free Completion of the Project.
4. **Partnership Management Fee** – (\$10,000 with 3% per annum increase)
5. **Developer Fee** - The fee is expected to be **\$5,311,700**. \$1,327,900 of the fee is expected to be deferred.

OTHER PROVISIONS

1. **Investor Closing Costs** -The partnership will be responsible for paying the Investor's closing costs, including legal and due diligence costs. The Investor will increase its initial equity installment to compensate the Partnership for having to incur these costs.
2. **Investor and Affiliates** - The ultimate investor in the Partnership may be AEGON or one of its affiliates.
3. **Other terms not included in this initial terms sheet, including adjusters, guarantees, cash flow distribution, fees, and terms of disposition/sale, will be subject to further underwriting and negotiation.**

CAVEATS

We are committed to invest in the Project subject to: (1) Iberville Revitalization Company, LLC or an affiliate of one or more of its members are in control of 1501 Properties, LLC at the time the investment is made; (2) receipt of all standard satisfactory closing due diligence documents; and, (3) the successful negotiation and execution of a limited partnership agreement between the parties, which will be a legally binding agreement setting forth the terms and conditions of our investment in the Project.

AEGON shall have the right to disclose any information received in conjunction with their proposed investment to any entity who is considering acquiring, either directly or indirectly, an interest in the Investor. Such disclosure may include, without limitation, any or all documents received in conjunction with AEGON's due diligence review (including, but not limited to, financial statements for the Sponsor, the General Partner, the Developer, and the Guarantors).



Louisiana Housing Finance Agency

The following resolution was offered by Commissioner Guy T. Williams and seconded by Commissioner Katie Anderson:

RESOLUTION

A resolution of intention to issue not exceeding Twenty-Two Million Dollars (\$22,000,000) Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series to finance the acquisition, rehabilitation and equipping of a multifamily housing development within the State of Louisiana; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Finance Agency (the "**Agency**") is authorized by Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**Act**"), and other constitutional and statutory authority supplemental thereto, to issue revenue bonds to provide financing for multifamily rental housing in the State of Louisiana (the "**State**"); and

WHEREAS, developer listed in Schedule I hereto, (the "**Developer**") has met with officials of the Agency and has advised the Agency of the Developer's interest in the acquisition, rehabilitation/conversion and equipping of a multifamily housing facility, more particularly described in Schedule I hereto (the "**Project**") within the State, subject to the willingness of the Agency to finance the Project by the issuance of revenue bonds pursuant to the Act; and

WHEREAS, the Agency deems it necessary and advisable that it takes such action as may be required under applicable statutory provisions to authorize and issue revenue bonds in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**"), in one or more series to finance the cost of the Project set forth in Schedule I hereto, together with costs incident to the authorization, issuance and sale of the bonds, the aggregate costs of the Project and costs of authorization, issuance and sale of the bonds being presently estimated to be the amount set forth in Schedule I hereto; and

WHEREAS, the Developer has stated its willingness to arrange for the acquisition, rehabilitation and equipping of the Project and to enter into contracts therefor; and

WHEREAS, the income tax regulations prescribed by the Internal Revenue Service require that the issuer of tax exempt bonds adopt a resolution with respect to such bonds or take the other similar "official action" towards the issuance of the bonds prior to the commencement of the acquisition, rehabilitation and equipping of an exempt facility bond project; and

WHEREAS, one purpose of this resolution is to satisfy the requirements of said income tax regulations with respect to the Project set forth in Schedule I hereto.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, that:

SECTION 1. Pursuant to the authority of the Act, and other constitutional and statutory authority supplemental thereto, the Project is hereby approved and the financing of the acquisition, rehabilitation and equipping thereof through the issuance of revenue bonds of the Agency pursuant to the Act is hereby authorized in one or more series and in a sufficient principal amount presently estimated as set forth in Schedule I hereto. It is the intent of this resolution to induce the financing of the Project. This resolution is the affirmative official action of the Agency acting by and through its Board of Commissioners towards the issuance of its special, limited obligation revenue bonds in accordance with the Constitution and statutes of the State and the United States Treasury Department Regulations, Section 1.150-2. It is recognized and agreed that the Developer may exercise its rights and perform its obligations with respect to the financing of the Project either through (i) the Developer itself; (ii) any "related person" as defined in Section 147(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"); or (iii) any legal successor thereto, respectively, subject to approval of the Agency's Bond Counsel, hereinafter employed.

SECTION 2. The costs of financing the Project will be paid out of the proceeds from the sale of the bonds, in one or more series, which shall be special, limited obligations of the Agency, payable solely out of the revenues derived by the Agency with respect to the Project for which financing is made available, and the bonds and the interest thereon shall never constitute the debt or indebtedness of the Agency, the State, or any political subdivision thereof within the

meaning of any provision or limitation of the Constitution or statutes of the State, nor shall the same give rise to a pecuniary liability of the Agency or the State or any political subdivision thereof or a charge against their general credit or taxing power, and such limitation shall be plainly stated on the face of the bonds.

SECTION 3. The issuance of not exceeding Twenty-Two Million Dollars (\$22,000,000) aggregate principal amount of Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series (the "**Bonds**") of the Agency, pursuant to the Act, and other constitutional and statutory authority supplemental thereto, be and the same is hereby authorized and approved. In authorizing the issuance of the Bonds, the Agency will make no warranty, either expressed or implied, that the proceeds of the Bonds will be sufficient to pay the cost of the Project or that the Project will be suitable for the Developer's purposes or needs. The Bonds shall be sold by the Agency on such date as may be determined by the Chairman of the Board of Commissioners of the Agency, in accordance with the requirements of the Act, and pursuant to the provisions of the Notice of Intention to Sell at Private Sale attached hereto as Exhibit I.

By virtue of Agency's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s) or other product(s) or enhancement(s) covered thereby.

SECTION 4. The operation of the Project, as well as the financing of the Project, will comply with all Federal, State and local laws and regulations and the Developer will obtain all necessary approvals and permits required thereunder.

SECTION 5. The Chairman of the Board of Commissioners and/or the President of the Agency are authorized and directed to call for a public hearing with respect to the Project and the proposed revenue bonds to finance same in accordance with the requirements of Section 147(f) of the Code, and cause to be published appropriate notice of each public hearing in accordance with the Code.

SECTION 6. The officers of this Board of Commissioners and the President of the Agency are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Agency, with any governmental board of entity having jurisdiction over the Project, such applications or requests for approval thereof as may be required by law, including an application to the State Bond Commission for approval of the financing (provided that the application shall be made only in conjunction with an approving letter from the President of the Agency).

SECTION 7. The Chairman of the Board of Commissioners and/or the President is authorized to execute the standard form of the Preliminary Agreement.

SECTION 8. All commitments by the Agency herein with respect to the Project are subject to the condition that on or before thirty-six (36) months from the date of adoption hereof, the Agency and the Developer shall have agreed to mutually acceptable terms for the financing documents and the sale and delivery of the Bonds or other obligations.

SECTION 9. That it is recognized that a real necessity exists for the employment of bond counsel in connection with the issuance of the Bonds and accordingly Foley & Judell, L.L.P., Bond Counsel, New Orleans, Louisiana, be and they are hereby employed as bond counsel to the Agency to do and to perform comprehensive, legal and coordinate professional work with respect thereto. The fee to be paid Bond Counsel shall be an amount based on the Attorney General's then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time the Bonds are delivered, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, subject to the Attorney General's written approval of said employment and fee.

SECTION 10. The Developer will comply with all rules, regulations and reviews of the Agency in effect or undertaken from time to time.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Michael L. Airhart, John N. Kennedy, Guy T. Williams, Mayson H. Foster, Donald B. Vallee, Adena R. Boris, Joseph M. Scontrino, III, Katie Anderson, Jerome Boykin, Sr., Neal P. Miller, Frank H. Thaxton, III

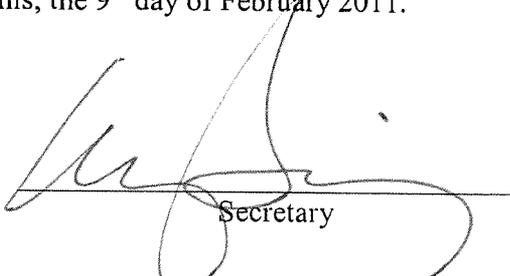
NAYS: N/A

ABSENT: Allison A. Jones, Elsenia Young, Tyrone A. Wilson

And the resolution was declared adopted on this, the 9th day of February 2011.



Chairman



Secretary

SCHEDULE I

DEVELOPER: 1501 Canal Developer, L.L.C.

INITIAL OWNER/OPERATOR: 1501 Properties, L.L.C.

BOND AMOUNT: Not exceeding \$22,000,000

PROJECT NAME	LOCATION	ESTIMATED NUMBER OF UNITS	ESTIMATED TOTAL COST
1501 Canal Apartments	1501 Canal Street New Orleans, Orleans Parish, LA 70112	111	Approximately \$27,929,550

I, as authorized representative of the Developer, have reviewed the information above and hereby certify this Schedule I to be accurate and complete as of this date.

1501 CANAL DEVELOPER, L.L.C.

By: _____

Name: Elie V. Khoury

Its: Managing Member

Date: _____

EXHIBIT I

NOTICE OF INTENTION TO SELL AT PRIVATE SALE

LOUISIANA HOUSING FINANCE AGENCY MULTIFAMILY HOUSING REVENUE BONDS (1501 CANAL APARTMENTS PROJECT) IN ONE OR MORE SERIES

NOTICE IS HEREBY GIVEN in compliance with the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**Act**"), that the Louisiana Housing Finance Agency (the "**Agency**"), proposes to sell its Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) Series 2011 (the "**Bonds**") in aggregate principal amount of Twenty-Two Million Dollars (\$22,000,000) in one or more series at a rate or rates not exceeding twelve percentum (12%) per annum. The Bonds are to be sold to Bank of America, N.A. to finance the acquisition, rehabilitation and equipping of the 1501 Canal Apartments located in New Orleans, Orleans Parish, Louisiana (the "**Project**") at a meeting of the Board of Commissioners of the Agency scheduled for Wednesday, March 16, 2011, at ten (10:00) o'clock a.m., Louisiana time, at the offices of the Louisiana Housing Finance Agency, 2415 Quail Drive, Baton Rouge, Louisiana 70808. The Agency reserves the right to postpone the date, hour and place set forth above for the sale of the Bonds (without any further publication of notice of the change in the sale date, time and/or location). In the event the sale is postponed as provided above, anyone desiring written notice of the subsequent date and time which said sale is to be accomplished must request such notice from the President of the Agency. The Bonds will be sold pursuant to the terms of a resolution to be adopted by the Agency and a Trust Indenture (the "**Indenture**") to be executed by and between the Agency and a trustee bank.

The Bonds are being issued pursuant to the Act and the Indenture for the purpose of financing the acquisition, rehabilitation and equipping of a multifamily housing project and (ii) paying the costs of issuance associated with the Bonds. The Bonds are limited obligations of the Agency and will be payable solely out of the income, revenues and receipts derived from the funds and accounts held under and pursuant to the Indenture and pledged therefor. As provided in the Act and the Indenture, the Bonds do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other political subdivision thereof.

The principal of and interest on the Bonds will be payable at the principal office of the paying agent or agents selected by the Agency in accordance with the provisions of the Indenture.

The Bonds will be dated as provided in the Indenture, will bear interest at such rate or rates established at the time of sale of the Bonds, payable on such dates as set forth in the Indenture, and will mature no later than forty (40) years from date of issuance.

The Bonds will be issued in fully registered form in the denominations as provided in the Indenture. Bonds will be transferable as provided in the Indenture.

This Notice of Sale of Bonds is being published in accordance with the requirements of the Louisiana Constitution and the Act. For a period of thirty (30) days from the date of publication hereof, any person or persons in interest shall have the right to contest the legality of this notice, the resolution, any provision of the Bonds to be issued pursuant to it, the provisions securing the Bonds, and the validity of all other provisions and proceedings relating to the authorization and issuance of the Bonds. If no action or proceeding is instituted within the thirty (30) days, no person may contest the validity of the Bonds, the provisions of the resolution pursuant to which the Bonds were issued, the security of the

Bonds, or the validity of any other provisions or proceedings relating to their authorization and issuance, and the Bonds shall be presumed conclusively to be legal. Thereafter no court shall have authority to inquire into such matters.

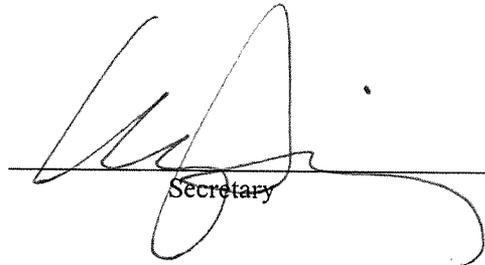
For further information relative to the Bonds and not contained in this Notice, address Foley & Judell, L.L.P., Bond Counsel, One Canal Place, Suite 2600, 365 Canal Street, New Orleans, LA 70130.

BY ORDER OF THE BOARD OF COMMISSIONERS, acting as the governing authority of the Agency.

LOUISIANA HOUSING FINANCE AGENCY



Chairman



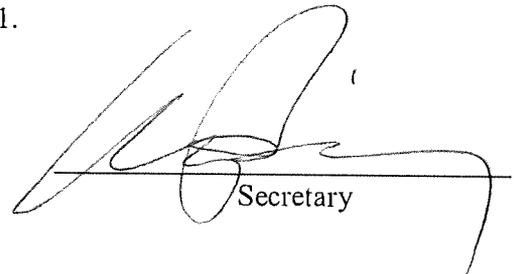
Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency, do hereby certify that the foregoing eight (8) pages constitute a true and correct copy of the resolution adopted by said Board of Commissioners on February 9, 2011, entitled: "A resolution of intention to issue not exceeding Twenty-Two Million Dollars (\$22,000,000) Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series to finance the acquisition, rehabilitation and equipping of a multifamily housing development within the State of Louisiana; and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 9th day of February 2011.



Secretary

(SEAL)

CERTIFICATE

I, WHITMAN J. KLING, JR., Director, State Bond Commission, State of Louisiana, do hereby certify that the attached Application No. S11-007

Louisiana Housing Finance Agency, Orleans

1501 Canal Apartments Project

was approved by the State Bond Commission at a meeting held in the State Capitol on February 17, 2011 after due notice given to each member.

I FURTHER CERTIFY that the following members were present and absent at said meeting when said application was presented for consideration:

MEMBERS PRESENT

Mr. Timmy Teepell, Representing the Governor
Honorable Jay Dardenne, Lieutenant Governor
Honorable Tom Schedler, Secretary of State
Mr. Rick McGimsey, Representing the Attorney General
Senator John Alario, Representing the President of the Senate
Senator Michael J. Michot, Chair, Senate Finance Committee
Senator Lydia Jackson, Senator (at large)
Senator Page Cortez, Representing the Speaker of the House
Representative James R. Fannin, Chair, Appropriations Committee
Representative Hunter Greene, Chair, House Ways & Means Committee
Representative Jeff Arnold, Representative (at large)
Mr. Paul Rainwater, Commissioner of Administration
Honorable John Neely Kennedy, State Treasurer

MEMBERS ABSENT

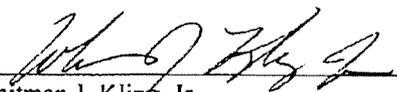
Senator Cynthia Willard-Lewis, Representing the Chair, Senate Revenue & Fiscal Committee

AND THAT the motion to approve Application No. S11-007 was made by Representative Arnold, seconded by Senator Alario, and passed unanimously.

SAID official approval of such application being evidenced by the stamp and seal of the State Bond Commission which has been applied hereon.

WITNESS by my hand and seal at the City of Baton Rouge, Louisiana this 17th day of February, 2011.

(SEAL)


Whitman J. Kling, Jr.
Director
State Bond Commission



LOUISIANA STATE BOND COMMISSION
APPROVAL PARAMETERS - BONDS / LOANS

SBC Tracking # S11-007

Applicant: *

Louisiana Housing Finance Agency

Parameters / Purposes: *

Authority to Issue, sell and deliver not exceeding Twenty-two Million Dollars (\$22,000,000) of Revenue Bonds (1501 Canal Apartments Project) in one or more series (the "Bonds") at a rate not to exceed twelve percent (12%), maturity not-to-exceed forty (40) years for the purpose of providing funds (i) to finance the acquisition and rehabilitation/conversion of an unoccupied commercial building located at 1501 Canal Street, New Orleans, Orleans Parish, Louisiana, by 1501 Properties, L.L.C. into a 111-unit residential rental facility pursuant to Section 142(d) and 43 of the of the Internal Revenue Code, (ii) to deposit into certain funds as may be required to secure the Bonds and to market the Bonds, and (iii) to pay the cost of issuance associated with the Bonds.

Citation(s): *

Chap 3-A of Title 40 of La.R.S of 1950,as amended - LA. R.S. 40:600.1 - 600.25

Security: *

The Bonds are issued under and secured by the Indenture which provides a complete description of the pledged property and revenues constituting the Trust Estate

As Set Forth By: *

resolution adopted on February 9, 2011 by the Board of Commissioners of the Louisiana Housing Finance Agency

Subject To:

It is the policy of the State Bond Commission that all attorneys' fees involved in this matter must be approved by the Office of the State Attorney General prior to payment. Although this is not a conditional approval of this application, failure to obtain such approval may result in conditional approval of such application by the State Bond Commission in the future.



Louisiana Housing Finance Agency

The following resolution was offered by Commissioner Donald B. Vallee and approved by Commissioner Elsenia Young:

RESOLUTION

A resolution establishing the maximum qualified basis and low-income housing credits to 1501 Canal Apartments; authorizing the Agency staff and counsel to prepare the forms of such documents and agreements as may be necessary to allocate 4% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Finance Agency (the "Agency") has been ordered and directed to act on behalf of the State of Louisiana (the "State") in applying for, implementing, allocating, and administering programs, grants and/or resources made available pursuant to Section 42 of the Internal Revenue Code (the LIHTC Program); and

WHEREAS, the Agency approved certain application and other forms, documents and proceedings related to the Low Income Housing Tax Credits ("LIHTC Program"), including credits available to projects financed with tax-exempt bonds under Section 142(d) of the Internal Revenue Code; and

WHEREAS, the staff of the Agency has processed 1501 Canal Apartments' application in accordance with the Qualified Allocation Plan and is prepared, based upon the preliminary feasibility analysis of Foley & Judell, L.L.P., to recommend Tax Credits for 1501 Canal Apartments, LLC project:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency (the "Board"), acting as the governing authority of said Agency that:

SECTION 1. 1501 Canal Apartments (the "Project") is hereby preliminarily approved for Tax Credits in the amount of eight hundred fifty seven-thousand and thirty-three dollars (\$857,033.00) subject to the conditions of the preliminary feasibility analysis of Foley & Judell, L.L.P. and the information contained in the Project application.

SECTION 2. The Agency staff, General Counsel, and Foley & Judell, L.L.P., as LIHTC Program Counsel, shall establish such procedures as may be necessary to structure, cancel or reduce such Tax Credits to maintain the feasibility and viability of the Project; provided, however, that no increase in Tax Credits to any project may be made without approval of the Board.

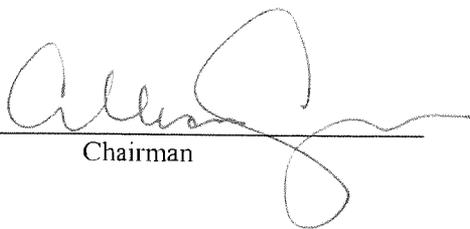
SECTION 3. The Agency staff and counsel are authorized and directed to prepare the forms of such documents and agreements as may be necessary to evidence the allocation of Tax Credits.

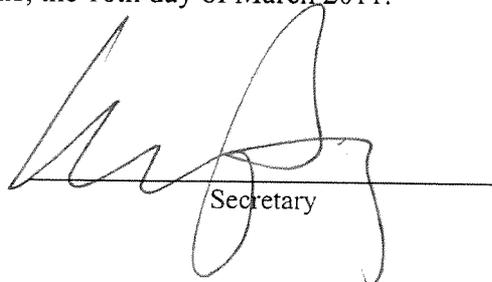
SECTION 4. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency be and they are hereby authorized, empowered and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Agency, the terms of which are to be consistent with the provisions of this resolution as approved by the Agency's General Counsel and LIHTC Program Counsel, Foley & Judell, L.L.P.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Allison A. Jones, Michael L. Airhart, Katie Anderson, Adena R. Boris, Jerome Boykin, Sr., Mayson H. Foster, Alice Washington obo John N. Kennedy, Joseph M. Scontrino, III, Frank H. Thaxton, III, Donald B. Vallee, Tyrone A. Wilson, Elsenia Young
NAYS: N/A
ABSENT: Neal P. Miller, Guy T. Williams

And the resolution was declared adopted on this, the 16th day of March 2011.


Chairman

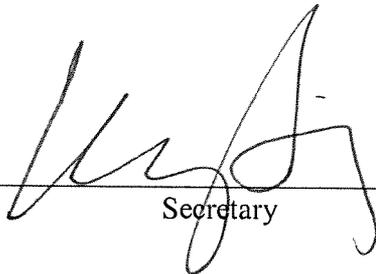

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on March 16, 2011, "A resolution establishing the maximum qualified basis and low-income housing credits to 1501 Canal Apartments LLC; authorizing the Agency staff and counsel to prepare the forms of such documents and agreements as may be necessary to allocate 4% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 16th day of March, 2011.


Secretary

(SEAL)



Louisiana Housing Finance Agency

The following resolution was offered by Commissioner Donald B. Vallee and seconded by Commissioner Elsenia Young:

RESOLUTION

A resolution accepting the proposal of Bank of America, N.A. or such other purchaser as may be designated by the Developer for the purchase of not to exceed Twenty-Two Million Dollars (\$22,000,000) Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; and providing for other matters in connection with the foregoing.

WHEREAS, the Board of Commissioners (the "Board") of the Louisiana Housing Finance Agency (the "Agency") on February 9, 2011, adopted a resolution approving and authorizing the issuance of not exceeding Twenty-Two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series and authorized the publication of a Notice of Intention to Sell at Private Sale (the "Notice") in connection therewith; and

WHEREAS, said bonds are being designated as "Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) Series 2011" in the aggregate principal amount of not to exceed Twenty-Two Million Dollars (\$22,000,000) (the "Bonds") and are being issued for the purpose of providing funds to (i) pay the cost for the acquisition, rehabilitation and equipping of a residential rental facility serving low and moderate income special needs households in New Orleans, Orleans Parish, Louisiana, located at 1501 Canal Street (the "Project"), (ii) fund such reserve accounts as may be required and (iii) pay the costs of issuance associated with the Bonds; and

WHEREAS, as set forth in said resolution, the Notice of Sale was published on February 17, 2011 in "The Advocate" and in "The Daily Journal of Commerce" for an amount not to exceed Twenty-Two Million Dollars (\$22,000,000); and

WHEREAS, in accordance with the aforesaid resolution adopted by the Agency on February 9, 2011, the sale of the Bonds was scheduled for March 16, 2011; and

WHEREAS, the Agency did meet on March 16, 2011, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of Bank of America, N.A. or such other purchaser (the "Purchaser") as may be designated by 1501 Properties, L.L.C., a limited liability company, organized in the State of Louisiana (the "Developer"), and taking action with respect to the parameter sale of not exceeding Twenty-Two Million Dollars (\$22,000,000) of the Bonds pursuant thereto.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, acting as the governing authority of said Agency, that:

SECTION 1. The parameter written terms submitted this day by Bank of America, N.A. or such other purchaser as may be designated by the Developer, for the purchase of bonds designated "Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (1501 Canal Apartments Project)" in one or more series in the aggregate principal amount of not exceeding Twenty-Two Million Dollars (\$22,000,000), at an interest rate not exceeding twelve percent (12%) per annum, and for a maturity not exceeding forty (40) years, authorized under and pursuant to the provisions of a Bond Trust Indenture (the "Indenture"), by and between a trustee to be determined (the "Trustee"), and the Agency be, and the same are hereby awarded to the Purchaser; provided, however, that the sale and delivery of the Bonds are conditioned upon approval by the State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Bonds in accordance with said Indenture is hereby authorized and approved. The Chairman, Vice Chairman, President, Vice President and/or Secretary of this Board are hereby authorized and directed for, on behalf of and in the name of the Agency, to execute, deliver and approve such instruments, documents and certificates as may be required or necessary, convenient or appropriate to the financing described herein, including, but not limited to, the following described documents for the Bonds on file with the Agency:

- (i) Bond Trust Indenture,
- (ii) Financing Agreement, and
- (iii) Tax Regulatory Agreement.

The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended, and with the approval of Counsel to the Agency or Bond Counsel. As provided in the resolution of intention adopted by the Agency on February 9, 2011, the costs of financing the Project will be paid out of the proceeds from the sale of the Bonds, in one or more series, which shall be special, limited obligations of the Agency, payable solely out of the revenues derived by the Agency with respect to the Project for which financing is made available, and the Bonds and the interest thereon shall never constitute the debt or indebtedness of the Agency, the State of Louisiana (the "State"), or any

political subdivision thereof within the meaning of any provision or limitation of the Constitution or statutes of the State, nor shall the same give rise to a pecuniary liability of the Agency or the State or any political subdivision thereof or a charge against their general credit or taxing power, and such limitation shall be plainly stated on the face of the Bonds.

By virtue of Agency's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s) or other product(s) or enhancement(s) covered thereby.

SECTION 2. A bank is to be designated as Trustee and Paying Agent with respect to the Bonds in accordance with the provisions of the Indenture.

SECTION 3. In order to accomplish the sale of the Bonds in accordance with the terms of this resolution, either the Chairman or Vice Chairman of this Agency or the President or Vice President, acting on his behalf, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the Agency, the Indenture in substantially the form thereof which is now before this Agency and filed with the Secretary of this Board of Commissioners with such revisions or changes as may be approved by Bond Counsel.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture.

SECTION 5. The Bonds shall be subject to redemption in accordance with the Indenture.

SECTION 6. The Chairman, Vice Chairman, President, Vice President and/or Secretary, be and they are hereby approved, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Agency and delivered to effect delivery of

the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution or the Indenture, or to facilitate the sale of the Bonds.

SECTION 7. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency shall cause to be executed for and on behalf of the Agency the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the Indenture. The President and/or such other officer of the Agency shall receive from the Purchaser for the account of the Agency the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture in accordance with the provisions thereof.

SECTION 8. This resolution shall take effect immediately.

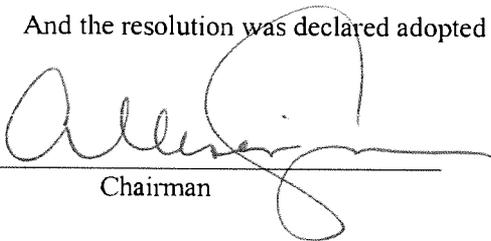
This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Allison A. Jones, Michael L. Airhart, Katie Anderson, Adena R. Boris, Jerome Boykin, Sr., Mayson H. Foster, Alice Washington obo John N. Kennedy, Joseph M. Scontrino, III, Donald B. Vallee, Tyrone A. Wilson, Elsenia Young

NAYS: N/A

ABSENT: Neal P. Miller, Guy T. Williams

And the resolution was declared adopted on the 16th day of March 2011.



Chairman



Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing four (4) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on March 16, 2011, entitled: "A resolution accepting the proposal of Bank of America, N.A. or such other purchaser as may be designated by the Developer for the purchase of not to exceed Twenty-Two Million Dollars (\$22,000,000) Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (1501 Canal Apartments Project) in one or more series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; and providing for other matters in connection with the foregoing."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 29th day of April 2011.


Secretary

(SEAL)

September 1, 2006

The Director of the National Park Service is pleased to send you the following announcements and actions on properties for the National Register of Historic Places. For further information or if you would like to receive this list weekly via e-mail, contact Edson Beall via voice (202) 354-2255 or E-mail: Edson_Beall@nps.gov

Our physical location address is:

National Park Service 2280
National Register of Historic Places
1201 "I" (Eye) Street, N.W.
Washington D.C. 20005

Please have any Fed Ex, UPS packages sent to the above address. Please continue to use alternate carriers, as all mail delivered to us via United States Postal Service is irradiated and subsequently damaged.

WEEKLY LIST OF ACTIONS TAKEN ON PROPERTIES: 8/21/06 THROUGH 8/25/06

KEY: State, County, Property Name, Address/Boundary, City, Vicinity, Reference Number, NHL, Action, Date, Multiple Name

ARKANSAS, JEFFERSON COUNTY,
McDonald's Store #433 Sign,
1300 S. Main St.,
Pine Bluff, 06000411,
LISTED, 8/21/06

GEORGIA, DOUGHERTY COUNTY,
Albany Theatre,
107 N. Jackson St.,
Albany, 06000733,
LISTED, 8/21/06

IDAHO, ADA COUNTY,
Chitwood, Joseph, House,
1321 Denver St.,
Boise, 06000709,
LISTED, 8/23/06

IDAHO, ADA COUNTY,
Schick--Ostolasa Farmstead,
5213 Dry Creek Rd.,
Boise, 06000710,
LISTED, 8/23/06

ILLINOIS, OGLE COUNTY,
Oregon Commercial Historic District,
Roughly bounded by Jefferson, Franklin, 5th and 3rd Sts.,
Oregon, 06000713,
LISTED, 8/16/06

IOWA, JACKSON COUNTY,
Maquoketa Company--Clinton Machine Company Administration Building,
605 E. Maple St.,
Maquoketa, 06000712,
LISTED, 8/23/06

IOWA, MARION COUNTY,

Coal Ridge Baptist Church and Cemetery,
1034 IA S71,
Knoxville, 06000711,
LISTED, 8/23/06

KANSAS, BROWN COUNTY,
Hiawatha Courthouse Square Historic District,
520-819 Oregon, 101-123 S6, 108-124 S7, 601-613 Utah,
Hiawatha, 05001052,
LISTED, 8/21/06

LOUISIANA, ORLEANS PARISH,
Texaco Building,
1501 Canal,
New Orleans, 06000715,
LISTED, 8/23/06

LOUISIANA, ORLEANS PARISH,
Tureaud, A.P., Sr., House,
3121 Pauger St.,
New Orleans, 06000742,
LISTED, 8/21/06

MASSACHUSETTS, FRANKLIN COUNTY,
Hill Cemetery and Parson Hubbard House Historic District,
Old Village Rd., 72 Old Village Rd.,
Shelburne, 06000716,
LISTED, 8/23/06

MASSACHUSETTS, WORCESTER COUNTY,
Vintonville Historic District,
Roughly bounded by Cottage, Green, Pine, Brigham, Beach Sts., and rear of properties along the east side of South St.,
Westborough, 06000717,
LISTED, 8/23/06

MICHIGAN, OAKLAND COUNTY,
Lake Orion Historic District,
Roughly bounded by Elizabeth St., Hauxwell Dr., Front St., and Lapeer St.,
Lake Orion, 06000722,
LISTED, 8/23/06

MISSOURI, GREENE COUNTY,
Schneider, Henry, Building,
600 College St.--219-231 S. Main Ave.,
Springfield, 06000535,
LISTED, 8/24/06
(Springfield MPS)

NORTH CAROLINA, BUNCOMBE COUNTY,
West Asheville--Aycock School Historic District,
401-441 Haywood Rd.,
Asheville, 06000718,
LISTED, 8/23/06

NORTH CAROLINA, MECKLENBURG COUNTY,
Grier, Sidney and Ethel, House,
4747 Grier Farm Ln.,
Charlotte vicinity, 06000724,
LISTED, 8/23/06
(Rural Mecklenburg County MPS)

NORTH CAROLINA, MONTGOMERY COUNTY,
Hotel Troy,
NW corner of N. Main and Smitherman Sts.,
Troy, 06000720,
LISTED, 8/23/06

NORTH CAROLINA, MONTGOMERY COUNTY,
Troy Residential Historic District,
E side of N. Main St., from one lot N of Chestnut St. to one lot N of Blair St. and 105 Blair St.,
Troy, 06000719,
LISTED, 8/23/06

NORTH CAROLINA, RUTHERFORD COUNTY,
Gilbert Town Historic District,
Along sections of Rock Rd.-NC 1520 and Old Gilbert Town Rd.-NC 1539,
Rutherfordton vicinity, 06000726,
LISTED, 8/23/06

NORTH CAROLINA, WAKE COUNTY,
Raleigh Bonded Warehouse,
1505 Capital Blvd.,
Raleigh, 06000790,
LISTED, 8/24/06

OREGON, LANE COUNTY,
Wilder Apartments,
259 E. 13th Ave.,
Eugene, 06000727,
LISTED, 8/23/06
(Residential Architecture of Eugene, Oregon MPS)

SOUTH DAKOTA, MINNEHAHA COUNTY,
Tuthill, John W., Lumber Company,
311 E. 8th St.,
Sioux Falls, 06000459,
LISTED, 8/24/06

TENNESSEE, GILES COUNTY,
Smith, Dr. Benjamin Franklin, House,
13494 Columbia Hwy.,
Waco, 06000728,
LISTED, 8/23/06

WASHINGTON, GRAYS HARBOR COUNTY,
Hoquiam Olympic Stadium,
2811 Cherry St.,
Hoquiam, 06000731,
LISTED, 8/22/06

WASHINGTON, PIERCE COUNTY,
Washington School,
3701 N. 26th St.,
Tacoma, 06000729,
LISTED, 8/23/06

[Links to the Past](#) | [National Park Service Home](#) | [National Register of Historic Places Home](#) | [Search ParkNet](#) |
[Search National Register Information System \(NRIS\) Data Base](#) |



**SUMMARY OF TERMS
(Texaco Building)**

May 10, 2011

This Summary of Terms (this "Summary") summarizes the material terms and conditions relating to the transactions contemplated in this Summary and is a legally binding agreement among the parties named herein.

Authority: La R.S. 47:6019 and the rules promulgated thereunder (collectively, the "HTC Program") authorize a credit (the "State Tax Credits") against Louisiana income taxes and corporation franchise tax in an amount equal to twenty-five percent (25%) of "Eligible Costs and Expenses," as defined in the HTC Program, incurred during the rehabilitation of a historic structure located in a "Downtown Development District," as defined in the HTC Program or a "cultural product district," as defined in the HTC Program.

Property; Development Background; Tax Credits: 1501 Properties, LLC (the "Owner") is the owner of the fee interest in the land and improvements located at 1501 Canal Street, New Orleans, Louisiana commonly known as the "Texaco Building" (the "Property"). The Housing Authority of New Orleans (HANO) has entered into a Purchase Option Agreement with the "Owner", and intends to have the Property rehabilitated into 114 units of Senior Housing as part of the Iberville Choice Neighborhood Initiative. To carry out this rehabilitation, HANO selected the Iberville Revitalization Company, LLC ("IRC"), a joint venture of HRI Properties and McCormack Baron Salazar, to serve as the Housing Implementation Entity. IRC, one of its members, or an affiliate of one of its members will serve as the developer ("Developer") of the Property. Developer will rehabilitate the Property in accordance with the HTC Program. Developer estimates that the Eligible Costs and Expenses incurred during the rehabilitation of the Property will generate approximately \$7,015,524.00 of State Tax Credits. Owner will allocate one hundred (100%) percent of the State Tax Credits generated in connection with the rehabilitation of the Property to a newly organized limited liability company ("State Investor").

Admission; Allocation: A Delaware limited liability company (the "Investor Member") to be organized and managed by Sarsen Capital Fund I, LLC will be admitted as 99.0% non-managing member of State Investor. State Investor's operating agreement will provide that 100% of the State Tax Credits generated in connection with the rehabilitation of the Property and allocated to State Investor by Owner will be specially allocated to Investor Member.

Capital Contributions: Investor Member will commit to make a capital contribution to State Investor in an amount equal in an amount equal to 76% of the amount of State Tax Credits generated by Owner's expenditure of the amount of Eligible Costs and Expenses set forth in the State Part 3 and the Cost Certification (as defined below). **Based on the \$7,015,524.00 of projected State Tax Credits, Investor Member's aggregate capital contribution will be \$5,331,798.00.** Investor Member will fund its capital contribution as follows:

- \$1,000 upon execution of the definitive transaction documents; and
- the balance of Owner's capital contribution within three (3) business days after the date the Louisiana Division of Historic Preservation ("DHP") issues Part 3 of the Historic Preservation Certification Application, "Request for

CONFIDENTIAL



Certification of Completed Work” (the “State Part 3”) with respect to the Property.

Letter of Credit; Closing Fee: At State Investor’s option and assuming extension of the HTC Program, Investor Member’s capital contribution commitment will be secured by a letter of credit issued by JPMorgan Chase Bank, N.A. (“Bank”) in favor of State Investor upon execution of the definitive transaction documents with an expiry of June 30, 2013. The initial face amount of the letter of credit will be equal to the product obtained by multiplying the amount of the State Tax Credits projected to be generated in connection with the rehabilitation of the Property by the seventy-six percent (76%). Investor Member will bear all fees and costs charged by Bank in connection with letter of credit; provided, however, upon the execution of definitive transaction documents State Investor will pay a closing fee of \$125,000.00 to Investor Member. In the event that Stonehenge defaults on its capital contribution commitment, then Investor Member may draw on the letter of credit.

Exit Options: Put Option. State Investor’s managing member (“Buyer”) will grant Investor Member the option to require Buyer to purchase Investor Member’s membership interest in State Investor at a purchase price equal to \$1,000. Investor Member may exercise the foregoing option by written notice to Buyer at any time during the six-month period commencing on the fifth anniversary of the date the Property is placed in service (such period is referred to herein as the “Put Period”).

Call Option. Buyer shall have the option to purchase Investor Member’s membership interest in State Investor at a purchase price equal to the fair market value of Investor Member’s membership interest as determined by an independent third party appraiser with experience in the real estate industry taking into account State Investor’s liabilities, minority discounts, and other relevant factors. Buyer may exercise the foregoing option by written notice to Investor Member at any time during the six-month period commencing on the expiration of the Put Period.

Cost Certification: Owner shall engage, at its cost, an auditing firm with experience in the historic tax credit industry and reasonably acceptable to Investor Member (the “Auditor”) to perform an audited cost certification (the “Cost Certification”), which shall be addressed to Owner (and which shall expressly permit reliance thereon by Investor Member), as to: (A) the itemized amount of Eligible Costs and Expenses incurred by Owner in connection with the rehabilitation of the Property, as such amount shall be determined by the Auditor after performing its cost certification procedures; and (B) the amount of State Tax Credits generated by the expenditure of such Eligible Costs and Expenses.

Make-Whole: If any of the State Tax Credits generated in connection with the rehabilitation of the Property are disallowed, recaptured, or otherwise reduced for any reason, other than solely as a result of an act or omission of Investor Member, and notwithstanding whether such disallowance, recapture, or other reduction was suffered by Investor Member or any subsequent holder of such State Tax Credits (any subsequent holder is referred to herein as a “Holder”), then Owner and State Investor jointly and severally agree to pay to Investor Member, an amount, on an after-tax basis, equal to the Make-Whole Amount. Investor Member reserves the right to require the payment of the Make-Whole Amount to be guaranteed by one or more creditworthy guarantors as determined by Investor Member. “Make-Whole Amount” means an amount equal to the sum of: (i) the face amount of the State Tax Credits disallowed, recaptured, or otherwise reduced, (ii) any interest or penalties assessed against Investor Member or any Holder arising from or related



to such disallowance, recapture, or other reduction, and (iii) any out-of-pocket expenses (including reasonable legal fees and expenses) incurred by Investor Member or any Holder arising from or related to such disallowance, recapture, or other reduction.

Conditions Precedent:

Investor Member's obligations to execute definitive transaction documents are subject to the following conditions precedent:

- satisfactory completion of a due diligence review by Investor Member;
- Owner shall provide Investor Member with a copy of each of (i) the *federal* Part 1 of the Historic Preservation Certification Application, "Evaluation of Significance," executed and approved by the National Park Service ("NPS") and a copy of the *Louisiana* Part 1 executed and approved by DHP ("State Part 1") and (ii) the *federal* Part 2 of the Historic Preservation Certification Application, "Description of Rehabilitation" executed and approved by the NPS and a copy of the *Louisiana* Part 2 executed and approved by DHP;
- The State Part 1 shall have established that (i) the Property is located in the New Orleans Downtown Development District and (ii) either (x) the Property is listed on the National Register of Historic Places or (y) the Property contributes to the historical significance of such district;
- the Property shall not have been placed in service prior to State Investor's admission as a member of Owner or Investor Member's admission as a member of State Investor; and
- negotiation and execution of mutually acceptable definitive transaction documents reflecting the terms and conditions set forth in this Summary and other provisions customary in transactions of this nature.

Investor Member's obligation to fund its capital contributions is subject to the following conditions precedent:

- the Property shall be placed in service on or before December 31, 2012;
- the Auditor shall have issued the Cost Certification; and
- DHP shall have issued the State Part 3.

Expenses:

Each party shall be responsible for the payment of its legal fees and expenses and other costs incurred by them in connection with the transactions contemplated in this Summary. As a matter of clarity, Owner and State Investor will not be responsible for any of Investor Member's legal fees and expenses.

Confidentiality:

The terms and conditions of this Summary are confidential and neither party shall disclose the same to any third party without the consent of the other party, except (i) as required by law and (ii) a party may disclose such terms and conditions to its officers, directors, attorneys and other professional advisors (collectively, "Representatives") as reasonably required to consummate the transactions contemplated hereby. Each party shall be responsible for the violation of this confidentiality agreement by one or more of its Representatives.



Exclusivity:

Investor Member anticipates incurring expenses and foregoing other opportunities while Investor Member, Developer and State Investor negotiate definitive transaction documents. Investor Member is willing to incur these expenses with the understanding that, once this Summary has been signed, neither Developer and State Investor nor any of their members, managers, officers, employees, agents, or other Representatives will solicit, discuss, or entertain any other proposals with respect to any of the State Tax Credits anticipated to be generated in connection with the rehabilitation of the Property. By executing this Summary, Developer and State Investor represent that they (i) have terminated all other negotiations, if any, with all other parties with respect to the matters set forth in this Summary, whether such negotiations were being conducted by Developer, State Investor or by one or more of its members, managers, officers, employees, agents, or other Representatives and (ii) is not a party to any other letter of intent, proposal or similar document from any other party regarding the State Tax Credits from the Project.

Expiration Date:

This Summary will expire if it has not been executed and returned by 5:00 p.m. Central time on the date that is ten (10) days after the date of this Summary (or, if such date is a weekend or holiday, the next succeeding business day).

[Signature Page to Follow]



IN WITNESS WHEREOF, the parties have executed this Summary of Terms as of the date first set forth above.

“Investor Member”

Sarsen Capital Fund I, LLC

By: Sarsen Capital Fund Manager Inc.
Its: Managing Member

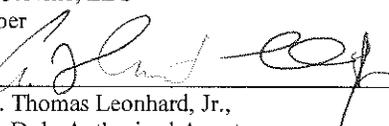
By: 

William B. Owens, Jr., Director

“Developer”

Iberville Revitalization Company, LLC

By: HRI Iberville, LLC
Its: Member

By: 

A. Thomas Leonhard, Jr.,
its Duly Authorized Agent



Summary of Indicative Terms and Conditions

May 17, 2011

JPMorgan Chase Bank, N.A. (“Chase”) or (“Lender”)

And

1501 Properties, LLC (“Obligor”)

Lender: JPMorgan Chase Bank, N.A. (“Chase” or “Lender”)
Community Development Group
712 Main Street, 6th Floor
Houston, TX 77002

Phone 713-216-0129
E-mail Ken.L.Overshiner@chase.com

Obligor or Borrower: 1501 Properties, LLC, a Louisiana Limited Liability Corporation who will have 3 members:

1501 Manager, LLC	.01% (100% owned by HRI)
State Historic Tax Credit Investor SPE	1%
Federal LIHTC Investor Member	98.99%

Developer: Historic Restoration Inc.
909 Poydras Street, Suite 3100
New Orleans, LA 70112

Project Name and Location: 1501 Canal Street Elderley Residences
1501 Canal Street
New Orleans, LA (the “Project”).

The Project consists of a .4-acre site upon which a single 17-story building will be gut rehabilitated into 114 one bedroom units for the independent elderly.

Required Syndication or Participation: No

Facilities: The Bank will purchase tax exempt bonds (the “Bonds”) up to \$18,000,000 to be issued by the Louisiana Housing Finance Agency (“Issuer”) for the purpose of making a loan (the “Construction Loan”) to the Borrower. Upon meeting the conditions required for the Permanent Period, the Construction Loan shall convert to a permanent loan (the “Permanent Loan”) in an amount not to exceed \$2,010,000. The Facilities are subject to acceptable final budget, sources and uses, LIHTC equity pay-in schedules, and final underwriting.

Purpose: To provide construction and permanent financing (the "Construction Loan" and "Permanent Loan", respectively) for the development of the Project. Units in the project shall be affordable to families with incomes of 60% or less of HUD AMI under a HAP contract. Proceeds of the Loan will be used to finance the capital improvements to the Project.

Source of Repayment: The Bonds will be partially paid down with proceeds from Federal HTC, State HTC, 4% LIHTC equity and subordinate CDBG Loan funds and fully paid down to the Permanent Loan with 4% LIHTC equity and Federal HTC equity payments at conversion

\$ 5,258,254 Conversion to Permanent Period LIHTC Equity

\$ 2,954,991 Federal Historic Tax Credits

Loan Fees: Construction Loan: A non-refundable construction commitment fee equal to 100 basis points of the amount of the Construction Loan will be payable at construction loan closing.

Permanent Loan:

1. A non-refundable permanent commitment fee equal to 100 basis points of the amount of the Permanent Loan will be payable at construction loan closing.
2. \$10,000 conversion fee payable at conversion to the Permanent Period.

Interest Rate: Construction Loan: Interest on the construction loan is payable monthly. The applicable interest rate for the Construction Loan will be fixed at closing. Current indicative rate is 3.75% payable on a 360 day basis.

Permanent Loan: The applicable interest rate for the Permanent Loan shall be locked at construction loan closing. Current indicative rate is 6.5% with an underwriting rate of 6.5%

Please note that credit markets are highly volatile. Loan fees and interest rates are subject to substantial adjustment prior to commitment.

Term: Construction Loan: 24 months from closing

Permanent Loan: 24-month unfunded forward commitment, which may be extended for up to six months with no additional fee, subject to the extension of the Construction Loan. The Permanent Loan will mature 246 months or 20.5 years from Construction Loan closing. Conversion to the Permanent Loan can occur the later of (i) 24 months after Construction Loan closing or (ii) upon achievement of the conditions precedent to conversion, but in any event no later than 30 months following closing of the Construction Loan.

Extension Option: The Construction Loan shall carry one "as-of-right" six-month extension option, subject to:

1. The Lender is given at least thirty (30) days but not more than ninety (90) days prior written notice;
2. An extension fee of 25 bps on the remaining commitment is

- paid, together with Lender legal expenses;
- 3. The improvements have been substantially completed as evidenced by a temporary certificate of occupancy (“TCO”), and receipt of Certificate of Substantial Completion from the project Architect and concurrence from the Chase construction consultant;
- 4. No default has occurred and is continuing;
- 5. There remains sufficient interest reserve in the budget, or the Borrower deposits sufficient cash with the Lender or operating statements reflect sufficient NOI at the Lender’s sole discretion to pay estimated interest and fees during the extension period;
- 6. All loan or other commitments related to the Improvements remain in full force and effect without default thereunder throughout any extension period;
- 7. Leasing efforts for the units, the number of units leased, level of operating expenses and the rate of lease-up are satisfactory to the Lender;
- 8. All equity required to be paid in as of such date has been contributed; and
- 9. Any other required conditions as determined by the Lender in the loan documents.

The Permanent Loan commitment may be extended for up to six months with no additional fee.

Commitment Expiration:	The formal commitment, if issued, must be accepted within 15 days of issuance. The commitment will expire 60 days from issuance if the transaction has not yet closed.
Construction Commencement Date:	Construction must commence within 30 days of the closing date.
Completion Date:	Construction must be completed within 14 months of the closing date, but in no event later than the required placed-in-service date for tax credit purposes.
Guarantees of Payment, Completion and Carve-outs:	<p>Historic Restoration, Inc. (“HRI”) , Maurice Kabacoff and Edward Boettner (“Guarantors”) shall provide full, unconditional guarantees of completion and payment joint and several during construction phase.</p> <p>HRI, Maurice Kabacoff and Edward Boettner will be designated as Key Principals and will provide standard joint and several recourse carve-out guarantees during the Permanent Period.</p>
Environmental Indemnification:	The Borrower and Guarantors will jointly and severally provide environmental indemnification in connection with the Project.
Collateral:	First lien Deed of Trust on the site and all improvements to be constructed thereon. A first security interest in all fixtures, equipment and deposits, assignment of the architect’s contract, assignment of the general contract, assignments of any rents, leases, escrow, operating and reserve accounts (if any), developer’s fee, general partner’s or managing member’s interest in the Borrower, and pledge of syndication proceeds and any other funding source(s).
Ground Lease:	Any ground lease executed in connection with the Project shall be subject to Lender review and approval and the Ground Lessor shall have delivered such modifications, subordinations and estoppels as Lender may require.

Equity Investor: The Lender shall be provided with the sources of LIHTC, Federal HTC and State HTC funding, including the name of the investor or fund proposed for the transaction and all upper tier investors in the fund, which investors shall be satisfactory to Lender in its sole discretion. There shall be no change to the investors in the fund prior to full repayment of the Lender's construction loan without prior written consent of Lender. No Lender monies shall be advanced unless and until the upper tier investor(s) are admitted to the Partnership/LLC.

Equity Requirement: The total equity investment generated by the syndication of Low Income Housing Tax Credits will not be less than \$10,516,507 on a pay-in schedule acceptable to Lender. A minimum of 50% of the LIHTC equity must be paid in by certificate of occupancy. Equity must be paid-in to an appropriate account with Lender. The syndicator, investor and final timing, conditions and amounts of pay-ins are all subject to Lender approval.

The Federal HTC investment will not be less than \$5,909,981 on a pay-in schedule acceptable to Lender. Equity must be paid-in to an appropriate account with Lender. The syndicator, investor and final timing, conditions and amounts of pay-ins are all subject to Lender approval.

The Statel HTC investment will not be less than \$5,331,798 on a pay-in schedule acceptable to Lender. Equity must be paid-in to an appropriate account with Lender. The syndicator, investor and final timing, conditions and amounts of pay-ins are all subject to Lender approval.

THE EQUITY FUNDING SCHEDULE IS A MATERIAL REPRESENTATION OF THE BORROWER. THE FACILITY TERMS OUTLINED HERERIN ARE SUBJECT TO CHANGE OR WITHDRAWAL SHOULD THIS SCHEDULE BE AMENDED.

Balancing Provision: If at any time the Lender determines that the undisbursed sources of funds are insufficient to complete and convert the Project to the Permanent Period, the Borrower and/or Guarantors will be required to invest additional equity upon Lender's request.

Appraisal Requirement: An appraisal of the subject Project will be completed in accordance with the requirements of Lender. The appraisal must demonstrate a loan to value ratio for the proposed Construction Loan not to exceed 75% on an "as completed and stabilized" basis, including the contributory value of the Low Income Housing Tax Credits and other collateral acceptable to the Lender.

In addition, this appraisal must demonstrate a loan to value ratio for the proposed Permanent Loan not to exceed 80% of the stabilized rent restricted value.

Prior to the Permanent Period (and otherwise in accordance with the loan documents), Lender shall have the right to order new appraisals of the Project from time to time and Borrower agrees to pay all costs and expenses associated with such appraisals.

Conditions Precedent to
Construction Loan Closing:

- Borrower, General Partner or Managing Member, Guarantor, and Key Principal(s) certify that there are no defaults, no material litigation and no material adverse change in the financial or project information provided to Lender in connection with the Loan request.
- Receipt, review and approval of appraisal, environmental assessment, construction consultant and other third party reports
- All documentation satisfactory to Chase and its Legal Counsel.
- Evidence acceptable to Chase that the demolition and abatement has been done in a manner acceptable to Chase.
- Confirmation that the Project has a reservation of 4% federal LIHTCs of \$11,685,007 per year for ten years consistent with the Louisiana Qualified Allocation Plan.
- Evidence of a commitment by a tax credit investor acceptable to Lender for the acquisition of 4% Low Income Housing Tax Credits for a price not less than \$0.90 and on terms, including pay-in schedule amounts, timing, and final underwriting acceptable to Lender. Investor must be committed to the Project and acceptable to Lender.
- Evidence of a commitment by an investor acceptable to Lender for the acquisition of the Federal Historical Tax Credits for a price not less than \$1.03 and on terms, including pay-in schedule amounts, timing and final underwriting acceptable to Lender. Investor must be committed to the Project and acceptable to Lender.
- Evidence of a commitment by an investor acceptable to Lender for the acquisition of State Historical Tax Credits for a price not less than \$0.76 and on terms, including pay-in schedule amounts, timing and final underwriting acceptable to Lender. Investor must be committed to the Project and acceptable to Lender.
- All other subsidy funds, including \$9,499,497 in the form of a subordinate CDBG Loan must be committed and closed simultaneous with closing of the Loan.
- Final Project budget to be approved by Lender.
- Development agreement with HRI acceptable to Lender.
- HUD long term use agreement acceptable to Lender (if applicable).
- Evidence of availability of long term HAP contract acceptable to Chase with a term exceeding the permanent loan period of 18 years, or the ability to extend beyond permanent loan period. An AHAP from the Housing Authority of New Orleans will be required for closing
- Receipt of all required municipal and other governmental approvals.
- Satisfactory review of plans and specifications, hard cost budget, trade payment breakdown and permits, by a consulting engineer retained by Lender, and verification of the total project cost by Lender.
- Approval of current financial statements of the Guarantors and the Key Principals.
- Borrower counsel opinion in form and content satisfactory to Lender

- Additional Conditions Precedent to Convert from Construction Loan Term to Permanent Period.
- The Construction Loan has been reduced to the Permanent Loan amount and all accrued interest thereon shall have been paid in full.
 - Minimum Debt Service Coverage Ratio (DSCR) of 1.20x; 1.15x all-in DSCR including all loans requiring debt service payment. Commercial income will be excluded from the DSCR analysis.
 - 90 consecutive days at 90% economic and physical occupancy. Minimum required DSCR for the same period.
 - The Permanent Loan may be reduced at conversion if the pro-forma forecast shows DSCR (based on annual revenue growth of 2% and annual expense growth of 3%) is less than 1.0x in the first 10 years of the permanent loan period.
 - Borrower, General Partner or Managing Member, Guarantor, and Key Principal(s) certify that there are no defaults, no material litigation and no material adverse change in the financial or project information provided to Lender in connection with the Loan request.
 - Lender shall be satisfied that the physical condition of the Project is satisfactory and that there has been no material adverse change therein since completion of construction.
 - Lender shall have received a satisfactory as-built survey of the Premises and Improvements and a date down title endorsement showing no change in the status of title (except as otherwise approved by Lender).
 - Additional information as may be requested by Lender.
- Preliminary Permanent Loan Underwriting Assumptions:
- Gross potential rent: \$1,181,952 or \$10,368 per unit. Any rental income which exceeds 85% of market rents will be excluded from gross potential rent.
 - Vacancy: 7.5%, applied to gross potential income.
 - Management Fees: 5% of Effective Gross Income.
 - Repairs & Maintenance: \$25,080 or \$220 per unit.
 - Replacement Reserves: \$34,200 or \$300 per unit.
 - Net Operating Income: \$520,313
 - An underwriting tax exempt interest rate of 6.5% with a 30-year amortization
 - Final underwriting assumptions will also take into consideration market data provided by appraisal and market study.
- Reporting Requirements:
- Beginning in 2013, Borrower and Guarantors will provide audited financial statements and U.S. Federal income tax returns within 120 days from calendar or fiscal year-end.
 - During the Construction Loan term, beginning 30 days from the end of each calendar month (after leasing has commenced), Borrower will provide monthly operating statement on a cash basis for the Project, including a report of monthly rent collections (including a rent roll identifying tenants by name and unit of occupancy), a report detailing the total number of units occupied and vacant as of the end of that calendar month, the budget for the current month, year-to-date activity, year-to-date budget and a reconciliation of NOI for that month.
 - During the Permanent Period, Borrower will provide an audited

financial statement and current rent roll annually. If the DSCR is less than 1.05x, Borrower will be required to provide operating statements, rent rolls and reports detailing its efforts to improve operating performance on a quarterly basis. Quarterly requirement will remain in place until property achieves a DSCR of 1.05x or better for 12 consecutive months.

In the event DSCR is less than 1.05x for six consecutive months, no distributions will be allowed. Distributions will be allowed after a minimum 1.05x DSCR is achieved for 12 consecutive months.

- Additional information as may be requested by Lender.

Construction Consultant:	The Lender's construction monitoring group will monitor construction and be the final approver of each requisition. As part of this process, the Lender will engage, at Borrower's expense, an independent consultant who will review the budget, plans and specifications and timelines as well as construction requisitions on a monthly basis. The closing of the contemplated facility would be predicated upon an acceptable review of the budget and the final conclusions that the budget is sufficient to complete the Project.
Advances and Retainage:	Disbursements will be authorized not more frequently than monthly based upon the percentage of approved work in place and hard costs will be subject to a 10% retainage until 50% completion. The rate of Retainage on future advances would then be reduced to 5%, resulting in 7.5% Retainage held overall, pending satisfactory completion of the Improvements, all subject to the discretion of the Lender.
Interest Reserve:	The development budget must provide an interest reserve satisfactory to Lender.
Hard Cost Contingency:	A minimum of 10% is required and must be calculated on the total amount of the general contract, including profit, overhead and general conditions.
General Contractor:	Landis Construction will act as the General Contractor.subject to Lender review and approval of financial condition, capacity and experience.
Payment and Performance Bond:	A payment and performance bond from a surety acceptable to Lender is required. The surety must carry an A.M. Best rating of A-/VIII or better.
Architect:	HCI Architecture, Inc. 909 Poydras, Suite 3100 New Orleans, LA 70112
Environmental Consultant and Audit Requirement:	An environmental assessment of the subject property will be completed by an environmental professional acceptable to Lender and the results of the assessment must be satisfactory to Lender.
Property Manager:	H.R.I. Management Corporation and management contract subject to Lender approval.
Title Insurance:	The Borrower will purchase and provide a mortgagee's title policy in the amount of the loan by a title underwriter acceptable to the Lender subject only to coverage exceptions and encumbrances approved by Lender in its sole discretion.

Hazard and Liability Insurance:

The Borrower will be required to maintain "all risk" non-reporting insurance (including terrorism and earthquake coverage, unless waived) in an amount and issued by an insurer satisfactory to Lender. The policy must be written on a 100% insurable value replacement cost basis (excluding land). The property policy must include the following endorsements:

- Non-contributing mortgagee clause naming Chase as Mortgagee
- Loss payable clause naming Chase as Loss Payee
- Ordinance or Change in Law Endorsement (demolition, contingent liability and increased cost of construction) equal to 10% of the property insurance limit

Prior to commencement of the Permanent Period, Borrower shall also maintain customary builder's risk insurance as required by the loan documents.

Borrower must provide a signed/original insurance binder or cover note as evidence of coverage prior to closing (provided the binder provides at least 60 days of coverage beyond the loan closing date).

- Commercial General Liability Insurance with limits of not less than \$1,000,000 per occurrence combined single limit and \$2,000,000 in the aggregate, together with Umbrella/Excess Liability Coverage with a limit of liability of [\$2,000,000, for loans up to \$1,000,000; \$5,000,000, for loans between \$1,000,000 and \$10,000,000; and \$10,000,000, for loans greater than \$10,000,000] extended for the policy period, and extended to cover (i) Contractual Liability assumed by Borrower, (ii) Independent Contractors Liability, (iii) Broad Form Property Damage Liability, (iv) Products & Completed Operations, (v) waiver of subrogation against all parties named additional insured, (vi) Severability of Interest provision and (vii) Personal Injury and Advertisers Liability.
- Workmen's Compensation and Employers Liability Insurance of not less than \$1 million.
- Automobile Liability of not less than \$1 million, including coverage on owned, hired and non-owned autos is used in connection with work at the Project.
- Flood insurance, if required
- Such other insurance as Chase may require, which may include, without limitation, errors and omissions insurance with respect to the contractors, architects and engineers, earthquake insurance, rent abatement and/or business loss.

All insurance policies shall (i) be issued by an insurance company licensed to do business in the state where the property is located having a rating of "A-" VIII or better by AM Best Co., in Best's Rating Guide, (ii) name "JPMorgan Chase Bank, N.A., any and all subsidiaries as their interest may appear" as additional insured on all liability insurance and as mortgagee and loss payee on all All-Risk Property insurance, (iii) be endorsed to show that Borrower's insurance shall be primary and all insurance carried by Chase is strictly excess and secondary and shall not contribute to the Borrower's insurance, (iv) provide that Chase is to receive thirty (30) days written notice prior to non-renewal or cancellation, (v) be evidenced by a certificate of insurance to be provided to Chase, (vi) include either policy or binder numbers on the

Accord form, and (vii) be in form and in amounts acceptable to Chase.

The General Contractor shall be required to provide insurance in amounts acceptable to Chase in accordance with its requirements.

Due on Sale Provision:	The Loan is due in full on any sale or refinance of the Project or any interest therein or in the Borrower.
Permitted Transfers:	None without Lender's consent prior to conversion. After conversion to the Permanent Period, approval required for third party transfer of general partner/managing member, limited partner/LLC member, or key principal(s). In first 15 years of Permanent Period, approval provided for transfer of general partner/managing member or key principal if no defaults exist and transferee meets standard eligibility requirements. No transfers are permitted after year 15. \$3,000 review fee and transfer fee equal to 1% of loan balance. Transfer fee waived if general partner removed for cause by limited partner. For limited partner transfer, approval provided if transferee is bank, insurance company, or investment grade company, no defaults exist, all capital contributions have been made, and \$3,000 review fee paid.
Break Funding Payments:	<p>For the Construction Loan, in the event of any payment of principal on other than the last day of an interest period applicable thereto, the Borrower shall compensate Lender for the loss, cost and expense attributable to that event.</p> <p>At conversion, the permanent loan may be reduced by up to 10% without penalty. Any reduction in excess of 10% will be subject to break funding (yield maintenance) payments.</p>
Prepayment Terms:	Except during the last three years of the term of the Permanent Period, the Permanent Loan (for purposes of the foregoing, the Permanent Loan will be deemed fully advanced on the date of the Construction Loan closing) will be subject to Yield Maintenance. Thereafter, the prepayment fee will be 1% of the loan balance until the final 90 days of the loan term. Prepayment during the final 90 days of the Permanent Period will be without premium.
Property Operating Accounts:	All property operating accounts (including Project disbursement account) will be established and maintained at Chase during the Construction and Permanent Loan period.
Permanent Period Payments:	Monthly payments of principal (based on a 30 year amortization schedule) and interest for Permanent Loan will be due on the 10 th of each month. Payment will be made via automatic debit.
Permanent Loan Escrow/Reserves:	<p>All escrows for real property taxes, insurance and replacement reserves shall be held and controlled by Chase or its servicer.</p> <p>Replacement reserve shall be funded with a minimum contribution of \$300 per unit per year and subject to review after ten (10) years.</p> <p>An operating reserve equal to six months operating expenses and debt service will be funded at the time of Permanent Loan conversion. The operating reserve will be held in a Chase account and controlled by the Investor. The Operating Reserve will have a minimum term of five years and will not terminate unless Debt Service Coverage is at least 1.15 in the year of termination.</p>
Expenses:	All expenses associated with this financing, including but not limited to

appraisal, environmental audit, construction review and monitoring, Lender legal, title, recording, survey, etc., will be the responsibility of the Borrower. Borrower and Guarantors jointly and severally guarantee to reimburse Chase for all fees and expenses incurred related to the subject transaction regardless of whether Chase issues a commitment and/or closes the proposed transaction. A fee of \$300.00 will be collected at construction closing for deposit account fees during construction loan term.

Information Sharing:

The Borrower and Guarantor(s) agree that Chase may provide any information or knowledge Chase may have about the Borrower, Guarantor(s) or about any matter relating to the facilities described in this term sheet to JPMorgan Capital Corporation or any of its subsidiaries or affiliates or their successors, or to any one of more banks, potential banks, participants or assignees of facilities described herein. The Borrower agrees that Chase may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in the facilities described herein to one or more participants whether or not related to Chase.

LIHTC Syndicator:

Aegon

Borrower Counsel:

Elkins PLC
201 St. Charles Ave.
Suite 4400
New Orleans, LA 70170

Lender Counsel:

Wayne Yaffee
Gardere, Wynne and Sewell
Houston, TX

JPMORGAN CHASE BANK, N.A.



Ken L. Overshiner
Vice President, JPMorgan Chase Bank



State of Louisiana
Division of Administration
Office of the Commissioner

May 27, 2011

1501 Properties, LLC
c/o Mr. A. Thomas Leonard, Jr.
HRI Properties
909 Poydras Street, Suite 3100
New Orleans, LA 70112

Re: Commitment of Disaster Community Development Block Grant Funding to 1501 Properties, LLC

Dear Mr. Leonard:

The Louisiana Office of Community Development/Disaster Recovery Unit (OCD/DRU) is committed to New Orleans public housing developments, in particular, the redevelopment of the Iberville Public Housing Development. As part of the Housing Authority of New Orleans (HANO) and the City of New Orleans' (CNO) Choice Neighborhood application to HUD, the OCD/DRU believes that Iberville's success as a competitive application is dependent upon the redevelopment of the Texaco Building.

In order to ensure the re-development of the Texaco Building, OCD/DRU is committing up to \$9.5 Million (not to exceed the projected gap in sources, as determined by OCD/DRU based on our standard underwriting procedures, terms and conditions) as funds are required and available from appropriate programs, and contingent upon Iberville's successful receipt by HANO and CNO of the HUD Choice Neighborhood award in the FY 2010 Round 2 NOFA.

OCD/DRU's financial involvement (\$100M) in the "Big 4" public housing redevelopments has been crucial to the overall success of those developments and OCD/DRU similarly believes that financial contributions toward the Texaco Building project, as part of the Iberville Redevelopment, are necessary to ensure Iberville's future as a public housing development for the citizens of New Orleans.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul W. Rainwater", with a stylized flourish at the end.

Paul W. Rainwater

Copy:
David Gilmore, HANO Receiver

K10-544

1 GRANT AGREEMENT
2 BETWEEN
3 THE CITY OF NEW ORLEANS
4 AND
5 UNITY of GREATER NEW ORLEANS
6

7 THIS AGREEMENT is made and entered into on this 1st day of August, 2010, by and between
8 the City of New Orleans, herein represented by Mitchell J. Landrieu, Mayor (hereinafter referred to as
9 "City") and Unity of Greater New Orleans, INC. (hereinafter referred to as "Sponsor"), to accomplish
10 the services to be performed and obligations to be undertaken by Sponsor in its role in the
11 implementation of a Rental Housing Activity funded under the HOME Investment Partnerships Act,
12 as per the project, "HOME10-002, Budget Code 7554.
13

14 WITNESSETH

15 WHEREAS, the City has received federal funding under the HOME Investment Partnerships
16 Program (hereinafter referred to as "HOME"), which was enacted into law by the Congress of the United
17 States, under Title II of the Cranston-Gonzales National Affordable Housing Act, of 1990; and

18 WHEREAS, the HOME Program funds provided hereunder are furnished to the City through the
19 U.S. Department of Housing and Urban Development (HUD)(CFDA # 14.239), and are governed by
20 federal regulations published in Part 92 of Volume 24 of the Code of Federal Regulations (24 CFR 92);
21 and

22 WHEREAS, funds allocated to the City under the HOME Program are to be used to strengthen
23 the relationship between the City and qualified nonprofit organizations which serve the housing needs of
24 low-income persons within the community; especially those nonprofit organizations designated by the
25 City under 24 CFR 92.300 as Community Housing Development Organizations (CHDOs); and

26 WHEREAS, the City desires to address the priority requirement of the HOME program, which
27 is the provision of decent, safe and sanitary housing that is affordable to low income households; and

28 WHEREAS, the Sponsor, is a non-profit organization serving the housing needs of the
29 community, and has demonstrated the desire and ability to provide decent, safe and sanitary housing,

1 which is affordable to low-income households; and

2 **WHEREAS**, in accordance with 24 CFR 92.300 of the HOME regulations, the Sponsor will be
3 performing the services under this Agreement as a Developer, a designation that has a specific meaning
4 relative to various provisions of the HOME program; and

5 **WHEREAS**, the Sponsor and the City, through the Office of Community Development (OCD),
6 have agreed to a cooperative endeavor and desire to implement specific HOME-funded activities in
7 accordance with the HOME program regulations.

8 **WHEREAS**, the Sponsor understands that any funding the City provides under this Agreement
9 is **conditional** upon the completion of an Environmental Review.

10 **NOW, THEREFORE**, the City and the Sponsor, for the considerations and under the conditions
11 set forth herein do hereby agree as follows:

12
13 **I. THE SPONSOR AGREES TO:**

- 14 **A. Provision of Housing Development Services** - use the HOME funds provided hereunder to
15 develop **60 affordable rental housing units for low income tenants** who meet income
16 eligibility standards. In accordance with the HOME regulations [See §92.504], the Sponsor
17 shall conduct the activities under this Agreement in the capacity of a **Subrecipient**.
- 18 **B. Comprehensive Project Analysis Document** - provide services under this Agreement in
19 accordance with the *Comprehensive Analysis Document Project Description and Reporting*
20 *Document*, and marked **Attachment I**.
- 21 **C. Compliance With HOME Regulations and HUD Notices** - comply with the federal
22 regulations published in Volume 24, Part 92, of the *Code of Federal Regulations* (24 CFR
23 92), as well as all federal regulations and requirements incorporated therein by reference,
24 whether specifically discussed herein or not. The HOME regulations are incorporated herein
25 by reference and are a part of this Agreement. References to 24 CFR 92 are found
26 throughout the remainder of this document in the following format: §92.xxx. The Sponsor
27 also agrees to comply with all applicable Notices and directives promulgated by the U.S.
28 Department of Housing and Urban Development. Such Notices and directives are included
29 or referenced in the *HOME Handbook* which is attached hereto, and marked **Attachment II**.
- 30 **D. Affordable Housing Units** - insure that all housing units acquired, developed, produced or

1 otherwise assisted with HOME funds provided under this Agreement are "affordable" to low
2 income households, as defined in §92.252 and §92.254, for the applicable "Period of
3 Affordability". Sponsor hereby acknowledges that the affordability requirements must be
4 enforced by deed restrictions recorded against HOME-assisted properties, and undertakes the
5 responsibility for seeing that all required deed restrictions are properly executed and
6 recorded. The deed restrictions are provided by the City in the form of a Regulatory
7 Agreement for projects with rental units, or in the form of a Second Mortgage, for homebuyer
8 projects. The Second Mortgage contains the "Recapture Requirements" that the City has
9 elected to utilize in accordance with §92.354. These documents are available from OCD.

10 **E. Rental Projects** - The following requirements apply to tenant occupied projects:

11 1. HOME Rents - For rental units in a HOME-assisted project, obtain the City's approval
12 of a Rent Schedule, which includes applicable utility allowances. Said Rent Schedule must
13 demonstrate the compliance of each project with HOME Regulations as they relate to the
14 "affordability" of HOME-assisted rental housing for low and very-low income persons
15 [§92.252]. The currently applicable HOME rents, as well as the procedures for rent
16 increases, are available from OCD.

- 17 i. Leases - insure that leases are executed with all tenants residing in HOME-
18 assisted units. A model lease is available from OCD. A Section 8 Program
19 lease may be used when renting to a Section 8 tenant. All other leases must
20 comply with §92.253(a) and (b), and must be approved by OCD prior to use.
- 21 ii. Tenant Selection - In accordance with §92.253(d), adopt and maintain written
22 tenant selection policies.
- 23 iii. Tenant Participation Plan [CHDOs only] - Sponsor hereby acknowledges, as
24 applicable, that it shall adhere to a fair lease and grievance procedure which
25 must be approved by the City. Sponsor further acknowledges that it shall
26 provide a plan for and follow a program of tenant participation in management
27 decisions. [See §92.303]
- 28 iv. Periodic Monitoring

- 29 1. Income Re-certification - re-certify the incomes of all tenants not less
30 than annually, and provide the City with copies of the Re-certification
31 Application and related documentation, or other income determination

method authorized under §92.203 and approved for use by OCD.

2. Site Inspections - make arrangements with tenants for inspections of a sample of HOME-assisted units by OCD, in accordance with the timetable found in §92.504(d).

3. Rent Review - submit to OCD, not less than annually, an Occupancy List, which includes the rents being charged for each HOME-assisted unit. A report format for this requirement is available from OCD.

b. **Income Targeting** - comply with the HOME income targeting requirements as outlined in §92.216 and §92.217, by obtaining a written determination from the City that any and all households who will occupy units assisted with HOME funds have been determined eligible as low income households, whose income does not exceed 80 percent of the median family income for the New Orleans Metropolitan Statistical Area (MSA)

i. In the case of homeownership assistance, all households must have incomes at or below 80 percent of the MSA median family income

ii. In the case of tenants, a lower income eligibility threshold applies, and the household income generally must not exceed 60 percent of the median family income, unless approved by OCD.

When applicable, the Sponsor must provide the City with demographic information on all HOME Program applicants, which demonstrates their compliance with the above income limitations. The determination of income eligibility is based upon the procedures found in the *Technical Guide for Determining Income and Allowances for the HOME Program* (HUD-1780-CPD).

G. **Eligible Costs** - use HOME funds only for the payment of costs associated with eligible HOME activities as identified in §92.205 and §92.206, and budgeted in accordance with the provisions of Section I, below.

H. **Prohibited Activities** - insure that none of the funds that will be provided to Sponsor to implement a HOME-assisted project, will be used to fund any activity prohibited by HOME regulations, as outlined in §92.214.

I. **Project Selection and Set-up** - submit to the Director of Housing of OCD, a Project Set-up Package consisting of a Project Activity Budget, a HOME Set-up form (HUD 40094), a HOME Match Analysis form, Construction Assessment form and Environmental

1 Assessment form and any other documentation or information as may be required to
2 explain the details of the proposed project. Since the City is responsible for ensuring that
3 HOME funds are used in accordance with all HOME program requirements [See §92.504
4 (a) and (b)], before submitting the Project Set-up Package or proceeding with the
5 implementation of a project, Sponsor will:

- 6 1. Site and Neighborhood Standards - comply with the site and neighborhood
7 standards described in §92.202 when choosing a project location.
- 8 2. Compliance with Consolidated Plan - insure that the proposed project complies
9 with the housing strategies outlined in the City's current Consolidated Plan (CP).
- 10 3. Environmental Review - request from OCD and obtain a written determination
11 that the project has been subjected to an "environmental review", in accordance
12 with §92.352 and 24 CFR 58, and that there are no environmental issues that
13 would prohibit implementation of the project as proposed. **Do not proceed with
14 any physical development without first receiving an environmental clearance
15 notice and a Notice to Proceed from OCD.**
- 16 4. Income Eligibility - obtain and submit a determination of income eligibility of for
17 all households to be assisted with HOME funds as outlined in §92.203, prior to
18 such household's occupancy of completed HOME-assisted units.
- 19 5. Match Contributions - in accordance with the requirements of Section V, below,
20 complete a Match Contribution Analysis form, which is available from OCD, and
21 include it in the submission package.
- 22 6. Subsidy Layering - whenever other sources of government assistance are
23 combined with HOME funds provided hereunder, submit a Subsidy Layering
24 Review in accordance with guidelines available from OCD.
- 25 7. Relocation Assessment, Notification and Assistance - Identify all occupants of
26 buildings that are proposed to be assisted with HOME funds, and assess the
27 impact of such HOME assistance upon the occupants, with respect to the *Uniform
28 Relocation and Real Properties Acquisition Act of 1970*, as amended (URA).
29 Prior to any project implementation activities, notify OCD in writing and, as
30 necessary, provide a Relocation Plan outlining any temporary relocation or
31 permanent displacement of families, individuals or businesses associated with the

1 Project . Provide the City with copies of all "Notices of Non-displacement",
2 "Notices of Displacement", correspondence, etc., which documents that occupants
3 of properties scheduled for assistance with HOME funds have been notified and
4 provided with information relating to their continued occupancy or displacement
5 from the HOME-assisted property. If persons are being temporarily relocated or
6 permanently displaced in conjunction with the implementation of a HOME-
7 funded project make certain that all notices and benefits required in such instances
8 by federal regulations are provided to affected persons. Contact OCD and include
9 any necessary relocation costs in the Project Activity Budget to satisfy project
10 expenses related to temporary relocation and/or permanent displacement [See
11 §92.353].

12 8. Acquisition - comply with the requirements the *Uniform Relocation Assistance*
13 *and Real Property Acquisition Act* when acquiring property HOME funds. Issue a
14 "Disclosures to Seller with Voluntary Arm's Length Purchase Offer Notice" to the
15 property owner [document available from OCD].

16 **J. Projects Involving Religious Organizations** - Abide by §92.257 of the HOME
17 regulations which prohibits the use of HOME funds by primarily religious organizations.

18 **K. Property Standards** - Sponsor hereby acknowledges that the structures constructed or
19 rehabilitated under HOME-funded housing programs must meet all applicable local
20 codes, rehabilitation standards, ordinances and zoning requirements before occupancy can
21 be approved. In addition, newly-constructed housing must meet the *Model Energy Code*
22 published by the Council of American Building Officials. Sponsor hereby agrees to
23 comply with the property standards requirements outlined in §92.251, and acknowledges
24 the responsibility to insure that the aforementioned property standards are continuously
25 maintained in all HOME-assisted housing during the "affordability period" assigned to
26 the HOME-assisted housing. The Sponsor will inspect each property to be assisted in a
27 HOME-funded project and produce a written inspection report outlining each property's
28 compliance with the housing standards required by City, State and Federal Governments,
29 at the time of project completion, or within the time limitations permitted under
30 §92.251(b), when a property to be rehabilitated is transferred to a homebuyer.

31 **L. Lead-Based Paint Testing and Abatement** - Sponsor hereby acknowledges that housing

1 assisted with HOME funds constitutes "HUD-associated housing" for the purpose of the
2 Lead-Based Paint Poisoning Prevention Act. Sponsor hereby agrees to undertake the
3 responsibility for testing properties for lead-based paint that will be included in Sponsors
4 HOME-funded projects, and will take the necessary action to abate the presence of lead-
5 based paint, when found. Sponsor further acknowledges the responsibility for seeing that
6 any abatement of lead-based paint will be in conjunction with the proper disposal of lead-
7 based paint contaminants resulting from said abatement. Sponsor will also be responsible
8 for notifying applicants and/or occupants of HOME-assisted properties of the dangers of
9 lead-based paint.

10 **M. Hazardous Materials** - If it becomes necessary to handle or remove hazardous materials
11 from a project site, Sponsor will be responsible for following all Federal, State, and City
12 laws and regulations governing the handling or removal of such materials.

13 **N. Insurance Requirements** - Sponsor will be responsible for maintaining complete
14 insurance coverage on all projects which it is undertaking under this Agreement.
15 Insurance coverage includes, but is not limited to, fire, liability, flood, builder's risk,
16 workmen's compensation, etc. Sponsor also understands its responsibility to hold the
17 City harmless from all liability that might result from Sponsor's implementation of
18 housing projects under this Agreement.

19 **O. Maximum Per-Unit Subsidy Amount** - Sponsor hereby acknowledges the "per-unit
20 subsidy" limitations placed on HOME-assisted properties and hereby agrees to limit the
21 use of HOME funds to the "per unit subsidy" limitations found in §92.250 when
22 implementing HOME-assisted projects. Current applicable limits are available from
23 OCD.

24 **P. [Deleted]**

25 **Q. Affirmative Marketing Requirements** - Sponsor acknowledges its responsibility to
26 employ affirmative marketing procedures and requirements in all HOME-assisted
27 housing containing five (5) or more housing units. Affirmative marketing steps consist of
28 actions to provide information and otherwise attract eligible persons from all racial,
29 ethnic, and gender groups in the housing market area identified with available housing
30 assisted with HOME-funds. [See §92.351]

31 **R. Project Completion** - notify the City in writing of the completion of each project by

1 submitting a Project Completion Report to OCD. This submission must document all
2 HOME Match contributions, if not previously documented at the time of project set-up or
3 any time prior to completion [see Section I, I5, above].

4 **S. Maintenance Of Records** - Sponsor agrees to maintain records of all expenditures of
5 HOME funds provided to it by the City in accordance with §92.508, for the time periods
6 specifically enumerated in §92.508(c). Records are to be maintained separately for each
7 project undertaken by Sponsor, and the records for each project will be maintained by
8 Sponsor in such a manner so that the funding sources used in each project will be
9 accounted for separately [e.g. HOME, CDBG, NHIF, etc.] The aforementioned
10 classification of funds expended will be further itemized by the "funding year" associated
11 with the funds. Sponsor hereby agrees to maintain, for the City's review, all records
12 relating to the creation, development and set-up of HOME projects, and the expenditure
13 of HOME funds, itemized for each HOME-funded project undertaken.

14 **T. Monitoring Of Records And Sponsor's Performance** - Sponsor acknowledges the
15 responsibility of the City to monitor its performance and all records relating to projects
16 implemented by Sponsor with HOME funds. Sponsor hereby acknowledges its
17 responsibility to provide the City, upon reasonable demand, with all records relating to
18 HOME-funded projects implemented by Sponsor, and hereby agrees to assist the City in
19 reviewing projects undertaken by Sponsor with HOME funds. The aforementioned
20 records will be made available at times reasonable to both Sponsor and the City, and
21 Sponsor's records will be reviewed by the City no less than annually.

22 **U. Duration of Sponsor's Obligations** - Sponsor hereby acknowledges its obligation to
23 ensure the continued compliance with Federal Regulations related to HOME-funded
24 projects for a period of no less than the "period of affordability" assigned to each HOME-
25 funded project implemented by Sponsor. The Sponsor therefore agrees to continually
26 monitor each of its HOME-funded projects for a period of no less than the project's
27 assigned affordability period. Monitoring responsibilities include, but are not limited to,
28 on-site inspections of HOME-assisted properties as well as certifications and
29 recertification of the incomes of occupants of the HOME-assisted properties.

30 **V. Breach of Contract** - In the event Sponsor or a Program Beneficiary who benefits from a
31 HOME-assisted project does not comply with Federal Regulations governing HOME-

1 assisted projects, or the terms of this Agreement, Sponsor acknowledges its obligation to
2 repay the City HOME funds that are identified with the period of noncompliance.
3 Sponsor further acknowledges its obligation to maintain compliance by Project
4 Beneficiaries of HOME Regulations as they relate to income limitations and HOME
5 rents. Sponsor agrees to protect the integrity of the HOME funds provided to it for
6 housing programs by ensuring that all contracts between Sponsor and Program
7 Beneficiaries include applicable provisions relating to the requirements imposed on the
8 expenditure of HOME funds. All of the aforementioned contracts will also contain
9 provisions for penalties associated with breaches of contracts.

10 **W. Other Responsibilities** - Sponsor hereby acknowledges its responsibility to comply with
11 all of the Federal Regulations governing the development of HOME projects, as outlined
12 in §92.504, which includes:

- 13 1. Guaranteeing the affordability of housing assisted with HOME funds, and the
14 responsibility to see that HOME funds are repaid in the event that HOME assisted
15 housing does not meet the affordability requirements for the specified time period.
- 16 2. Repaying HOME funds to the City in the event that Sponsor does not implement
17 approved HOME-funded housing programs in accordance with the requirements
18 of this Agreement and the HOME regulations, or does not complete HOME-
19 funded projects [see §92.205(e)].
- 20 3. Complying with applicable "Uniform Administrative Requirements" as described
21 in §92.505.
- 22 4. For each HOME-funded project, set-up a system of record keeping that conforms
23 to the financial accountability standards required by the Federal Government, such
24 as the requirements of OMB Circular No. A-122 and the following requirements
25 of OMB Circular No. A-110 and the financial accountability standards found at 24
26 CFR 84.21 [See §92.505 (b)].
- 27 5. Complying with the project requirements outlined in 24 CFR 92, Subpart H as
28 they apply to:
 - 29 a. The "Equal Opportunity" for all persons to participate in programs or
30 activities assisted with HOME funds, except for the income restrictions
31 placed on participants by Federal Regulations governing HOME-assisted

1 projects.

- 2 b. The prohibitions against discrimination on the basis of age under the Age
3 Discrimination Act.
- 4 c. The responsibility to employ "Fair Housing" strategies that will
5 affirmatively further fair housing practices with the City.
- 6 d. The responsibility to comply with other program implementation
7 requirements outlined in §92.350 and §92.351.
- 8 e. Complying with the Federal Regulations found at §92.354 as they relate to
9 labor practices employed by Sponsor during the implementation of
10 HOME-funded projects.
- 11 f. Complying with the Federal Regulations found at §92.356 as they relate to
12 "Conflict of Interest" practices during the implementation of HOME-
13 funded projects.
- 14 g. Complying with Federal Regulations governing insurance requirements, as
15 they relate to properties assisted with federal funds.
16

17 **II. THE CITY AGREES TO:**

- 18 **A. Project Funding** - The City will provide **\$1,450,000.00 (one-million, four-hundred**
19 **fifty thousand and no/100 dollars)** to the Sponsor for eligible project costs.
- 20 **B. Monitoring of Projects** - The City will undertake continuous monitoring of the HOME-
21 funded projects being implemented by Sponsor during the development phases, to ensure
22 compliance with HOME Regulations governing the expenditure of HOME funds and the
23 income eligibility of persons who will reside in HOME-assisted housing units.
24 Monitoring by the City will also include Sponsor's compliance with the organizational
25 and operational requirements. The City will also conduct periodic monitoring in
26 accordance with §92.504(d).
- 27 **C. Provision of Technical Assistance** - The City will provide technical assistance or assist
28 Sponsor to obtain technical assistance, which will aid Sponsor in performing its functions
29 under this Agreement.
- 30 **D. Provision of Forms and Documents** - Provide forms and documents for use in carrying
31 out activities under this Agreement. Review and certify, as applicable, all documents

1 regarding program assistance that shall be provided by the Sponsor.

2 **E. Facilitate Payment Requests** - The City will process payment requests for eligible costs
3 for all HOME-funded projects approved under the terms of this Agreement as per the
4 individual project budgets set up in accordance with Section I, I, above.

5
6 **III. SOURCES AND USES OF FUNDS**

7 **A. Contract Amount** - The funds provided to Sponsor under this Agreement in the amount
8 of **\$1,450,000.00 (one-million, forty-hundred fifty thousand and no/100 dollars)**,
9 contingent upon HUD approval, are for the implementation of the HOME-funded housing
10 program or project described above in sections IA and IB, and elsewhere herein, as per
11 the attached Sources & Uses Statement marked **Attachment III. No payments,**
12 **however, will be made prior to the completion of an Environmental Review.** The
13 Sponsor understands that the Sources and Uses is a generalized, estimate of the cost(s) of
14 one or more projects to be subsequently set-up in accordance with this Agreement.

15 **B. Developer's Fee** - If the Sponsor acts as the project developer, a Developer's Fee may be
16 included in the project budget, subject to the approval of the Director of Housing of
17 OCD. The amount of the Developer's Fee requested should be consistent with the
18 complexity of the project, but in no event shall it exceed the maximum amount authorized
19 by the rules and regulations of the Louisiana Housing Finance Agency.

20 **A. Request for Disbursement of Funds** - In accordance with §92.504(3)(viii), Sponsor will
21 not request disbursement of funds in connection with the implementation of a HOME-funded
22 project until the funds are needed for payment of eligible costs. The amount of each request must
23 be limited to the amount needed for the actual eligible project cost expended or anticipated. All
24 pay requests must be submitted on the OCD Payment Request Invoice form available from OCD,
25 and properly supported with documentation.

26 **B. Reversion of Funds** - Sponsor agrees that the funding provided hereunder must be
27 committed to specific projects and expended within the time periods established by the HOME
28 regulations or said funding may be withdrawn by the City.

29
30 **IV. PROGRAM INCOME PROVISIONS**

31 The Sponsor understands that any funds derived from the sale of HOME-assisted property, shall

1 be considered program income. Determination of program income shall be made in accordance
2 with §92.503, and with HUD CPD Notice 97-09. All Program income received shall be reported
3 to the City on a monthly basis with a statement indicating the source of the income, the amounts
4 collected and disbursed and the balance on hand. The report shall be provided to the City by the
5 fifth (5th) working day of each month, on the form available from OCD. Such income shall be
6 accounted for separate and apart from grant funds provided hereunder. The City shall further
7 have the option to require the Sponsor to return all program income resulting from this
8 Agreement by notifying the Sponsor in writing. All retained program income shall be managed
9 in accordance with Part III Terms and Conditions, Section 14- Insurance on Deposits. Program
10 income must be expended before requesting grant funds provided hereunder, and all expenditures
11 of program income must be approved by OCD through the same process described above in
12 Section I,G, Project Selection and Set-up.

13
14 **V. RECOGNITION OF MATCHING REQUIREMENTS**

15 In accordance with §92.218 through §92.222, Sponsor hereby acknowledges that the City's
16 obligation to match HOME funds with permanently-contributed, non-federal funds at a specific
17 ratio (12.5 percent, in accordance with CPD Notice 98-08), as outlined in §92.218 and CPD
18 Notice 97-03 issued March 27, 1997, and in accordance with matching contribution guidelines
19 found at §92.219. This program obligation, in turn, requires that the Sponsor make every effort
20 to develop, acquire and provide eligible HOME Matching Contributions consistent with the
21 funding amount provided hereunder. For each project set-up submitted to the City for funding
22 approval, Sponsor agrees to submit written documentation of all Match Contributions.

23
24 **VI. SCHEDULE FOR IMPLEMENTING PROJECT**

25 The Fiscal Year 2009 HOME funds being provided to Sponsor must be committed to specific
26 projects no later than August 1, 2010 and expended by the termination date of the contract or the
27 City may exercise its option to terminate the contract or withdraw funds. Documentation of the
28 close-out of each project funded with Fiscal Year 2009 HOME funds must be provided to the
29 City.

30
31 **VII. TERMS AND CONDITIONS**

1 The Sponsor agrees to comply with **Part II, General Terms and Conditions**, marked
2 **Attachment IV**, and **Part III, Accounting and Financial Management Procedures**, marked
3 **Attachment V**.

4
5 **VIII. MONTHLY REPORTING REQUIREMENTS**

6 The Sponsor agrees to provide to OCD by the fifth working day of each month, two copies of the
7 **Monthly Reporting Requirements/Project Benefit Profile**, marked **Attachment VI**. The
8 Sponsor also agrees to provide the City by the fifth working day of each month the OCD
9 **Compliance Reports Submission**, marked **Attachment VII**. These Monthly Reporting
10 Requirements are distinct from and in addition to Project Set-up Reports and Project Completion
11 Reports required elsewhere in this Agreement.

12
13 **IX. JURISDICTION**

14 The undersigned Sponsor does further hereby consent and yield to jurisdiction of the State Civil
15 Courts of the Parish of Orleans and does hereby formally waive any pleas of jurisdiction on
16 account of the residence elsewhere of the undersigned Sponsor.

17
18
19 **X. SWORN STATEMENT**

20 The Sponsor acknowledges and agrees that he/she has not employed or retained any company or
21 person, other than a bona fide employee working solely for him, to solicit or secure the subject
22 contract. The Sponsor has not paid or agreed to pay any person, other than a bona fide employee
23 working for him, any fee, commission, percentage, gift, or other consideration contingent upon or
24 resulting from the subject contract.

25
26 **XI. AUDIT AND OTHER OVERSIGHT**

27 The Sponsor understands and will abide by all provisions of the Code of the City of New
28 Orleans, Chapter 2, Art. XIII, Sect. 9-1120, as adopted by City Ordinance No. 22,888 M.C.S.,
29 (relative to the operations and authority of the City Inspector General), incorporated herein by
30 reference.”

1 **XII. DURATION OF AGREEMENT**

2 This Agreement shall automatically terminate, with no action required by either the City of New
3 Orleans or Sponsor, on **July 31, 2011**. The City shall have the option to extend the duration of
4 this Agreement by providing written notice to extend at least thirty (30) days prior to the
5 termination date of this Agreement. Either party to this Agreement may terminate the Agreement
6 by giving the other party written notice of said intentions to terminate at least thirty (30) days
7 prior to the termination date. For all rental projects, this Agreement must remain in effect or be
8 extended as necessary, prior to its termination, until such time as a Regulatory Agreement
9 effecting compliance with the HOME affordability requirements [§92.252] is executed by the
10 owner of the rental project, whether the owner is the Sponsor or another entity. The Regulatory
11 Agreement shall be provided by the City, and shall be recorded as a deed restriction for the
12 “Period of Affordability” applicable to the project.

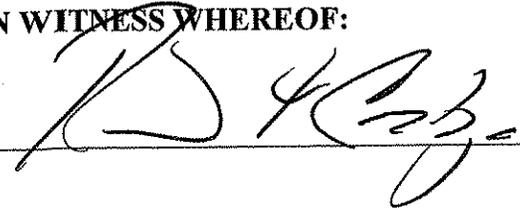
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14 **[End of Document - Signature Page Follows.]**
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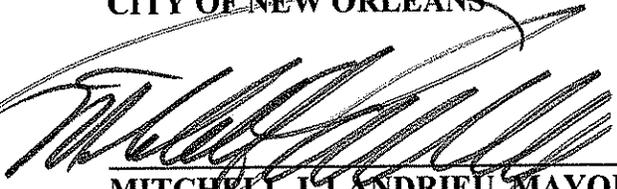
1 FOR THE CONSIDERATION AND UNDER THE CONDITIONS SET FORTH IN THIS
2 AGREEMENT, UNITY of GREATER NEW ORLEANS, INC. HAS AGREED TO PERFORM
3 THE SPECIFIED SERVICES FOR THE CITY OF NEW ORLEANS.

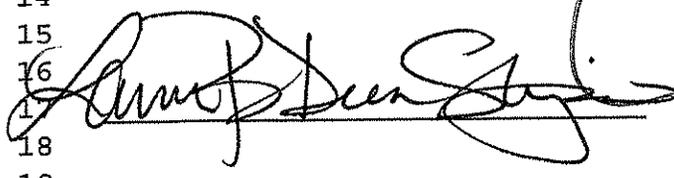
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IN WITNESS WHEREOF:

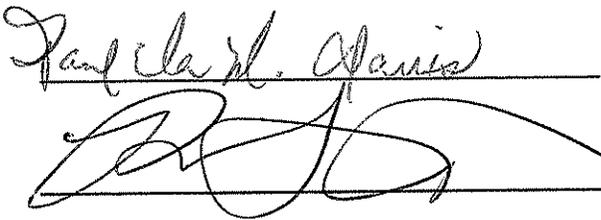
CITY OF NEW ORLEANS




MITCHELL J. LANDRIEU, MAYOR



UNITY of GREATER NEW ORLEANS
2475 CANAL STREET, SUITE 300
NEW ORLEANS, LA 70119




By: ANGELA PATTERSON, M.S.W.
Title: DIRECTOR OF PROGRAMS

72-1222911
FEDERAL I.D. NUMBER

APPROVED:


CITY ATTORNEY

ATTACHMENT I

CONTRACT ANALYSIS DOCUMENT

PROJECT DESCRIPTION

AND

BUDGET FORMS

FOR

HOME INVESTMENTS PROJECTS



DATE: August 1, 2010

CONTRACT NAME: Unity of Greater New Orleans, INC.

CONTRACT NUMBER: HO10-002

PROJECT INFORMATION SHEET

1. **Project**
Name: 2222 Tulane Apartments

Program Category: acquisition

Type of Service: Construction of 60 affordable units
2. **Operating Agency**
Name: UNITY of Greater New Orleans

Address: 2475 Canal Street, Suite 300

City, State, Zip: New Orleans, La 70119

Telephone: (504) 821-4496 x103 Fax: (504)821-4704
3. **Contact Person**
Name: Abby Johnson

Address: 2475 Canal Street, Suite 300

City, State, Zip: New Orleans, La 70119

Telephone: (504) 821-4496x 103 Fax: (504) 821-4704
2. **Executive Officer Name(s)**
Name: Martha Kegel, Executive Director

Address: 2475 Canal Street, Suite 300

City, State, Zip: New Orleans, La 70119

Telephone: (504) 821-4496x 103 Fax: (504) 821-4704
5. **Bookkeeper or Accountant**
Name/Firm: Jessica Taylor, Bookkeeper

Address: 2475 Canal Street, Suite 300

City, State, Zip: New Orleans, La 70119

Telephone: (504) 821-4496x 103 Fax: (504)
6. **Agency Type (Check One)**
Non-Profit Corporation
For Profit Corporation
Public Agency
City of New Orleans Department
Other (please specify) _____
7. **Geographic Area Served by Project** (e.g., Central City, Lower Nine, Gerttown, etc. List geographic boundaries): Tulane Ave Corridor, property boundaries are S. Galvez, Tulane Avenue, S. Miro, Gravier

STAFF

Fill in the table below listing the following:

- titles of persons who will be funded through this grant
 - if more than one employee with the same title and same percentage of time, please list only once and specify how many in the "number of each" column
 - the percentage (%) of time spent in rendering the services for that project.
- NOTE:** If there are employees with the same titles but work disproportionate percentages (%) of time, please list the title and the percentage (%) of time for each employee.

TITLE	NUMBER OF EACH	% OF TIME
1. No Staff	NA	NA
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		

PROFESSIONAL/CONTRACTUAL SERVICES

Fill in the table below listing the following:

- name of person/firm providing professional/contractual services through this grant
- type of service rendered (e.g., accounting, legal, evaluation, etc.)
- the cost of the service to be provided. **NOTE:** Professional services must be bid by agency and approved by DHND.

NAME/FIRM	TYPE OF SERVICE	COST
NA	NA	NA

PROJECT DESCRIPTION

In the space provided below, BRIEFLY describe the project/program to be implemented with HOME funds. Describe the entire project/program and identify the specific component/components funded through HOME.

2222 Tulane Apartments LLC, a wholly owned subsidiary of UNITY of Greater New Orleans will demolish the existing blighted hotel at 2222 Tulane and build 60 affordable units. Half of the units will be set aside for persons who have historically suffered from chronic homelessness. The remaining 50% of the units are for persons earning 50% or below the area median income. The HOME funds allocated to this project will be utilized for sole purpose of covering the acquisition costs.

CONTRACT SCOPE OF WORK/SHORT TERM OBJECTIVES

List the specific objectives to be achieved during the contract period based on the level of awarded funds (use more pages as necessary). This information will be used to develop the scope of work section of the contract. This information will also be used to track, measure, and evaluate agency performance throughout the contract period.

**HOME funds will be used for the acquisition of the property only.*

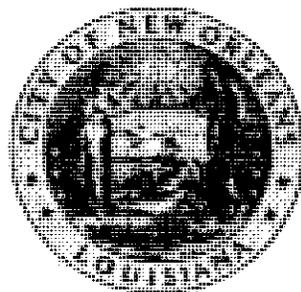
ATTACHMENT II

CITY OF NEW ORLEANS

OFFICE OF COMMUNITY DEVELOPMENT

HOME INVESTMENT PARTNERSHIPS PROGRAM

**HOME
HANDBOOK**



March, 2007

Introduction

This Handbook has been prepared by the Affordable Housing staff of the Office of Planning and Development (OPD) to serve as an aide to the City's non-profit partners in the effort to rebuild the City through the HOME Investment Partnerships Program, to develop affordable housing. The information and materials in this document will help organizations communicate more effectively with OPD, effectuate compliance with the HOME Program regulations and City policies, and meet and maintain their contractual obligations to the City.

Much of the information contained herein is published by the U.S. Department of Housing and Urban Development (HUD), and is available on the HOME Program website (www.hud.gov/). The reader is encouraged to regularly visit the HOME website in order to keep abreast of regulatory updates and new HOME program information.

This Handbook will be expanded to include additional OPD procedural information and text. It will be disseminated and discussed at HOME workshops to be scheduled. Until that time, the reader is referred to the HUD *Building HOME* Training Manual, which is also available on the HOME Program home page (www.hud.gov/offices/cpd/affordablehousing/library/building/).

Any questions about this information, as it relates to the associated HOME contract, should be directed to the Affordable Housing staff at OPD (658-4260).

APPENDIX

- 1) HOME Income Limits
- 2) Income Inclusions and Exclusions
- 3) HOME Subsidy Limits
- 4) HOME Rents
- 5) Utility Allowances (HUD 52667)
- 6) Forms
 - a) Project Activity Budget and Payment Invoice
 - b) Rental Set-up and Completion Form
 - c) Homebuyer Set-up and Completion Form
 - d) Matching Funds Contribution Statement
 - e) HOME Match Contributions Report
- 7) HOME Lease
- 8) HUD Notices (www.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices)
 - a) CPD 96-09 - Administrative Costs, Project-Related Soft Costs, CHDO Operating Expenses
 - b) CPD 97-03 - Program Match Guidance
 - c) CPD 97-09 - Program Income
 - d) CPD 98-09 - Conflict of Interest
 - e) CPD 98-02 - Allocating Costs and Identifying HOME-assisted Units in Multifamily Projects
 - f) CPD 98-01 - Layering Guidance
 - g) PIH 96-63 - Determining Section 8 Rents for Units in HOME-assisted Projects
 - h) CPD 94-01 - Using HOME funds for Single Room Occupancy (SRO) and Group Homes
- 9) HOMEfires (www.hud.gov/offices/cpd/affordablehousing/library/homefires/index.cfm)
 - a) Vol. 1, No. 1 - Housing Counseling Costs
 - b) Vol. 1, No. 2 - Requirements for Purchasers 2-4 unit Owner-Occupied Projects
 - c) Vol. 1, No. 4 - Assistance to Special Needs Populations
 - d) Vol. 1, No. 5 - Section 504 Handicapped Requirements
 - e) Vol. 1, No. 9 - Downpayment Assistance - Applicable Federal Requirements
 - f) Vol. 2, No. 1 - Eligible CHDO Activities
 - g) Vol. 3, No. 1 - Written Rehabilitation Standards
 - h) Vol. 3, No. 2 - Frequency of On-Site Inspections
 - i) Vol. 3, No. 4 - Eligibility of Back Taxes, Fee and Charges

**CITY OF NEW ORLEANS
OFFICE OF PLANNING & DEVELOPMENT
SOURCES AND USES STATEMENT**

Date: JULY 12, 2010

PROJECT NAME: 2222 TULANE APARTMENTS

PROJECT ADDRESS: 2222 TULANE AVENUE, NEW ORLEANS, LA 70119

Line Item & Number		Total Project Cost	HOME Funds	Other Funds
A1	Acquisition Cost (Land & Improvements) [§206(c)]	1,505,228	1,450,000	55,228
A2	Appraisal [§206(d)(2)]	20,200		20,200
A3	Title Examination [§206(d)(2)]	74,000		74,000
A4	Legal, Recordation, Etc. [§206(d)(2)]	25,000		25,000
A5	Total Acquisition Costs	1,624,428	1,450,000	174,428
B	Construction (66,838 sq. ft. @ \$155.26) [§206(a)]	11,227,391		11,227,391
C1	Architect Fees [§206(d)(1)]	762,534		762,534
C2	Financing Fees (i.e., Commitment) [§206(d)(2)]	69,000		69,000
C3	Related Finance (Closing) Costs ((5) A5) [§206(d)(2)]	120,300		120,300
C4	Building Permits [§206(d)(2)]	61,400		61,400
C5	Audit [§206(d)(3)]	50,000		50,000
C6	Affirmative Marketing/Fair Housing [§206(d)(4)]	-		-
C7	Initial Operating Deficit Reserve [§206(d)(5)]	120,000		120,000
C8	Work Write-Up Preparation [§206(d)(6)]	-		-
C9	Rehab Inspection [§206(d)(6)]	21,750		21,750
C10	Housing Counseling [§206(d)(6)]	-		-
C11	CHDO Project-Specific Costs (Loan Only) [§301]	-		-
C12	Relocation Costs [§206(f)]	-		-
C13	Interim Financing Costs [§206(g)]	42,362		42,362
C14	Other, Attach Complete Explanation:	707,604		707,604
C15	Total Soft Costs	1,954,950	-	1,954,950
D	TOTAL DEVELOPMENT COST (A5+B4+C15)	14,806,769	1,450,000	13,356,769
E	Developer's Fee [§206(d)(2)]	1,995,231		1,995,231
F	Homebuyer Assistance [§205(a)]	-		-
G	GRAND TOTAL PROJECT COST (D+E+F)	16,802,000	1,450,000	15,352,000

OP&D Form XXX
8/97

Supplement to Attachment III

**City of New Orleans Office of Planning and Development
Sources and Uses Statement**

**JULY 12, 2010
2222 TULANE APARTMENTS
2222 TULANE AVENUE, NEW ORLEANS, LA 70119**

Line C14:

Other Soft Costs include: Insurance, Environmental Testing, Property Taxes, Furniture, Fixtures, and Equipment, Survey, and other Miscellaneous Development Costs.

**PART II
GENERAL
TERMS AND CONDITIONS**

SECTION 1 - GENERAL PROVISIONS

- A. No Assignment Without Consent.** This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party.
- B. Conflict of Interest.** Contractor agrees to decline any offer of work, whether as an independent contractor or employee, if such work would (a) affect Contractor's independent professional judgment with respect to its performance of the Services or (b) in any way interfere with Contractor's ability to discharge any of its obligations under this Agreement. The initial determination of whether any offer of work would present such a conflict of interest shall rest with Contractor. However, Contractor shall be obligated to notify the City and provide full disclosure as to any possible adverse effects of such work as it related to Contractor's independent professional judgment or the discharge of any of its obligations under this Agreement. Final decision as to whether any such work proposes a prohibited conflict of interest shall rest with the City.
- C. Compliance with Laws; Duty to Notify of Wrongdoing; Cooperation with OMI.** In performing the Services, Contractor shall, at its own expense, comply with all applicable federal, state and local laws, regulations and codes. Contractor shall be obligated to immediately notify the City Attorney of any notice or allegation of wrongdoing or of any material third-party complaint relating to this Agreement. Upon request of the City's Office of Municipal Investigation ("OMI"), Contractor shall fully cooperate in any OMI investigation by furnishing any documents, records or other testimonial evidence pertinent to such investigation.
- D. Nonwaiver.** The failure to either party to insist upon strict compliance with any provision of this Agreement, to enforce any right or to seek any remedy upon discovery of any default or breach of the other party at such time as the initial discovery of the existence of such noncompliance, right, default or breach shall not affect, nor constitute a waiver of, any party's right to insist upon such compliance, exercise such right or seek such remedy with respect to that default or breach or any prior, contemporaneous or subsequent default or breach.
- E. Severability.** The parties hereto intend all provisions of this Agreement to be enforced to the fullest extent permitted by law. Accordingly, should a court of competent jurisdiction find any provision to be unenforceable as written, the parties intend and desire that the court should reform the provision so that it is enforceable to the maximum extent permitted by law. If, however, the court should find such provision to be illegal and not subject to reformation, such provision shall be fully severable. In such event, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision was never a part hereof, and the remaining provisions of this Agreement shall remain in full force and effect.
- F. Rules of Construction.** The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction or interpretation of this Agreement. Whenever herein the singular number is used, the same shall include the plural, where appropriate, and neutral words and words of any gender shall include the neutral and other gender, where appropriate. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of or against the City or Contractor on the basis of which party drafted the uncertain or ambiguous language. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto
- G. Amendment.** No amendment of or modification to this Agreement shall be valid unless and until executed in writing by the duly authorized representatives of both parties to this Agreement.
- H. No Third-Party Beneficiaries.** This Agreement is entered into for the exclusive benefit of the parties, and the parties expressly disclaim any intent to benefit anyone not a party hereto.
- I. Time is of the Essence.** The City and Contractor each acknowledge and agree that time is of the essence in the performance of this Agreement.
- J. Prohibition Against Financial Interest in Agreement.** No elected official or employee of the City shall have a financial interest, direct or indirect, in this Agreement. For purposes of this Selection, a financial interest held by the spouse, child or parent of any elected official or employee of the City shall be deemed to be a financial interest of such elected official or employee of the City. Any willful violation of this provision, with the expressed or implied knowledge of the Contractor, shall render this Agreement voidable by the City and shall entitle the City to recover, in addition to any other rights and remedies available to the City, all monies paid by the City to Contractor pursuant to this Agreement without regard to Contractor's satisfactory performance of such Services.
- K. Remedies Cumulative.** No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party shall be considered exclusive of any other remedy available to a party. Rather, each remedy shall be deemed distinct, separate and cumulative and each may be exercised from time to time as often as the occasion may arise or as may be deemed expedient.
- L. Complete Agreement.** Contractor specifically acknowledges that in entering into and accepting this Agreement, Contractor relies solely upon the representations and agreements contained in this Agreement and no others. This Agreement supersedes and replaces any and all prior agreements, negotiations and discussions between the parties hereto with regard to the terms, obligations and conditions herein.
- M. Building Security.** Contractor will at all times maintain the physical security of buildings being rehabilitated and/or constructed, in order to safeguard the investment of federal funds and to protect individuals from hazards related to construction conditions.

SECTION 2 - NON-DISCRIMINATION: EQUAL EMPLOYMENT OPPORTUNITY

- A. Contractor Shall Not Discriminate.** In the performance of this Agreement, Contractor agrees not to discriminate on the basis, whether in fact or perception, of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, physical or mental disability or AIDS or HIV status against (A) any

employee of or any City employee working with Contractor in any of Contractor's operations within Orleans Parish or (B) any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Contractor. Contractor agrees to comply with and abide by all applicable federal, state and local laws relating to non-discrimination, including, without limitation, Title VI of the Civil Rights Act of 1964, Section V of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

- B. Equal Employment Opportunity.** Contractor further agrees not to discriminate on the basis, whether in fact or perception, of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, physical or mental disability or AIDS or HIV status against any applicant for employment with Contractor. Further, the Contractor agrees to take affirmative action to ensure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to such person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, physical or mental disability or AIDS or HIV status. Such action shall include, without limitation, the following areas: employment, promotion, demotion, transfer or layoff; recruitment or recruitment compensation; and selection for training. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Further, Contractor agrees all solicitations or advertisements for employees placed by or on behalf of Contractor shall state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex or national origin.
- C. Subcontracts.** Contractor shall incorporate by reference in all subcontracts the provisions of this Article and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

SECTION 3 - INDEMNIFICATION

- A. Duty to Indemnify City Against Loss.** To the fullest extent permitted by law, Contractor shall protect, defend, indemnify and hold harmless the City, its agents, elected officials and employees (collectively, the "Indemnified Parties") from and against all claims, actions, liabilities, losses (including, without limitation, economic losses) and costs, arising out of or related to (a) any actual or alleged act or omission on the performance of the Services by the Contractor or any subcontractor or (b) any act outside the scope of the Services by the Contractor or any subcontractor. By way of illustration—not limitation, Contractor's obligation to indemnify the City shall extend to the following, provided that such claims arise out of or relate to the performance of the Services by the Contractor: (i) personal injury claims, (ii) property damage or loss claims, (iii) fines or sanctions resulting from violations of any law, statute, ordinance, rule, regulation or intellectual property rights by Contractor and (iv) liens, claims or actions made by Contractor, any subcontractor or any employees thereof under workers compensation acts, disability benefits acts, other employee benefit acts or any statutory bar.
- B. Limit on Duty to Indemnify.** Notwithstanding anything to the contrary herein, Contractor shall not be required to indemnify the Indemnified Parties for any loss that results from the gross negligence or willful misconduct of any of the Indemnified Parties, provided that Contractor or any subcontractor did not contribute to such gross negligence or willful misconduct.
- C. Independent Duty to Defend.** Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to, at the City's option, (a) defend the City from or (b) reimburse the City for its costs incurred in the defense of: any claim that actually or potentially falls within this Article VI, even if the allegations are or may be groundless, false or fraudulent. This obligation shall remain in full force and effect even if Contractor is ultimately absolved from liability.
- D. Expenses.** All expenses, including, without limitation, reasonable attorney fees, incurred by the City in enforcing this Agreement shall be borne by the Contractor.

SECTION 4 - INDEPENDENT CONTRACTOR STATUS

- A. Independent Contractor Status.** Contractor shall not be deemed an employee, servant, agent, partner or joint venturer of the City. Rather, Contractor herein expressly acknowledges and agrees that it is providing services exclusively as an independent contractor to the City, as such term is defined in La. Rev. Stat. 23:1021(6). As such, Contractor agrees that it shall not hold itself or any of its employees, subcontractors or agents to be an employee, partner or agent of the City. Further, Contractor acknowledges and agrees that, as an independent contractor, neither Contractor nor any of its employees shall be entitled to receive any benefits that employees of the City are entitled to receive, including, without limitation, workers' compensation coverage, unemployment compensation coverage, medical insurance, paid vacations, paid holidays, sick leave, pension, or Social Security for any services rendered to the City under this Agreement.
- B. No Withholding; Form 1099 Reporting.** Contractor understands and agrees that (a) the City will not withhold on behalf of Contractor any sums for any federal, state or local income tax, unemployment insurance, social security, or any other withholding pursuant to any law or requirement of any governmental body, and that the City will not make available to Contractor any of the benefits afforded to employees of the City; (b) all of such withholdings and benefits, if applicable, are the sole responsibility of Contractor; and (c) Contractor will indemnify and hold the City harmless from any and all loss or liability arising with respect to any such withholdings and benefits. The parties agree that if the Internal Revenue Service questions or challenges Contractor's independent contractor status, both Contractor and the City shall have the right to participate in any discussion or negotiation with the Internal Revenue Service. Contractor acknowledges that all compensation paid to Contractor pursuant to this Agreement will be reported annually by the City to the Internal Revenue Service on Form 1099.
- C. No Control of Method of Performing Services.** The City is interested only in the results obtained under this Agreement. With regard to Contractor's performance of the Services, nothing herein shall be construed as giving the City control over (a) the manner or method of Contractor's performance or (b) the professional judgment of Contractor with respect such performance. The City waives any rights to direct, instruct or control Contractor as to the manner in which Contractor achieves the general and specific objectives, except that Contractor agrees to perform the Services in a manner designed to minimize delay, duplication of efforts, redundancy and expenses, including, without limitation, Contractor's compensation. In sum, Contractor agrees and shall be obligated to perform the Services in the most expeditious and economical manner consistent with the interests of the City.

SECTION 5 - MONITORING AND EVALUATION OF PROJECT ACTIVITIES

The execution of the contract by the Contractor shall be subject to monitoring and evaluation by a person or persons designated by the City. In the event the aforesaid person or persons determines that the Contractor is not performing the contracted services in a satisfactory and proper manner, the City shall so notify the Contractor in writing of said determination, specifying the correction of performance desired and a specific time period in which the deficiency must be corrected. Failure to correct said deficiencies within the specified time period is cause for termination of the contract or suspension of the funding to the Contractor.

SECTION 6 - CHANGES

The City may request changes in the scope of the services of the Contractor to be performed hereunder. Such changes, including any increase or decrease in the amount of the Contractor's compensation which are mutually agreed upon by and between the City and the Contractor, shall be incorporated in written amendments to this contract.

SECTION 7 - UNEARNED PAYMENTS

Unearned payments under this contract may be suspended or terminated upon refusal to accept any additional conditions that may be imposed by the City or HUD at any time; or if the grant to the City of New Orleans under the Housing and Community Development Act of 1974, as amended, is suspended or terminated.

SECTION 8 - PAYMENT OF CONTRACT FUNDS

Notwithstanding provisions of this contract, the City may decline a particular payment on account of the contract if:

- B. Misrepresentation** - The Contractor (with or without knowledge) shall have made any misrepresentation of a material nature with respect to any information furnished to the City.
- C. Litigation** - There is then pending litigation with respect to the performance by the Contractor of any of its duties or obligations hereunder which may jeopardize or adversely affect the undertaking of or the carrying out the contract.
- D. Unauthorized Actions by Contractor** - The Contractor shall have taken any action pertaining to the contractor which requires City approval without having been advised by the City that it has no objection to the proposed action.

SECTION 9 - ACCESS TO RECORDS AND ACCOUNTING SYSTEM

- A.** At any time and as often as the City, HUD and/or the Comptroller General of the United States may deem necessary, there shall be made available to the City, HUD and/or representatives of the Comptroller General for examination all of its records with respect to all matters covered by this contract and will permit the City, HUD and/or representatives of the Comptroller General to audit, examine and make excerpts and/or copies of transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this contract. These representatives shall be permitted to interview employees of the Contractor during working hours on the job.
- B.** The Contractor shall have an accounting system which accounts for cost in accordance with generally accepted accounting principles. This system shall provide for the identification, accumulation and segregation of allowable and unallowable costs among activities. Allowable activity costs shall be determined in accordance with OMB Circular A-122, Cost Principles for Non-profit Organizations and 24 CFR Part 570.201, CDBG Eligible Activities. The Contractor must propose and account for costs in a manner consistent with his normal accounting procedures.

SECTION 10 - RECORDS

- A. Establishment and Maintenance of Records** - Records shall be maintained in accordance with requirements prescribed by HUD and/or the City with respect to all matters covered by this contract. Except as otherwise authorized by HUD, or the City such records shall be maintained for a period of three years from the date of acceptance of the final audit, except as provided in item B.
- B. Retention of Records** - The Contractor shall retain all of its records and supporting documentation applicable to the contract with the City, for a period of three (3) years except as follows:
 - 1. Records that are subject to audit findings shall be retained for three (3) years after such findings have been resolved.
 - 2. Records for non expendable property which was acquired with federal grant funds shall be retained for three (3) years after its final disposition.
 - 3. Records for any displaced person shall be retained for three (3) years after he has received final payment.All such records and supporting documentation shall be made readily available, upon request, for inspection or audit by representatives of the City, the Secretary of Housing and Urban Development and/or the Comptroller General of the United States or authorized representatives. In the event that the Contractor goes out of existence, it shall turn over to the City all records relating to the program to be retained by said City for the required period.
- C. Inspection of Records** - The Contractor agrees to permit the City or its designated representatives to inspect, as it deems necessary, all records of this project as related to finances, as well as other records that may be required by relevant directives of funding sources of the City. The Contractor further understands and agrees that said inspection may be made without notice.

SECTION 11- REPORTS

At such time and in such forms as HUD or the City may require, there shall be furnished to HUD or the City such statements, records, reports, data and information, as HUD or the City may request pertaining to matters covered by this contract.

SECTION 12 - FINDINGS CONFIDENTIAL

All of the reports, information, data, etc., prepared or assembled by the Contractor under this contract are confidential and the Contractor agrees that they shall not be made available to any individual or organization or communication media representative other than an agency of the United States Government, without the prior written approval of the City.

SECTION 13 - PERSONNEL, EQUIPMENT AND FACILITIES

- A. The Contractor represents that he has, or will secure all personnel, equipment and facilities required in performing the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the City.
- B. All of the services required hereunder will be performed by the Contractor or under his supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
- C. No person who is serving sentence in a penal or correctional institution shall be employed on work under this contract.

SECTION 14 - USE OF CONTRACT FUNDS

Contract funds disbursed by the City to the Contractor shall:

- A. Be used only for the purposes of this contract.
- A. Not be used to advance funds to any individual or organization other than travel advances for travel outside the metropolitan area.
- C. Not be used for pre-paying expenses in anticipation of reimbursement by individual or organizations.
- D. Not be used to advance funds for any other purposes, programs or activities which are being carried out by the Contractor.

SECTION 15 - POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property or services provided directly or indirectly under this contract shall be used in the performance of this contract for any partisan political activity, or to further the election or defeat of any candidate for public office.

SECTION 16 - CERTIFICATION REGARDING LOBBYING

A. Certification for Contracts, Grants, Loans, and Agreements. The Contractor as signatory to this agreement certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.
3. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

SECTION 17 - GRATUITIES

The Contractor is advised that in contracting with or expending Federal funds received for this contract no officers, employee, or agents of the City shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors.

SECTION 18 - ASSIGNABILITY

The Contractor shall not assign any interest in this agreement, and shall not transfer any interest in the same (whether by assignment or notation) without the prior written approval of the City, provided, however, that claims for money due or to become due the Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution, or to a Trustee in Bankruptcy, without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

SECTION 19 - CONCURRENCE ON SUBCONTRACTS

None of the services covered by this contract shall be subcontracted without the prior written consent of the City. The Contractor shall be as fully responsible to the City for the acts and omissions of his subcontractors, and of persons either directly or indirectly employed by him. The Contractor shall include these special provisions in all subcontracts.

SECTION 20 - CONSULTANT ACTIVITIES

The Contractor herein expressly agrees and acknowledges that the Contractor acting as a consultant, and anyone employed by the contractor as a consultant, in an employer-employee type of relationship shall not receive more than a reasonable rate of compensation for personal services paid with federal funds provided under this agreement. In no event shall such compensation exceed the maximum daily rate of compensation for a GS-18 as established by federal law. Consultant services used or obtained by the Contractor shall be evidenced by written agreements between the parties which detail the responsibilities, standards, and compensation in accordance with this agreement.

The Contractor further understands and acknowledges that the Contractor acting as a consultant and providing services to the City in an independent contractor relationship is governed by the Procurement Standards of Attachment 0 of OMB Circular No. A-102 and is not subject to the GS-18 compensation limitation which applies to employer employee type relationship.

SECTION 21 - COVENANTS AGAINST CONTINGENT FEES

The Contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this condition shall give the City the right to terminate this Contract or, at its discretion, to deduct from the Contractor's fee the amount of such commission, brokerage, or contingent fee.

SECTION 22 - CONFLICT OF INTEREST

- A. Interest and Members of City** - The Contractor is advised that no member, officer, or employee of the City and no public official of the City who exercises any functions or responsibilities with respect to this contract or the Housing and Community Development Act of 1974, as amended, during their tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with this contract.
- B. Interest of Contractor and Contractor Employees** - The Contractor covenants that no person who exercises or have exercised any functions or responsibilities with respect to this contract or the Community Development Block Grants Program under the Housing and Community Development Act of 1974, as amended, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, has any interest, direct or indirect, in this contract or any subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure for one year thereafter. This provision applies to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Contractor, or of any designated public agencies, or subrecipients which are receiving funds under this contract. The Contractor shall incorporate, or cause to be incorporated, this provision in all contracts, subcontracts, or agreements.
- C. Interest of Certain Federal Officials** - No member or delegate to the Congress of the United States, or employee of the U. S. Department of Housing and Urban Development, and no Resident Commissioner, shall receive any share or part of this contract or agreement or benefit to arise from the same.
- D.** In the interest of ensuring that efforts of the Contractor do not conflict with the interests of the City, and in recognition of the Contractor's professional responsibility to the City, the Contractor agrees to decline any offer of employment if its independent professional work on behalf of the City is likely to be adversely affected by the acceptance of such employment. The initial determination of such a possibility rests with the contractor. It is incumbent upon the Contractor to notify the City and provide full disclosure of the possible effects of such employment on the Contractor's independent, professional work in behalf of the City. Final decision on any disputed offers of other employment for the Contractor shall rest with the City.
- E.** The Contractor shall promptly notify the City in writing of any known or suspected conflict of interest, describing the nature of conflict. The City may grant, with the concurrence of the U. S. Department of Housing and Urban Development, an exception to the provisions of this section of the contract on a case-by-case basis when it determines that such an exception will serve to further the purposes of the Housing and Community Development Act of 1974, as amended, and the effective and efficient administration of this contract. An exception may be considered only after the Contractor has provided the following in writing to the City:
1. A full disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and documentation as evidence that the public disclosure was made; and
 2. An opinion of the Contractor's attorney that the interest for which the exception is sought would not violate State or local law.

SECTION 23 COMPLIANCE WITH SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968, AS AMENDED

During the performance of this contract, the Contractor agrees as follows:

- A.** The work to be performed under this contract is on a project assisted under a program providing direct Federal Financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701 U -Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
- B.** The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR-135 and all applicable rules and orders of the Department issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- C.** The Contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or worker's representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- D.** The Contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR-135. The Contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- E.** Compliance with the provisions of Section 3, the regulations set forth in 24 CFR135 and all applicable rules and orders of the Department issued thereunder prior to the execution of the contract, shall be a condition of the Federal Financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR-135.

SECTION 24 - MAINTENANCE OF EFFORT

It is expected that compensation paid to the Contractor hereunder will be in addition to the total amount of funds from other sources currently receivable, to be received, available or expected to be available for the use of the Contractor for services similar to the services required herein and will not for the term of the contract or any extension thereof, serve to supplant, replace, substitute for, or otherwise cause, directly or indirectly, a reduction of such total amount; and will not be applied to the employment of individuals whose employment is being funded or would be funded with monies from such other sources.

SECTION 25 - REFUNDS

The Contractor agrees to refund to the City any payment or portions of payment which the City determines were not properly due to the Contractor under the terms of this contract.

SECTION 26 - DUPLICATE FUNDING

The Contractor shall immediately notify the City in writing if duplicate Federal funding becomes available to the Contractor for similar purposes for any portion of the time provided for in this agreement. The City reserves the right to terminate that portion of the contract allocable to the period of time after such duplicate Federal funding becomes available.

SECTION 27 - REDUCTION OR TERMINATION OF FUNDING BY FUNDING SOURCES

It is further understood that funds provided for under the terms of this contract are subject to all regulations of the Department of Housing and Urban Development of the United States of America, and as such, the City of New Orleans reserves the right to terminate or reduce the funding level of this project if, for any reason the United States of America, whatsoever, the U. S. Department of Housing and Urban Development, or any related Federal Agency withdraws or reduces the funding level committed to the City of New Orleans under the Housing and Community Development Act of 1974, as amended, commonly referred to as the Community Development Block Grant Program.

SECTION 28 - COMPLIANCE WITH LOCAL LAWS

The Contractor shall comply with all applicable laws, ordinances and codes of the State and local governments, and the Contractor shall save the City harmless with respect to any damages arising from any tort done in performing any of the work embraced by this contract.

SECTION 29 - WAIVER OF SICK AND ANNUAL LEAVE

It is expressly agreed and understood between the parties entering into this contract, that the Contractor, acting as an independent agent, shall not receive any sick and annual leave benefits from the City of New Orleans.

SECTION 30 - ACKNOWLEDGMENT OF EXCLUSION OF UNEMPLOYMENT COMPENSATION COVERAGE

Contractor herein expressly declares and acknowledges that he is an independent contractor, and as such is being hired by the City under this contract of hire, as noted and defined in R.S. 23:1472 (E); and therefore, it is expressly declared and understood between the parties hereto, in entering into this contract, or contract for hire and in connection with unemployment compensation coverage only, that:

- A. Contractor has been and will be free from any control or direction by the City and over the performance of the services covered by this agreement; and
 - B. Services to be performed by Contractor are outside the normal course and scope of the City's usual business, and;
 - C. Contractor has been independently engaged in performing the service(s) listed herein prior to the date of this agreement.
- Consequently, neither Contractor nor anyone employed by Contractor shall be considered an employee of the City for the purpose of unemployment compensation coverage, the same being hereby expressly waived and excluded by the parties hereto.

SECTION 31 - ACKNOWLEDGMENT OF EXCLUSION OF WORKERS' COMPENSATION COVERAGE

Contractor herein expressly agrees and acknowledges that he is an independent Contractor as defined in R.S. 23:1021 (6) and as such it is expressly agreed and understood between the parties hereto, in entering into this agreement, that the City of New Orleans shall not be liable to the Contractor for any benefits of coverage as provided by the Workers' Compensation Law of the State of Louisiana, and further, under the provisions of R.S. 23:1034 anyone employed by the Contractor shall not be considered an employee of the City for purpose of Worker's Compensation Coverage.

SECTION 32 - COMPLAINTS, PROCEEDINGS, OR TESTIMONY BY EMPLOYEES

No employee of the Contractor shall be discharged or in any other manner discriminated against by the Contractor because, the employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the provisions of this contract.

SECTION 33 - ARCHITECTURAL BARRIERS ACT OF 1968

The Contractor shall comply with the provisions of the Architectural Barriers Act of 1968, 42 USC 4151 which requires that the design of any facility constructed comply with the "American Standard Specification for Making Buildings and Facilities Accessible, and Usable by the Physically Handicapped", Number A-117.1R-1971, as modified (41 CFR 101-19.603).

SECTION 34 - LEAD BASED PAINT

Notwithstanding any other provision, the Agency and Contractor agree to comply with the regulation issued by the Secretary of Housing and Urban Development set forth in 24 CFR 35, Subpart A and Subpart B and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in residential structure undergoing Federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards. Every contract or subcontract including painting, -pursuant to such Federally assisted construction or rehabilitation is performed, shall include appropriate provisions prohibiting of the use of lead-based paint.

SECTION 35 - COMPLIANCE WITH AIR AND WATER ACTS

All contracts of amounts in excess of \$100,000 shall comply with the following provisions:

1. This contract is subject to the requirements of the Clean Air and Water Pollution Control Acts and the regulations of the Environmental Protection Agency as published at 40 CFR, Part 15. In accordance with these regulations, all contractors or subcontractors with contracts in excess of \$100,000 shall certify prior to signing the contract that:
2. No facility to be utilized in the performance of the contract is listed on the List of Violating Facilities issued by the Environmental Protection Agency.
3. The Contractor will promptly notify the City of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities.
4. The Contractor will comply with all the requirements of the Clean Air and Water Pollution Control Acts, and;
5. The Contractor will include or cause to include these provisions in all non-exempt subcontracts and will take such actions as the Government may direct as a means of enforcing these provisions.

SECTION 36 - IDENTIFICATION OF DOCUMENTS

All reports, maps and other documents completed as a part of this contract, other than documents exclusively for internal use within or by the City of New Orleans, shall contain the following information on the front cover or title page (or in the case of maps, in an appropriate block): Name of the City of New Orleans, month and year of the preparation, name of the Contractor, and the following notation or similar notation covering Federal assistance: The preparation of the (report, map, documents, etc.) was financed in part through a grant from the U. S. Department of Housing of Urban Development, under the provisions of the Housing and Community Development Act of 1974, as amended.

SECTION 37 - PATENTS

If this contract involves research, developmental, experimental, or demonstration work, and any discovery or invention arises or is developed in the course of or under this contract, such discovery or invention shall be reported to the City. Matters regarding rights to inventions and materials generated under the contract are subject to regulations issued by the U.S. Department of Housing and Urban Development.

SECTION 38 - COPYRIGHTS

If this contract results in a book or other copyrightable material the author is free to copyright the work, but the City and HUD reserve a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use all copyrighted material and all material which can be copyrighted.

SECTION 39 - SUSPENSIONS

The City may suspend payment of the contract in whole or in part for cause. Cause shall include the following: (1) ineffective or improper use of the contract funds; (2) failure to comply with either these terms and conditions of the contract or program; (3) submittal to City of reports which are incorrect or incomplete in any material respect; or (4) if for any reason the carrying out of this contract is rendered improbable or infeasible. The City may also withhold payment of any unearned portion of the contract if the Contractor is unable or unwilling to accept any additional conditions that may be provided by law, by executive order, by regulations, or by other policy announced by City at any time. If the City withholds payment, it shall advise the Contractor within ten (10) days and specify the actions that must be taken and the number of days in which the corrective action must be taken as a condition precedent to the resumption of payments. The Contractor will remit any unexpected balance of the payments on account of the Grant as well as such other portions of such payments previously received as determined by City to be due the City. The action of the City in accepting any such amount shall not constitute a waiver of any claim which the City may otherwise have arising out of this contract.

SECTION 40 - PROGRAM INCOME

The Contractor understands and agrees to remit to the City a report of the total amount of Community Development Block Grant Program income collected monthly on the fifth working day of the following month. The Contractor further understands and agrees that the City may withhold from payment of reimbursements under this agreement the amount of program income determined by the City which the Contractor fails to remit on the fifth working day of the following month. Should the total amount of program income be prorated between two or more funding sources, the Contractor will work with City personnel in order to identify, determine, and resolve the amount of program income to be prorated between the City and the other source or sources of funding no later than thirty (30) days from the date of this agreement.

SECTION 41 - CHURCH/STATE PROVISION

In addition to, and not in substitution for, other provisions of this Agreement regarding the provision of public services with CDBG funds, pursuant to Title I of the Housing and Community Development Act of 1974, as amended, the Contractor:

- A. Represents that it is, or may be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or denominational institution or organization.
- B. Agrees that, in connection with such public services:
 1. it will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
 2. it will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
 3. provide no religious instruction or counseling, conduct no religious workshop or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;
 4. the portion of a facility used to provide public services assisted in whole or in part under this Agreement shall contain no sectarian or religious symbols or decorations; and

5. the funds received under this Agreement shall not be used to construct, rehabilitate, or restore any facility which is owned by the Provider and in which the public services are to be provided, provided that, minor repairs may be made if such repairs (1) are directly related to the public services, (2) are located in a structure used exclusively for non-religious purposes, and (3) constitute in dollar terms only a minor portion of the CDBG expenditure for the public services.

SECTION 42 - CORRECTIVE AND REMEDIAL ACTIONS

- A.** The City shall take corrective and/or remedial actions against the Contractor as shall be determined by the City for the Contractor's failure to adhere to the provisions of this agreement, and applicable federal, State, and local laws and regulations. Such actions shall be designed to prevent a continuation of the performance deficiency, mitigate, to the extent possible, the adverse effects or consequences of the deficiency; and prevent a recurrence of the deficiency. The City shall take one or more of the described below.
1. Issue a letter of warning advising the Contractor of the deficiency identified during the review of the Contractor's performance, or as may otherwise be brought to the attention of the City.
 2. Recommend, or request the Contractor to submit, proposals for corrective actions, including the correction or removal of the causes of the deficiency, through such actions as:
 - a. Preparing and following a schedule of actions for carrying out the affected activities of this agreement, consisting of schedules, timetables, and milestones necessary to implement the affected activities.
 - b. Establishing and following a management plan which assigns responsibilities for carrying out the actions identified in paragraph 2.a. above.
 - c. Canceling or revising affected activities of this agreement which are no longer feasible to implement due to the deficiency and reducing the amount of compensation from such affected activities.
 - d. Other actions which will serve to prevent a continuation of the deficiency, mitigate (to the extent possible) the adverse effects of consequences of the deficiency, and prevent a recurrence of the deficiency.
 3. Reduce the amount of compensation or reimbursement due the Contractor for each deficiency or occurrence as shall be determined by the City.

SECTION 43 - AUDIT COMPLIANCE

Organizations that expend \$500,000 or more of federal funds in the organization's fiscal year are required to conduct an organizational wide audit in accordance with OMB Circular A-133. The City shall at the request of the Contractor, reimburse the Contractor for its eligible portion of the audit cost. All other organizations that expend less than \$500,000.00 in federal funds may be selected to have an audit performed on those funds provided through the City, at the discretion of the City. The City may in this case, engage an audit firm to perform the audit on the awarded grant (s) and may pay the audit firm for the cost of services rendered.

SECTION 44 - CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION

The Contractor certifies that neither he/she nor his/her agents/contractors are presently debarred, suspended, proposed for debarment, declare ineligible, or voluntarily excluded from participation in this transaction by any Federal Department or Agency. Further the Contractor agrees to comply with the provisions of Federal Executive Orders 12549 and 12689 regarding debarment and suspension.

SECTION 45 - ANTI-LOBBYING

The Contractor certifies, to the best of his or her knowledge and belief, that no Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. Further the Contractor agrees to comply with the provisions of the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

SECTION 46 - CLEAN AIR AND WATER ACTS

Where applicable, the Contractor will comply with all the requirements of the Clean Air (42 U.S.C. 7401) and Water Pollution Control Act (33 U.S.C. 1251) certifying that no facility to be utilized in the performance of the contract is listed on the List of Violating Facilities issued by the Environmental Protection Agency. The Contractor will promptly notify the City of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities.

SECTION 47 - DRUG-FREE WORKPLACE ACT

The Contractor agrees to comply with the provisions of the Drug-Free Workplace Act of 1988 (42 U.S.C. 701) and certifies that it will provide a drug-free workplace. The contractor further certifies that he or she will not engage in the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance in conducting any activity with the grant.

SECTION 48 - FAIR HOUSING ACT

The contractor certifies that it will affirmatively further fair housing by analyzing and eliminating housing discrimination in its programs, by promoting fair housing that is accessible to and usable by persons with disabilities, and fostering compliance with the nondiscrimination provisions of the Fair Housing Act (42 U.S.C. 3601).

SECTION 49 - JURISDICTION

The undersigned Contractor does further hereby consent and yield to jurisdiction of the State Civil Courts of the Parish of Orleans and does hereby formally waive any pleas of jurisdiction on account of the residence elsewhere of the undersigned Contractor.

SECTION 50 - TERMINATION OF CONTRACT

- A. Termination for Cause.** The City and Contractor shall each have the right to terminate this Agreement for cause, effective immediately upon the giving of written notice to the other party of its intent to terminate and the reasons therefor. If the termination for cause is subsequently challenged in a court of law and if the challenging party prevails, the termination for cause shall be deemed to be a termination for convenience and shall be effective thirty (30) days from the date that the original written notice of termination for cause was given to the challenging party and no further notice shall be required.
- B. Termination for Convenience.** The City and Contractor shall each have the right to terminate this Agreement without cause by giving the other party written notice of its intent to terminate at least thirty (30) days prior to the date of termination. In the event the City elects to terminate for convenience, City shall be obligated to pay Contractor only for those Services performed up to and through the date of termination.
- C. Survival of Certain Provisions.** All representations and warranties and all responsibilities regarding record retention, access and ownership, cooperation with OMI investigations, indemnification and payment for services rendered shall survive the termination of this Agreement and continue in full force and effect.

SECTION 51 - CLOSE-OUT/NOTICE OF TERMINATION

The Contractor shall notify the City's Office of Community Development, (60) days prior to the scheduled date for termination of this agreement to engage in accomplishing the close-out. The responsibility for notification resided with the Contractor with the assistance of the Office of Community Development. This procedure is also applicable to extend contracts, with the notification requirement date defined as sixty (60) days prior to the extended termination date. The Contractor shall comply with the following:

- A.** No additional supplies and materials, contractual services, and equipment shall be ordered or purchased sixty (60) days prior to termination of this agreement unless authorized by the Office of Community Development.
- B.** The Office of Community Development shall be given a complete inventory of movable property thirty (30) days prior to termination of the project. A reconciliation is required at least ten (10) days prior to the termination of the inventory changes during the period, for example: if property is damaged, lost or stolen. The Contractor shall list and identify any equipment and furniture to be turned over to the Office of Community Development.
- C.** The Office of Community Development will take possession of the movable property and dispose of it in accordance with the appropriate federal regulations. When contractual requirements are in conflict with the City charter requirements, the Office of Community Development with the Chief Administrative Office will coordinate disposition.
- D.** A complete payroll documentation of employment termination is required by the Office of Community Development not less than fifteen (15) working days prior to the close of the contract.
- E.** The Contractor shall review all employees annual and sick leave, insurance coverage and etc., ninety (90) days before termination in order to initiate steps for employees to schedule accumulated time and to cancel or adjust insurance to reflect any changes in coverage.
- F.** Prior to the Project close-out, all staff personnel funded under this agreement should be notified of the scheduled date of termination sixty (60) days before the termination of the contract.
- G.** If applicable, city advance funds are to be returned to the City not less than fifteen (15) working days prior to the close of the contract.
- H.** Bank account(s) pertaining to the CDBG program are to be completely closed-out to ensure that no additional bank charges are incurred.
- I.** If the Contractor will cease to operate with the termination of this agreement, the Contractor shall have all records pertaining to the project properly packed and turned over to the Office of Community Development on the termination date of the contract.

A report of the project performance as described in its contract should be submitted fifteen (15) days before the termination of the project. The data included in the report should be the most current and accurate available information covering the latest contract period through the termination date.

SECTION 52 - DISPUTES AND ARBITRATION

- A.** All disputes arising under or relating to this contract, including any claims for damages for the alleged breach thereof, which are not disposed of by agreement, shall be resolved under this clause.
- B.** All claims by the Contractor shall be made in writing and submitted to the City. A claim by the City against the Contractor shall be subject to a written decision by the City.
- C.** The City shall, with reasonable promptness, but in no event more than 60 days, render a decision concerning any claim hereunder. Unless the Contractor, within 30 days after receipt of the City's decision, shall notify the City in writing that it takes exception to such decision, the decision shall be final and conclusive.
- D.** If the Contractor has (1) given notice within the time stated in subparagraph(c) above, and (2) excepting its submitted claim from any final release, the City's decision shall not be final or conclusive, but the dispute shall be determined as provided in paragraph (e) below.
- E.** All disputes arising under or relating to this contract, including all claims or counterclaims may be decided by Arbitration, upon the mutual consent of the parties, before an arbitrator located in New Orleans, Louisiana. In the event the parties do not agree to arbitration, then any suits shall be filed in the Civil District Court of the Parish of Orleans.
- F.** Pending any final resolution of any request for relief, claim, appeal, or action under this contract, the Contractor shall diligently proceed with performance of any remaining portion of the contract and comply with any decisions by the City with respect thereto.

SECTION 53 - DISADVANTAGED BUSINESS ENTITY PROGRAM

- A. DBE Program Compliance.** Contractor agrees to use its best efforts to fully and completely carry out the applicable requirements of the City's DBE Program in the award and administration of this Agreement, including, without limitation, all reporting requirements and specific DBE participation goals. Contractor's failure to carry out these requirements, as determined in good faith by the DBE Compliance Officer, shall be deemed a material breach of this Agreement, which may result in the termination of this Agreement or

such other remedy as set forth in the City's Policy Memorandum for the DBE Program.

- B. DBE Compliance Reporting.** Contractor agrees to provide quarterly written reports to the DBE Compliance Officer on all expenditures made to achieve compliance with the DBE participation goals for this Agreement. The report shall, at a minimum, include the following:
1. The name and business address of each DBE involved in the contract;
 2. A description of the work performed and/or the product or service supplied by each DBE;
 3. The date and amount of each expenditure made to a DBE; and
 4. Such other information as may assist the DBE Compliance Officer in determining Contractor's compliance with the DBE Program and the status of any DBE performing any portion of the contract.
- C. Access to Books and Records.** Contractor agrees to grant DBE Compliance Officer reasonable access to its books and records for purposes of verifying compliance with the DBE Program.

**1602 SUB AWARD PROMISSORY NOTE
("1602 NOTE")**

**Louisiana Housing Finance Agency
1602 Investment**

\$6,400,000.00

December 10, 2010

FOR VALUE RECEIVED, the undersigned ("**Borrower**") jointly and severally and in solido (if more than one) promises to pay to the order of **LOUISIANA HOUSING FINANCE AGENCY ("LHFA")** only upon the occurrence of a Recapture Event, the principal sum of **Six Million Four Hundred Thousand and 00/100 Dollars (\$6,400,000.00)**, with interest accruing at the Interest Rate on the unpaid principal balance from the date of a Recapture Event and only upon the occurrence of a Recapture Event on or before the Maturity Date. In evidence of the agreement between the parties, Borrower and LHFA have executed this 1602 Sub Award Promissory Note (this "**1602 Note**") in accordance with the provisions of Section 1602 of Subtitle C of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (the "**Recovery Act**") and pursuant to the terms of a 1602 Sub Award Investment Agreement dated as of **December 1, 2010** (the "**1602 Investment Agreement**") by and between the LHFA and the Borrower..

1. **Defined Terms.** In addition to the defined terms found elsewhere in this 1602 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 1602 Investment Agreement or the 1602 Mortgage.

(a) **Construction Maturity Date:** The later of (i) **December 31, 2011** or (ii) the Conversion Deadline.

(b) **Construction Term:** The period beginning on the date of this 1602 Note and ending on the Construction Maturity Date.

(c) **Conversion Certificate:** The certificate by that name defined in the 1602 Investment Agreement and the form of which is attached to the 1602 Investment Agreement.

(d) **Conversion Deadline:** The earlier to occur of (i) **December 31, 2012** or (ii) the day immediately preceding the Permanent Term Commencement Date.

(e) **Disbursement Date:** The date or dates of disbursement of 1602 Sub Award proceeds hereunder.

(f) **Interest Rate:** The annual rate of zero percent (0.00%).

(g) **1602 Investment Agreement:** The 1602 Sub Award Investment Agreement dated as of **December 1, 2010** by and between the Borrower and the LHFA.

(h) **1602 Sub Award:** the principal amount of this 1602 Note.

(i) **Maturity Date:** The 1602 Note shall mature on the earliest to occur of (i) Recapture Event; (ii) acceleration following an Event of Default under the Permanent Loan Documents that is not

cured within any applicable grace or cure period; or (iii) **December 31, 2026**, the last day of the Compliance Period for the Project.

(j) **Permanent Term Commencement Date:** The first day of the Compliance Period.

2. **Address for Payment.** All payments due under this 1602 Note shall be payable at the offices of the Louisiana Housing Finance Agency, 1602 Investment #09(PC)-53, Attention: Chief Financial Officer, 2415 Quail Drive, Baton Rouge, Louisiana 70808, or such other place as may be designated by written notice to Borrower from or on behalf of the LHFA.

3. **Payment of Principal and Interest.** Following a Recapture Event, simple interest under this 1602 Note shall be computed at the Interest Rate specified above on the basis of a 360-day year consisting of twelve 30-day months. The unpaid Principal and interest, if any, on this 1602 Note shall be paid to the U. S. Treasury or to the LHFA on behalf of the U. S. Treasury.

(a) **Subordination.** The indebtedness evidenced by this 1602 Note is and shall be subordinate in right of payment to the prior payment in full of the Construction Lender and Permanent Lender as provided for in the 1602 Investment Agreement. The 1602 Mortgage securing this 1602 Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Construction Loan Mortgage and the Permanent Loan Mortgage as more fully described in the 1602 Investment Agreement.

(b) **Reduction of 1602 Note Following Cost Certification of Subsidy Layering Review.** Notwithstanding anything to the contrary contained herein or in the 1602 Investment Documents, LHFA may reduce the principal amounts of the 1602 Investment in the event the Cost Certification Audit or the final subsidy layering analysis of the Project completed by LHFA discloses that the actual costs incurred by Taxpayer in the development, restoration, replacement, rehabilitation, and/or construction of the Project were less than the estimated costs for the development, restoration, replacements, rehabilitation, and/or construction of the Project upon which the calculation of the principal amount of the 1602 Investment as set forth in the 1602 Investment Documents were based. The principal amount of this 1602 Note may be reduced based on the actual Project costs incurred by Taxpayer, the amount of 1602 Funds awarded to the Project, and the final amount, terms and conditions of the Taxpayer's Permanent Loan, if any. If the amount of 1602 Investment Funds advanced to Taxpayer prior to completion of the Cost Certification Audit and final subsidy layering analysis, exceeds the principal amount of the 1602 Investment supported by the Cost Certification Audit and final subsidy layering analysis ("**Excess Proceeds**"), LHFA may either reduce the amount of the final disbursement or require the Permanent Lender to reduce the principal amount of the Permanent Loan. If the Permanent Lender refuses to reduce the principal amount of the Permanent Loan, the Taxpayer shall pay LHFA the amount of any remaining Excess Proceeds in one lump sum payment within thirty (30) days of receiving written notice from LHFA that the Excess Proceeds are due and payable.

4. **Annual Reduction of 1602 Note Principal.** At the end of each year during the Compliance Period and so long as no Recapture Event has occurred, the principal amount of this 1602 Note shall be reduced by an amount equal to the principal balance of this 1602 Note as of the first day of the Compliance Period times a fraction in which the numerator is one (1) and the denominator is fifteen (15).

5. **Security.** The Indebtedness is also evidenced by the 1602 Investment Agreement and secured, among other things, by the 1602 Mortgage, and reference is made to the 1602 Mortgage for other rights of LHFA concerning the collateral for the Indebtedness.

6. **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 1602 Note and any other 1602 Investment Document shall at once become due and payable, at the option of LHFA, without any prior notice to Borrower. LHFA may exercise this option to accelerate regardless of any prior forbearance. **IF A RECAPTURE EVENT OCCURS UNDER THE 1602 INVESTMENT AGREEMENT, ANY 1602 INVESTMENT SUBJECT TO RECAPTURE OR REPAYMENT SHALL BECOME A DEBT OWED TO THE UNITED STATES PAYABLE TO THE GENERAL FUND OF THE U.S. TREASURY AND SUCH DEBT SHALL BE ENFORCEABLE BY ALL MEANS NECESSARY AGAINST ANY ASSETS OF THE TAXPAYER.**

7. **Limits on Personal Liability.** Following the Permanent Term Commencement Date, Borrower shall have no personal liability under this 1602 Note, the 1602 Mortgage or any other 1602 Investment Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the 1602 Investment Documents, and LHFA's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LHFA's exercise of its rights and remedies with respect to the Project, the Mortgaged Property and any other collateral held by LHFA as security for the Indebtedness.

8. **Forbearance.** Any forbearance by LHFA in exercising any right or remedy under this 1602 Note, the 1602 Mortgage, or any other 1602 Investment 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 LHFA 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 LHFA'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 LHFA of any security for Borrower's obligations under this 1602 Note shall not constitute an election by LHFA of remedies so as to preclude the exercise of any other right or remedy available to LHFA.

9. **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, Key Principal and/or Guarantor, and all endorsers and guarantors of this 1602 Note and all other third party obligors.

10. **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.

11. **Counting of Days.** Except where otherwise specifically provided, any reference in this 1602 Note to a period of "days" means calendar days, not Business Days.

12. **Governing Law.** This 1602 Note shall be governed by the law of the State of Louisiana.

13. **Captions.** The captions of the paragraphs of this 1602 Note are for convenience only and shall be disregarded in construing this 1602 Note.

14. **Notices.** All notices, demands and other communications required or permitted to be given by LHFA to Borrower pursuant to this 1602 Note shall be given in accordance with Section 10.7 of the 1602 Investment Agreement.

15. **Consent to Jurisdiction and Venue.** Borrower and Key Principal and/or Guarantor each agree that any controversy arising under or in relation to this 1602 Note shall be litigated exclusively

in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this 1602 Note. Borrower and Key Principal and/or Guarantor each irrevocably consent to service, jurisdiction, and venue of such courts for any such litigation and waive any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

16. **WAIVER OF TRIAL BY JURY.** BORROWER, KEY PRINCIPAL AND/OR GUARANTOR AND LHFA EACH (A) AGREE NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS 1602 NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER, KEY PRINCIPAL AND/OR GUARANTOR AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. HOWEVER, NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS 1602 NOTE OR IN ANY OTHER 1602 INVESTMENT DOCUMENT IS TO BE CONSTRUED AS WAIVING THE STATE'S RIGHT TO PLEAD SOVEREIGN IMMUNITY UNDER THE LAWS AND THE CONSTITUTION OF THE STATE OF LOUISIANA AND THE UNITED STATES OF AMERICA.

17. **Counterparts.** This 1602 Note 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.

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SIGNATURE PAGES FOLLOW]

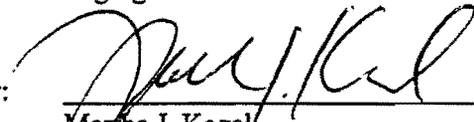
IN WITNESS WHEREOF, Borrower has signed and delivered this 1602 Note or has caused this 1602 Note to be signed and delivered by its duly authorized representative.

2222 TULANE APARTMENTS, L.L.C.

By: UNITY 2222 Tulane Avenue, L.L.C.
Its: Managing Member

By: UNITY of Greater New Orleans, Inc.
Its: Sole Managing Member

By:



Martha J. Kegel
Executive Director

**PROMISSORY NOTE
(HOME AFFORDABLE RENTAL HOUSING PROGRAM)**

Principal Amount \$862,600.00

New Orleans, Louisiana

December 10, 2010

FOR VALUE RECEIVED, the undersigned (the "Owner"), hereby promises to pay to the order of the Louisiana Housing Finance Agency (the "Agency") as the administrator of the HOME Program, the principal sum of **Eight Hundred Sixty-two Thousand Six Hundred and 00/100 Dollars (\$862,600.00)** (hereinafter referred to as the "HOME Loan Obligation") together with interest on the HOME Loan Obligation evidenced hereby from **December 1, 2010** at the rate equal to **zero per centum (0.0%)** per annum, in an amount equal to seventy-five percent (75%) of Surplus Cash, due on the first day of April commencing **April 1, 2012**; provided, however, that all payments due hereunder shall be payable only out of and to the extent of the net cash flow to be determined after payment of all operating expenses approved by the Agency and after a cash distribution to the Owner of not more than twenty-five percent of the Surplus Cash determined by the Agency. Any accrued but unpaid amounts due under this Note shall be paid on **April 1, 2046** (the "Note Maturity Date"), when all sums due under this Note shall be due and payable; provided, however, that the Agency may elect, at its sole and absolute discretion, to extend the Note Maturity Date for additional one-year periods not to extend beyond **April 1, 2051** subject to such conditions as may be required by the Agency on such date or dates related to an extension period. All payments under this Note shall be applied first to the payment of interest due and the balance, if any, shall be applied to the payment of principal.

For purposes of this Note, "Surplus Cash" shall be defined as follows: "**Surplus Cash**" means any cash (excluding tenant security deposits) remaining at the end of each fiscal year of the Project Owner after: (A) payment of all operating expenses for the Project for such fiscal year; (B) payment of all sums due or currently required to be paid under the terms of any permanent mortgage loan encumbering the Project that is senior to this Note and the promissory note secured by such permanent mortgage loan; and (C) payment of all amounts required to be deposited into any reserve fund for the payment of operating expenses, any reserve for replacements for the Project, or any other special reserve funds approved by the Agency that are required to be maintained by under the permanent mortgage loan.

This Note is issued pursuant to a HOME Affordable Rental Housing Program Regulatory Agreement dated as of **December 1, 2010**, by and between the Owner and the Agency (the "Agreement"), and is entitled to the benefits and is subject to the conditions thereof. All the terms, conditions and provisions of the Agreement are, by this reference thereto, incorporated herein as part of this Note, and shall control in the interpretation and enforcement of this Note.

In addition to the foregoing, the Owner hereby promises to pay to the full extent required by the Agreement all costs and expenses of collection incurred in connection with any default by the Owner hereunder and all other payments required to be made by the Owner pursuant to the Agreement.

In the event the Owner should fail to make any of the payments required in this Note, such payment so in default shall continue as an obligation of the Owner until the amount in default shall have been fully paid.

In case of default in this Note or a default or an "event of default", as defined in the Mortgage (the "Mortgage") with which this Note is paraphed or in the Agreement shall occur, the entire principal amount of the HOME Loan Obligation, together with interest as provided for herein, at the option of the holder hereof, may be declared immediately due and payable as provided for in the Agreement and the Mortgage with which this Note is paraphed.

The maker of this Note hereby waives presentation for payment, demand, notice of non-payment and protest, all pleas of division and discussion, and consents that the time of payment may be extended without notice thereof.

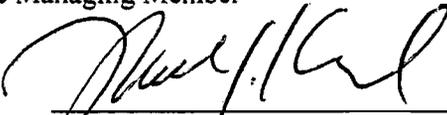
This Note is secured by the Mortgage of even date herewith, executed and delivered by the maker hereof, mortgaging and hypothecating certain property therein described, the terms and conditions of which said Mortgage are made a part hereof and shall control in the interpretation and enforcement of this Note.

Notwithstanding the above, none of the members of the Owner shall have any personal liability with respect to the Owner's liability evidenced by this Note and the Owner's liability shall be satisfied solely from collateral securing this Note.

2222 TULANE APARTMENTS, L.L.C.

By: UNITY 2222 Tulane Avenue, L.L.C.
Its: Managing Member

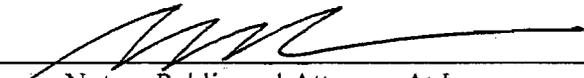
By: UNITY of Greater New Orleans, Inc.
Its: Sole Managing Member

By: 

Martha J. Kegel
Executive Director

"Ne Varietur"

For identification with an Act of Mortgage and a HOME Program Regulatory Agreement, both passed before me this 10th day of December, 2010.



Notary Public and Attorney At Law
Sean R. Dawson 19542

**CDBG PIGGYBACK PROGRAM
GAP FINANCING NOTE**

US \$7,590,000

December 10, 2010

FOR VALUE RECEIVED, the undersigned ("**Borrower**") jointly and severally and in solido (if more than one) promises to pay to the order of **THE STATE OF LOUISIANA, DIVISION OF ADMINISTRATION OFFICE OF COMMUNITY DEVELOPMENT ("OCD")**, the principal sum of **SEVEN MILLION FIVE HUNDRED NINETY THOUSAND and 00/100 DOLLARS (US \$7,590,000.00)**, with interest accruing at the Interest Rate on the unpaid principal balance from the Disbursement Date until fully paid on or before the Maturity Date. In evidence of the agreement between the parties, Borrower and OCD have executed this Gap Financing Note (this "**Note**").

1. Defined Terms. In addition to the defined terms found elsewhere in this 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 Loan Agreement.

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

(b) CDBG Regulatory Agreement: a regulatory agreement in favor of OCD that shall (i) run with the land; (ii) have a term of thirty-five (35) years from December 10, 2010; (iii) survive the repayment of any Gap Financing Loan; and (iv) contain the applicable terms, conditions, restrictions and regulations agreed to in the Application, and as required by the Program Summary.

(c) Debt Service Amounts: Amounts payable under the Loan Agreement, this Note, the Mortgage or any other Loan Document from Surplus Cash.

(d) Default Rate: A rate equal to the lesser of four (4) percentage points above the Interest Rate or the maximum interest rate which may be collected from Borrower under applicable law; provided, however, that OCD may increase the Default Rate pursuant to Louisiana Revised Statute 9:3509 after an uncured Event of Default.

(e) Disbursement Date: The date or dates of disbursement of Gap Financing Loan proceeds hereunder.

(f) Gap Financing Loan: Any gap financing loan, as that term is defined in the Loan Agreement.

(g) Guarantor: a person or entity, acceptable to OCD, which has an economic interest in Borrower, or which will otherwise obtain a material financial benefit from the Loan, and which agrees to guaranty certain obligations of Borrower under this Agreement, including but not limited to Historic Restoration, Incorporated, a Louisiana corporation; and Unity of Greater New Orleans, Inc., a Louisiana nonprofit corporation; and each of their successors and assigns.

(h) Indebtedness: The principal of, interest on, or any other amounts due at any time under the Gap Financing Loan (including that evidenced by this Note), the Loan Agreement, the Mortgage or any other Loan Document, late charges, default interest, and advances to protect the security of the

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Gap Financing Promissory Note

Mortgage under the terms of the Mortgage, reasonable attorney's fees and court costs, and other fees and costs due and payable under the Loan Documents.

- (i) **Interest Rate:** The annual rate of zero percent (0%).
- (j) **Lender:** The holder of this Note, including without limitation OCD.
- (k) **Loan Agreement:** The Gap Financing Loan Agreement between Borrower and OCD governing the terms and conditions of the Gap Financing Loan, as modified, amended, or supplemented from time to time in accordance with its terms.
- (l) **Loan Documents:** This Note, the Loan Agreement; the Mortgage; UCC-Financing Statements covering the fixtures and personal property located at the Project; the Regulatory Agreements; the Operating Deficit and Completion Guaranty; the Intercreditor Agreement; the Subordination Agreement(s), if applicable; and such other documents, agreements, instruments or certificates as OCD and its counsel may require, including such documents as OCD in its sole discretion deems necessary or appropriate to evidence or secure the Indebtedness.
- (m) **Loan Term:** Thirty-five (35) years.
- (n) **Maturity Date:** The earliest to occur of (i) sale or refinancing of the Project not expressly permitted in the Loan Agreement; (ii) acceleration following an Event of Default under the Loan Documents that is not cured within any applicable grace or cure period; or (iii) December 10, 2045.
- (o) **Mortgage:** The Mortgage, Assignment of Leases and Rents, and Security Agreement, which shall (a) constitute a first lien upon the Project, and (b) constitute a first lien upon and security interest in all fixtures and personal property relating to or located in the Project, and (c) secures Borrower's obligations to OCD under the Loan Documents, and the Regulatory Agreements.
- (p) **Project:** That certain multifamily apartment project including a commercial component located on certain immovable property (the "Land") as more fully described in the Loan Agreement.
- (q) **Regulatory Agreements:** The Tax Credit Regulatory Agreement and the CDBG Regulatory Agreement.
- (r) **Surplus Cash:** any cash (excluding tenant security deposits and any grant or federal operating subsidy funding) remaining at the end of each fiscal year of the Borrower after payment of all Operating Expenses for the Project for such fiscal year. 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 OCD's review and concurrence. Operating deficit loans/advances made to the Borrower as required under the Guaranty 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 OCD have been made. 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 OCD of (1) the amount and terms of the voluntary operating deficit loan/advance prior to the time made, and (2) treatment of the voluntary operating deficit loan/advance as Operating Expenses for the purpose of calculating Surplus Cash.

2. **Address for Payment.** All payments due under this Note shall be payable at State of Louisiana, Division of Administration, Office of Community Development, Disaster Recovery Unit, Attention: Piggyback Program, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. **Payment of Principal and Interest.** Principal and interest shall be paid as follows:

(a) **Interest Computation.** Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) **Annual Installments.** The Gap Financing Loan shall be repaid in annual installments (each, an "Annual Installment") on or before May 1 of each calendar year of the Term (the "Payment Date").

(c) **Payment from Surplus Cash.** Each Annual Installment shall be paid solely from Surplus Cash, to the extent Surplus Cash is generated from the operation of the Project, as follows:

(i) **Beginning the fiscal year after December 31, 2012,** the sum of (A) one-third (1/3) of the first \$60,000.00 of Surplus Cash; plus (B) two-thirds (2/3) of Surplus Cash in excess of \$60,000 of Surplus Cash.

Notwithstanding the foregoing to the contrary, all outstanding Indebtedness under this Note is due on the Maturity Date. If Surplus Cash is negative in any year during the Term of the Gap Financing Loan, no annual payment of principal hereunder shall be due for that year, but interest shall continue to accrue.

(d) **Payments Before Due Date.** Any regularly scheduled annual installment of principal and interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(e) **Audit of Surplus Cash.** Annually, within one hundred twenty (120) days after the end of Borrower's fiscal year, Borrower shall provide Lender with an audited schedule of Surplus Cash for the previous fiscal year, certified to be true and correct by Borrower's chief financial officer.

(f) **Accrued Interest.** Any accrued but unpaid interest shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note. Any reference herein to "accrued interest" shall refer to accrued interest that has not become part of the unpaid principal balance. Any amount added to principal pursuant to the Loan Documents shall bear interest at the applicable rate or rates specified in this Note and shall be payable with such interest upon demand by Lender and absent such demand, as provided in this Note for the payment of principal and interest.

4. **Application of Payments.** If at any time 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.

5. **Security.** The Indebtedness is also evidenced by the Loan Agreement, and secured, among other things, by the Mortgage, and reference is made to the Mortgage for other rights of Lender concerning the collateral for the Indebtedness.

6. **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 Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Late Charge.** If any annual installment due hereunder is not received by Lender on or before the tenth (10th) day after such amount is due, or if any other amount payable under this Note or under the Mortgage or any other Loan Document is not received by Lender within ten (10) days after the date such amount is due, counting from and including the date such amount is due, Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to 5 percent (5%) of such annual installment or other amount due. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Gap Financing Loan and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Paragraph represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. **Default Rate.** So long as any annual installment or any other payment due under this Note remains past due for thirty (30) days or more, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid annual installment or other payment due, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Gap Financing Loan, and that during the time that any annual installment or payment under this Note is delinquent for more than thirty (30) days, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any annual installment or other payment due under this Note is delinquent for more than thirty (30) days, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan. The Default Rate shall not apply to failure to pay principal in any one year if the failure is due to negative Surplus Cash in that year.

9. **Limits on Personal Liability.**

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note, the Mortgage or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Project, the Mortgaged Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability

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Gap Financing Promissory Note

shall not limit or impair Lender's enforcement of its rights against any Guarantor guaranteeing any indebtedness or obligations of Borrower under Section 9(b) of this Note or under any guaranty executed by Guarantor in favor of OCD with regards to the Project.

(b) Borrower shall become personally liable to OCD for the repayment of any portion of the Indebtedness equal to any loss or damage suffered by OCD as a result of:

- (i) failure of Borrower to pay to OCD upon demand after an Event of Default, all rents, revenues and profits from the operation of the Project to which OCD is entitled under the Mortgage, and the amount of all security deposits collected by Borrower from tenants then in residence;
- (ii) misappropriation of Loan proceeds by Borrower;
- (iii) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Loan Documents;
- (iv) failure of Borrower to comply with the requirements in the Mortgage relating to the delivery of books and records, statements, schedules and reports;
- (v) fraud or any written material misrepresentation by Borrower or any officer, agent, director, partner, member or employee of Borrower in connection with the Application, the Loan Documents, or any request by OCD;
- (vi) failure to apply rents, revenues and profits, first, to the payment of reasonable operating expenses (other than Property management fees that are not currently payable) and then to Debt Service Amounts due, except that Borrower will not be personally liable (i) to the extent that Borrower lacks the legal right to direct the disbursement of such sums because of bankruptcy, receivership or similar judicial proceedings, or (ii) with respect to Surplus Cash distributed in any calendar year if Borrower has paid all operating expenses and Debt Service Amounts due for that calendar year; or
- (vii) failure of Borrower to pay all deductibles required under any of the insurance policies required to be maintained under the Loan Agreement.

(c) Borrower shall become personally liable to OCD for the repayment of all of the Indebtedness due upon the occurrence of any of the following Events of Default:

- (i) Borrower's acquisition of any property or operation of any business not permitted by the Mortgage; or
- (ii) failure of Borrower to complete the Project as described in the Application prior to December 31, 2012; or
- (iii) Transfer that is an Event of Default under the Mortgage.

(d) To the extent that Borrower has personal liability under this Section 9, OCD may exercise its rights against Borrower personally without regard to whether OCD has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any Guarantor, or pursued any other rights available to OCD under the Loan Documents or applicable law.

(e) Notwithstanding the foregoing provisions, one or more Guarantors shall be personally liable to OCD for those obligations for which Borrower is personally liable under this Section 9, and shall agree to pay to OCD, or its assigns, on demand, all amounts for which Borrower is personally liable under the Loan Documents, including without limitation Section 9(b) and (c). The obligations of each Guarantor shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the Mortgage. OCD may pursue its remedies against any Guarantor without first exhausting its remedies against the Borrower or the Project.

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

11. **Costs and Expenses.** Borrower shall pay on demand all reasonable expenses and costs, including fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other 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.

12. **Forbearance.** Any forbearance by Lender in exercising any right or remedy under this Note, the Mortgage, or any other 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 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 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.

13. **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 or Guarantor, and all endorsers and guarantors of this Note and all other third party obligors.

14. **Loan Charges.** Borrower agrees to pay an effective rate of interest equal to the sum of the Interest Rate provided for in this Note and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the loan evidenced by this Note and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by

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Gap Financing Promissory Note

applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

15. **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.

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

17. **Governing Law.** This Note shall be governed by the law of the Property Jurisdiction.

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

19. **Notices.** All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 31 of the Mortgage.

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

21. **WAIVER OF TRIAL BY JURY. BORROWER, GUARANTOR AND LENDER EACH (A) AGREE NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER, GUARANTOR AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. HOWEVER, NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS NOTE OR IN ANY OTHER LOAN DOCUMENT IS TO BE CONSTRUED AS WAIVING THE STATE'S RIGHT TO PLEAD SOVEREIGN IMMUNITY UNDER THE LAWS AND THE CONSTITUTION OF THE STATE OF LOUISIANA AND THE UNITED STATES OF AMERICA.**

22. **Counterparts.** This Note 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.

[REMAINDER OF PAGE INTENTIONALLY BLANK –
SIGNATURE PAGES FOLLOW]

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

BORROWER:

2222 TULANE APARTMENTS, L.L.C., a Louisiana limited liability company

By: UNITY 2222 TULANE AVENUE, L.L.C., a Louisiana limited liability company, in its capacity as Sole Member of Borrower

By: UNITY OF GREATER NEW ORLEANS, INC., a Louisiana corporation, its Sole Member

By: 

MARTHA J. KEGEL
Executive Director

**ACKNOWLEDGMENT AND AGREEMENT OF GUARANTOR TO
PERSONAL LIABILITY FOR EXCEPTIONS TO NON-RECOURSE LIABILITY**

Guarantor, who has an economic interest in Borrower or who will otherwise obtain a material financial benefit from the Gap Financing Loan, hereby absolutely, unconditionally and irrevocably agrees to pay to Lender, or its assigns, on demand, all amounts for which Borrower is personally liable under Paragraph 9 of the Note to which this Acknowledgment is attached (the "Note"). The obligations of Guarantor shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the Mortgage. Lender may pursue its remedies against Guarantor without first exhausting its remedies against the Borrower or the Project. All capitalized terms used but not defined in this Acknowledgment shall have the meanings given to such terms in the Mortgage. As used in this Acknowledgment, the term "Guarantor" (each if more than one) shall mean only those individuals or entities that execute this Acknowledgment.

The obligations of Guarantor shall be performed without demand by Lender and shall be unconditional irrespective of the genuineness, validity, or enforceability of the Note, or any other Loan Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. Guarantor hereby waives the benefit of all principles or provisions of law, which are or might be in conflict with the terms of this Acknowledgment, and agrees that Guarantor's obligations shall not be affected by any circumstances which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. Guarantor hereby waives the benefits of any right of discharge and all other rights under any and all statutes or other laws relating to guarantors or sureties, to the fullest extent permitted by law, diligence in collecting the Indebtedness, presentment, demand for payment, protest, all notices with respect to the Note including this Acknowledgment, which may be required by statute, rule of law or otherwise to preserve Lender's rights against Guarantor under this Acknowledgment, including notice of acceptance, notice of any amendment of the Loan Documents, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, notice of the incurring by Borrower of any obligation or indebtedness and all rights to require Lender to: (a) proceed against Borrower; (b) proceed against any general partner of Borrower; (c) proceed against or exhaust any collateral held by Lender to secure the repayment of the Indebtedness; (d) if Borrower is a partnership, pursue any other remedy it may have against Borrower, or any general partner of Borrower; or (e) demand or require collateral security from Borrower or any other Person as provided by applicable law or otherwise.

At any time without notice to Guarantor, and without affecting the liability of Guarantor hereunder: (a) the time for payment of the principal of or interest on the Indebtedness may be extended or the Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Note, or any other Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Indebtedness may be accelerated as provided in the Note or any other Loan Document; (d) the Note or any other Loan Document may be modified or amended by Lender and Borrower in any respect, including an increase in the principal amount; and (e) any security for the Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Indebtedness; (f) the payment of the Indebtedness or any security for the Indebtedness, or both, may be subordinated to the right to payment or the security, or both, of any other present or future creditor of Borrower; and (g) any payments made by Borrower to Lender may be applied to the Indebtedness in such priority as Lender may determine in its discretion.

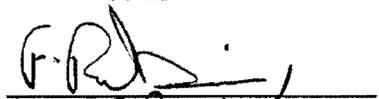
Guarantor acknowledges that Guarantor has received a copy of the Note and all other Loan Documents. Neither this Acknowledgment nor any of its provisions may be waived, modified, amended,

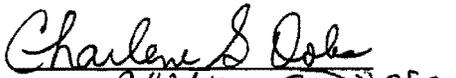
discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement. Guarantor agrees to notify Lender (in the manner for giving notices provided in Section 31 of the Mortgage) of any change of Guarantor's address within 10 Business Days after such change of address occurs. Any notices to Guarantor shall be given in the manner provided in Section 31 of the Mortgage. Guarantor agrees to be bound by Paragraphs 20 and 21 of the Note.

THIS ACKNOWLEDGMENT IS AN INSTRUMENT SEPARATE FROM, AND NOT A PART OF, THE NOTE. BY SIGNING THIS ACKNOWLEDGMENT, GUARANTOR DOES NOT INTEND TO BECOME AN ACCOMMODATION PARTY TO, OR AN ENDORSER OF, THE NOTE.

IN WITNESS WHEREOF, Guarantor has signed and delivered this Acknowledgment or has caused this Acknowledgment to be signed and delivered by its duly authorized representative.

WITNESSES:


Name: F. Paul Simon


Name: Charlene S. Doherty

GUARANTOR:

HISTORIC RESTORATION,
INCORPORATION, a Louisiana corporation

By: 
Name: A. Thomas Leonhard
Title: President and Chief Operating Officer

UNITY OF GREATER NEW ORLEANS, INC.,
a Louisiana corporation

By: _____
MARTHA J. KEGEL
Executive Director

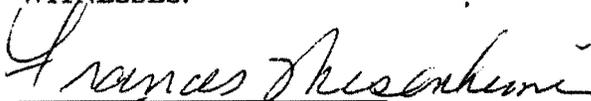
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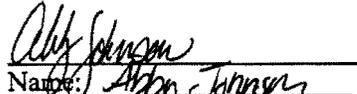
discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement. Guarantor agrees to notify Lender (in the manner for giving notices provided in Section 31 of the Mortgage) of any change of Guarantor's address within 10 Business Days after such change of address occurs. Any notices to Guarantor shall be given in the manner provided in Section 31 of the Mortgage. Guarantor agrees to be bound by Paragraphs 20 and 21 of the Note.

THIS ACKNOWLEDGMENT IS AN INSTRUMENT SEPARATE FROM, AND NOT A PART OF, THE NOTE. BY SIGNING THIS ACKNOWLEDGMENT, GUARANTOR DOES NOT INTEND TO BECOME AN ACCOMMODATION PARTY TO, OR AN ENDORSER OF, THE NOTE.

IN WITNESS WHEREOF, Guarantor has signed and delivered this Acknowledgment or has caused this Acknowledgment to be signed and delivered by its duly authorized representative.

WITNESSES:


Name: FRANCES MISENHEIMER


Name: Abby Johnson

GUARANTOR:

HISTORIC RESTORATION,
INCORPORATION, a Louisiana corporation

By: _____
Name: _____
Title: _____

UNITY OF GREATER NEW ORLEANS, INC.,
a Louisiana corporation

By: 
MARTHA J. KEGEL
Executive Director

**CONSORTIUM FUNDING AGREEMENT
BETWEEN NEW ORLEANS REDEVELOPMENT AUTHORITY
AND
UNITY of Greater New Orleans
In partnership with Common Ground Institute
FOR
Neighborhood Stabilization Program 2**

THIS AGREEMENT, entered this 8th day of April, 2010 by and between the New Orleans Redevelopment Authority (herein called "NORA" or the "Lead Member") and UNITY of Greater New Orleans (herein called the "Consortium Member").

WHEREAS, The New Orleans Redevelopment Authority ("NORA") was designated as the "Lead Member" for a consortium application ("Consortium Application") submitted to receive Neighborhood Stabilization Program 2 assistance ("NSP2"); and

WHEREAS, the Lead Member has applied for and has been awarded funds from the United States Department of Housing and Urban Development under the American Recovery and Reinvestment Act of 2009 (Recovery Act), Public Law 111-005, for the Neighborhood Stabilization Program 2 (NSP2); and

WHEREAS, the following entities were partners in the Consortium Application submitted by Lead Member: Central City Collaborative ("CCC") – which was comprised of Gulf Coast Housing Partnership ("GCHP"), Jericho Road ("JRD"), and New Orleans Neighborhood Development Collaborative ("NONDC") -; Make it Right ("MIR"), Project Home Again ("PHA"), St. Bernard Project ("SBP"), Volunteers of America/Renaissance Neighborhood Development ("RND"), Neighborhood Empowerment Network ("NENA"), Rebuilding Together New Orleans, a program of the Preservation Alliance of New Orleans ("RTNO"), UNITY of Greater New Orleans, ("UNITY"), Common Ground Institute ("CGI"), Broadmoor Development Corporation ("BDC"), Green Coast Enterprises ("GCE") and Pontchartrain Park Community Development Corporation (PPCDC) (referred to hereinafter individually as "Consortium Member" and collectively as the "New Orleans Consortium" or "NOC"); and

WHEREAS, the Lead Member wishes to engage Consortium Member to assist the Lead Member in using such funds in accordance with the Notice of Funding Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009 (Notice FR-5321-N-01); and

WHEREAS the original NSP2 Consortium Application requested \$78.5 million, but the final award of NSP2 funds was \$29,782,103 (the "Award"); and

WHEREAS, Lead Member will enter into an NSP2 Grant Agreement (Grant Number B-09-CN-LA-0041) to govern the disbursement of the Award and which document is attached as Exhibit 1; and

WHEREAS, due to the difference in funding between the NSP2 Application and Award, Lead Member has submitted certain changes to the program scope, budget and deliverables attached as Exhibit 2 for approval by HUD ("Revised Scope"); and

WHEREAS; the definition of abandoned and foreclosed in the NSP2 NOFA (as such term is defined below) has been recently modified to expand the properties that can be deemed abandoned and foreclosed ("Abandonment Modification"); and

WHEREAS, to assist in providing housing to families making less than 50% Area Median Income ("AMI") Lead Member will request that Census Tract 100 and Census Tract 60 be added to the

application and the addition of these census tracts will still result in an overall application "area need" score of 18.30 ("Deep LMI Amendment"); and

WHEREAS, to assist in completing environmental reviews required under 24 CFR part 58 and Part 50, Lead Member has requested an amendment to add the State of Louisiana as a limited partner to the Consortium Application for the exclusive purpose of serving as the "Responsible Entity" for environmental reviews ("State Member Amendment"); and

WHEREAS, certain specific obligations contained herein are contingent on the Revised Scope, Abandonment Modification, Deep LMI Amendment and State Member Amendment (collectively the "Amendments") occurring and being approved by HUD; and

WHEREAS, unless otherwise indicated, all defined terms contained herein have the same meaning as under the NSP2 NOFA (as defined below); and

WHEREAS, each Consortium Member is agreeing to all general obligations contained in this agreement and the specific individual performance and funding obligations outlined below and is solely responsible for their individual performance under this agreement and not the performance or funding obligations of any other Consortium Member that may execute this agreement; and

NOW, THEREFORE, it is agreed between Lead Member and each respective Consortium Member that:

I. SCOPE OF SERVICE

A. Activities

The Consortium Member will be responsible for administering NSP2 activities in a manner consistent with all standards required as a condition of providing these funds and the goals and objectives outlined in the NSP2 Consortium Application and Revised Scope. Such program will include the following uses and corresponding CDBG activities eligible under NSP2 [as listed in the Notice of Funding Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009 (Notice FR-5321-N-01, published May 5, 2009), the Notice of Fund Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009; Correction (Notice FR-5321-C-02, published June 11, 2009), and the Notice of Fund Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009; Correction (Notice FR-5321-C-03, published November 9, 2009] and any subsequent published amendments (the NSP2 NOFA):

A. Financing Mechanism for Purchase and Redevelopment of Foreclosed Properties (eligible use A under NSP2 NOFA)

Pursuant to the NSP2 Consortium Application and Revised Scope, no Consortium Member currently intends to utilize NSP2 funds for this eligible activity. Activities under this category shall therefore not be allowed unless expressly approved by NORA and with appropriate consent from HUD.

B. Purchase and Redevelopment of Abandoned and Foreclosed Properties (eligible use B under NSP2 NOFA)

General: The following consortium members are being provided NSP2 Funds to assist in the acquisition and redevelopment of Abandoned and Foreclosed properties (as such terms are defined in the NSP2 NOFA): JRD, NONDC, PHA, SBP, UNITY/CGI, BDC. The specific obligations pertaining to each individual Consortium Member are indicated below. These

obligations are intended as a minimum standard for performance but all Consortium Members are encouraged to exceed these standards. Properties acquired and redeveloped with funds provided under this category must be properties not currently owned by the Consortium Member. For redevelopment of properties currently owned by Consortium Member or LLT properties to be transferred to a Consortium Member by Lead Member, please review the obligations under Eligible Use E.

Summary Table - Eligible Use B Activities (acquisition and redevelopment) and funds provided

<u>Consortium Member</u>	<u>Member Census Tracts</u>	<u>Activity Budget</u>	<u>Target Population</u>	<u>Intended Methods</u>	<u>Performance Measure</u>
JRD	80, 84, 85	\$ 340,000	All eligible LMMI activities, <i>note: why are you using the term activities in a box about eligible beneficiaries?</i> generally below 120% AMI	See Model B.1 Below	Complete acquisition of at least 12 properties with the funds provided and any available outside funds. Complete at least 3 acquisitions by Dec 31, 2010. To be eligible for additional funding from Phase 2 for this activity Member must complete 14 acquisitions with NSP2 Funding.
NONDC	80, 84, 85	\$ 250,000	All eligible LMMI activities, generally below 120% AMI	See Model B.1 Below	Complete acquisition of at least 8 properties with the funds provided and any available outside funds. Complete at least 2 acquisitions by Dec 31, 2010. To be eligible for additional funding from Phase 2 for this activity Member must complete 10 acquisitions with NSP2 Funding.
PHA	25.02, 17.02, 33.02, 33.07, 33.08	\$ 200,000	All eligible LMMI activities, generally below 80% AMI	See Model B.1 Below	Complete acquisition of at least 7 properties with the funds provided and any available outside funds. Complete at least 2 acquisitions by Dec 31, 2010. To be eligible for additional funding from Phase 2 for this activity Member must complete 8 acquisitions with NSP2 Funding.
SBP	9.03, 8, 9.04, 7.01, 33.02, 33.07, 33.08, 34.0, 35.0, 17.23, 17.32,	\$ 550,000	Below 50% AMI	See Model B.2 Below	Complete acquisition and redevelopment of sufficient properties to provide at least 11 units of housing to families making less than 50% AMI. Complete at least 5 acquisitions by Dec. 31, 2010. Complete at least 5 redvelopments by Dec 31, 2011.

	1736				
UNITY	34.0,35.0	\$500,000	Below 50% AMI	See Model B.2 Below	Complete acquisition and redevelopment of sufficient properties to provide at least 10 units of housing to families making less than 50% AMI. Complete at least 5 acquisitions by Dec. 31, 2010. Complete at least 5 redevelopments by Dec 31, 2011.
UNITY with CGI	100.00	\$ 2,030,000	Below 50%AMI	See Model B.3 Below	Redevelop at least 42 units of housing for families making less than 50% AMI. Complete acquisition of site by Dec 31, 2010. Initiate redevelopment by June 1, 2011.
BDC	103.00	\$ 500,000	Below 50% AMI	See Model B.2 Below	Complete acquisition and redevelopment of sufficient properties to provide at least 10 units of housing to families making less than 50% AMI. Complete at least 5 acquisitions by Dec. 31, 2010. Complete at least 5 redevelopments by Dec 31, 2011.
NORA	All	\$ 500,000	All eligible LMMI activities	See Model B.1 Below	Complete acquisition of at least 16 properties with the funds provided and any available outside funds. To be eligible for additional funding from Phase 2 for this activity Member must complete 20 acquisitions with NSP2 Funding.

Eligible Census Tracts: All acquisitions must be made in the census tracts included in the NSP2 Consortium Application or any other census tracts that are added by amendment. A list of currently eligible Census Tracts along with the Area Median Income of those census tracts is provided as Exhibit 3. Consortium Member agrees to limit their NSP 2 assisted acquisitions to the specific census tracts indicated in the table above unless it receives express written approval from Lead Member.

Compliance: To access funds for acquisition and rehabilitation, Consortium Members are required to comply with the steps outlined in NORA's NSP2 Procedures Regarding Acquisition and Rehabilitation, as amended. In particular all Consortium Members must be vigilant to ensure compliance with appropriate provisions regarding Uniform Relocation Act ("URA") obligations, tenant protection measures, initial purchase price discounts and environmental reviews. To aide in completion of environmental reviews in a timely fashion Consortium Member should provide Lead Member with a list of all properties under consideration and their intended re-use as soon as possible.

Intended Models: Lead Member has identified a number of different models by which Consortium Members may perform their activities under this Eligible Use. These models are based on the NSP2 Consortium Application, surveys completed by each Consortium Member and discussions between Lead Member and each Consortium Member. Consortium Members may propose alternative models and shift between models so long as that method complies with all NSP2 rules and regulations; is supported by a Strategic Plan (described further below) acceptable to Lead Member; receives written approval from Lead Member, satisfies the remaining provisions of this document; and ensures that Consortium Member will meet its performance requirements. Nothing contained below is intended to supersede any applicable CDBG or HUD regulation. The methods contained below are not intended to be an exhaustive list of possible

approaches. However, the models listed below represent the initial areas in which Lead Member will focus its compliance and program development efforts.

Model B.1: approach of JRD, NONDC, PHA, NORA (acquisition): Consortium Member will use funds provided under this eligible activity solely to acquire abandoned and/or foreclosed properties in close proximity to their existing investments (or investments by any other Consortium Member) in a given neighborhood and alleviate the blighted conditions on those properties. Consortium Member shall focus on: 1) acquiring properties directly adjacent to property they control or have previously redeveloped housing upon; 2) acquiring property that is highly detrimental to the overall stability of the neighborhood in its current condition; 3) properties that can be assembled together to allow for clustered redevelopment. In determining the detrimental impact of such property, it may consider such factors as the extent of the blighted condition of the property, any criminal activities that have taken place on or near the property, and the visibility and significance of the property. Prior to acquisition, Consortium Member shall determine the most effective redevelopment strategy for that property based on the anticipated cost to redevelop said property, the likely proceeds upon disposition of said property, the time it will take to identify an occupant for said property, the legality of demolishing said property and the feasibility of merging said property with the adjacent property it controls or upon which it has built housing. For all properties which Consortium Member does not elect to merge with a neighboring property, it must prepare a brief written rationale indicating at a minimum how they will pay for the redevelopment and why the chosen redevelopment approach is most beneficial and submit to Lead Member for approval.

Model B.2 approach of BDC, UNITY and SBP (acquisition and redevelopment for families making less than 50% AMI): Consortium Member will use funds provided under this eligible activity to acquire and redevelop abandoned and foreclosed properties to assist in providing housing to families making less than 50% AMI. Acquisitions should be focused on locations that 1) provide adequate surrounding services and amenities including: transit access, supportive services, safety and access to jobs and commercial services; 2) are an impediment to neighborhood stability in their current condition; and 3) are located adjacent or in close proximity to investments by Consortium Member or any other partners to this application.

Redevelopment activities may include both rehabilitation and new construction. All rehabilitation of historic properties should be done in an appropriate fashion and Consortium Member is strongly encouraged to work with RTNO to determine appropriate rehabilitation techniques and to identify methods to re-use salvaged materials. Individual properties redeveloped with these funds must comply with applicable zoning requirements, but Consortium Members are encouraged to redevelop doubles, triples and quads where appropriate. Consortium Member cannot include more than 4 units on an individual property without prior approval from Lead Member. At least one unit on every property redeveloped with these funds must be utilized to provide housing for families making less than 50% AMI and all Consortium Members must indicate how they will maintain the affordability of said units. Consortium Members may use both paid and volunteer services to perform redevelopment of these properties. Rehab standards as outlined in NSP2 application and applicable HUD guidance apply to all rehabilitation projects.

Consortium Member is strongly encouraged to pursue innovative occupancy approaches including lease purchase; redeveloping doubles in which an owner-occupant is paired with a below 50% AMI tenant and utilizing property to provide housing options for critical community stakeholders such as junior teachers, police, and other first responders. Consortium Members are strongly encouraged to work with UNITY/CGI to identify potential occupants that earn less than 50% AMI.

In all cases Consortium Member shall ensure that any owner-occupied transferee is adequately prepared for homeownership and has sufficient capacity to manage a rental property. This may include the creation of maintenance reserves and the dedication of a portion of any rental income to Consortium Member or other community partner to assist in maintenance of properties.

Model B.3 approach of UNITY with CGI on 2101 Louisiana Avenue (multi-family acquisition and rehab for below 50% AMI): Consortium Member shall utilize funds provided under this approach to acquire and rehabilitate a multi-family complex that is centrally located and is located in close proximity to appropriate social services and other public and private investment. This project will be developed to provide housing to veterans making less than 50% AMI. All units rehabilitated with these funds must be built to appropriate building codes, constructed in a good and workmanlike manner, and the facility must be managed with the highest commercially feasible standards. Funds are contingent on all other financing required for the project being identified and the NSP2 Deep LMI Amendment.

C. Land Banks (eligible use C under NSP2 NOFA)

Pursuant to the Revised Scope to the NSP2 Consortium Application, NORA shall utilize \$100,000 to establish a framework for a land bank mechanism in New Orleans and acquire 5 properties for the Land Bank

Summary Table - Eligible Use C Activities (land bank) and funds provided

<u>Consortium Member</u>	<u>Member Census Tracts</u>	<u>Activity Budget</u>	<u>Target Population</u>	<u>Intended Methods</u>	<u>Performance Measure</u>
NORA	All	\$ 100,000	All eligible LMMI activities, generally below 120% AMI	NORA will utilize the funds to develop the legal structure and institutional framework to create a land bank and acquire at least 5 properties	Develop Implementation Plan for Land Bank and acquire first five properties.

D. Demolish blighted structures (eligible use D under NSP2 NOFA)

General: The following consortium members are being provided NSP2 Funds to assist in the demolition of blighted properties (as such terms are defined in the NSP2 NOFA): NORA and RTNO. The specific obligations pertaining to each individual Consortium Member are indicated below. These obligations are intended as a minimum standard for performance but all Consortium Members are encouraged to exceed these standards.

Lead Member is responsible for ensuring that no more than 10 percent of the total grant is used for demolition (unless HUD has given prior written approval for a higher percentage). No other Consortium Member, except Lead Member and RTNO, shall incur demolition costs with NSP2 assistance without explicit written permission from Lead Member and no Consortium Member shall demolish any public housing as defined at 42 USC 1437a using NSP2 provided funds. Lead Member and all partners are responsible for ensuring that no currently habitable LMI dwelling units will be demolished as a result of any NSP-assisted activities. Only blighted buildings may be demolished with NSP 2 resources.

Summary Table - Eligible Use D (Demolition, including Deconstruction of Blighted Properties) Activities

<u>Consortium Member</u>	<u>Member Census Tracts</u>	<u>Activity Budget</u>	<u>Target Population</u>	<u>Intended Methods</u>	<u>Performance Measure</u>
NORA	All CT's with a target population below 120% AMI	\$1,900,000	All eligible LMMI activities	See Model D.1 Below	Demolish 140 blighted properties with the funds provided. Complete at least 25 demolitions by December 31, 2010.
RTNO	All CT's with a target population below 120% AMI	\$ 400,000	All eligible LMMI activities	See Model D.2 Below	Deconstruct, process materials and entirely clear 30 blighted properties with the funds provided. Deconstruct and entirely clear at least 10 blighted properties by June 30, 2011.
RTNO	All CT's with a target population below 120% AMI	\$ 200,000	All eligible LMMI activities	See Model D.3 Below	Perform selective salvage and process materials on at least 120 blighted properties with the funds provided. Perform at least 30 selective salvages on blighted properties by June 30, 2011.

Eligible Census Tracts: Lead Member and RTNO agree that demolition and/or deconstruction may only take place in census tracts that meet the NSP2 definition of LMMA or on property that will be redeveloped for LMMI occupants. Lead Member will circulate a list of all NSP2 Census tracts that meet the LMMA definition.

Compliance: To access funds, Consortium Members are required to comply with the steps outlined in NORA's NSP2 Procedures Regarding Demolition, as amended. No demolition of HUD assisted housing may be undertaken without prior approval of HUD.

Intended Models: Lead Member has identified a number of different models by which Consortium Members may perform their activities under this Eligible Use D. These models are based on the NSP2 Consortium Application, surveys completed by each Consortium Member and discussions between Lead Member and each Consortium Member. Consortium Members may propose alternative models and shift between models so long as that method complies with all NSP2 rules and regulations; is supported by a Strategic Plan (described further below) acceptable to Lead Member; satisfies the remaining provisions of this document; and ensures that Consortium Member will meet its performance requirements. Nothing contained below is intended to supersede any applicable CDBG or HUD regulation. The methods contained below are not intended to be an exhaustive list of possible approaches. However, the models listed below represent the initial areas in which Lead Member will focus its compliance and program development efforts.

Model D.1: approach of NORA (demolition): Lead Member will use NSP2 funds to demolish blighted properties. The following types of properties will be considered as demolition priorities for use of NSP2 funds by Lead Member:

1. Any blighted properties owned by NORA within the eligible census tracts
2. Blighted properties located in Clusters 1 & 8 of the application that pose a threat to neighborhood stability, a detriment to investment or are located in highly visible areas.
3. Blighted properties located in the other census tracts eligible for NSP2 program whose removal could have a substantial effect on overall neighborhood stability.

NORA will not demolish historic properties when they can be affordably rehabilitated and or elevated. It will also not demolish property when prohibited by the State Historic Preservation Office ("SHPO") or Historic District Landmark Commission ("HDLC"). To fully implement this effort, Lead Member will need to reach an agreement with the City of New Orleans allowing Lead Member to utilize NSP2 funds to demolish blighted properties on an involuntary basis.

Model D.2: approach of RTNO (Deconstruction): RTNO will utilize NSP2 Funds to deconstruct properties that are located in the eligible NSP2 Census tracts. Deconstruction involves the removal of both historically significant materials and other building materials that can be re-used in future construction. RTNO deconstruction efforts will focus on properties with historic significance and a high potential for re-use of materials. Deconstruction efforts will also be focused on properties in close proximity to redevelopment investments by Consortium Members. Materials salvaged from deconstruction activity will be made available on a priority basis and at least a 20% discounted rate to Consortium Members. Pursuant to this activity, RTNO will also provide technical assistance to all Consortium Member and their partners who are interested in re-using materials in their development projects.

Model D.3: approach of RTNO (Selective Salvage): RTNO will perform selective salvage on properties that will be demolished by the Louisiana Land Trust and are located in the eligible NSP2 Census Tracts. RTNO will evaluate all such demolition candidates and determine which present greatest opportunity for selective salvage. All materials acquired through selective salvage will be made available to Consortium Members at a discounted rate. RTNO will not be responsible for the remainder of the demolition activities on these properties. As part of their selective salvage allocation RTNO may utilize funds to pay for any required stripping costs to remove lead paint and to hire necessary case workers to manage the program.

E. Redevelopment of Vacant and Demolished Properties (eligible use E under NSP2 NOFA)

General : The following Consortium Members are being provided NSP2 Funds to assist in the redevelopment of demolished or vacant properties as housing (as such terms are defined in the

NSP2 NOFA): JRD, NONDC, GCHP, PPCDC, SBP, UNIFY/CGI, VOA, MIR, NENA, PHA, BDC, NORA and RTNO. The specific obligations pertaining to each individual Consortium Member are indicated below. These obligations are intended as a minimum standard for performance but all Consortium Members are encouraged to exceed these standards.

Summary Table - Eligible Use E (Redevelopment of Vacant) Activities and funds provided

<u>Consortium Member</u>	<u>Member Census Tracts</u>	<u>Activity Budget</u>	<u>Target Population</u>	<u>Intended Methods</u>	<u>Performance Measure</u>
JRD	80, 84, 85	\$ 660,000	All eligible LMML, or LMMA if applicable, activities.	See Models E.1, E.4 Below	Complete redevelopment of at least 11 new single family homes with funds provided and any available outside funds. Complete at least 3 redevelopments by June 1, 2011. To be eligible for additional funding for this activity Member must complete 16 redevelopments.
NONDC	80, 84 and 85	\$ 750,000	All eligible LMML, or LMMA if applicable, activities.	See Models E.1, E.4 Below	Complete redevelopment of at least 13 new single family homes with funds provided and any available outside funds. Complete at least 4 redevelopments by June 1, 2011. To be eligible for additional funding for this activity Member must complete 19 redevelopments.
PHA	25.02, & 17.02, 33.02, 33.07, 33.08	\$ 1,500,000	All eligible LMML, or LMMA if applicable, activities.	See Model E.1 Below	Complete redevelopment of at least 35 new single family homes with funds provided and any available outside funds. Complete at least 4 redevelopments by June 1, 2011. PHA agrees further to spend at least \$225,000 of its NSP2 funds under this allocation on activities to house families making less than 50% AML.
SBP	9.03, 8 & 9.04, 7.01, 33.02, 33.07, 33.08, 34.0, 35.0, 17.23, 17.32, 17.36	\$ 450,000	All eligible LMML, or LMMA if applicable, activities.	See Model E.1, E.2 Below	Complete rehabilitation or new construction of at least 15 single family homes with funds provided and any available outside funds. Complete at least 5 rehabilitations or redevelopment by June 1, 2011. As of now, SBP is anticipated to perform 7 units of new construction on non-LLT properties, 6 LLT rehabs and 5 new construction houses on LLT properties. This mix can change without amendment to this agreement
UNITY	60.0	\$500,000	Below 50% AMI	See Model E.3 Below	Complete redevelopment of 60 units at property located at 2222 Tulane Avenue to be used for housing for families making less than 50% AML. Work with other landholders in area to create parcel for future economic development adjacent to facility.
PPCDC	17.01, 17.02	\$ 1,700,000	All eligible LMML, or	See Model E.5 Below	Complete redevelopment of at least 42 new single family homes with funds

			LMMA if applicable, activities.		provided and any available outside funds. Complete at least 10 redevelopments by June 1, 2011.
BDC	103.00	\$ 800,000	All eligible LMMI, or LMMA if applicable, activities.	See Model E.1, E.4, E.5 Below	Complete redevelopment of at least 25 new single family homes with funds provided and any available outside funds. Complete at least 7 redevelopments by June 1, 2011.
GCHP	80	\$ 1,700,000	Below 50% AMI	See Model E.3 Below	Complete redevelopment of mixed use office and senior housing complex located at 1400 Block of Oretha Castle Haley that will provide 70 total units of housing and at least 30 units of housing to seniors making less than 50% AMI.
VOA	33.08, 33.07, 33.02	\$ 1,000,000	All eligible LMMI, or LMMA if applicable, activities.	See Model E.1, E.4, E.5	Complete redevelopment of at least 25 single family homes with funds provided and any available outside funds. Complete at least 6 redevelopments by June 1, 2011.
MIR	7.01, 9.03, 9.04, & 8	\$ 1,700,000	\$1,200,000 for all eligible LMMI, or LMMA if applicable, activities and \$500,000 for activities below 50% AMI	See Model E.1	Complete redevelopment of at least 40 single family homes with funds provided and any available outside funds. Complete at least 10 redevelopments by June 1, 2011. MIR agrees further to spend at least \$500,000 of its NSP2 funds under this allocation on activities to house families making less than 50% AMI.
NENA	9.03, 9.04, 7.01, & 8	1,700,000	\$1,200,000 for all eligible LMMI, or LMMA if applicable, activities and \$500,000 for activities below 50% AMI	See Model E.1, E.4,	Complete redevelopment of at least 40 single family homes with funds provided and any available outside funds. Complete at least 10 redevelopments by June 1, 2011. NENA agrees further to spend at least \$500,000 of its NSP2 funds under this allocation on activities to house families making less than 50% AMI.
BDC	103.00	\$ 400,000	All eligible LMMI, or LMMA if applicable, activities.	See Model E.2 Below	Complete rehabilitation of at least 15 single family homes with funds provided and any available outside funds. Complete at least 5 rehabilitations by June 1, 2011.
NORA	All	\$ 5,400,000	\$540,526 for	See Model E.4 and	Establish Credit Enhancement mechanism by no later than October 31, 2010. Lend

			activities below 50% AMI. Remainder for all eligible LMML, or LMMA if applicable, activities and	E.6 Below	out all capital secured by this enhancement no later than June 31, 2011.
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Compliance: To access funds, eligible Consortium Members are required to comply with the steps outlined in NORA's NSP2 Procedures Regarding Redevelopment, Construction Financing, Interim Financing, Credit Enhancement and Loan Loss Reserves, as amended. Please note in particular that: 1) all Consortium Members must take affirmative steps to ensure that buyers are only utilizing NSP2 approved mortgages; 2) all program income generated from activities below may be retained by Consortium Member but must be spent on similar redevelopment efforts and spent consistent with applicable regulations; and 3) homes cannot be sold for more than their actual cost to develop.

Intended Models: Lead Member has identified a number of different models by which Consortium Members may perform their activities under this Eligible Use. These models are based on the NSP2 Consortium Application, surveys completed by each Consortium Member and discussions between Lead Member and each Consortium Member. Consortium Members may propose alternative models and shift between models so long as that method complies with all NSP2 rules and regulations; is supported by a Strategic Plan (described further below) acceptable to Lead Member; satisfies the remaining provisions of this document; and ensures that Consortium Member will meet its performance requirements. Nothing contained below is intended to supersede any applicable CDBG or HUD regulation. The methods contained below are not intended to be an exhaustive list of possible approaches. However, the models listed below represent the initial areas in which Lead Member will focus its compliance and program development efforts.

Definitions: To assist in describing the various models, certain definitions will be utilized including:

- **Total Development Cost ("TDC"):** Total Development Cost is the total costs associated with developing a property for sale and includes all hard and soft costs associated with the construction or rehabilitation, any elevation and storm mitigation costs, any energy efficiency upgrades and related costs, the costs of construction interest both during development and sale period, sale and closing costs, security costs, reasonable reserves and contingencies, and reasonable administrative fees associated with managing the development. All Consortium Members will be expected to submit budgets detailing TDC for a single property and total project if it includes more than one property for approval by Lead Member.
- **Expected Sales Price:** Expected Sales Price is the price that a property built to similar standards would be expected to sell for to typical purchasers in the neighborhood. It will be determined by Consortium Members and can be based on the values of property in the surrounding neighborhood, the purchasing power of typical buyers, the availability of soft second resources and any discounts needed to induce families to move to significantly blighted areas. All Consortium Members will be expected to submit expected sales prices for all property they develop to Lead Member for approval.

- *Maximum NSP2 Subsidy Levels:* Maximum subsidy levels per property should not exceed the limits in the chart below. Please note that these levels are meant to reflect the total subsidy remaining in a property after the sale is completed and do not apply to financing mechanisms that may temporarily result in NSP2 funds carrying more of the cost.

Maximum per property subsidy

	Below 50 % AMI	Below 80% AMI	Other Sales – i.e. 120%AMI
SFH (New Construction) in areas with Soft Second	\$75,000	\$45,000	\$30,000
SFH (New Construction) in areas with Soft Second but buyers demonstrate financial responsibility yet have poor credit and can't qualify	\$75,000	\$60,000	\$60,000
SFH in Areas (New Construction) in areas without Soft Second	\$75,000	\$60,000	\$60,000
SFH (Rehab) in areas with Soft Second	\$40,000	\$25,000	\$15,000
SFH (Rehab) in areas with Soft Second but buyers demonstrate financial responsibility yet have poor credit and can't qualify	\$60,000	\$40,000	\$30,000
SFH (Rehab) in areas without Soft Second	\$60,000	\$40,000	\$30,000
Multi-family Rental (new construction)	60,000	N/A	N/A
Multi-family Rental (rehab)	50,000	N/A	N/A
Scattered Site Rental	60,000	N/A	N/A

Model E.1 approach of PHA, BDC, MIR, SBP, NONDC (Direct Construction Subsidy, New Construction): Consortium Members will utilize funds provided under this approach to assist in the construction of new single family highly energy efficient homes intended to be sold for homeownership. NSP2 Funds will be provided to pay for a portion of the construction cost of a home allowing the Consortium Member to either sell that property at a price below the TDC (defined above) and/or pass on this reduction to the buyer by means of a soft second or other program to ensure that affordability is maintained. The total amount of NSP2 assistance should be sized to fill the gap between the Expected Sales Price (defined above) and the TDC, but in no case may NSP2 Funds exceed the "Maximum Subsidy Levels" (described above). In addition, NSP2 funds cannot duplicate other gap filling resources and partners should strive to use other programs including Soft Second incentives and elevation resources prior to utilizing NSP2 funds. In no case may the sales price (inclusive of any soft second assistance that the Buyer receives) for a property be below prevailing appraised values in the surrounding neighborhood. In the event that a Consortium Member is able to sell a property for more than the Expected Sales Price or the eventual purchaser ends up being able to utilize soft-second resources or elevation resources instead of NSP2 funds, these additional proceeds will be treated as program income and

will be kept by Consortium Member but must be reinvested by Consortium Member into additional redevelopment projects pursuant to guidelines regarding program income. Consortium Members who elect to receive funds in this manner must be able to demonstrate adequate construction financing to initiate construction and carry properties until they are sold. However, when at least 50% of construction is completed that Consortium Member may present a funding requisition to the Lead Partner (in the format and with the documentation specified by the Lead Member) who will – finding no errors or inconsistencies - in turn request NSP 2 funding from HUD for subsequent transfer to the Consortium Member. They must also demonstrate a viable pipeline of potential buyers and if properties built with these NSP2 fail to sell after a reasonable period of time this activity should be stopped and Consortium Member and Lead Member will amend their scope accordingly. Members may also elect to use funds provided under this model solely to offset the cost of certain green building and energy efficiency enhancements on projects where the remaining costs are funded through alternative sources.

Model E.2 approach of BDC, SBP (Direct Construction Subsidy, Rehab): Consortium Members will utilize funds provided under this approach to assist in performing highly energy efficient and historically sensitive rehabilitation of singles and doubles intended to be sold for homeownership. NSP2 Funds will be utilized for a portion of the rehabilitation cost of the home allowing the Consortium Member to either sell that property at a price below the TDC (defined above) and/or pass on this reduction to the buyer by means of a soft second or other program to ensure that affordability is maintained. The total amount of NSP2 assistance should be sized to fill the gap between the Expected Sales Price (defined above) and the TDC, but in no case may NSP2 Funds exceed the "Maximum Subsidy Levels" (described above). In addition, NSP2 funds cannot duplicate other gap filling resources and partners should strive to use other programs including Soft Second incentives prior to utilizing NSP2 funds. In no case may the nominal sales price (i.e. the price inclusive of any soft-second assistance) that a buyer pays be substantially below prevailing appraised values in the surrounding neighborhood. In the event that a Consortium Member is able to sell a property for more than the Expected Sales Price or the eventual purchaser ends up being able to utilize soft-second resources instead of NSP2 funds, these additional proceeds will be treated as program income and will be kept by Consortium Member but must be reported in full to the Lead Member. All such funds must be reinvested by Consortium Member in to additional redevelopment projects that meet the NSP 2 requirements in accordance with a plan approved by the Lead Member and consistent with rules regarding program income. Consortium Members who elect to receive funds in this manner must be able to demonstrate adequate construction financing to initiate construction and carry properties until they are sold. They must also demonstrate a viable pipeline of potential buyers and if properties redeveloped with these NSP2 fail to sell after a reasonable period of time this activity should be stopped and Consortium Member and Lead Member will amend their scope accordingly. The BDC agrees to partner with existing consortium member, RTNO for the rehabilitation of homes while BDC will be responsible for the activities related to sale. This relationship may be further formalized in a separate agreement if necessary.

Model E.3 approach of UNITY on 2222 Tulane Avenue and GCHP (Multi-family New Construction): Consortium Members will utilize NSP2 funds to assist in the redevelopment of multi-family rental properties to provide housing to families making less than 50% AML. For mixed income projects, NSP2 funds can only be used against reasonable costs incurred in the provision of the below 50% AMI units. UNITY/CGI agrees to utilize NSP2 funds on the property located at 2222 Tulane Avenue and GCHP agrees to utilize funds on the property located on the 1400 Block of Oretha Castle Haley. Funds should be utilized in a manner that they do not exceed the Maximum Property Subsidy levels indicated above. Funds will only be allocated to projects that can demonstrate a financing plan for the entire construction and a responsible strategy for identifying and providing services to future tenants making less than 50%

AMI. Consortium Member must also provide evidence that the property on which units were constructed would meet the definition of foreclosed or abandoned.

Model E.4 possible approach of BDC, JRD, NONDC, NENA, NORA (Construction Lending Assistance): For a number of Consortium Members, securing construction financing has proven to be extremely difficult. To the extent feasible under NSP2 and CDBG rules, Consortium Member may use funds under this model to either provide the collateral to secure a revolving line of construction financing to develop properties they own or may use these funds to directly augment whatever construction lending for which they may currently qualify. In either case the ratio of private funds to NSP2 funds must be at least 2:1, unless otherwise approved by Lead Member. In either case Consortium Member will need to partner with a private financial institution or community development financial institution that will be responsible for managing construction loan disbursements and monitoring all construction activities. While projects using NSP2 resources to support construction lending may exceed Maximum Property Subsidies (described above) during the construction period, upon the eventual sale to the final buyer they must generate sufficient repayment such that the overall transaction is within the Maximum Property Subsidy limits.

Lead Member anticipates using funds provided under this model in a similar manner except that they will create a generalized loan loss reserve program that assists in the availability of construction financing for all Consortium Members. In addition, funds provided for this activity will only be reserved for a limited period of time after which they can be distributed to partners in accordance with Phase 2 program described below.

Model E.5 approach of PPCDC (Interim Financing/Bridge Loans) and BDC: Consortium Members electing this model may utilize NSP2 funds to provide interim financing that "takes out" existing construction financing following completion of the construction period. Upon this take out, Consortium Member must reinvest their now replenished construction financing into additional construction starts ("2nd Phase Construction"). Under this model, the interim financing can be used to take-out financing on the following types of properties: 1) a strictly limited number of model homes that will not be sold until the overall development has gained significant traction; 2) a small number of speculative homes that will be sold to buyers that are not yet identified but must meet HUD guidelines regarding income eligibility; and 3) properties with identified buyers who are awaiting private financing and various incentive programs to close. As homes close to final occupants the interim financing will be repaid in full and can be either utilized to start additional units or to take-out properties built during 2nd Phase Construction. Upon approval of Lead Member, a limited amount of interim financing can be passed on to the final buyer as a soft second or other purchase incentive. In all cases this incentive must be below the Maximum Property Subsidy. This interim financing will be provided at below market rates and significantly reduce the project costs from carrying built inventory and in turn reduce the price per unit for the overall project. Prior to providing any funding, Lead Member reserves the right to approve the overall budget, confirm the existence of construction financing and the mix of model, speculative and buyer-identified homes, provided, however, that such approval shall not be unreasonably withheld. Consortium Member must also demonstrate a viable pipeline of potential buyers and if completed properties built with these NSP2 funds fail to sell after a reasonable period of time, not prior to ninety (90) days after issuance of a certificate of occupancy, this activity should be stopped and Consortium Member and Lead Member will amend their scope accordingly.

Model E.6 approach of NORA (Rehab Loan Loss Reserve): Consortium Member will use funds provided under the model to provide either a loan loss reserve or the actual lending capital for a program to provide construction financing to entities attempting to redevelop vacant properties located in the NSP2 eligible census tracts under the Louisiana Recovery Authority's ("LRA") "Small Rental Program." Under the Small Rental Program the State has provided applicants with

a modest commitment of funds to rehabilitate properties in exchange for keeping the rents on those properties low for 15 years. However, many projects require a greater amount than the state is providing to be redeveloped and there are few sources of private capital willing to provide financing for this gap. The program has also proven challenging as recipients have struggled to find appropriate contractors. By providing a loan loss reserve or other credit enhancement to a qualified party, Consortium Member can help generate redevelopment activity on these properties. In selecting an entity to partner with for this lending, Consortium Member will seek to identify entities with a proven track record, sufficient contractor management resources and appropriate compliance systems. In addition, funds provided for this activity will only be reserved for a limited period of time after which they can be distributed to Consortium Members in accordance with Phase 2 program described below. Any redevelopment projects funded through this activity will have to meet all NSP2 guidelines in addition to the existing CDBG guidelines.

General Administration

The Lead Member must ensure that no more than ten percent (10%) of the total grant amount is used for planning and administration activities described at 24 CFR 570.205 and 570.206. Lead Member will utilize \$2,678,210 to perform a number of administrative activities that will benefit all Consortium Members, fund the administrative costs related to the programs it is delivering, and ensure effective HUD and other regulatory compliance. Among the activities that may be funded out of this are the following:

- a. A Section 3, M/WBE and/or DBE Technical Assistance program to promote training and local identification of contractors in green building techniques and provide the organizational capacity to work with NOC members' development of related plans and implementation.
- b. A communication and web-portal to promote activities related to NSP2 work undertaken by NOC and provide interested buyers with a place to sign up for more information.
- c. A buyer outreach and identification program designed to further fair housing practices and identify potential buyers, particularly displaced families, in order to provide them with the necessary homebuyer training and financial counseling to become a homeowner.
- d. A data analysis system that will provide comprehensive data on our progress in target census tracts utilizing a variety of metrics including but not limited to: blight, property ownership and income.
- e. Annual financial and performance audits of all consortium members over 3 years
- f. Outside legal and CDBG services related to implementation of the NSP2 program.
- g. Resources to complete any appraisals in target census tracts to complete the Lot Next Door program and effectuate the disposition of any NORA held properties to NOC members.
- h. Staff and related costs for general oversight and program administration including but not limited to establishing program operating systems, developing and reviewing documents, and assisting consortium members in implementation on NSP2 activities.
- i. Financial and project management systems
- j. A small administrative contingency allocation to provide for any unexpected administrative costs or overruns in any of the categories above.
- k. Internal Compliance Monitoring

Lead Member will also provide Consortium Member GCE \$300,000 of NSP2 funds to provide construction management and independent quality control, including green building certification based on the Dept. of Energy and Enterprise Community Partners' programs outlined in the NSP2 NOC application, to ensure that all construction is built to the highest standard possible. It will also support NORA to develop financing programs that could be utilized by the consortium

members to improve their ability to produce housing. Financing programs could include utilization of New Markets Tax Credits for home construction or to reduce the cost of installation of solar systems, and/or the creation of a loan loss reserve with funds reserved for Phase 2. GCE's duties with respect to financing would be to develop financing programs based on the need of Consortium Members as well as the interest of lending institutions and investors.

No other Consortium Member may use NSP2 funds for planning and administration activities. This amount does not include project delivery costs associated with the provision of eligible NSP2 activities. In addition, administrative and program delivery costs can be a portion of the construction budget that is repaid upon sale or lease of property.

Future Allocation of Loan Loss Reserves ("Phase II")

Currently, \$5,973,000 of the Award is being utilized to create loan loss reserves to assist in redevelopment of vacant property (model E.4 and E.6, described above). These reserves will be for short durations and NORA anticipates that these funds will only suffer \$410,000 in losses. Upon release of the funds from the loan loss reserve they will become available for distribution to Consortium Members. On a date no earlier than nine months from the first disbursement of NSP2 funds and no later than 15 months from the first disbursement of NSP2 funds, Lead Member will determine which Consortium Members are meeting all performance standards and are substantially complete with all obligations contained hereunder, including any Non-NSP2 Funded Activities described below. If Consortium Member is unable to complete obligations due to unreasonable delays of Lead Member it will not be excluded from this additional funding disbursement. Those Consortium Members will be asked to submit applications for further NSP2 funding. All applications will be for NSP2 eligible activities consistent with Consortium's NSP2 Application and the program model/design established by the Consortium Member seeking funds. Based on these applications, Lead Member will allocate remaining funds to Consortium Members on substantially similar terms and conditions to their initial awards. At this later date, NORA reserves the right to allocate funds to ensure full compliance with all spending requirements in the NSP2 program including, but not limited, to those requiring that 25% of funds be used to benefit individuals making less than 50% AMI and that 50% of funds be spent within 2 years of the Grant award.

For purposes of the completing the Revised Scope, NORA anticipates that the \$5,973,000 will be distributed for the following activities

Demolition and Deconstruction: \$478,209
Redevelopment (rehabilitation): \$2,000,000
Redevelopment (new construction): \$3,085,684
Redevelopment (losses on Loan Loss Reserves): \$410,000

Non-NSP2 Funded Activities

Consortium Member agrees to provide Lead Member with notice of all major community development, neighborhood stabilization and blight fighting activities that they participate in within Orleans Parish. Consortium Member agrees to undertake all activities in a professional and ethical way and not use information gained through involvement in this consortium for unfair economic gain.

Beyond NSP2 Funded Activities, Consortium Member agrees to undertake commercially reasonable best efforts to eliminate blight and stabilize neighborhoods in which they are actively working. Moreover, to be eligible for the Phase II of NOC Funding, Consortium Members must

show that they actively eliminated blight in their targeted neighborhoods by utilizing some or all of the following measures:

- 1) Prosecution of blighted properties through the City's code enforcement or demolition procedures;
- 2) Acquisition of blighted, derelict, or abandoned properties with non-NSP2 Funds, particularly when parcels are clustered;
- 3) Owner-occupied rehab of blighted, derelict or abandoned properties;
- 4) Job creation activities; and
- 5) Assistance with owner-occupied rehab by families who have received assistance under Option 1 of the Road Home program.

At a minimum, each Consortium Member is expected to either help prosecute 30 blight cases or assist in acquisition, rehabilitation or redevelopment of 15 units outside of their NSP2 responsibilities to be eligible for Phase 2 funding.

General Obligations of all Members

Consortium Member agrees to build new housing and rehab all properties to highest feasible levels of energy efficiency, storm-resistance and green building principles. Consistent with the general standards outlined in the Consortium's NSP 2 application, the detailed minimum rehab and new construction standards for the program are being finalized and will be provided to partners.

If Consortium Member sells or rents a property to a family that has received assistance under "Option 1 of the Road Home program," they must first confirm that the family has not violated their obligations to rebuild under that program or in the event that a potential buyer has not completed these requirements, Consortium Member must require that said potential buyer donate their covenant-encumbered property to a responsible government or non-profit development entity prior to completing the sale.

Prior to Lead Member being able to obligate NSP2 funding to any Consortium Member for redevelopment, acquisition or demolition activities, Consortium Member must provide a detailed plan that includes the following elements (the "Strategic Plan"):

- (1) A narrative description of their proposed project that indicates the types of activities to be performed (including the corresponding NSP2 eligible activity), the goals of the project, why these activities are consistent with the NSP2 Application and any special features of their proposed project as well as a timeline for construction.
- (2) For all projects involving the disposition of real estate, Consortium Member must provide a description of the intended purchasers/renters of the property, how they will be identified and marketed to, any existing commitments from purchasers/renters and the expected income level of these purchaser/renters. Consortium Members must also demonstrate their procedures for maintaining the longest continued affordability for properties they dispose of and how they will prevent borrowers from utilizing subprime loans and other prohibited financial instruments. For all rental projects, Consortium Members should define the affordable rents to which they will adhere.
- (3) An overall NSP2 budget for all activities anticipated to be undertaken. Once the Budget has been approved, the Consortium Member may submit requests to have funds obligated to specific projects. At that point, consortium members must provide a detailed budget for their project using the forms provided by NORA. This request must indicate all costs associated with the project including the costs of acquiring property, rehabilitating or developing property, the costs of disposition, the related soft costs for the project and any developer fees, construction management fees and anticipated overhead. Each cost amount must clearly be broken out into

costs that will be covered by NSP 2 and costs that will be covered with other funding sources. Consortium Members should also indicate if they anticipate generating program income and how they will utilize that income.

- (4) For all rehabilitation activities, Consortium Members should indicate how they will handle lead safety.
- (5) A summary of all financing sources that the recipient intends to utilize for construction, operations and other project costs with documentation confirming the availability of this funding
- (6) The addresses for any proposed construction or rehabilitation activities including the method by which the properties were acquired, the seller from which the properties were acquired, the dates said properties were acquired (or will be acquired), a map of said properties indicating their location and whether 7 or more such properties are contiguous. The initial list of properties that has been provided by Consortium Members is attached as Exhibit __. If Consortium members identify any additional properties upon which they would like to use NSP2 Funds they should provide those addresses to NORA as soon as possible.
- (7) A description of the current condition of said properties including at a minimum whether a structure or slab is currently located on the property, whether said properties are occupied or have been occupied at any point in the previous 90 days, the current elevation of any existing structures and the current Base Flood Elevation for the area
- (8) A description of the labor practices their project will involve including any Section 3, DBE and/or M/WBE participation, any use of local or union labor, any use of volunteer or other donated services and related matters. For all applicable projects, Consortium Members should also indicate how they will comply with Davis Bacon labor standards
- (9) Representative designs, plans and specifications for any of the proposed new construction or rehabilitation activities including a description of any green-building and energy efficient features their project will incorporate and what if any standards their project will meet, and whether they will pursue formal certification under those standards.
- (10) In order to have any NSP2 funds "obligated" for use and subsequently "disbursed" by NORA, all members must strictly adhere to the Financial Management Policies and Procedures, as detailed in NORA Financial Management Policies and Procedures Manual. In conformance with this Procedures Manual, all Consortium Members must use the specific financial management forms provided by NORA and must establish "signatories" for funds requests and designate financial institutions for deposit of such funds in the manner specified in the Procedures Manual. Acceptance of, and adherence to, the procedures outlined in the Procedures Manual does not relieve the Consortium Member of their responsibility to comply with all of the Federal requirements attendant to receipt of NSP 2 funds as required elsewhere in this agreement.

Together with the Consortium Member, Lead Member will review the proposed Strategic Plan to ensure that it is consistent with the Consortium Application and any publicly adopted redevelopment plans. Pursuant to this review, Lead Member may require reasonable:

- (1) Adjustments to proposed green building standards or labor practices;
- (2) Changes to intended affordability mix;
- (3) Changes to disposition approach;
- (4) Changes to plans and specifications to ensure that all construction meets NORA's minimum standards and those of the Finance Authority of New Orleans;
- (5) Changes to ensure that purchasers have sufficient resources and training to adequately manage the challenges of being a homebuyer; and
- (6) Increases in the minimum performance standards.

In the event that parties cannot agree on a scope of work disputes can be presented to a panel of Consortium Members for their review. The Panel's decision will be binding upon the parties to the extent otherwise permissible.

B. Income Eligibility Requirements

In accordance with section 2301(f)(3)(A) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-329, the Consortium Member will use all NSP2 funds with respect to low- moderate- and middle-income individuals and families whose income does not exceed 120 percent of area median income. This agreement defines "low income," "moderate income," and "middle income," as provided in the NOFA. The Lead Member is responsible for ensuring that 25 percent of the total grant (\$7,445,526) is used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties to house individuals and families whose incomes do not exceed 50 percent of area median income, as required by HERA; the table below reflects the amount of NSP2 funds that individual Consortium Members will use for individuals and families at or below 50 percent of area median income. Lead Member will circulate memorandum regarding key documentation to collect to demonstrate that funds have met the appropriate income level and a list of census tracts that meet neighborhood wide LMMA thresholds.

Summary Table of Below 50% AMI Activities and funds provided

<u>Consortium Member</u>	<u>Member Census Tracts</u>	<u>Budget for <50% AMI</u>	<u>Intended Methods</u>	<u>Description of Approach</u>
GCHP	80	\$ 1,700,000	See Model E.3 Above	Complete redevelopment of mixed use office and senior housing complex located at 1400 Block of Oretha Castle Haley. Provide at least 30 units of rental housing to seniors making less than 50% AMI.
UNITY with CGI	100.0	\$2,030,000	See Model E.3 Below	Acquire property at 2101 Louisiana Avenue and redevelop at least 42 units of housing for families making less than 50% AMI.
UNITY	60.0	\$500,000	See Model E.3 Above	Complete redevelopment of 60 units at property located at 2222 Tulane Avenue to be used for housing for families making less than 50% AMI.
UNITY	34.0, 35.0,	\$500,000	See Model B.2 Above	UNITY/CGI will acquire and redevelop properties (including both singles and doubles) and will spend \$500,000 on activities to house families making less than 50% AMI and anticipates providing 10 units of housing to families making less than 50% AMI. These properties may be either sold or rented to eligible families. Selected properties will be in areas with adequate services and infrastructure to support families making less than 50% AMI.
SBP	9.03, 8, 9.04, 7.01, 33.02, 33.07, 33.08, 34.0, 35.0, 17.23, 17.32, 17.36	\$ 550,000	See Model B.2 Above	SBP will acquire and redevelop properties (including both singles and doubles) and will spend \$550,000 on activities to house families making less than 50% AMI and anticipates providing 11 units of housing to families making less than 50% AMI. These properties may be either sold or rented to eligible families. Selected properties will be in areas with adequate services and infrastructure to support families making less than 50% AMI.
BDC	103.00	\$ 800,000	See Model B.2 Above	BDC will acquire and redevelop properties (including both singles and doubles) and will spend \$500,000 on

				activities to house families making less than 50% AMI and anticipates providing 10 units of housing to families making less than 50% AMI. These properties may be either sold or rented to eligible families. Selected properties will be in areas with adequate services and infrastructure to support families making less than 50% AMI.
PHA	25.02, 17.02, 33.02, 33.07, 33.08	\$ 225,000	See Model E.1 Above	PHA is redeveloping new construction for sale to families. It anticipates that 4 properties will be sold to family making less than 50% AMI that are capable of meeting requirements of homeownership and agrees to spend at least \$225,000 of its NSP2 funds on activities to house families making less than 50% AMI.
MIR	7.01, 9.03, 9.04, 8	\$ 500,000	See Model E.1 above	MIR is redeveloping new construction for sale to families. It anticipates that 8 properties will be developed for families making less than 50% AMI that are capable of meeting requirements of homeownership and agrees to spend at least \$500,000 of its NSP2 funds on activities to house families making less than 50% AMI.
NENA	9.03, 9.04, 7.01, 8	\$ 500,000	See Model E.1, E.4 above	NENA is redeveloping new construction for sale to families. It anticipates that 8 properties will be sold to family making less than 50% AMI that are capable of meeting requirements of homeownership and agrees to spend at least \$500,000 of its NSP2 funds on activities to house families making less than 50% AMI.
NORA	All	\$ 540,526	See Model E.6 Above	Establish Loan Loss Reserve mechanism by no later than October 31, 2010 to assist in Small Rental Rehabilitation. NORA anticipates that a portion of the rehabilitation supported by this fund will create housing for families making less than 50% AMI and has allocated \$540,526 as the allocable share.

C. Levels of Accomplishment – Goals and Performance Measures

The Consortium must comply with the NSP2 performance reporting requirements as described in the NSP2 NOFA and any additional reporting requirements announced by HUD at any time during the duration of this agreement. Lead Member will prepare the reports and information required by *The Recovery Act* in the Disaster Recovery Grant Reporting (DRGR) system on behalf of Consortium Members. Consortium Members agree to provide any and all documentation reasonably requested in a timely manner to Lead Member to assist in preparation of these reports.

The Consortium Member agrees to complete the performance requirements described in the individual activity sections above.

D. Staffing

Any substantial changes in the Key Personnel assigned or their general responsibilities under this project are subject to the prior approval of the Lead Member.

Summary table of Key Staff

Consortium Member	Key Staff for Acquisition Activities	Key Staff for Redevelopment Activities	Key Staff for Other Activities
JRD	Brad Powers, Chris Ross	Brad Powers, Chris Ross	
NONDC	Shawn Escoffery, Ben Harwood	Shawn Escoffery, Ben Harwood	
GCHP		Sara Meadows, Kathy Laborde	
PPCDC		Wendell Pierce, Paul Taylor	
SBP	Zach Rosenburg, Matthew Haines	Zach Rosenburg, Matthew Haines	
UNITY and CGI	Jessica Venegas, Lori Girvan	Jessica Venegas, Lori Girvan	
VOA		Amber Seely, Victor Smeltz	
MIR		Tom Darden, Steve Ragan	
NENA		Patricia Jones	
PHA	Carey Shea, Oji Alexander	Carey Shea, Oji Alexander	
BDC	Hal Roark, Latoya Cantrell	Hal Roark, Latoya Cantrell	
RTNO			Sean Vissar, Daniela Rivero
NORA	Lois Colson, Ommeed Sathe, Serena Sanjurjo	Lois Colson, Ommeed Sathe, Serena Sanjurjo	Lois Colson, Ommeed Sathe, Serena Sanjurjo
GCE			Will Bradshaw, Reuben Teague

E. Performance Monitoring

The Lead Member will monitor the performance of the Consortium Member based on goals and performance standards as stated above with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. Substandard performance as determined by the Lead Member will constitute noncompliance with this Agreement. If corrective action is not taken by the Consortium Member within a reasonable period of time after being notified by the Lead Member, contract suspension or termination procedures will be initiated. Consortium Member agrees to provide HUD, the HUD Office of Inspector General, the General Accounting Office, the Lead Member, or the Consortium's internal auditors access to all records related to performance of activities in this agreement.

II. TIME OF PERFORMANCE

General Obligation NSP2 funding is subject to strict statutory deadlines for expenditure. The Lead Member must ensure that at least 50 % of allocated funds are expended within two years from the date HUD signs the grant agreement and 100 % of these funds are expended within three years from the date HUD signs the grant agreement. Services of the Consortium Member shall start on the date of execution and end on the 11th day of February, 2013. The Consortium Member shall expend no less than 50% of the amount it has been allocated by February 11, 2012 ("Midpoint Spending Date") and the balance of funds by February 11, 2013 ("Final Spending Date").

Program Income: Consortium Member agrees to notify Lead Member three (3) months prior to the Midpoint Spending Date and three (3) months prior to the Final Spending Date of any on-going activities that may create Program Income as such term is defined in NSP2 NOFA.

Corrective Action Plan: In the event that a Consortium Member has not spent 100% of the amount it has been allocated and any subsequent program income by a date nine (9) months prior to the Final Spending Date, Lead Member may request that Consortium Member provide a complete written description of all on-going activities, when funds are expected to be expended and any corrective actions Consortium Member will take to ensure that funds are spent quickly ("Corrective Action Plan"). This Corrective Action Plan must be provided by Consortium Member within fifteen (15) business days of being requested in writing by Lead Member. In the event that Lead Member determines this report is inadequate it will prepare in writing a list of defects within fifteen (15) business days and ask that Consortium Member address all enumerated defects on such list. Consortium Member will have ten (10) business days from this point to prepare a revised Corrective Action Plan. If the parties cannot agree on a Corrective Action Plan, Consortium Member must complete expenditure of all NSP2 funds it has been provided by a date no later than six (6) months prior to Final Spending Date. If Consortium Member fails to spend all NSP2 Funds it has been provided by this date, Lead Member may immediately declare the agreement void and reallocate any unspent funds however it deems necessary. In no event will Lead Member be liable for any costs incurred by Consortium Member as a result of re-allocating these funds. If the parties do agree on a Corrective Action Plan, that plan will describe additional deadlines that must be met and additional terms that will ensure that all funds are spent by the Final Spending Date.

In the event that a Consortium Member has not spent 50% of the amount it has been allocated by the Midpoint Spending Date, it will be ineligible to receive further NSP2 assistance without express written approval by the Lead Member and must submit an immediate Corrective Action Plan and follow the steps described above.

The term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Consortium Member remains in control of NSP2 funds or other NSP2 assets, including program income, but the deadline for expenditure of allocated funds is absolute (absent statutory change).

III. BUDGET

[see attached]

The Lead Member may require a more detailed budget breakdown than the one contained herein, and the Consortium Member shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Lead Member. Any amendments to the budget must be approved in writing by both the Lead Member and the Consortium Member.

IV. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the Lead Member under this Agreement shall not exceed the amount stated in the Budget attached as Exhibit __. Requests for the payment of eligible expenses shall be associated with the line item budgets specified in Paragraph III herein and in accordance with performance. All funding requests shall be submitted in accordance with the NORA Financial Management Policy and Procedures Manual. Expenses for general administration shall also be paid against the line item budgets specified in Paragraph III and in accordance with performance.

Payments may be contingent upon certification of the Consortium Member's financial management system in accordance with the standards specified in 24 CFR 84.21 for non-profit entities and 24 CFR 85.20 for governmental entities.

V. NOTICES

Notices required by this Agreement shall be in writing and delivered via (a) mail (postage prepaid), (b) commercial courier, (c) personal delivery, or (d) sent by facsimile and electronic mail. Any notice sent as aforesaid shall be effective on the date of sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

Lead Member

Lois Colson, Grants Manager
New Orleans Redevelopment Authority
1340 Poydras, 6th Floor
New Orleans, LA, 70112
504 658 4400
504 658 4551
klcolson@cityofno.com

Consortium Member

Martha J. Kegel, Executive Director
UNITY of Greater New Orleans
2475 Canal Street, Ste. 300
New Orleans, LA 70119
504.821.4496 (phone)
504.821.4704 (fax)
mkegel@unity.org

With a copy of any legal action to Lead Member & Consortium Member's designated legal counsel, if any:

Lead Member Legal Counsel

John T Marshall
New Orleans Redevelopment Authority
1340 Poydras, 6th Floor
New Orleans, LA, 70112
504 658 4400
504 658 4551
jtmarshall@cityofno.com

Consortium Member Legal Counsel

VI. ENTIRE AGREEMENT

In conjunction with the Consortium Agreement submitted with the application as required by the NSP2 NOFA, and the Consortium application itself, this agreement between the Lead Member and the Consortium Member for the use of funds eligible for receipt, supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Lead Member and the Consortium Member with respect to this Agreement. By way of signing this agreement, the Consortium Member is bound to perform the agreements within this agreement or any HUD approved amendment thereof executed by Consortium Member. Any amendment to this agreement must receive prior approval by HUD.

VII. DISPUTES

Any disagreement between or among NORA, the Lead Member, and the Consortium Members regarding the meaning, requirements, or performance of this Agreement are subject to final determination in writing by the Lead Member. In resolving any such disagreement, the Lead Member is required to apply the NSP2 requirements.

VIII. NO WAIVER

No failure or delay by any party in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

IX. THIRD-PARTY BENEFICIARIES

Except as provided in the next sentence, and notwithstanding the parties' recognition that services provided pursuant to this Agreement may benefit members of the public, there are no third-party beneficiaries to this Agreement. Notwithstanding the preceding sentence, the parties intend all other Consortium Members to be third-party beneficiaries of this Agreement.

X. FACSIMILES

A facsimile copy of this Agreement and any signatures thereon shall be considered for all purposes as an original hereof.

XII. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be taken to be an original and all collectively deemed one instrument.

Further details concerning the applicable rules and regulations associated with this agreement are provided in Attachment I.

A signed and dated copy of the original consortium agreement is hereby attached as Appendix II.

Date 4/9/10

IN WITNESS WHEREOF, the Parties have executed this contract as of the date first written above.

[Lead Member]
By *John S. Micherson* *[Signature]*
Authorized Representative Executive Director

Attest _____
Title _____
Countersigned: _____ By _____
Title _____ Title _____

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Fed. I.D. # _____

Title

AFFIRMATIVE ACTION APPROVAL

CONTRACT COMPLIANCE SUPERVISOR

ATTACHMENT I

I. GENERAL CONDITIONS

A. General Compliance

The Consortium Member agrees to comply with all NSP2 requirements, including those found in the NSP2 Grant Agreement, HERA, the Recovery Act of 2009, the NSP2 NOFA and the requirements applicable to entitlement communities under CDBG regulations, except private nonprofit organizations are subject to (1) administrative requirements in 24 CFR 570.502(b) instead of 570.502(a); (2) environmental review requirements in 24 CFR Part 50 if the consortium member is not a public nonprofit organization with jurisdiction over the project area (see further detail under VII Environmental Review subheading of this Agreement); and (3) requirements for affirmatively furthering fair housing, unless otherwise noted in the NOFA. If the Consortium Member is a State, then the Consortium Member agrees to comply with the regulatory provisions governing the State CDBG program. The Consortium Member shall comply with governmentwide guidance and standard award terms established by the Office of Management and Budget (OMB) concerning the implementation of the Recovery Act, including *Requirements for Implementing Sections 1512, 1605, and 1606 of the American Recovery and Reinvestment Act of 2009 for Financial Assistance Awards*, 74 Fed. Reg. 18449 (April 23, 2009) (to be codified at 2 CFR part 176) (as now in effect and as may be amended from time to time). The Consortium Member also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. The Consortium Member further acknowledges its responsibility for adherence to all applicable terms and conditions of this grant award by sub-recipient entities and contractors, including obtaining a DUNS number (or updating the existing DUNS record), and registering with the Central Contractor Registration. The Consortium Member further agrees to use funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. "Independent Contractor"

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Consortium Member shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Lead Member shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Consortium Member is an independent contractor.

C. Hold Harmless

The Consortium Member shall hold harmless, defend and indemnify the Lead Member from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Consortium Member's performance or nonperformance of the services or subject matter called for in this Agreement.

D. Workers' Compensation

The Consortium Member shall provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

E. Insurance & Bonding



May 25, 2011

Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W. Suite 10000
Washington, D.C., 20410

Dear Secretary Donovan:

I am writing in support of our application with the City of New Orleans for the Choice Neighborhoods Initiative to revitalize the Iberville and surrounding community. As the Lead Applicant, the Housing Authority of New Orleans (HANO) commits to providing the following new commitments to support the Housing Transformation Plan as described in the FY 2010 Choice Neighborhood Initiative Grant application.

These commitments provided from HANO total **\$10,327,800** and directly support the housing activities described in the Choice Neighborhoods Transformation Plan. New commitments include:

FEMA Funds (FY 2011)

HANO commits \$10,000,000 from its allocation of FEMA Public Assistance Program funds that are targeted for the specific purpose of building replacement housing for public housing units damaged as a result of Hurricane Katrina.

Donated Property

We will donate nine non-ACC scattered site properties throughout the target neighborhood for replacement housing, the value of which is \$327,800 and supported by the attached document.

TOTAL COMMITTED TO NEIGHBORHOOD ACTIVITIES: \$ 10,327,800

HANO has firmly committed these new resources to the housing vision within the overall Transformation Plan. If you have any questions, please do not hesitate to contact me at (504) 670-3269.

Sincerely,

A handwritten signature in black ink, appearing to read "David Gilmore", written over a horizontal line.

David Gilmore
Administrative Receiver



Wednesday, April 13, 2011

Ms. Allison Jones
Louisiana Housing Finance Agency
Board Chair
2415 Quail Drive
Baton Rouge, LA 70808

Ms. Allison Jones
c/o Davidson, Jones, & Summers
509 Market Street, Ste 1000
Shreveport, La. 71101

Dear Ms. Jones:

As you may know, the Housing Authority of New Orleans (HANO) and the City of New Orleans are currently in the process of applying for a grant from the U.S. Department of Housing and Urban Development's (HUD) Choice Neighborhoods Initiative (CNI) Program. The program represents a revolutionary shift in federal policy, rooted in the belief that truly improving areas plagued with blight and poverty will require more than rebuilding funds. Rather a complete integration with neighboring resources supported by the public and private sector is essential.

HANO's current plan calls for the redevelopment of the Iberville public housing development into a mixed income community. This effort will be combined with additional development throughout the surrounding neighborhood, focusing on housing construction, blight remediation, fresh food access and additional retail and commercial opportunities. Our plan also emphasizes neighborhood *transformation*. This transformation into will be accomplished through redevelopment, partnerships with local schools and universities, social service providers, job training services, and other providers resulting in a safe, desirable, integrated community.

Phase 1 of the CNI process was highly competitive with 42 applications submitted from around the country. HUD has since selected 6 applicants to apply for Phase 2 of CNI including New Orleans, Seattle, San Francisco, Tampa, Boston and Chicago. Only 2 will likely be selected and awarded with approximately \$30 million each. In our opinion of the 6 finalists, the application submitted jointly by HANO and the City of New Orleans is by far the most ambitious in scope, vision, and transformational impact. Particularly compelling, the site is directly adjacent to a State and City led economic development initiative totaling more than \$1 billion in investment within the city's medical district.

As required by the CNI application, all public housing units must be replaced on a one-for-one basis. This means HANO will provide 821 deeply affordable (e.g. public housing, project-based vouchers) within the CNI neighborhood, which extends from Tulane Avenue to St. Bernard Avenue, and from Rampart Street to Broad Street. Because HANO is committed to providing

quality, mixed income developments rather than concentrating poverty, our plan calls for developing these 821 deeply within a mixed income environment. This will require developing approximately 2,400 total units within this footprint, one third of which (800) will be targeted to households earning between 40% and 60% AMI, and the remainder renting at market rate. According to current guidelines, the development must be completed within five years.

To accomplish this, HANO will require a variety of financial resources that target all income groups. This includes the Low Income Housing Tax Credit Program (LIHTC) currently administered by your agency. The Louisiana Housing Finance Agency's current Qualified Allocation Plan (QAP) establishes a cap of \$1.5 million per project. Based on current construction costs and credit value, one allocation is equivalent to roughly 100 units, far short of this project's needs over the mandated five-year period.

HANO respectfully requests that the LHFA increase the cap to \$2.5 million for projects that are a part of a larger transformation initiative as supported and funded by a public private partnership. This may include partnerships with local schools, economic development organizations and/or government entities, and a clear illustration describing how the respective project integrates with larger redevelopment plans.

In addition, HANO requests that the LHFA include Selection Criteria Point consideration to incentivize developers to pursue such transformational projects. HANO proposes that an additional Project Type be added within the Selection Criteria to award twenty-five (25) points to developments that meet the following proposed definition of Transformational Project:

Transformational Project: Large master planned community, developed in a public private partnership, which transforms the larger community economically, socially and environmentally through tangible additions to affordable housing, schools, retail, medical facilities and includes measurable improvements to the environment, ecology, and access to public transportation. A letter from the highest elected official from the local jurisdiction would be required to evidence the transformative impacts.

These revisions will give HANO initiatives the opportunity to competitively apply for 9% credits, and if awarded, would be able to develop the number of workforce housing units necessary to successfully revitalize Iberville and the surrounding neighborhood.

Thank you for giving HANO the opportunity to make this revision request for the 2011 QAP. If you have any additional questions or would like to discuss further, please feel free to contact me at (504) 670-3269.

Sincerely,



David Gilmore
Administrative Receiver

BOBBY JINDAL
GOVERNOR



PAUL W. RAINWATER
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of the Commissioner

May 25, 2011

Mr. David Gilmore
Housing Authority of New Orleans
4100 Touro Street
New Orleans, LA 70122

Re: Neighborhood Transformation

Dear Mr. Gilmore,

I am writing to confirm my support of the Housing Authority of New Orleans' and City of New Orleans' joint efforts to transform the Iberville/Treme Neighborhood. There is a tremendous amount of investment already underway in that area with the University Medical Center and VA Hospitals, as well as the BioDistrict. Those investments should be utilized to garner additional resources to improve the health of the community in the form of: high-quality housing that serves the needs of the existing community and medical district employees; substantial infrastructure and transportation improvements; expansion and better access to recreational space; programs that directly improve the employment and educational opportunities for the community's residents; and cultural activities that support the unique culture of this neighborhood.

Due to the tremendous impact that this project and others like it will have, I am in favor of your request to the Louisiana Housing Finance Agency to create a category in the Qualified Allocation Plan for Transformational Projects.

Please do not hesitate to contact me if my office can be any help to your efforts.

Sincerely,

A handwritten signature in black ink that reads "Paul W. Rainwater".

Paul W. Rainwater

CC: Allison Jones, Guy Williams, Alesia Wilkins-Braxton - LHFA