

**THE ROAD HOME
SMALL RENTAL PROPERTY
PROGRAM
INCENTIVE PAYMENT AGREEMENT**

**UNITED STATES OF AMERICA

STATE OF LOUISIANA**

BE IT KNOWN, that on the dates set forth below, before the undersigned notaries, duly commissioned and qualified in and for the Parish and State set forth below, and in the presence of the undersigned witnesses, personally came and appeared:

_____ (TIN: _____) or (SSN: xxx-xx-____), a _____, whose mailing address is _____, _____ ("Owner"); and the State of Louisiana, through the Division of Administration, Office of Community Development, whose mailing address is Post Office Box 94095, Baton Rouge, Louisiana 70804 ("OCD"), both of whom agreed as follows:

PRELIMINARY RECITALS:

A. WHEREAS, OCD is providing funds from the United States of America, HUD Community Development Block Grant ("CDBG") Program to qualified applicants in accordance with the Louisiana Recovery Authority ("LRA") action plan known as "*The Road Home*" pursuant to the Housing and Community Development Act of 1974 ("Housing Act"); and

B. WHEREAS, *The Road Home* includes a Small Rental Property Program ("Program"), offering financial incentives to landlords whose small rental properties were damaged by Hurricane Katrina or Hurricane Rita in 2005. Funds for the Program were allocated by Congress under the Department of Defense Appropriations Act, 2006 (PL 109-148) effective February 13, 2006 and Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (PL 109-234) effective October 30, 2006; and

C. WHEREAS, Owner applied to OCD and has received a commitment for payments under the Program ("Incentive Payments") as an incentive to reduce rents and deliver affordable rental housing in the parishes affected by Hurricane Rita and Hurricane Katrina in accordance with the terms of this Agreement; and

D. WHEREAS, in order to satisfy the Program requirements for funding, and as a condition to payment by OCD, and receipt by Owner of the Incentive Payments, the Owner and OCD have agreed to enter into this Incentive Payment Agreement (this "**Agreement**"), under the following terms and conditions:

NOW, THEREFORE, in consideration of Owner's receipt of Incentive Payments under the Program, the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, OCD and the Owner hereby contract and agree as follows:

**SECTION 1
DEFINITIONS**

1.1 Definitions and Interpretations. Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for purposes of this Agreement:

(a) **Adjusted Income:** the adjusted income of a person (together with the adjusted income of all persons 18 years or older who reside with such person in a Dwelling Unit) as calculated in the manner prescribed by OCD and as set forth in **Exhibit "B"**, attached hereto and made a part hereof.

(b) **Application:** the completed printed application for an award of Incentive Payments under the Program on file with OCD, and all written responses, attachments, addenda and amendments pertaining thereto.

(c) **Area Median Income:** the median yearly income for households of an applicable size in the statistical area in which the Project is located, as most recently determined by the Secretary of Housing and Urban Development ("**Secretary**") under the Housing Act, or, if such figures are no longer available, as determined using a method of calculation that is reasonably similar to the method used by the Secretary.

(d) **Code:** the Internal Revenue Code of 1986, as amended, and all regulations thereunder.

(e) **Commitment Letter:** that certain (i) Conditional Award Letter, dated _____ from OCD to Owner; and (ii) Small Rental Property Program Commitment Letter, dated _____, 200__, executed by both Owner and OCD wherein OCD agreed to make the Incentive Payments to Owner, and Owner agreed to the terms and conditions for payment of the Incentive Payments, as modified or amended from time to time.

(f) **Controlling Interest:** (i) the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of a company (or other entity) and includes the definition of "**control**" in 24 CFR 401.310(a)(2); or (ii) the power to vote, directly or indirectly, twenty-five percent (25%) or more of any class of the voting stock of a company; or (iii) the ability to direct in any manner the election of a majority of a company's (or other entity's) directors or trustees; or (iv) the ability to exercise a controlling influence over the company's or entity's management and policies. For purposes of this definition, a general partner of a limited partnership is presumed to be in control of that partnership, and a managing member of a limited liability company is presumed to be in control of that limited liability company.

(g) **Dwelling Units:** units of residential rental housing comprising the Project, each of which units shall contain complete living facilities that are to be used other than on a transient basis and facilities that are functionally related and subordinate to the living facilities, which meet applicable State, parish, and municipal building codes (including Advisory Base Flood Elevations, unless waived).

(h) **Eligible Tenants:** persons or families with Adjusted Income which does not exceed (i) 50% of the Area Median Income, as adjusted for household size; or (ii) 65% of the Area Median Income, as adjusted for household size; or (iii) 80% of the Area Median Income, as adjusted for household size.

(i) **Incentive Loan:** the \$_____ loan to Owner from OCD, representing the Incentive Payments to be made to Owner by OCD pursuant to the Incentive Loan Documents, as evidenced by the Incentive Loan Note and secured by the Mortgage, to be forgiven under the terms and conditions as set forth in the Note.

(j) **Incentive Loan Documents:** the Application, the Commitment Letter, the Note, this Agreement, the Mortgage, and all other documents, statements, instruments and agreements executed and delivered by Owner in connection with the Incentive Loan.

(k) **Land:** the immovable property on which the Project is located, in _____ Parish, Louisiana, more particularly described on **Exhibit "A"** attached hereto and made a part hereof.

(l) **Mortgage:** the Mortgage, Assignment of Leases and Rents and Security Agreement, between Owner and OCD, dated _____, securing the Incentive Loan as modified and amended from time to time in accordance with its terms.

(m) **Note:** the Promissory Note, dated _____, by Owner in favor of OCD, in the amount of the Incentive Loan.

(n) **Project:** the buildings and improvements located on the Land, consisting of _____ Dwelling Units, to be used and operated in accordance with this Agreement, and all moveable property and fixtures from time to time attached thereto.

(o) **Restricted Units:** Dwelling Units designated for occupancy by Eligible Tenants.

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

(q) **Term of this Agreement:** Ten (10) years, beginning on the date all Restricted Units in the Project are occupied by Eligible Tenants, and ending on the last day of the 10th year thereafter, unless earlier terminated in accordance with the provisions of this Agreement, including without limitation the provisions on Early Termination set forth in Section 8.2.

SECTION 2 REPRESENTATIONS, COVENANTS AND RESTRICTIONS

2.1 Residential Rental Project. OCD and the Owner hereby declare their understanding and intent that, during the Term of this Agreement, the Project is to be owned, managed and operated in compliance with the Program requirements and with the terms and conditions of this Agreement. To that end, the Owner hereby represents, covenants, commits and agrees as follows:

(a) Owner is a [insert type of ownership entity] qualified to transact business in the State, and has duly authorized the execution and delivery of, and performance of its obligations under this Agreement.

(b) The execution of and performance of the transactions contemplated by this Agreement and compliance with the provisions hereof by Owner will not (a) conflict with or violate any provision of the organizational documents of Owner, (b) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, permit, agreement or mortgage for borrowed money or other arrangement to which Owner is a party or by which Owner is bound or to which its assets are subject.

(c) Owner owns the Project, and each Dwelling Unit is or will be ready for occupancy in accordance with the information contained in the Incentive Loan Documents.

(d) The Project is or will be in good and habitable condition.

(e) The Project currently complies, or will comply, in all material respects with applicable State, parish, and municipal zoning, building, housing and other codes, ordinances and regulations, and Advisory Base Flood Elevations (unless waived).

(f) Each Dwelling Unit contains or will contain complete facilities for living, sleeping, eating, cooking and sanitation for a single person or family.

(g) No Dwelling Unit will be used on a transient basis, and each Dwelling Unit will be made available to the general public for rental. Other than Eligible Tenants for Restricted Units (including any permanent supportive housing units approved as part of Owner's Application), Owner will not give preference in renting Dwelling Units to any particular class or group of persons.

(h) Owner shall promptly notify OCD in writing of any condition or event known to Owner which constitutes a default under the Incentive Loan Documents or this Agreement, or which, with or without the giving of notice or the lapse of time or both, would constitute as default thereunder, and of any litigation or threatened litigation against Owner or the Project.

(i) Neither this Agreement, nor the other Incentive Loan Documents, nor any other statements, documents or certificates made or delivered in connection herewith or therewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

2.2 Compliance with Program Requirements. At all times during the Term of this Agreement, Owner, its successors and assigns will own, manage, use and operate the Project exclusively as residential rental housing in accordance with all Program requirements, including without limitation the following:

(a) **Eligible Tenants.** For the Term of this Agreement, not less than ____ Dwelling Units shall be Restricted Units [insert addresses of Restricted Units], and continuously occupied or held for occupancy by Eligible Tenants as set forth in the Application, and at the Area Median Income levels for each Unit Type set forth in the table contained in Section 2.2(b) below.

(b) **Restricted Units.** For the Term of this Agreement, rent (including any utility allowances) charged to Eligible Tenants for occupancy of Restricted Units shall not exceed the monthly rental rates set forth below for each Unit Type, and for Eligible Tenants at the following Area Median Income levels:

Unit Number	# of Bedrooms	% AMI	Rent Amount	Occupancy Type

(c) **Permanent Supportive Housing.** The Project shall provide [____] units complying with the Permanent Supportive Housing requirements of the Program. With respect to such units, Owner has executed and delivered a Permanent Supportive Housing Set-Aside Agreement acceptable to OCD and will accept renewals of such agreements on the same or otherwise mutually agreeable terms.

(d) **Rent Increases.** Allowable annual rent levels to be charged for occupancy of Restricted Units shall be calculated and published by OCD on an annual basis. The amount of the allowable increase in rent levels will be an amount equal to the greater of the (i) percentage increase in Area Median Income or (ii) Annual Adjustment Factor (as published by the U.S. Department of Housing and Urban Development); but in no event shall the increase in rent levels exceed five percent (5%) on an annual basis. There will be no cumulative rent increases allowed for future years in the event the percentage increase in the Area Median Income or Annual Adjustment Factor (as published by the U.S. Department of Housing and Urban Development) is greater than 5% for any prior year. An increase in an Eligible Tenant's income above the otherwise allowable levels shall not result in a change in occupancy status of such Eligible Tenant, nor may such Eligible Tenant's rent be increased above the rate that would otherwise be charged to such Eligible Tenant under the terms of the Program.

2.3 Prohibited Conversion. Owner will not convert the Project to condominium or co-operative form of ownership during the Term of this Agreement.

2.4 Prohibited Discrimination. Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Dwelling Units on the basis of race, color, national origin, religion, gender, age, marital status, family status, physical or mental disability, or any other arbitrary basis. Age discrimination and discrimination against minor dependents is prohibited, except when units are specifically being held for the elderly. Notwithstanding the foregoing, the Permanent Supportive Housing Set-Aside provided in Section 2.2(c) shall not be considered prohibited under this Section 2.4.

2.5 Project Registration. Owner agrees to register all Dwelling Units on the Statewide Affordable Housing Locator Database, maintained at www.lahousingsearch.org, within ten (10) days following the date of the Commitment Letter.

2.6 No Rental Restrictions. Rent restrictions shall not be allowed on any unit in the Project except as required by this Agreement, and in conjunction with the issuance of tax-exempt bonds or federal low-income housing tax credits.

2.7 Run with the Land. Owner hereby subjects the Project to the covenants, conditions and restrictions set forth in this Agreement as covenants running with the land, and to the extent permitted by law shall be binding upon the Owner's successors in title to the Project throughout the Term of this Agreement. Each and every contract, deed, act of sale, mortgage or other instrument hereafter executed affecting or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to the covenants, conditions and restrictions in this Agreement.

2.8 Compliance with Laws. Owner and its successors in interest shall at all times operate the Project in conformity with all federal, State and local laws, rules, regulations, ordinances and orders that may be applicable to the Project, including but not limited to the Federal Fair Housing Act as implemented by 24 CFR Part 100, Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35.

SECTION 3 MONITORING AND DOCUMENTATION REQUIREMENTS

3.1 Required Monitoring. Owner agrees to allow OCD to conduct several phases of monitoring that will ensure compliance with the Program requirements and the terms and conditions of this Agreement. OCD will use appropriate checklists from the HUD Monitoring Handbook, modified as necessary to reflect waivers and Program design, to document compliance reviews. OCD (for itself, and for its agents, employees and consultants) reserves the right upon reasonable written notice to inspect the Project (except in the case of an emergency, in which case OCD reserves the right to enter and inspect the Project without notice) to ensure the Project is in compliance with Program requirements and the terms of this Agreement.

3.2 Initial Documentation. Within 30 days after the Project is fully occupied, Owner will provide OCD with an *Initial Rent and Tenant Income Statement*, to demonstrate that the income and affordability levels of the Project are in compliance with this Agreement.

3.3 Required Documentation. On or before April 30 of each year of the Term of this Agreement, Owner will provide OCD with the following documentation:

(a) **Annual Compliance Reports and Certification.** An *Annual Compliance Report and Certification*, providing annual certifications for the Project on occupancy, rent increases, evictions, and turnover.

(b) **Annual Rent and Tenant Income Report.** An *Annual Rent and Tenant Income Report* providing unit information, rental information and Eligible Tenant information. Owners are required to have Eligible Tenants certify their income level only on initial occupancy.

3.4 Compliance and Monitoring Deliveries. OCD shall provide Owners with forms and reporting requirements in order for Owner to deliver the reports and certifications required under this Agreement, including without limitation the following:

(a) **Annual Compliance Letter and Checklist.** An *Annual Compliance Letter and Checklist* explaining the monitoring process to the Owner and identifying the Project items to be reviewed by OCD.

(b) **On-site Monitoring Compliance Letter.** An *On-site Monitoring Compliance Letter* providing a tentative date for the annual onsite Project review to the Owner; a list of persons who should be available for the onsite review, a list of files and records to be reviewed, and a list of Dwelling Units to which the monitors will need access. Program monitors will call the Owner at least two (2) weeks prior to the visit and will verify the date and time through a telephone call.

(c) **Report Forms and Certifications.** The forms to be used by Owner to prepare and deliver the *Initial Rent and Tenant Income Report; the Annual Compliance Report and Certification*, and the *Annual Rent and Tenant Income Report*.

SECTION 4 INDEMNIFICATION

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

SECTION 5 TENANT SELECTION POLICY

5.1 Tenant Criteria. Owner agrees to select tenants according to a policy consistent with federal, State, parish and local laws, rules and regulations governing fair housing, and the terms and conditions of this Agreement. Owner agrees to give priority for the rental of Restricted Units to Eligible Tenants who have been displaced as a result of Hurricane Katrina or Hurricane Rita.

5.2 Lease Requirements. Owner will utilize a lease that provides the rules and requirements for occupancy of the Restricted Units in accordance with the Program requirements. The provisions of the lease must be consistent with the tenant-landlord laws, rules and regulations of the State of Louisiana, including but not limited to the following:

(a) **Tenant Income Certification.** Provisions that provide for unit inspections and require the tenant to complete a *tenant income certification* at initial occupancy of a Project unit, providing full and accurate household size and income to the Owner, and if the Project unit is vacated, the new tenant must satisfy the income eligibility requirements for such Project unit; and

(b) **Term.** Leases must be for at least *one year*; and

(c) **Lease Addendum.** A form of lease addendum that notifies the tenant of certain requirements that are applicable to the Owner as it pertains to allowable rental increases and charges to a tenant shall be attached to all leases executed by Owners and tenants occupying Restricted Units.

SECTION 6 RELIANCE

6.1 Reliance. In performing its duties hereunder, OCD may rely upon advice of its legal counsel, and upon statements and certificates of the Owner and tenants of Dwelling Units believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Owner pertaining to occupancy of the Project.

SECTION 7 UNIT MARKETING REQUIREMENTS

7.1 Marketing Requirements. OCD has implemented unit marketing procedures that are required for all Owners receiving Program assistance. Owners are required to comply with such unit marketing procedures and with the requirements of the marketing plan developed for the entire *Road Home Program*.

SECTION 8 TERM

8.1 Term. This Agreement shall become effective and shall remain in full force and effect for the Term of this Agreement, unless earlier terminated pursuant to other provisions of this Agreement. Upon the termination of this Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with the termination provisions contained herein.

8.2 Early Termination. This Agreement may be terminated prior to expiration of its Term by OCD in its sole and uncontrolled discretion, upon determination that the Program goals and requirements have been met by the Project.

SECTION 9 ENFORCEMENT

9.1 Enforcement. If the Owner defaults (by its action or inaction) in the performance of its obligations under this Agreement or breaches any covenant, agreement or warranty of the Owner set forth in this Agreement, and if such default remains uncured for a period of forty-five (45) days after written notice thereof shall have been given by OCD to the Owner (or for an extended period approved by OCD if the default stated in such written notice can be corrected, but not within such 45-day period, and if the Owner commences such correction within such 45-day period, and thereafter diligently pursues the same to completion within such extended period), then OCD may (a) seek specific performance of Owner's obligations under this Agreement; (b) exercise any one or more of its rights and remedies under the other Incentive Loan Documents, or (c) take any other action at law or in equity or otherwise, as may be deemed most effectual by OCD to enforce the obligations of the Owner with respect to the Project.

9.2 Nonrecourse.

(a) Notwithstanding anything to the contrary contained herein, except as set forth in Section 9.2(b), Owner shall have no personal liability under the Incentive Loan Documents for the repayment of the Indebtedness or for the performance of any other obligations of Owner under the Incentive Loan Documents, and OCD's only recourse for the recovery of the Incentive Loan, and the performance of such obligations shall be to exercise its rights and remedies with respect to the Project and such other collateral held by OCD as security for the Incentive Loan.

(b) Owner shall become personally liable to OCD for the repayment of the Incentive Loan equal to any loss or damage suffered by OCD as a result of: (1) any fraud or material misrepresentation by Owner or any officer, agent, director, partner, member or employee of Owner in connection with the Application, the Incentive Loan Documents, or any request by OCD; (2) any material misrepresentation by Owner, or any officer, agent, director, partner, member or employee of Owner that, had such misrepresentation not been made, would have prevented Owner from receiving the Incentive Loan.

(c) To the extent that Owner has personal liability under this Section 9.2, OCD may exercise its rights against Owner personally without regard to whether OCD has exercised any rights against the Project or any other security, or pursued any rights against any guarantor or key principal of Owner, or pursued any other rights available to OCD under the Incentive Loan Documents or applicable law.

9.3 Remedies Cumulative. OCD's rights and remedies under this Agreement are cumulative and shall be in addition to all rights and remedies provided by law or in equity from time to time. The exercise by OCD of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice OCD in the exercise of any other right or remedy. No waiver by OCD of any default shall be implied from any omission by OCD to take action on account of such default if such default persists or is repeated. No waiver by OCD of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any covenant or condition of any Incentive Loan Document shall be construed as a waiver of any subsequent breach of the same covenant or condition. OCD's consent to or approval of any act by Owner requiring further consent or approval shall not be deemed to waive or render unnecessary OCD's consent to or approval of any subsequent act.

9.3 Fees, Costs and Expenses. All fees, costs and expenses of OCD incurred in taking any action pursuant to this Section 9 shall be the sole responsibility of the Owner, and shall be considered as part of the Incentive Loan secured by the Mortgage.

SECTION 10 RECORDING AND FILING

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

SECTION 11 SALE, TRANSFER OR OTHER CONVEYANCE OF INTEREST IN THE OWNER OR OF THE PROJECT

11.1. Sale, Transfer or Other Conveyance of the Project. Owner may transfer the Project in accordance with the provisions of the Incentive Loan Documents. Upon the transfer of the Project, Owner shall be released from all liability arising out of ownership of the Project and out of the Incentive Loan Documents, but only to the extent that the transferee has assumed all right, title and interest to the Project and has provided written assurance acceptable to OCD that such transferee agrees to be bound by the terms of this Agreement and the provisions of the Incentive Loan Documents.

11.2 Sale, Transfer or Other Conveyance of Interests in the Owner.

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

(b) Notwithstanding the foregoing Section 11.2(a) to the contrary,

(i) the pledge to a limited partner/member by a general partner/managing member of the general partner's/managing member's interest in a partnership/operating agreement as security for the performance of all of the general partner's/managing member's obligations under the partnership/operating agreement shall not constitute a material change for purposes of this Agreement or the Incentive Loan Documents;

- (ii) a sale, transfer, pledge, encumbrance or other disposition of any investor limited partner/membership interests in Owner shall not require OCD's consent nor constitute a sale of the Project for purposes of this Section 11.2 or the other Incentive Loan Documents, unless such transaction results in a sale of more than 51% of the limited partner/membership interests in Owner; and
- (iii) any change in the general partner/managing member of Owner in accordance with the terms of the limited partnership agreement/operating agreement of Owner shall not require OCD consent; provided, however that (A) Owner shall provide OCD with notice of any such change; and (B) any entity replacing the general partner/managing member of the Owner is under direct or indirect common control or management, or has a Controlling Interest in, the limited partners/members of Owner.

**SECTION 12
SUBORDINATION AND FORECLOSURE**

12.1 Subordination and Foreclosure. If a "*Related Party*" to the Owner (as defined in the Code) should purchase the Project following a foreclosure or a deed in lieu of foreclosure, the use restrictions hereunder shall survive transfer of the Project to any such Related Party.

**SECTION 13
GOVERNING LAW**

13.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

**SECTION 14
NOTICE AND EFFECT**

14.1 Notice and Effect. All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal service; (b) national express air courier, provided such courier maintains written verification of actual delivery; or (c) facsimile. Any notice or other communication given by the means described in subsection (a) or (b) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent. Any notice or other communication given by the means described in subsection (c) above shall be deemed effective the date on which the facsimile transmission occurs or if such date is not a business day on the business day immediately following the date on which the facsimile transmission occurs.

OCD: **State of Louisiana, Division of Administration,
Office of Community Development
Disaster Recovery Unit
Attention: Small Rental Property Repair Program
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095**

Owner:

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

**SECTION 15
MISCELLANEOUS**

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

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

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

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

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

[SIGNATURE PAGES FOLLOW]

**COUNTERPART SIGNATURE PAGE FOR
SMALL RENTAL PROPERTY PROGRAM INCENTIVE PAYMENT AGREEMENT**

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

WITNESSES:

**State of Louisiana, Division of Administration, Office of
Community Development**

Print Name: _____

By: _____

Print Name: _____

Its: _____

NOTARY PUBLIC

Print Name: _____

Bar Roll/Notary No.: _____

My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
SMALL RENTAL PROPERTY PROGRAM INCENTIVE PAYMENT AGREEMENT**

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

WITNESSES:

Print Name: _____

By: _____

Print Name: _____

Its: _____

NOTARY PUBLIC

Print Name: _____

Bar Roll/Notary No.: _____

My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LAND

EXHIBIT B

TENANT INCOME VERIFICATION

POLICY

A. Overview

All applicants to affordable units must complete a tenant income worksheet, provide additional income and asset documentation, and certify to the accuracy of the information. Disclosing income and asset information may be difficult for some applicants and the request for information should be handled with sensitivity. Property owners should reassure applicants that information provided will be kept confidential and will be used only to determine the tenant's eligibility to reside in the affordable unit.

B. Why Income Information Is Needed

The Road Home program needs information about the income of tenants because:

- ◆ The use of HUD Community Development Block Grant (CDBG) funds requires that funds are used to benefit lower income households.
- ◆ The affordable rent levels were selected to be affordable to lower income households who need them the most.

C. Income Limits

The Department of Housing and Urban Development (HUD) establishes Lower Income Limits by family size and parish. To determine whether an applicant qualifies as lower income, Total Household Income (defined below) is compared to the income limit for the parish where the rental property is located, not where the owner or tenants are currently living. HUD updates the Lower Income Limits annually and the program will provide property owners with the income limit they should use when screening and selecting tenant applicants.

D. Total Household Income

Total Household Income is calculated from the annual income of all adult household members and, if total household assets are equal to or greater than \$500,000, an imputed income from assets equal to 2% of the cash value of household assets. Once income information is verified, applicants are not required to provide updated income or asset information each year they remain in an affordable unit. A household includes all the persons who will live in the unit assisted through the Small Rental Property program. It does not include individuals with whom the applicant is currently living in a "doubled up" housing situation or individuals who are currently living as part of the household but will not be occupants of the unit assisted by Road Home funds.

INCOME DOCUMENTATION AND CALCULATION

A. Calculation

The *Income Verification and Certification* worksheet will be used to collect detailed information about income and assets and to make a final determination of the applicant's low income status. This worksheet requires the applicant to state whether the household does or does not have certain types of income or assets. Income information is reported for each adult household member. If the applicant household has assets totaling \$500,000 or more, asset information is also reported for each adult household member. Additional sheets are provided if the applicant cannot fit all reported income or assets on the main calculation form. It also assists the property owner to annualize income from documentation provided by the applicant.

B. Acceptable Documentation of Income

Earned Income (wages, salary, bonus, commissions)	3 recent pay stubs that show gross income and # of hours; statement from employer that provides the amount and rate of pay; or 2005 Income tax statement (if it is representative of 2006 income)
Retirement and pension income	Statements from administering entity showing annual amount or periodic payments

Alimony	Documents showing award amount
Social Security (including SSI)	Award letter or other correspondence showing amounts received
Temporary Assistance To Needy Families (TANF)	
Other Public Assistance	
Unemployment	
Net Income from Self-employment or a business	Quarterly IRS report, 2005 tax return (if reflective of 2006 income), or Self Certification (see Attachment 5I)
The following are not considered income for this purpose: Value of food stamps, child support payments, amounts received in reimbursement of insured expenses or reimbursement related to work expenses (e.g., uniforms, transportation)	

If the resulting calculated income is equal to or less than the applicable income limit, and if an applicant indicates that documentation is not available for some types of income (e.g., babysitting for a neighbor and paid in cash), ask the applicant to complete the *Certification of Undocumented Income* and use the income reported on that form in the calculations.

C. Income Certification Statement

After the applicant has completed the *Income Verification and Certification* worksheet the property owner should ensure that the applicant has signed the completed form to certify that all the necessary household information that is provided.

INCOME DOCUMENTATION AND CERTIFICATION

1. What is the total number of individuals currently living in your household? _____
“Household” includes the persons who will live in the unit assisted through the Road Home program. It does not include individuals with whom the applicant is living in a "doubled up" housing situation or individuals who are owners, but will not be occupants of the unit assisted by Road Home funds.

2. Do any adult (18 and over) household members have income from any of the sources listed below? *(Please check yes or no for each type of income.)*

INCOME		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Earned Income
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Retirement/Pension
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Social Security (including SSI)
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Unemployment
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Alimony Payments
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Temporary Assistance for Needy Families
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Other Public Assistance
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Other Income

If you answered “yes” to any of the items above, please provide details about that income in the chart below.

DETAILED INCOME INFORMATION

Provide this information for each adult household member

HH Name	Member	Income Source (wages, retirement, etc.)	Amount of Pay and Payment Period (Show how you are paid: e.g., \$xx/hour 40 hrs/week)

** If you report hourly wages be sure to provide the average number of hours worked per week. Include overtime hours and rate if you work it regularly. Earned income also includes other types of payments including commissions, bonuses, tips*

For each of the income sources you listed above you must provide documents that verify the amounts listed. Examples of acceptable documents include:

- ♦ For earned income: 3 recent pay stubs (within the past 6 weeks) or a document from your employer that shows rate of pay and hours.
- ♦ For each periodic payment such as retirement, Social Security, public assistance, unemployment: a document that shows how much the individual was awarded or receives monthly.
- ♦ If you are self-employed an income statement from your business, or a recent quarterly report to IRS, or your tax return if it shows income similar to what you expect to earn this year.
- ♦ If documentation is not available for one or more income sources, please complete and return the *Certification of Undocumented Income* form.

3. Do the total assets of all household members exceed \$500,000? (Yes) (No)
 If NO, skip to Applicant Certification.

3a. If YES, does any household member own any of the following assets? *(Please check yes or no for each type of asset)*

ASSETS		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Savings Account
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Checking Account
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Cash on Hand
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Investments such as stocks and bonds
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Retirement Accounts

<input type="checkbox"/> Yes	<input type="checkbox"/> No	Certificates of Deposit
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Credit Union Accounts
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Life Insurance Policies
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Real Estate other than your Primary Residence
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Other _____

If you answered "yes" to any of the asset questions in 3 above, please describe the assets in the box below. Do not report your damaged residence as an asset.

HH Member	Type of Asset (See list above)	*Cash Value

**Cash value is the amount you would receive if this asset were converted to cash (e.g., if you own real estate the cash value would be its fair market value less any outstanding debt on property)*

I, the undersigned, agree and acknowledge that the information provided is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of the information may result in Civil Liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made in this application, and/or in criminal penalties including, but not limited to, fine, imprisonment or both under the provision of Title 18 United States Code Section 1001.

I certify that, to the best of my knowledge and belief, all the information above is true, correct, complete, and provided in good faith. I understand that false or fraudulent information may be grounds for not making a grant and/or loan and may be punishable by a fine and/or imprisonment. I understand that any information I give may be investigated. (Louisiana Criminal Code: R.S. 14:67, Theft; R.S. 14:67, Identify Theft; and/or R.S. 14:72, Forgery).

Printed Name	Signature	Date

CERTIFICATION OF UNDOCUMENTED INCOME

This form is to be used primarily in those instances in which a member of the Applicant's household is unable to provide documents supporting the reported income. This may happen when a self-employed person operates on a cash basis (such as babysitters, doing hair/nails, small chores). Please provide any documentation that you might have (e.g., quarterly estimated taxes submitted to IRS or 2005 income tax return if it is reflective of current income). If no documentation is available, please provide the information below and certify to its accuracy.

Explain the type of work the individual does and why no documentation is available

Explain how the amount certified on the Income Documentation and Certification form was estimated

I, the undersigned, agree and acknowledge that the information provided is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of the information may result in Civil Liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made in this application, and/or in criminal penalties including, but not limited to, fine, imprisonment or both under the provision of Title 18 United States Code Section 1001.

I certify that, to the best of my knowledge and belief, all the information above is true, correct, complete, and provided in good faith. I understand that false or fraudulent information may be grounds for not making a grant and/or loan and may be punishable by a fine and/or imprisonment. I understand that any information I give may be investigated. (Louisiana Criminal Code: R.S. 14:67, Theft; R.S. 14:67, Identify Theft; and/or R.S. 14:72, Forgery).

Printed Name	Signature	Date