



ST. JOHN THE BAPTIST PARISH

ISAAC CDBG HOMEBUYER ASSISTANCE PROGRAM POLICIES AND PROCEDURES

6/10/14



Natalie Robottom

Authorized Signature

Date 6/12/14

A. INTRODUCTION

These guidelines have been developed to serve as a guide for implementation of the St. John the Baptist Parish Isaac CDBG –DR Homebuyer Assistance Program.

This program is funded through the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) disaster recovery program and the State of Louisiana Office of Community Development/Disaster Recovery Unit.

The purpose of the St. John the Baptist Homebuyer Assistance Program is to provide CDBG-DR soft second mortgages to eligible homebuyers who wish to purchase an existing single family home in St. John the Baptist Parish. The program is intended to assist low and moderate income (LMI) households to purchase affordable, safe and decent housing. LMI households are those at 80% percent or less of the Area Median Income (AMI)

This program is designed to fill the gap between the sale price of the property and what an applicant can afford. The Parish will determine the amount of subsidy needed for each applicant. Determination of the required subsidy entails an analysis of the homebuyer's finances and a determination of how much the homebuyer could afford to borrow from a primary lender and any repairs needed to bring the home up to the Parish's Property Standards.

B. PROGRAM OBJECTIVES

St. John the Baptist Parish will assist the community by providing a program that will give LMI residents the opportunity to afford quality housing in St. John the Baptist Parish. This program addresses the Parish's disaster recovery efforts in the following ways:

- Promotes health and human safety and increases the living standard.
- Provides decent, safe, and sanitary housing in the disaster-impacted areas.
- Ensures that the housing needs of low and moderate-income households are addressed.
- Prevents blight and contributes to overall neighborhood recovery.
- Supports positive outcomes for families who live in the area and makes communities more attractive to prospective residents.
- Enhances property values of those rehabilitated properties and protects the values of adjacent, non-damaged residences.
- Increases the tax base

C. APPLICANT ELIGIBILITY REQUIREMENTS

Applicants will be required to meet the following criteria as well as other requirements as described herein to be eligible under this program:

Income Requirements:

Applicant household must be considered LMI.



Although a financial institution's process for mortgage loan approval will include an evaluation of income for the applicant, the Parish will use the definition for income according to criteria set out by HUD to determine total family income. Income verification will be held valid for a six month period following receipt of the income information. If the homebuyer does not occupy the property within six months, income must be re-verified.

The St. John the Baptist Parish Homebuyer Assistance Program is intended to assist Low to moderate income households. A low-moderate income household is considered to have a gross maximum income level for all household members that does not exceed 80% of the Area Median Income.

The maximum income for a household to be considered low-moderate will be established by the Parish by using the current fiscal year's Section 8 Median income limits for St. John the Baptist Parish as shown at <http://www.huduser.org/portal/datasets/il/il2014/2014summary.odn> on HUD's website.

The maximum gross income will be set according to the values shown in the Income Limit Category titled, "Low (80%) Income Limits" and will be based on size of household. The values for the current fiscal year FY14 are shown below:

# of Persons in Household	Max Gross Income Allowed under Homebuyer Assistance Program (\$) for FY14
1	32,950
2	37,650
3	42,350
4	47,050
5	50,850
6	54,600
7	58,350
8	62,150

The Parish will require each applicant to enter annual household income and asset information as shown in the application.

The Parish will use the HUD Part 5 (Section 8) method to calculate annual household income for each household. Annual household income is defined as the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period.

Homebuyer Education and Counseling: The Parish will require that all eligible homebuyers receive at least 12 hours of homebuyer education and/or counseling from one of the participating homebuyer training organizations certified by the Louisiana Homebuyer Training Collaborative, Inc.

Residency Status: The homebuyer will be required to be a legal resident of the US to receive federal housing assistance under this program.

Occupancy Requirement: Purchasers of homes financed with the CDBG leveraged loan product under this program will be required to occupy the purchased unit as their principal residence for 3 years. Failure to do so without the written permission from the Parish will result in the full amount of the



CDBG loan being immediately due and payable. Repayment of the original CDBG second loan shall be due if the first mortgage loan is extinguished upon sale or refinance within the time frame designated by the Parish.

Conflict of Interest: Title 24, Section 570.611 of the CFR governs any person who is an employee, agent, consultant, officer or elected official or appointed official of the government, or any designated public agencies or subrecipients in connection with the planning and implementation of the Parish's CDBG Program directly or indirectly under this program.

Minimum applicant contribution: The Parish will require the Homebuyer to make an initial investment in the home of at least 1% of the purchase price or \$1,000, whichever is greater.

Form of Ownership: Fee simple title is the only acceptable form of ownership.

First Mortgage Requirements: A first mortgage must meet all of the following requirements:

- The loan must have a fixed interest rate mortgage term.
- The loan must not have any prepayment penalties.
- The loan must have a current fair market interest rate of no more than 2 percentage points above the prevailing industry standard.
- Lender may not charge more than 1% origination fee.
- No discount points allowed by lender.
- Non-household members will be permitted to be co-signers of the mortgage and will not affect how Parish calculates household income.

Lease-Purchase, Owner-Financed, or Adjustable Rate Mortgages are not allowed for use by a Homebuyer participating in this Program.

Debt to Income Ratios: a 33/43 qualifying ratio will be acceptable under this program with no compensating factor being used or allowed.

D. PROPERTY ELIGIBILITY REQUIREMENTS

Property Eligibility Requirements

- Properties must be existing single-family properties that are for sale and that meet the Parish's established property standards and applicable codes.
- Properties must be located in St. John the Baptist Parish.



- Property to be purchased must either be vacant or owner occupied. Houses with renters are not eligible for purchase under this program.
- An appraisal of the property may be required by the financial institution.
- Owner financed properties are not eligible under the Program.
- The purchase of mobile/manufactured homes is not eligible under this program.
- Property must pass an inspection by the Parish based on Parish property standards (HQS). Any deficiencies that cause the property to fail the inspection must be corrected.
- Properties built prior to 1978 will require a full visual assessment for the presence of lead based paint. All stabilization or remediation must take place prior to award under this program.
- **Maximum Purchase Price:** The purchase price of each property will not be greater than the Area Median Price (AMP) for the area, which is \$165,000 for 2014.
- **Insurance Requirements:** Eligible properties must be insured with flood (if applicable), wind and standard homeowners' coverage in an amount equal to the first and second mortgage balances. Proof of mortgagee clause listing lien holders must be received by prior to loan closing. The Parish's insurance requirements will be the same as those of the primary lender.

Proof of the above items shall be documented as shown in the intake application.

E. PRIOR ASSISTANCE/DUPLICATION OF BENEFITS

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source.

The Stafford Act also requires that the Parish perform a duplication of benefits analysis pertaining to each applicant within the rehabilitation program.

The Parish will require the applicant to indicate in the application, the types, amounts and purposes of assistance both approved and received to date for Isaac and all other previous storms. The amount of approved assistance will be counted in the duplication of benefits analysis. Sources of assistance will include FEMA, SBA, Insurance, CDBG, Road Home Program, Mitigation Grant Program, and any other sources. The applicant shall document proof of this assistance as shown in the intake application. Any other assistance received that already covers unmet needs identified under this program will be deducted from the grant award.

In the intake application, the Parish will also require each applicant to execute a blanket release of information document that will authorize agencies to provide information regarding prior compensation.



These agencies include but are not limited to FEMA, SBA, Road Home Program, Hazard Mitigation Program, OCD/DRU, Homeowner's Insurance Providers, Flood/Hazard Insurance Providers, and the Coordinated Assistance Network (CAN) website.

Duplication of Benefits (DOB) will be considered when a potential homebuyer has received previous grants. Information furnished by the applicants will be cross referenced with a listing of Road Home Recipients, as furnished by the State of Louisiana

F. TYPES OF ASSISTANCE OFFERED

Under this program, financial assistance in the form of a soft second mortgage loan will be provided to eligible applicants (30 estimated) to purchase a home. This program is designed to fill the gap between the sale price of the property and what an applicant can afford. Only LMI households will be assisted, i.e, those at 80% or less of the Area Median Income (AMI). The Soft Second Mortgage can be used toward down payment, eligible closing costs, pre-paid items and/or principal reduction.

There are no requirements for payment/re-payment of the grant as long as the applicant maintains continuous ownership, occupancy, and homeowner insurance for a minimum of three years and maintains flood insurance on the property for perpetuity and as long as other requirements are met. Exceptions to this rule include serious illness or death of the homebuyer or job relocation over 150 miles.

The annual percentage rate of interest on the CDBG funded loan shall be 0%. No monthly payments will be required. The administrator of the program will monitor all first mortgage lender fees to insure that they are consistent with standard fees charged for a FHA, VA, Rural Housing, and Conventional fixed rate mortgage loan product.

The Parish shall use a three (3) year deferred forgivable loan note to enforce the principal residence requirement during the period. The loan will be a nonrecourse, no-interest, non-amortizing forgivable loan. The loan shall have a second lienholder position, and will allow for recapture of the Program assistance out of the net sales proceeds if the homeowner sells the dwelling before the end of the recapture period

The maximum purchase assistance (including closing costs) for any applicant shall not exceed 50% of the sales price or \$38,000 per household. Closing costs are not to exceed 9% of the sales price or \$10,000, whichever is less. The amount of the closing costs is included in the maximum purchase assistance (i.e., no applicant is able to receive greater than 50% of the sales price or \$38,000. The amount of the soft second mortgage is calculated after other down payment funds are considered, including: gift funds, grants or other Federal, State or Parish down payment assistance funds.

Gift of Funds: "Gift of funds" up to 10% of the selling price may be used to reduce the principle amount to be financed.

Second Mortgage Payee: The second mortgage will be made payable to the Parish.



G. CONFLICTS OF INTEREST/ETHICS POLICY

All individuals are permitted to apply for this program if their own structures were damaged by Isaac.

HUD conflict of interest regulations prohibit local elected officials, subrecipient employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

If a conflict of interest does arise the Parish's attorney will review and determine if there is a conflict. If required the Parish's attorney will produce an exception request which will be submitted to the State's Office of Community Development /Disaster Recovery Unit (OCD/DRU) and/or the State Ethics Commission. The State is able to consider granting an exception to the conflict of interest provision should it be determined by the that adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program.

H. APPEALS/GRIEVANCES

If an applicant, or other entity has a complaint concerning the implementation of this program, a written complaint must be submitted to the program administrator within 60 days. The program administrator will respond in writing within ten calendar days from the receipt of the written complaint. The response will include a copy of the administrator's decision, a statement of the facts and legal basis upon which it is based. Any applicant who disagrees with the determination of their eligibility for assistance in this program may appeal the decision to the Parish Council.

I. PARISH PROPERTY STANDARDS

The Parish's property standards consist of 2 main areas, applicable codes and standards.

The following codes shall apply under this program.

- St. John the Baptist Parish Code which is Louisiana State Uniform Construction Code.
- Additionally, the entire structure must comply with any existing local health and safety codes.
- HUD Minimum Property Standards



- Lead Safe Housing Rule (LSHR)

J. GENERAL OPERATING PROCEDURES

Application Intake Process

Applications (along with instructions) can be downloaded from the Parish website and hardcopies can be picked up at the Homer Joseph Community Center in Reserve, Regala Park gymnasium in Reserve, and Percy Hebert Building in LaPlace, West Bank Courthouse and Garyville Service Center Monday through Friday between the hours of 8:30 am and 4:30 pm from July 26 to August 26, 2014

An applicant will complete the application and include all information requested in the instructions and bring the completed application or mail it to the intake center at the St. John Community Center at 2900 Hwy 51, LaPlace, LA The applicant also has the option of completing the application online and submitting it by email. Should the applicant need assistance in completing application they may contact the administrator to schedule an appointment with one of the housing intake specialists.

The program is intended to assist only LMI households. Applications will be processed first come first served. A date and time will be stamped on each application upon receipt.

Once the applicant submits a completed application with requested information, the intake specialist will provide the following reviews and verifications:

- Income information in the application will be reviewed and the administrator will calculate annual income, which is the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period. The program administrator may also verify income through third party verification.
- Documentation related to other disaster assistance received by the potential homebuyer will be reviewed; the administrator will then subsequently contact the various agencies to verify assistance indicated in the application is accurate.
- Verification of Homebuying Counseling Certificate (if applicant has taken a class in the past 6 months)

After the above verifications are completed, the applicant will be notified if initial eligibility requirements have been met. Initial Eligibility does not mean that financial assistance has been approved. It simply means that the next steps can be performed.

Identification of Property and Purchase Agreement

The applicant will be responsible for working with a real estate agent to identify a property that they are interested in purchasing. The Parish will train local real estate agents on the program requirements.

Once a property has been found and a purchase agreement has been executed, the applicant shall work



with one of the Parish's approved lenders to obtain a first mortgage. The approved lenders will also be trained on the program requirements.

First Mortgage Settlement/Closing

Once the loan for the first mortgage is approved and all pre-closing repairs have been completed, the closing agent must provide a Settlement Statement (HUD-1) fourteen (14) days prior to the closing date (copy of the appraisal report and notification of the Parish named as Loss Payee on hazard Insurance and/or flood insurance must be received before check can be issued). The applicant's Homebuyer Education certificate shall be included with the Settlement Statement. The property must pass an inspection by the Parish based on Parish Property Standards prior to closing. Also, those units that were built after January 1, 1978 will be documented as exempt from lead based paint requirements. Those units built prior to January 1, 1978 will first be evaluated to determine if an exemption can be applied. If an exemption is not applicable, a visual assessment will be performed by the program's lead inspector for deteriorated paint that consists of a visual search for cracking, scaling, peeling, or chipping paint as well as visible dust, debris and paint chips. If deficiencies are found in the visual assessment, the Parish will require them to be addressed by the buyer/seller prior to closing.

The program administrator will then determine the final loan amount for down-payment, closing costs and cash from borrower and prepare all documents for the Parish Finance to issue a check. Closing Documents - The Program Staff will prepare the second mortgage and provide it to the closing agent on the settlement date. The second mortgage will contain the total amount for down payment and closing costs.

Recording Documents - The documents are to be recorded and certified by the closing agent through the Parish Clerk of the Circuit Court.

Document Copies - Copies of all documents signed.

Environmental Review

A site specific checklist will be completed by the Parish for each property to determine if there are any environmental consequences as a result of work under this program. All properties must pass an Environmental Review prior to commitment of funds.

K. RECORD KEEPING

The Program Administrator will maintain accurate program files and records for general administration activities, for each applicant, and for each assisted homebuyer for a period of five (5) years. Such files will be open for inspection by the State and, HUD, as to qualifications, bids, and awards. The program administrator staff will utilize a software system to record and maintain all file records. All eligibility information, inspection notes and contractor complaints will be recorded. The software system will manage the data and permit the staff to generate weekly, monthly and annual reports about housing activities.

L. URA REQUIREMENTS



There will be no relocation assistance under this program. The Parish will require the Buyer to include Disclosures to Seller with Voluntary, Arm's Length Purchase Offer in the purchase agreement. It will state that the purchase is voluntary and will state the fair market value. It will also note that the seller is not eligible for relocation assistance. The documentation will be reviewed for compliance.

M. ONGOING COMPLIANCE

For ongoing compliance of occupancy, insurance, and ownership requirements, a combination of the following methods will be used:

- *Utility bills*
- *Insurance policies* (Note, the Parish will be listed on an insurance policy as a “loss payee” or additional parties and will be notified every time a claim is made or when the policy is renewed or expired. Most insurance declaration pages state whether the property is the principal residence of the owner, rental property, or not otherwise occupied by the owner.
- *Mail service.* Post office can verify if mail is being delivered to the address or if a forwarding address has been filed.
- *Tax records.* Parish tax department can verify the address to which the property tax bill is mailed.
- *Inspection.* Staff can perform an inspection to ensure the owners reside at the property



**ST. JOHN THE BAPTIST "ISAAC CDBG" DISASTER
RECOVERY PROGRAM**

**SECOND MORTGAGE PROMISSORY NOTE
HOMEBUYER ASSISTANCE PROGRAM (HAP)**

HAP Intake Application Number: _____
Original Principal Amount: \$ _____
Interest Per Annum: Zero Percent (0.0%)
Annual Principal Reduction: \$ _____
Date of Note: _____
Maturity Date: _____
Property Address: _____

FOR VALUE RECEIVED, the undersigned ("**Borrower**") promises to pay the ST. JOHN THE BAPTIST PARISH (the "**PARISH**") or order, on the **Maturity Date** specified above or earlier if the Note is accelerated or subject to prepayment as provided for herein the **Original Principal Amount**. The **Interest Per Annum** on the unpaid principal balance of this Homebuyer Assistance Program "HAP" Promissory Note (the "**Note**") shall be as specified above. This Note is subordinate to a first mortgage lien note (the "**Senior Note**") originated on this date to finance a portion of the purchase price of a residence to constitute the Borrower's principal residence. The Maturity Date of this Note is thirty-six (36) months following the Date of Note specified above. This Note shall become due and payable prior to the Maturity Date upon the sale or other disposition by the Borrower of the residence financed by this Note, except that the holder of this Note agrees to subordinate the "HAP" Mortgage to any refinance of the Senior Note lowering the principal and interest payment and/or shortening the term of the Senior Note, provided this Note is not in default at the time of such refinance.

If the Borrower fails at any time to occupy the residence financed by this Note and secured by the Homebuyer Assistance Program Mortgage (the "**HAP Mortgage**") paraphed for identification with this Note as the Borrower's principal residence, the Authority shall declare the entire principal amount of this Note due and payable.

At the end of each twelve (12) month period following the Date of Note, the Parish shall, and only if the Borrower continuously occupied the residence financed by this Note as the Borrower's principal residence, reduce the then outstanding principal balance of this Note by the Annual Principal Reduction, which is an amount equal to 1/3rd of the Original Principal Amount of this Note. This Note shall be payable at the principal office of the Parish or such other place as the Parish may designate in the LHFA Mortgage.

The Parish may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. Default by the Borrower shall include the failure by the Borrower to occupy the residence financed by this Note as the principal residence of the Borrower. If suit is brought to collect this Note, the Parish shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, attorney's fees of ten (10%) percent of the sum due hereunder.

Presentment, notice of dishonor, protest, and the demand for payment under Article 2639 of the Louisiana Code of Civil Procedure are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligations of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated in the HAP Mortgage. Any notice to the Parish shall be given by mailing such notice by certified mail, return receipt requested, to the Parish at the address stated in the HAP Mortgage, or at such other address as may have been designated by written notice to Borrower.

The indebtedness evidenced by this Note is secured by a HAP Mortgage of even date. Reference is made to all of the terms and conditions of the HAP Mortgage, particularly as to the limitation on assumptions of the indebtedness evidenced by this Note.

BORROWER

CO-BORROWER

“NE VARIETUR” for identification with
an Act of Mortgage passed this day before me, Notary.

_____, Louisiana

_____, 201__

NOTARY PUBLIC

**ST. JOHN THE BAPTIST "ISAAC CDBG" DISASTER
RECOVERY PROGRAM**

**SECOND MORTGAGE INSTRUMENT
HOMEBUYER ASSISTANCE PROGRAM "HAP"**

STATE OF LOUISIANA

PARISH OF ST. JOHN THE BAPTIST

BE IT KNOWN that on this day, before me, the undersigned Parish, a Notary Public in and for said parish, and in the presence of the undersigned witnesses, appeared

(herein "**Borrower**"), a person of full majority and a resident of said Parish and State, whose permanent mailing address is the Property Address stated below, who declared and acknowledged that Borrower is indebted to the **ST. JOHN THE BAPTIST PARISH** (the "**Parish**"), whose permanent mailing address is _____ (herein "**Parish**"), in the principal sum of _____ Dollars (\$) _____ (the "**Original Principal Amount**") with the balance of the indebtedness, if not sooner paid, due and payable on the thirty-sixth (36th) month following the date of the Note (the "**Maturity Date**"). This Note shall become due and payable prior to the Maturity Date upon the sale or other disposition by the Borrower of the property financed by this Note or upon the refinance of the Senior Note.

TO SECURE to the Parish the repayment of the indebtedness evidenced by the Homebuyer Assistance Program "HAP" Promisor Note (Community Development Block Grant Disaster Recovery Program) (the "**Note**"), with interest thereon, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Homebuyer Assistance Program "HAP" Mortgage (Community Development Block Grant Disaster Recovery Program) (the "**HAP Mortgage**"), and the performance of the covenants and agreements of Borrower herein contained. Borrower does hereby mortgage and hypothecate to the Parish the property described on Exhibit A hereto.

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage; and all of the foregoing together with said property are herein referred to as the "Property."

COVENANTS AND AGREEMENTS

1. Title to Property. Borrower covenants that the Borrower is lawfully seized of the estate hereby mortgaged and has the right to mortgage and hypothecate the Property, that the Property is encumbered only by a first mortgage ("**First Mortgage**") in favor of _____ (the "**Lender**") to secure the Property, and that Borrower will warrant and

defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

2. Payment of Principal and Interest. Borrower shall promptly pay to St. John the Baptist Parish (the "**Parish**") or its "**Servicer**", acting on behalf of the Parish, when due an amount equal to the principal of and interest, if any, on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by this HAP Mortgage.

3. Homeowner's Insurance. Borrower shall furnish a Homeowner's fire insurance policy which shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards as the Parish, or its assigned Servicer, may require and in such amounts and for such periods as the Parish, or its assigned Servicer, may require; provided, that the Parish shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this HAP Mortgage. Notwithstanding the foregoing, the Parish, or its assigned Servicer, may advise the Borrower of the prudence of increasing such insurance to replacement or other appropriate value to safeguard the Borrower's investment in the Property.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender during the term of the First Mortgage and by the Parish or its Servicer following payment and discharge of the First Mortgage; provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the insurance carrier or to the Lender in accordance with the provisions of the First Mortgage and to the Parish, or its Servicer following payment and discharge of the First Mortgage.

4. Protection of the Parish's Security. If Borrower fails to perform any of the covenants and agreements contained in this HAP Mortgage, or if any action or proceeding is commenced which materially affect Lender's or the Parish's interest in the Property, including, but not limited to, eminent domain, insolvency, respite, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Parish at Parish's option, or that of its assigned Servicer, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect the Parish's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amount disbursed by Parish, or its assigned Servicer, pursuant to this paragraph, with interest thereon, up to an aggregate of 50% of the original principal indebtedness, shall become additional indebtedness of Borrower secured by this HAP Mortgage. Unless Borrower and Parish, or its assigned Servicer, agree to other terms of payment, such amounts shall be payable upon notice from Parish, or its assigned Servicer, to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on the outstanding principal under the HAP Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require Parish to incur any expense or take any action hereunder.

5. Inspection. The Parish, or its assigned Servicer, may make or cause to be made reasonable entries upon the inspections of the Property, provided that Parish, or its assigned Servicer, shall give Borrower notice prior to any such inspection specifying reasonable cause

therefore related to Parish's interest in the Property.

6. Condemnation. Upon payment in full of the First Mortgage, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Parish, or its assigned Servicer,.

In the event of any taking of the Property, the proceeds (following payment in full of the First Mortgage) shall be applied to the sums secured by this HAP Mortgage, with the excess, if any, paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Parish, or its assigned Servicer, to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Parish, or its assigned Servicer, within 30 days after the date such notice is mailed, Parish, or its assigned Servicer, is authorized following payment in full of the First Mortgage to collect and apply the proceeds, at Parish's option, or that of its Servicer, either to restoration or repair of the Property or to the sums secured by this 901 Family Services/Economic Self-Sufficiency Program Mortgage.

7. Forbearance by Parish Not a Waiver. Any forbearance by the Parish, or its assigned Servicer, in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of, or preclude the exercise of, any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by the Parish, or its assigned Servicer, shall not be a waiver of the Parish's right, or its Servicer's right, to accelerate the maturity of the indebtedness secured by this HAP Mortgage.

8. Remedies Cumulative. All remedies provided in this HAP Mortgage are distinct and cumulative to any other right or remedy under this HAP Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

9. Governmental Program. Borrower acknowledges that the indebtedness secured hereby is being financed pursuant to a governmental program, and Borrower further covenants and agrees that, as required by such governmental program:

(a) Borrower presently occupies the Property as Borrower's principal residence and shall maintain such Property as Borrower's principal place of residence.

(b) All of the proceeds of the Note are being used to acquire the Property in accordance with the provisions of the Parish's "Community Development Block Grant Disaster Recovery Program." The indebtedness secured hereby is being incurred by persons who have never had a mortgage or other encumbrance on the Property at any time prior to the execution hereof.

10. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the Parish and Borrower, subject to the provisions of paragraph 13 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this HAP Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

11. Notice. Except for any notice required under applicable law to be given in another

manner, (a) any notice to Borrower provided for in this HAP Mortgage shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address, and (b) any notice to Parish, or its assigned Servicer, shall be given by certified mail, return receipt requested, to Parish's address stated herein or to such other address as Parish may designate by notice to Borrower as provided herein. Any notice provided for in this HAP Mortgage shall be deemed to have been given to Borrower or the Parish when given in the manner designated herein. Notices shall be mailed to the parties identified herein as follows:

Parish: Homebuyer Assistance Program
P.O. Box _____
_____, LA

Lender: _____

Attention: _____

Owner: _____ *

Attention: _____

*Must be the Property Address

12. Borrower's Copy. Borrower shall be furnished a conformed copy of the HAP Note and of this HAP Mortgage at the time of execution or immediately after recordation hereof.

13. Transfer of the Property; Assumption. Without the prior written consent of the Parish, Borrower will not sell or transfer all or any part of the Property or an interest therein, excluding (i) the creation of a lien or encumbrance subordinate hereto, (ii) the creation of a purchase money security interest, vendor's privilege or chattel mortgage for household appliances, or (iii) a transfer by devise, descent or by operation of law upon the death of Borrower (or either of them).

If all or any part of the Property or an interest therein is sold or transferred by Borrower without the Parish's, or its Servicer's, prior written consent, the Parish, or its assigned Servicer, may, at the Parish's option, or that of its Servicer, declare all the sums secured by this HAP Mortgage to be immediately due and payable.

If the Parish, or its assigned Servicer, exercises such option to accelerate, the Parish, or its assigned Servicer, shall mail Borrower notice of acceleration in accordance with paragraph 11 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, the Parish, or its assigned Servicer, may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 14 hereof.

14. Acceleration; Remedies. Except as provided in paragraph 13 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this HAP Mortgage, including the covenants to pay when due any sums secured by this HAP Mortgage, the Parish, or its

assigned Servicer, prior to acceleration, shall mail notice to Borrower as provided in paragraph 11 hereof specifying: (1) the breach, (2) the action required to cure such breach, (3) a date not less than 30 days from the date the notice is mailed to Borrower by which such breach must be cured, and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this HAP Mortgage and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceedings the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the breach is not cured on or before the date specified in the notice, or if any representation by Borrower made in paragraph 9 hereof is determined to be untrue, the Parish at the Parish's option, or that of its Servicer, may declare all of the sums secured by this HAP Mortgage to be immediately due and payable without further demand, including that provided by Article 2639 of the Louisiana Code of Civil Procedure, and may cause the Property to be seized and sold under either ordinary or executory process, with or without appraisal, to the highest bidder for cash, Borrower hereby confesses judgment in favor of the Parish and any future holder of the HAP Note in the full amount of all sums secured by this HAP Mortgage, including, but not limited to, attorney's fees of 10% of the sums due under the HAP Note.

15. Subordination; Refinancing. In the event Borrower refinances the First Mortgage lowering the principal and interest payment on the First Mortgage and/or shortening the term of the First Mortgage, the Parish will subordinate the HAP Mortgage to the new First Mortgage obtained by the Borrower by the refinancing, provided the Note secured by, and this HAP Mortgage are not in default at the time of such refinancing.

16. Mortgage Cancellation. Upon payment of all sums secured by this HAP Mortgage, the Parish, or its assigned Servicer, shall deliver the original of said HAP Note to Borrower so that Borrower may cancel this HAP Mortgage.

17. Vendor's Lien and Privilege. If the Parish assigns this HAP Mortgage to a savings and loan association, the HAP Note and other sums secured by this HAP Mortgage shall be secured by a vendor's lien and privilege on and against the Property pursuant to the provisions of Louisiana Revised Statutes, Title 6, Section 833.

18. Waiver of Homestead. Upon acceleration of this HAP Mortgage, Borrower and Borrower's spouse, if any, waive all rights of Homestead exemption in the Property.

19. Mortgage and Conveyance Certificates. The production of mortgage and conveyance certificates is waived by the Parish and Borrower, who release me, Notary, from all liability for non-production.

20. Successors and Assigns. The advantages, agreements, benefits, conditions, covenants and terms contained in this HAP Mortgage shall bind and inure to the benefit of Borrower and the Parish, and their respective heirs, executors, administrators, successors, assigns, and, except as otherwise provided herein, transferees. Whenever used and whenever the content of this HAP Mortgage permits or requires, the singular number shall include the plural and the plural the singular.

THUS DONE AND PASSED on the _____ day of _____, 20____, before me, the undersigned Notary Public, qualified in said State and Parish, and in the presence of the undersigned competent witnesses who have signed with the Parish, Borrower and me, Notary, after due reading of the whole.

WITNESSES:

Borrower

Borrower

ST. JOHN THE BAPTIST PARISH

By: _____

Notary Public
in and for the Parish and State aforesaid