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# Louisiana Housing Finance Agency



## Legal Department

Terri Ricks, General Counsel  
Christine Bratkowski  
Keith Cunningham  
Leslie Strahan

November 12, 2008

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## **MEMORANDUM**

**To:** Commissioner Allison A. Jones, Chairman  
Commissioner Maureen Clary  
Commissioner Mark Madera  
Commissioner Guy Williams

**From:** Terri Ricks, Christine Bratkowski, Keith Cunningham and Leslie Strahan, Legal Department

**Date:** October 31, 2008

**Re:** Legal Committee

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A regular meeting of the Louisiana Housing Finance Agency Legal Committee will be held on Wednesday, November 12, 2008, at 9:30 a.m., Louisiana Housing Finance Agency, in Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA, by order of the Chairman.

If you have any questions or concerns, please contact us.

November 12, 2008

### **LEGAL COMMITTEE MEETING**

A regular meeting of the Louisiana Housing Finance Agency Legal Committee will be held on Wednesday, November 12, 2008, at 9:30 a.m., Louisiana Housing Finance Agency, in Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA, by order of the Chairman.

#### **Final Agenda**

1. Call to order, roll call and introduction of guests.
2. Approval of the minutes of August 13, 2008 Committee Meeting.
3. Motion to enter into Executive Session pursuant to LA R.S. 42:6.1 to discuss strategy concerning pending or prospective litigation.
  - **LHFA v. St. Bernard Manor, Inc., 34th Judicial District Court, Parish of St. Bernard, Docket No. 110,558**
  - **LHFA v. St. Bernard Manor, Inc., et al 34th Judicial District Court, Parish of St Bernard, Docket No. 110,557**
  - **LHFA v. Villa St. Maurice, Inc., et al Civil District Court, Parish of Orleans, Docket No. 07-11168, J-13**
  - **LHFA v. Villa Additions, Inc., et al Civil District Court, Parish of Orleans, Docket No. 07-11166, J-13**
  - **LHFA v. St. Martin's Manor, Inc., et al Civil District Court, Parish of Orleans, Docket No. 07-11160, N-8**
  - **LHFA v. The Mental Health Association Development Corporation, et al Civil District Court, Parish of Orleans, Docket No. 07-11163, F-10**
  - **Bridgette Taylor, v. Bonnie Hutson, 6th Judicial District Court, Parish of East Carroll, Docket No. 21047**
  - **Yuana Evans v. Willowbrook Apartments, Civil District Court, Parish of Orleans, Docket No. 2005-6904, 5-A**

- **LHFA v. Caleb Community Development Corporation/Capital City South, Inc. 19<sup>th</sup> Judicial District, East Baton Rouge Docket No. 567-787**
- **Nathan Lee v. Catherin Hatfield 19th Judicial District Court, East Baton Rouge Docket No. 554,653 Sec. 22**
- **AAMAGIN Property, LLC v LHFA 19<sup>th</sup> Judicial District Court, East Baton Rouge Docket No. 568850 Sec. 26**

4. Other Business.

4. Adjournment.

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Milton J. Bailey, President

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter Executive Session, and by this notice, the Agency reserves its right to go into Executive Session as provided by law.

**LHFA v. St. Bernard Manor, Inc., The Roman Catholic Church of the Archdiocese of New Orleans, Christopher Homes, Inc., and the Catholic Mutual Relief Society of America (St. Bernard Manor I),  
34th Judicial District Court, Parish of St. Bernard,  
Docket No. 110,558,  
Division E  
Long Law Firm  
J. Wendell Clark**

LHFA, as joint mortgage holder with HUD, sued property owner (202 property) for failure to file and collect on all property insurance claims after Hurricane Katrina to protect mortgage interests; failure to pay all mortgage payments due; failure to properly manage property. Law suit was filed to interrupt prescription because property owner and insurer were not cooperating. Cooperation since the suit has been better, so we have held the suits in abeyance pending efforts by the property owner to refinance the property. We have received more information from the property owner and insurer, and have been working with LHFA staff (Ms. Bratkowski and Ms. Wallace, primarily), to determine whether insurance claims have been proceeded and funds allocated properly. Several other 202 properties, on which suit was also filed, have been refinanced.

**LHFA v. St. Bernard Manor, Inc., et al  
34th Judicial District Court, Parish of St Bernard,  
Docket No. 110,557,  
Division B  
Long Law Firm  
J. Wendell Clark**

See description regarding St. Bernard I Property.

**LHFA v. Villa St. Maurice, Inc., et al  
Civil District Court, Parish of Orleans,  
Docket No. 07-11168, J-13  
Long Law Firm  
J. Wendell Clark**

See description of case in St. Bernard I.

**LHFA v. Villa Additions, Inc., et al  
Civil District Court, Parish of Orleans,  
Docket No. 07-11166, J-13  
Long Law Firm  
J. Wendell Clark**

See description of case in St. Bernard I, above.

**LHFA v. St. Martin's Manor, Inc., et al**  
**Civil District Court, Parish of Orleans,**  
**Docket No. 07-11160, N-8**  
**Long Law Firm**  
**J. Wendell Clark**

See description of case under St. Bernard I, above.

**LHFA v. The Mental Health Association Development Corporation, et al**  
**Civil District Court, Parish of Orleans,**  
**Docket No. 07-11163, F-10**  
**Long Law Firm**  
**J. Wendell Clark**

See description of case under St. Bernard I, above.

**Bridgette Taylor, individually and as the natural tutrix on behalf of her minor children, Bridgetta Taylor and Brejanae Taylor, Johnny Taylor, Jr., individually and Jonathan Taylor, individually v. Bonnie Hutson, d/b/a Hutson Construction, LLC, The East Carroll Parish Police Jury, LHFA and Helene Richards Brown, HRB Brown Consulting Service, 6th Judicial District Court, Parish of East Carroll,**  
**Docket No. 21047**  
**Long Law Firm**  
**J. Wendell Clark**

Plaintiff participated in Tri-Delta Program. Due to failures of contractor in original program, LHFA hired new contractor (Ron Hutson) to complete program rehabilitation efforts. Hutson's work was completed in September, 2006. House was largely destroyed by fire in March, 2007. Plaintiff asserts that work done under program was not properly done, so has sued contractor, local Police Jury, LHFA and its program consultant. LHFA has answered suit for Agency and Helene Brown. The Agency hired fire reconstruction and electrical engineering experts early on, who have determined the cause of fire was unrelated to rehab work. Outside counsel foresees favorable probability for successful defense.

**Yuana Evans v. Willowbrook Apartments, Barron Builders Property Management, and the Louisiana Housing Finance Agency**  
**Civil District Court, Parish of Orleans,**  
**Docket No. 2005-6904, 5-A**  
**Office of Attorney General**

This matter involves a suit against Willowbrook Apartments, a property owned by the Agency in New Orleans, La. and previously managed by Barron Builders. The suit was filed in 2005 by

Yuana Evans, individually and on behalf of her child, Antoine Evans. The case was assigned to the Louisiana Attorney General through the Office of Risk Management (our insurer)

**LHFA v. Caleb Community Development Corporation/Capital City South, Inc.**

**19<sup>th</sup> Judicial District, East Baton Rouge**

**Docket No. 567-787**

**Phelps Dunbar**

**Dennis Blunt**

Phelps Dunbar, initiated foreclosure proceedings against Caleb Community Development Corporation (“Caleb”) on behalf of the LHFA. Caleb executed a promissory note in favor of the Agency in the amount of \$1,941,030.00, which was secured by an act of mortgage on nine (9) pieces of property encompassing what has turned into the Capital City South Project. This project was a joint endeavor between the Agency and Caleb in which Caleb was to remodel and convert existing uninhabited housing into affordable low-income housing for area residents. Caleb defaulted on the loan which, pursuant to the act of mortgage and the promissory note, allowed the Agency to initiate foreclosure proceedings. A petition for executory process was filed on June 10, 2008 on behalf of the Agency and a writ of seizure and sale was issued by the sheriff’s department on June 16, 2008. This matter was scheduled for sheriff’s sale on August 28, 2008. Original sheriff’s sale was passed, and subsequent hurricanes caused further delay.

Additional issues have arisen regarding errors in the closing documents and property description contained therein. The sale has been passed at this time and has not been rescheduled pending resolution of those issues.

**Nathan Lee v. Catherine Hatfield**

**19th Judicial District Court, East Baton Rouge**

**Docket No. 554,653 Sec. 22**

**Phelps Dunbar**

**Dennis Blunt**

Catherine Hatfield participated in our Home Program and received \$22,860.49 on 12/14/94. The mortgaged property was a home in Myrtle Grove Subdivision having the municipal address 3109 Myrtle Grove Drive Baton Rouge, La 70810. Catherine Hatfield sold the property on May 1, 2002 for a sales price of \$105,000.00, to a Nathan Lee. The Home mortgage was not paid off at the time of sale.

On August 24, 2005, the Agency was contacted by a title attorney, and notified that Nathan Lee was attempting to sale the property to some unknown third party. A request was made around that time for the Agency to forgive the loan. The request was denied, and the Agency began collection attempts on Nathan Lee. Litigation resulted wherein Nathan Lee, filed suit against Catherine Hatfield. The Agency entered as a third party.

**AAMAGIN Property, LLC v LHFA**

**19<sup>th</sup> Judicial District Court, East Baton Rouge**

**Docket No. 568850 Sec. 26**



**Phelps Dunbar**  
**Dennis Blunt**

A lawsuit was filed by Aamagin Property LLC (“Aamagin”) against the LHFA alleging that the Agency had violated Aamagin’s constitutional rights to due process in violation of the United States Constitution and the Louisiana State Constitution. In essence, Aamagin Property LLC sought to take part in a program initiated by the Agency wherein Aamagin was issued a certain amount of federal low-income housing tax credits. Plaintiff failed to meet specific requirements for an individual and/or corporation to take part in the program; accordingly, their application was denied by the Board of Commissioners of the Agency. The low-income housing tax credits issued to Aamagin were recaptured by the Agency and were set to be distributed to other qualified individuals and/or corporations. Aamagin filed an injunction requesting relief. The Agency took subsequent action to quell the object of Aamagin’s complaint and thereafter a resolution was reached wherein the plaintiff agreed to dismiss his claim against the Agency, without prejudice.

The Agency’s legal department continues to monitor suits throughout the state resulting from our Single Family second mortgages program. Though the Agency is not directly named, we screen those actions to protect the Agency’s interest in those second mortgages.

**Louisiana Housing Finance Agency  
Legal Committee Meeting Minutes  
Wednesday, August 13, 2008  
2415 Quail Drive  
Committee Room 2  
Baton Rouge, LA 70808  
10:30 A.M.**

**Commissioners Present**

Allison A. Jones, Chairman  
Mark Madderra  
Maureen Clary

**Commissioners Absent**

Lisa Woodruff-White  
Guy Williams

**Legal Counsel Present**

Keith Cunningham  
Christine Bratkowski

**Staff Present**

Melanie Brocato  
Brenda Evans  
Christine Bratkowski  
Keith Cunningham

**Others Present**

Mayson Foster  
Ernest Johnson  
Andy Dotson  
Dennis Blunt  
Will Belton

Chairman Allison A. Jones called the meeting to order at 10:34 a.m. and asked for roll call. A quorum was established.

**1. Call to order, roll call and introduction of guests.**

2. **Approval of the minutes.** A motion was made by Commissioner Allison Jones to approve the minutes of July 9<sup>th</sup> and July 24<sup>th</sup>, 2008 committee meetings, and a second by Commissioner Maureen Clary. The minutes were approved.
3. **Litigation in 19<sup>th</sup> Judicial District Court, *AAMAGIN Property Group, L.L.C. v. LHFA*.** A discussion began on the following motion which was approved by the legal committee and a recommendation that it be passed on to full board for approval.
  - A resolution authorizing the Agency to grant the following assets an extension of their closing date until September 15, 2008; Monet Acres Estates I, #06(2)-274, Renoir Acres Estates I, #06(2)-276, NCBA, formerly NAPFE Towers, #06(2)-284, Skyview Terrace Apartments, #06(2)-80, Bayou Garden Apartments, #07(GO)-09(R), Brickwood Apartments, #06(2)-330, River Apartments, #06(2)-328, Cypress Estates, #06(R )-481, Southern Breeze, #06-34, St. Landry Crossing II, #07/08(PC)-039, Serenity Place Elderly Community, #07/08(PC)-040, Hideaway Crossing III; #07/08(PC)-041; authorizing staff to notify subject developers, that their projects are subject to recapture if the extended closing deadline is not met; further authorizing the Agency staff and counsel to prepare the forms of such documents and agreements as may be necessary and providing for other matters in connection therewith.
4. **Other Business.**
5. **Adjournment.** The committee adjourned at 10:41 a.m.