



# Board of Directors

## Agenda Item #6

Resolution authorizing and approving the LHC to proceed with the recommended strategies for awarding Community Block Grant “CDBG”) Funds for Gustav/Ike and Isaac designated disaster parishes for soft second loans and closing costs assistance to first-time homebuyers obtaining first mortgage loans through one of LHC’s Market Rate Programs; and providing for other matters in connection therewith.

July 11, 2018

The following resolution was offered by Board Member \_\_\_\_\_ and seconded by Board Member \_\_\_\_\_;

**RESOLUTION**

A resolution authorizing and approving the Louisiana Housing Corporation (“LHC” or “Corporation”) to proceed with the recommended strategies for awarding Community Block Grant (“CDBG”) Funds for Gustav/Ike and Isaac designated disaster parishes for soft second loans and closing costs assistance to first-time homebuyers obtaining first mortgage loans through one of LHC’s Market Rate Programs; and providing for other matters in connection therewith.

**WHEREAS**, the Office of Community Development has made available to the Corporation approximately Five Million, One Hundred Four Thousand, Four Hundred and Fifty Five Dollars (\$5,104,455) in Gustav/Ike CDBG Funds and Nine Hundred, Ninety Seven Thousand, Three Hundred and Seventy Nine Dollars (\$997,379) to be used for the development of affordable housing in Gustav/Ike and Isaac designated disaster parishes; and.

**WHEREAS**, the Corporation has recommended strategies for awarding the CDBG Funds to first-time homebuyers purchasing homes in the Gustav/Ike and Isaac designated disaster parishes in accordance with a program design attached hereto as **Exhibit A**.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Louisiana Housing Corporation (the “**Board**”), acting as the governing authority of said Corporation, that:

**SECTION 1.** The Corporation is hereby authorized to proceed with the recommended strategies for awarding CDBG funds to first-time homebuyers purchasing their homes in Gustav/Ike and Isaac designated disaster parishes pursuant to the program design attached hereto as **Exhibit A**.

**SECTION 2.** The Corporation staff and legal counsel are authorized and directed to prepare the forms of such notices, documents, and/or agreements as may be necessary to

implement the recommended strategies for the awarding of the funding made available to the Corporation by the Office of Community Development.

**SECTION 3.** The Chairman and Executive Director are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the LHC, the terms of which are to be consistent with the provisions of this resolution.

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

**YEAS:**

**NAYS:**

**ABSTAIN:**

**ABSENT:**

And the resolution was declared adopted on this the 11th day of July, 2018.

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Chairman

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Secretary

**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the “**Corporation**”), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board on July 11, 2018, “A resolution authorizing and approving the Louisiana Housing Corporation (“**LHC**” or “**Corporation**”) to proceed with the recommended strategies for awarding Community Block Grant (“**CDBG**”) Funds for Gustav/Ike and Isaac designated disaster parishes for soft second loans and closing costs assistance to first-time homebuyers obtaining first mortgage loans under one of LHC’s Market Rate Programs; and providing for other matters in connection therewith.”

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Corporation on this, the 11th day of July, 2018.

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Secretary

(SEAL)

## Exhibit A

# Homeownership Soft Second Mortgage Program

**Summary:** This program seeks to provide homeownership assistance to first time homebuyers located in eligible disaster-impacted areas by providing soft second loans and closing cost assistance.

<b>Eligible Activity:</b>	Acquisition of real property to be used as borrower's primary residence.
<b>National Objective:</b>	Low to moderate income families.
<b>Program Budget:</b>	Approximately \$5,104,455 in Gustav/Ike funds and \$997,378 in Isaac funds

**Proposed Use of Funds:** For the purchase of a primary residence CDBG funds will be provided in the form of a soft second loan equal up to 20% of the purchase price up to but not exceeding \$30,000 with an additional up to \$5,000 for closing costs. The award may be structured as a loan, soft second fully/partially forgivable loan and/or a grant.

**Eligible Applicants:** First time homebuyers whose household income is at or below 80% or of area median income.

**Method of Distribution:** The Louisiana Housing Corporation (LHC) will provide funding to homeowners through participating lenders. Homeowners will be able to apply for the funds through approved participating lenders. Funds will be distributed on a first come, first served basis, as homeowners complete their applications and qualify for the program.

**Criteria for Participation:** In order to be eligible for the program, applicants must be first time homebuyers and the household income must be at or below 80% of area median income. Applicants must provide a minimum investment of at least 1% of the purchase price or \$1,500, whichever is greater. Borrowers must meet the credit score requirements for the first mortgage loan. Applicants must complete a Homeownership Education class that meets the National Industry standards. Applicants must meet all qualifications for eligibility to receive a 30 year fixed rate FHA/VA, Rural Development or Conventional first mortgage loan product. Homes must be located in designated Isaac parishes.

Repayment of a portion of the principal amount, up to \$35,000 shall be due if the first Mortgage Loan is paid in full either through sale or refinance within five (5) years from the date of closing the first mortgage as follows:

0-36 Months	100% of the Soft Second Loan
36-48 Months	80% of the Soft Second Loan
48-60 Months	60% of the Soft Second Loan
After 60 Months	0%

**Maximum Award:** A second mortgage loan of 20% of the purchase price up to \$30,000 per loan application and up to \$5,000 for closing costs for a total amount of \$35,000 maximum.