Road Home ID No. LRHTEST

Damaged Property Address: 123 Anywhere Street
New Orleans, Louisiana 70000

THE ROAD HOME
GRANT DISBURSEMENT AGREEMENT

THIS ROAD HOME GRANT PROGRAM GRANT DISBURSEMENT AGREEMENT is made by and between Borrower and Servicer, as those terms are defined below.

1. DEFINED TERMS

The following capitalized terms, when used herein, will have the following meaning:
Borrower, **I**, **me** or **my:** Homeowner ONE and Homeowner TWO
Disbursement Agreement: This Road Home Grant Disbursement Agreement between Borrower and Servicer, the terms and conditions of which are set forth herein.
Grant Proceeds or **Proceeds:** Federal grant funds in the amount of $ that Borrower has been approved by OCD to receive under *The Road Home* program.
Home: Borrower's home, located at: 123 Anywhere Street, New Orleans, Louisiana 70000, that is subject to the mortgage securing a loan currently serviced by Servicer.
Interest Rate: % per annum, the rate of interest that will be paid on undisbursed Grant Proceeds that Servicer holds more than 30 days.
Mortgage: The first mortgage encumbering Borrower's Home.
OCD: State of Louisiana, Division of Administration, Office of Community Development of the State of Louisiana, administrator of *The Road Home* program.
Servicer: 1st Mortgage Lender, Borrower's current primary lienholder or its servicer.
Servicers Contact Number:
Other capitalized terms are defined elsewhere in this Agreement.

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Borrower has read, understands and, as evidenced by signing below, agrees to be bound by the terms and conditions of this Disbursement Agreement, as set forth herein, on the date indicated.

Borrower:_____ Co-Borrower:_____
Homeowner ONE Homeowner TWO

Date:_____ Date:_____

Servicer:_____

By:_____

Date:_____

2. ABOUT THIS AGREEMENT

I have granted a Mortgage on my Home to secure a loan that Servicer is currently servicing. My Home was significantly damaged by flooding and/or wind during Hurricane Katrina and/or Rita, resulting in uninsured losses, making me eligible to participate in *The Road Home* program being administered by OCD. I have been approved by OCD to receive Grant Proceeds in the amount indicated on page 1, which I will use to pay the costs of repairing or rebuilding my Home (the **"Work"**). Servicer will establish in its records an account in which Servicer will hold my Grant Proceeds (the **"Disbursement Account"**), and from which Servicer will periodically disburse Proceeds, as provided in this Disbursement Agreement, as the Work progresses. I understand that all Work must be completed within twenty-four (24) months of my receipt of the first disbursement of Grant Proceeds pursuant to this Disbursement Agreement. However, Servicer may agree to extend the Work period if OCD approves. I understand and agree that this Disbursement Agreement in no way modifies the terms of the Mortgage or supercedes the mortgagee's rights under that Mortgage.

3. DISBURSEMENT

A. Servicer will administer the disbursement of my Grant Proceeds in accordance with industry practices, which may include the claim settlement procedures of Fannie Mae, Freddie Mac and/or FHA. Servicer will use its discretion in determining the amount and timing of the disbursements, commensurate with the progress of the Work and consistent with standard industry practices. At Servicer's discretion, Grant Proceeds may be disbursed by check(s) payable jointly to me and the Contractor(s) with whom I may contract to perform the Work (the **"Contractor(s)"**) or to me individually.

B. Servicer may disburse Grant Proceeds to reimburse me for the cost and/or value of any repairs that I have already completed using other funds, provided that I submit copies of paid receipts and descriptions or other satisfactory evidence that such repairs have been performed, such as an estimate of the value of the completed repairs from an adjuster acceptable to Servicer. I am not entitled to reimbursement from the Grant Proceeds for these repairs if I have already been paid or reimbursed through insurance proceeds or public or private grants for such repairs. If requested, I agree to disclose to Servicer the amount of any insurance, grant or loan benefits I have received with respect to my Home. Servicer may require an inspection of the repairs completed before disbursement of Grant Proceeds.

C. My Grant Proceeds will be disbursed for Work in accordance with a Disbursement Schedule, which will typically be as follows:

i. 1st disbursement: 10% of the total Grant Proceeds, or $7,500.00, whichever is less (but not less than $2,500.00), will be disbursed upon execution of a contract for repair to cover the initial cost of materials and labor needed to repair damages to or rebuild my Home, as applicable.
ii. 2nd disbursement: Grant Proceeds in the amount up to 1/3 of the funds necessary to repair or rebuild my Home, as applicable, upon completion of at least 1/3 of the necessary repairs or rebuilding, as confirmed by an inspection performed by the Servicer or a third party inspector on Servicer's behalf.
iii. 3rd disbursement: Grant Proceeds in the amount up to 1/3 of the funds necessary to repair or rebuild my Home, as applicable, upon completion of at least 2/3 of the necessary repairs or rebuilding, as confirmed by an inspection performed by the Servicer or a third party inspector on Servicer's behalf.
iv. Final disbursement: All remaining Grant Proceeds will be released upon completion of work, as confirmed by final Servicer inspection, and my or my Contractor's submission to the Servicer of the documents required in Section 3 related to the final disbursement.

D. Throughout the disbursement process, Servicer will retain the discretion and flexibility to modify these disbursement procedures as needed to address issues on a case-by-case basis to accommodate insurance proceeds, unique circumstances, specific risks and applicable law.

E. Servicer will retain undisbursed Grant Proceeds in a deposit account at a federally insured financial institution. If Grant Proceeds are held in my Disbursement Account for more than 30 days, the undisbursed Proceeds will earn interest at the Interest Rate indicated on page 1. Accrued interest will be paid to me within 30 days of the final disbursement of Grant Proceeds.

F. If the amount of Grant Proceeds that I qualify to receive exceeds the actual cost of completing the Work on my Home, Servicer will disburse the excess to me within 30 days after I provide all evidence reasonably required by Servicer to document satisfactory completion of the Work and payment of any Contractor(s).

G. When Servicer holds multiple sources of funds for the purpose of repairing or rebuilding my Home, the Servicer shall give insurance proceeds priority over Grant Proceeds in payment of my Contractor(s) for such repairs to my Home, or for reimbursement to me for repairs to my Home that have already be completed, or for disbursement to me.

4. CONTRACTOR

A. My Work must be performed by a properly licensed and insured Contractor(s) of my choice, unless Servicer specifically waives this requirement.
B. It is my responsibility to insure that all Work is done in compliance with the Declaration of Covenants that I executed under *The Road Home* program (the **"Covenants"**) and all applicable building codes and permits.
C. If requested by the Servicer, Contractor(s) must provide a W-9 to me for submission to the Servicer before beginning the Work.
D. If requested by the Servicer, I will provide to Servicer a copy of each agreement I enter into with a Contractor(s) (the **"Contractor's Agreement"**).
E. Servicer may inspect the Work to insure that it has been properly completed before any disbursement of Grant Proceeds.

5. INSURANCE

A. At all times while the Work is ongoing and thereafter, I will keep my Home insured against loss from fire, hazards included within the term "extended coverage" and any other hazards, including but not limited to earthquakes and floods, for which Servicer requires insurance, in the amounts and for the period that Servicer requires and in accordance with the Covenants. If the Servicer requires insurance in accordance with the Covenants, such requirement shall be deemed lender-required insurance under the mortgage. If I fail to maintain any of the required coverage, Servicer may obtain such coverage at Servicer's option and my expense. Servicer is under no obligation to purchase any particular type or amount of coverage. Coverage purchased by the Servicer may not protect me, my equity in my Home or the contents of my Home against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. I understand that the cost of the insurance coverage purchased by Servicer might significantly exceed the cost of insurance that I could have obtained. Any amounts paid for such insurance will become my additional debt secured by the Mortgage, that will bear interest as provided in the Mortgage from the date of disbursement and will be payable, with such interest, upon Servicer's notice to me requesting payment.

B. Before receiving my final disbursement of Grant Proceeds, I will provide to Servicer, in acceptable form, evidence that I have purchased flood insurance (if required) and hazard insurance in the types and amounts specified in the Covenants and paid all premiums for twelve months of such coverages, which will become effective no later than the date I receive the final disbursement of Grant Proceeds under this Disbursement Agreement.

All insurance policies required by Servicer must include a standard mortgage clause and will name Servicer as loss payee under the Mortgage.

6. INSPECTIONS and DOCUMENTATION

A. The Servicer may conduct inspections of the Work for the benefit of lienholder as it deems appropriate to determine the progress and the percentage of Work completed. INSPECTIONS WILL BE CONDUCTED FOR THE BENEFIT OF SERVICER AND WILL NOT EVALUATE COMPLIANCE WITH BUILDING CODES, CONSTRUCTION QUALITY OR ELEVATION STANDARDS.

i. Near the end of each Work phase, I will contact Servicer at the Servicer's Contact Number listed on page 1 to schedule a property inspection. I will not be required to pay a fee for any inspection performed by Servicer or Servicer's designee, but I may have to pay a fee to my local governmental entity for issuance of a Certificate of Occupancy or for recording the Certificate of Final Disbursement.
ii. Servicer will use commercially reasonable efforts to disburse Grant Proceeds in an amount commensurate with the percentage of Work completed within 14 business days after receiving from me and/or my Contractor a request for inspection and all required documents.

B. A final inspection may be conducted to confirm completion of Work.

C. I am responsible for ensuring that all Work is completed to my satisfaction and in accordance with the Covenants and/or all building codes and other state and local requirements. If requested by my servicer, prior to disbursements of funds, I agree to sign a form acknowledging my acceptance of work performed.

D. If required by the Servicer and in a format provided by them, I will obtain lien waivers or releases from my general Contractor, material subcontractors, material suppliers, which I will present to Servicer prior to final disbursement of Grant Proceeds.

E. I will provide the Servicer with a *Certificate of Occupancy* if required by law.

F. I agree to sign a *Certificate of Final Disbursement* in the form of Exhibit "A" attached hereto upon final disbursement of the Grant proceeds to me under this Disbursement Agreement.

7. DEFAULT

If Servicer reasonably determines that I am no longer actively pursuing the Work on my Home, Servicer may use any undisbursed funds to complete the Work or reduce the Mortgage indebtedness, subject however to the prior written approval of OCD, and in the event full approval is granted: Servicer will have the full power (but not the obligation) to substantially complete the Work on my Home. I authorize Servicer to exercise any right I may have in or under any Contractor's Agreement or permit and further authorize and direct any party to a Contractor's Agreement or permit to provide to Servicer the benefits of such agreement or permit upon the Servicer's written notice. I will have no right or claim against any such party for any benefit provided to Servicer by such party. Alternatively, Servicer may elect to employ a contractor satisfactory to Servicer to complete any of the Work on my Home, without first obtaining bids or being required to hire the contractor with the lowest bid.

8. SERVICER'S RIGHTS

A. Servicer shall retain all rights to transfer the servicing of my Mortgage loan and my Disbursement Account provided that the transferee agrees to abide by the terms and conditions of this agreement.

B. Servicer may terminate this Disbursement Agreement at any time with or without cause upon 30 days' written notice to me and OCD, using first class certified mail, return receipt requested. Notice will be effective 30 days from the date of mailing. Upon such termination or upon notification by OCD or its designee, Servicer will promptly return any remaining Grant Proceeds to OCD and I will contact OCD regarding future disbursement of Grant Proceeds.

C. Nothing in this Disbursement Agreement changes my rights and obligations under my Mortgage or any note that it secures.

9. LIMITATION OF LIABILITY

While it is the Servicer's intention to follow the procedures set forth herein to the extent possible when disbursing Grant Proceeds, Servicer, its investor, insurer, guarantor and any of their successors or assigns will have no liability or responsibility to me in the event that Servicer, its investor, guarantor or insurer should fail to comply with the terms of this Disbursement Agreement, absent gross negligence and intentional misconduct. Servicer, its investor, insurer, guarantor and any of their successors and assigns are not liable for any failure to rebuild or repair, complete, protect or insure my Home or for any failure to rebuild or repair my Home to any applicable building code, standard of quality or elevation standard. Servicer, its investor, insurer, guarantor and any of their successors and assigns are not liable for any costs of labor performed or materials supplied for repairing or rebuilding my Home. Furthermore, Servicer, its investor, insurer, guarantor and any of their successors and assigns are not liable for any waste, fraud or non-performance by me or my Contractor(s) should I use any Grant Proceeds for purposes other than the Work or as otherwise stipulated by OCD.

I agree to indemnify, defend and hold Servicer, its officers, directors, employees, agents, and any of their successors and assigns, harmless against any and all legal actions, liabilities, damages, causes of action, claims, costs and fees that they may incur from any party, including the Contractor and all other third parties, for Servicer's administration of this Disbursement Agreement, excluding, however, servicer's gross negligence or willful misconduct.

10. SEVERABILITY

If it is determined that any part of this Disbursement Agreement is illegal, invalid or unenforceable, such determination will not affect any other part of this Disbursement Agreement. The remainder will continue in full force and effect as if the severed part had not been included.

11. FUTURE COOPERATION

I agree to provide Servicer with any information it may require and to execute any additional documents necessary to fulfill the purposes of this Disbursement Agreement. I agree that Servicer may share information regarding my Disbursement Account with OCD or any mortgage lender.

12. GOVERNING LAW

This Disbursement Agreement will be construed in accordance with and governed by the laws of the State of Louisiana.

Road Home ID No. LRHTEST

Damaged Property Address: 123 Anywhere Street
New Orleans, Louisiana 70000

THE ROAD HOME
CERTIFICATE OF FINAL DISBURSEMENT - ATTACHMENT A

BEFORE ME, the undersigned Notaries Public, duly qualified in and for the State and Parish/County stated below, and in the presence of the undersigned witnesses personally came and appeared:

Homeowner ONE and Homeowner TWO

And

[ ] _____ {"Servicer")
[insert name of Servicer]

Who, after being first duly sworn, hereby certified as follows:

1. As of the 02/23/2007 (date) hereof, Owner is the owner or legal representative of the Owner of the immovable property located at 123 Anywhere Street, Parish of Plaquemines, City of New Orleans, Sate of Louisiana **("Property")** Property, and the improvements located on the Property; or (ii) on the date of Hurricane Katrina or Hurricane Rita, as applicable, Owner was the owner of the Property and the improvements located on the Property.

2. Servicer has disbursed to Owner, or to third party contractors, materialmen, suppliers or laborers for the benefit of Owner, all funds awarded to Owner under the U.S. Housing and Urban Development Community Development Block Grant Program **("CDBG")**, administered by OCD **("Grant")**, as compensation for damages to Owner caused by Hurricane Katrina or Hurricane Rita **("Grant Funds")**.

3. and 4. - CHECK APPROPRIATE BOX:

[ ] 3. To the extent Grant Funds were used to repair, replace or rebuild the improvements ("Repairs") to Owner's Property: (i) the Repairs to the Property are substantially complete, and (ii) Owner has accepted and is satisfied with such Repairs, and (iii) all Grant Funds have been disbursed to Owner or to third party contractors, materialmen, suppliers or laborers for such Repairs to the Property.

OR

[ ] 4. Owner has made Repairs or caused Repairs to be made to the Property with funds other than Grant Funds; Owner's Repairs have been substantially completed; Owner has accepted and is satisfied with such Repairs; and Owner is occupying the Property as his/her primary residence.

5. In connection with the Grant, Owner has executed and delivered to OCD a Declaration of Covenants Running with the Land **("Covenants")**, affecting the Property. As of the date hereof, the Owner and the Property are in conformance with the Covenants, including but not limited to Covenants as to property use, maintenance of homeowner insurance, compliance with applicable building codes, and maintenance of flood insurance, if required.

STATE OF LOUISIANA

PARISH OF _____

THUS DONE AND SIGNED on the _____ day of _____, 200____, in the presence of the undersigned witnesses and Notary Public, after due reading of the whole.

WITNESSES:

_____
Sign and Print Name:
(Witness)

_____
Sign and Print Name:
(Witness)

OWNER:

_____
Homeowner ONE

_____
Homeowner TWO

STATE OF _____

PARISH/COUNTY OF _____

THUS DONE AND SIGNED by Servicer on the _____ day of _____, 2006-200____, in the presence of the undersigned witnessess and Notary Public, after due reading of the whole.

WITNESSES:

_____
Sign and Print: Name
(Witness)

_____
Sign and Print: Name:
(Witness)

SERVICER:

By:_____
Sign Name:

Name:_____
Print Name:

Title:_____

_____
Notary Public

Print Name:_____

Notary No./Bar Roll No._____

My Commission Expires:_____

TO BE RECORDED IMMEDIATELY AFTER SIGNING AND NOTARIZED