



State of Louisiana
Division of Administration
Office of Community Development
Disaster Recovery Unit

June 6, 2008

Ms. Jeanie E. Smith
Assistant Director
Disaster Recovery and Special Issues Division
U.S. Dept. of Housing & Urban Development
100 W. Capitol Street
Jackson, MS 39269-1096

Dear Ms. Smith:

The State of Louisiana is requesting a waiver of Federal rules regarding homeowner assistance (as detailed below) in order to assist local efforts to revitalize storm-damaged areas and provide affordable housing opportunities to residents in the aftermath of the hurricanes of 2005. Following a major disaster in which large numbers of housing units were damaged or destroyed it is essential that the CDBG funds can be used flexibly for comprehensive recovery efforts.

Specifically, the State is seeking an expansion of the partial waiver of Section 105(a) of the Housing and Community Development Act that was granted by the U.S. Department of HUD on June 14, 2006 [Docket No. FR-5051-N-04] under the heading "Eligibility - housing related". The State requests that all forms of assistance "to facilitate and expand homeownership" be eligible in conjunction with CDBG-funded disaster recovery efforts. The following activities would be eligible: (A) subsidize interest rates and mortgage principal amounts for homebuyers; (B) finance the acquisition of housing that is occupied by the homebuyers; (C) acquire/provide guarantees for mortgage financing from private lenders; (D) pay all or part of the premium (on behalf of the purchaser) for mortgage insurance requested by a private mortgagee; (E) provide up to 100% of any down payment required from the homebuyer; (F) pay all or part of the property insurance premiums (on behalf of the purchaser) for up to five years; and (G) pay reasonable closing costs incurred by the homebuyer.

This flexibility will be essential for the State and its local government sub-grantees as they move forward with programs designed to increase homeownership and to attract homebuyers to areas that were badly damaged by the storms. The standard rules regarding homeownership

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activities contain limitations on the particular structure of the assistance (e.g., limitations on closing costs, limitations on the form of loan guarantees, etc.).

Your swift consideration of this request is appreciated.

Sincerely,



for
Susan Elkins
Executive Director

SE/TB:jp

c: Ms. Jessie Handforth Kome
Mr. Thomas Brennan
Mr. Michael Spletto
Mr. Robert Barbor