

**LOUISIANA'S "THE ROAD HOME" PROGRAM  
HURRICANES KATRINA & RITA GRANTS**

1. Purpose: This circular will provide direction to VA-guaranteed loan holders and servicers who receive requests from borrowers concerning grants under Louisiana's "The Road Home" program to offer relief to victims of Hurricanes Katrina and Rita.

2. The Road Home Program: The State of Louisiana has developed a plan for the use of Federal Community Development Block Grant (CDBG) funds to assist homeowners who suffered damage to their primary residence from Hurricanes Katrina and Rita. Under the plan, eligible homeowners may receive a one-time grant payment, up to a maximum of \$150,000, for damages not covered by insurance or other Federal programs. In exchange for the grant payment, a qualifying homeowner must agree to covenants regarding occupancy of the property for 3 years, compliance with flood elevation requirements and applicable building codes for any rebuilding or repair, as well as agreement to maintain full flood insurance coverage on any dwelling on the property. The Road Home also envisions an Affordable Compensation Loan program, as well as a Small Rental Property Repair program that will allow application for Reservation of Funds in early 2007.

3. Subordination Requirement: The State of Louisiana Office of Community Development worked with its contractor and the Mortgage Bankers Association and its members to develop a subordination agreement for The Road Home that was agreeable to those parties. Accordingly, VA has no objections to the loan holder or its agent signing The Road Home subordination agreement as a condition for a borrower to receive a grant award.

4. Disbursement Accounts and Other Assistance: The Road Home requires a specific disbursement agreement between borrower(s) and the loan servicer to govern grant funds deposited with the servicer, as well as a Memorandum of Understanding between the State of Louisiana and the servicer. VA encourages servicers to cooperate with the State in this effort to ensure the repair of homes when appropriate, after thorough counseling provided by the State on all options available under The Road Home, which may include buyout or sale. Any questions on a particular case may be directed to the appropriate VA Regional Loan Center.

5. RESCISSION: This circular is rescinded October 1, 2008.

By Direction of the Under Secretary for Benefits

Keith Pedigo, Director  
Loan Guaranty Service

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