

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) AGREEMENT**

THIS CHDO AGREEMENT (hereinafter ("Agreement"), made and entered into on this 20th day of November, 2025, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government pursuant to KRS Chapter 67A, and located at 200 East Main Street, Lexington, Fayette County, Kentucky 40507 (hereinafter referred to as "Government"), and the **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, organized pursuant to KRS Chapter 273, that has been identified as a Community Housing Development Organization (CHDO) and whose mailing address is 148 Deweese Street, Lexington, Kentucky 40507 (hereinafter referred to as "CHDO").

RECITALS

WHEREAS, the Government, in accordance with the regulations codified at 24 CFR 92.102–92.104 for the HOME Investment Partnership Program, has been designated a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter referred to as "HUD");

WHEREAS, the FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION with Unique Entity Identifier QJM4U22QDFJ7 has been certified by the Government as a Community Housing Development Organization (CHDO) that meets all of the Federal requirements for designation as such;

WHEREAS, the Government has been awarded Federal funds from HUD's HOME Investment Partnerships Program (CFDA # 14.239) under Federal Award Number M19-MC-21-0201 awarded October 18, 2019; M20-MC-21-0201 awarded December 31, 2020; M21-MC-21-0201 awarded August 24, 2021; M22-MC-21-0201 awarded October 4, 2022; and M24-MC-21-0201 awarded September 26, 2024;

WHEREAS, a requirement of the HOME Investment Partnerships Program (24 CFR 92.300) is that the Government identify community housing development organizations capable of carrying out elements of the jurisdiction's approved housing strategy and that no less than 15 percent (15%) of the Government's HOME allocations be reserved for investment only in housing to be developed, sponsored, or owned by community housing development organizations;

WHEREAS, the Government's 2019, 2020, 2021, 2022, and 2024 Consolidated Plans provide for the allocation of **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)** in funds to the CHDO acting as an Owner/Developer for Rental Housing Production Activities;

WHEREAS, the Government is responsible for ensuring that HOME funds are used in accordance with all program requirements; and,

WHEREAS, Federal regulations require the Government to enter into a written Agreement with the CHDO ensuring compliance with all applicable Federal regulations.

WHEREAS, if the CHDO has remaining funds from previous HOME written Agreements, this Agreement and its full contents will apply to those remaining funds.

NOW THEREFORE, in consideration of the foregoing and mutually agreed upon promises, conditions, and covenants hereinafter set forth, the Government and the CHDO hereto agree as follows:

ARTICLE I: Obligations of the CHDO

Use of HOME Funds: The CHDO agrees to use the set-aside of **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)** for the purpose of constructing two (2) rental duplex housing facilities, totaling four (4) units, ("Unit(s)") located at 754 and 756 Florence Avenue, Lexington, Kentucky 40508 (hereinafter referred to as the "Project" or "Property") for rent to eligible low-income households in accordance with the HOME Investment Partnerships Program regulations as stated in 24 CFR, part 92.

The CHDO agrees that all HOME funds will be used only for eligible costs in accordance with 24 CFR § 92.206, and in accordance with a project budget (**Exhibit 1**) that shall be received prior to written approval of the Government. A minimum of four (4) residential rental Units will be completed with these funds.

The CHDO is prohibited from charging servicing, origination, processing, inspection, or other fees for the costs of administering a HOME program, except as permitted by 2 CFR § 92.214(b)(1).

Maximum Per-Unit Subsidy Amount: All sums provided hereunder shall be used solely and exclusively for the construction of the Units of rental housing for eligible project costs as set forth in 24 CFR § 92.206. CHDO acknowledges that the Units in the Project shall be administered as HOME-assisted Units, and that the per-unit subsidy shall not exceed the maximum per-unit subsidy amount established under Section 234 of the National Housing Act for Condominium Housing, elevator-type, basic mortgage limits for projects that apply to the area in which the Unit is located. Four (4) Units are designated as HOME fixed Units.

Duration of the Agreement: The CHDO agrees to complete all acquisition and construction activities under this Agreement no later than October 31, 2026. The CHDO further agrees to project completion no later than November 30, 2026. Project Completion is defined as all construction work being completed, issuance of a Certificate of Occupancy by the Lexington-Fayette Urban County Government Division of Building Inspection, and final inspection by the Division of Grants and Special Programs. Project Completion also includes the rental of the Unit to an eligible household and acceptance of the completion report by IDIS. Rental of Unit shall be completed within six (6) months of project completion and completion report shall be submitted within one month of rent-up. The terms of this Agreement shall be in effect for the full period of affordability, which is a period of twenty (20) years, on the date that IDIS accepts and records the Completion report.

Period of Affordability: The period of affordability is defined as a period of twenty (20) years, beginning on the date that IDIS accepts and records the Completion report. For purposes of enforcing the period of affordability, CHDO and Government shall execute and record in the Fayette County Clerk's Office, Deed and Declaration of Restrictive Covenants upon each property on which HOME funds are expended. Repayment of funds does not affect the period of affordability. A Deed and Declaration of Restrictive Covenants is attached as **Exhibit 2**.

Tenant Eligibility: For a period of twenty (20) years from the date that IDIS accepts and records the Completion report, one hundred percent (100%) of the Units assisted with these funds will be rented to low-income households, in accordance with HOME regulations at 24 CFR § 92.203(b)(1). Low-income households are those households with adjusted gross incomes at or below eighty percent (80%) of the area median income for the community. For this Project, these Units will be restricted to households with incomes at or below sixty percent (60%) of the area median income. Current income guidelines are attached as **Exhibit 3**. The Government will examine at least two (2) months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family as specified in 24 CFR § 92.203, in accordance with 24 CFR § 92.504(c)(3)(iii) and 24 CFR § 92.253(d).

Mortgages and Notes: The CHDO shall deliver to the Government a Mortgage and Mortgage Note in favor of the Government for the purpose of securing all HOME funds provided for Rental Housing Production Activities on all properties on which HOME assistance is expended. Each Mortgage shall be for a minimum of a twenty (20) year term at zero percent (0%) interest rate, with full forgiveness of all indebtedness at the expiration of the twenty (20) year Period of Affordability, absence any breach of this Agreement. Mortgages shall provide for repayment of full amount of the HOME-investment by the CHDO to the Government in the event of CHDO's failure to meet the affordability requirements for the full twenty (20) year period of affordability. In the event of default by the CHDO, the Government may take such measures as may be lawful to it for the recovery of indebtedness and including, but not limited to, foreclosure and sale of the CHDO's rights in the properties and/or the assignment and collection of the rents and profits of the Project. Mortgage and Mortgage Note are attached as **Exhibits 4 and 5**.

Insurance: The CHDO shall provide, maintain, and deliver to the Government evidence of fire and extended coverage insurance satisfactory to and with loss payable to the Government in the order and amount of the Mortgage Note hereby secured; assign to the Government any award of damages, or portion thereof, in connection with any condemnation for public use or injury to this property in the same manner and with the same effect as provided for payment of proceeds of fire and other insurance, said award or damages not to exceed the amount secured by the Mortgage Note and to the extent not assigned to the holder of any prior or superior mortgage on this property.

HOME Rent Restrictions: For a period of twenty (20) years from the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the Units assisted with these funds have been rented to low-income and very low-income households, in accordance with 24 CFR § 92.252, CHDO shall charge the low HOME and high HOME rents as established from time to time by HUD pursuant to any regulations promulgated by HUD or the Government. The rent limits do not apply to any rental assistance or subsidy payment provided under a Federal, State, or

local rental assistance or subsidy program. The rents so charged must include utility costs. The maximum allowable HOME rent must be reduced by a utility allowance approved by Government if tenant is required to pay separately for utilities. The Utility Allowance approved by the Government is the Lexington-Fayette Urban County Housing Authority's Section 8 Existing Housing Allowance for Tenant Furnished Utilities and Other Services. Utility allowances approved by Government may vary as periodic adjustments are made. Should HUD revise these or other rent guidelines set out herein so as to permit CHDO to adjust the rent charged, CHDO must provide the Government rents by July 31st for approval. Upon approval, the CHDO must provide tenants with no less than thirty (30) days written notice before adjustments are implemented. Government will notify CHDO of changes in rent and utility schedules. Government's Rent and Utility Allowance Policy is attached as **Exhibit 6**.

Leases: CHDO shall offer tenants leases for terms of at least one (1) year. Leases of less than one (1) year are permitted only by mutual agreement between the tenant and CHDO. Any lease entered into between CHDO and a tenant shall require the tenant to provide information as to family size and income as set out herein. Non-renewable leases shall not be utilized. The lease shall be in conformance with the Uniform Residential Landlord and Tenant Act to the extent the Uniform Residential Landlord and Tenant Act is applicable to CHDO and to the requirements of 24 CFR § 92.253. The requirements set forth in this paragraph shall be in effect for a period of twenty (20) years from the date on which development of the project is completed.

Verification and Reporting of Tenant Eligibility: The family size and the adjusted gross income for all tenants must be determined at the time of initial occupancy and annually for a period of twenty (20) years from the date on which development of the Project is completed. Project is deemed to be completed on the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the Units assisted by this Loan have been rented to low-income and very low-income households. CHDO shall obtain and verify income and family size information from each tenant upon initial rent up and annually during the twenty (20) year period. CHDO shall provide information on family size, adjusted gross income and rent charged for all tenants to the Government's Division of Grants and Special Programs within sixty (60) days after the initial rent up and the annual review date. CHDO shall obtain any necessary releases from tenant to allow Government to independently verify the information provided. The definition of income for this project is the same as HUD's Section 8, part 5 Annual (gross) Income. The Government will examine at least two (2) months of source documents evidencing annual income (*e.g.*, wage statement, interest statement, unemployment compensation statement) for the family as provided in 24 CFR § 92.203, in accordance with 24 CFR § 92.504(c)(3)(iii) and 24 CFR § 92.253(d)

The CHDO shall, on an annual basis, during a period of twenty (20) years from the date on which development is completed, review the income, family size and exclusions of all tenants and determine if any are over-income. Development is deemed to be completed on the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the Units assisted by this Loan have been rented to low-income and very low-income households. An over-income tenant is a household with an adjusted gross income exceeding eighty percent (80%) of the median for the community. CHDO shall not evict over-income tenants based on income. CHDO shall increase the rent of the Unit to thirty percent (30%) of the household's adjusted gross income. Units vacated by an over-income tenant must be rented to an income-eligible tenant

during the twenty (20) year period.

Property Standards: The CHDO agrees to comply with the Kentucky Building Code, as applicable. The CHDO agrees to comply with all local and State laws regarding the submission of plans and specifications to, and approval by, the appropriate Building Official prior to the start of construction. In the construction of new Units, the CHDO agrees to meet the current edition of the Model Energy Code published by the Council of American Building Officials. CHDO agrees that these Units will meet the Federal ENERGY STAR standards. CHDO further agrees to maintain all Units receiving a HOME subsidy in good condition and repair in accordance with Section 12-1, Code of Ordinances, Lexington-Fayette Urban County Government, as amended, for the full twenty (20) year Period of Affordability. Upon written notification of violations of maintenance requirements, CHDO shall make corrections within sixty (60) days. The Code of Ordinances, Section 12-1, is available at: https://library.municode.com/ky/lexington-fayette_county/codes/code_of_ordinances?nodeId=COOR_CH12HO.

The CHDO must annually certify to the Government that each building and all HOME-assisted Units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the Government.

Reports: The CHDO agrees to provide any reports and information as required by the Government. The CHDO shall be responsible for providing the following data: the number of affordable Units developed, size of Units (number of bedrooms), years of affordability, the number of Units meeting Energy Star standards, the number of Units made fully accessible under Section 504 accessibility standards, and the number of Units occupied by elderly households (either the head or co-head is age 62 or older). Annually the CHDO must submit to the Government the most recent Single Audit, Financial Audit or Profit/Loss Statement and Balance Sheet if the Financial Audit is not available pursuant to Grants HOME CHDO Manual and in accordance with its recordkeeping and reporting requirements under 24 CFR § 92.504(c)(3)(vi). In addition, an annual report shall also provide the following information about the employees of the CHDO's organization: race, ethnicity, national origin, age, gender, and disability. The annual report shall be submitted to the Government no later than thirty (30) days after the end of the Government's fiscal year.

Request for Disbursement of Funds: The CHDO agrees that it shall not request disbursement of funds from the Government until the funds are needed for payment of eligible costs and shall request only the amount of funds needed. The CHDO further agrees that any Federal funds received and not used by the CHDO within fifteen (15) days of receipt will be returned to the government immediately.

The request for disbursement of funds for rental housing development shall include a draw request for HOME funds for each Unit, accompanied by all receipts for labor and materials identified by property address. The first request shall include a copy of the building permit, the Deed and Declaration of Restrictive Covenants, evidence of compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and the results of the Lead-Based Paint test (if applicable). Payment shall be made based upon the proportionate HOME investment. Progress payments shall be made at the following intervals:

25%, 50%, and 75% of completion based upon the budget.

The final request for disbursement of funds for rental housing development shall also include post construction appraisals, Certificates of Occupancy, Final Inspection conducted by the Lexington-Fayette Urban County Government's Division of Grants and Special Programs, Final Sources and Uses of Funds, leases, HOME Annual Certification Report, completed tenant-funded utilities form, mortgage and note for HOME assistance, copies of all other recorded mortgages on the HOME-assisted properties, amount and source (name of individual or organization) of all private donations, and final report of contractors/subcontractors employed on the project, with Federal Employer Identification Numbers/Social Security numbers, complete mailing addresses, type of trade/skill, total contract dollar amount, and indication of Disadvantaged Business Enterprise status: women-owned and/or the following race/ethnicity categories (Alaskan Native/American Indian, Asian or Pacific Islander, Black Non-Hispanic, Hispanic, or White/Non-Hispanic).

Reversion of Assets: The CHDO agrees that in the event that it ceases to operate as a CHDO, it shall transfer to the Government any HOME funds on hand at the time of expiration and any accounts receivable attributable to the use of HOME funds.

Sale of Property: All sales of property during the period of affordability must have the prior written approval of the Government's Division of Grants and Special Programs. No property sales will be approved that do not maintain the tenant income eligibility requirements and rent restrictions provided by the period of affordability. With the prior written approval of the Government's Division of Grants and Special Programs, properties may be sold to income-eligible tenants for homeownership.

Project Proceeds: All Project proceeds from the sale of the Property by the CHDO shall be retained by the CHDO and shall be used exclusively for other HOME-eligible activities including acquisition and/or rehabilitation and the new construction of homebuyer properties or rental housing; homeowner rehabilitation and tenant based rental assistance. The projects funded with Project proceeds are not reported as HOME assisted Units and not subject to HOME regulations. The CHDO agrees to provide a quarterly report detailing the amount received, date received, source of proceeds, and use of proceeds to the Government by the 15th of the following quarter, until all funds have been expended.

Program Income and Recaptured Funds All Program Income and Recaptured funds must be returned within ten (10) days of receipt. Project proceeds do not include any funds recaptured because housing no longer meets affordability requirements .

Definition of Community Housing Development Organization (CHDO): The CHDO agrees that throughout the period of affordability it will conform to the definition of a Community Housing Development Organization as stated in the HOME Investment Partnerships Program regulations codified at 24 CFR § 92.2.

ARTICLE II: Other Federal Requirements

Fair Housing and Equal Opportunity: Under any program funded in whole or in part with HOME funds, the CHDO shall not exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States on the grounds of race, color, national origin, religion, sex, familial status or disability.

The CHDO agrees to comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR, part 100; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1958-1963 Comp., p. 652, and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR, part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d)) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR, part 1.

The CHDO agrees to comply with the requirements of the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR, part 146; the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); and implementing regulations at 24 CFR, part 8.

Equal Opportunity: In furtherance of non-discrimination requirements of federal anti-discrimination law, and to the extent permitted by law, CHDO agrees, to the maximum extent possible, to afford minorities and women, as well as minority- and women-owned businesses, the opportunity to participate in the performance of this Agreement, in accordance with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u). As used in this Agreement, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. **(Exhibit 7)**

Affirmative Marketing: In furtherance of non-discrimination requirements of federal anti-discrimination law, and to the extent permitted by law, CHDO agrees, to the maximum extent possible, to comply with the *Affirmative Marketing Plan* as adopted by the Government and as approved by HUD. The Affirmative Marketing Plan is located in the consolidated plan/annual action plan. Pursuant to that Affirmative Marketing Plan, any Mortgage shall be immediately due and payable if the CHDO is found to be in violation of Fair Marketing Requirements.

Uniform Relocation and Real Property Acquisition Act: The CHDO agrees to conduct housing acquisition, rehabilitation, construction and demolition activities in such a manner as to minimize the displacement of persons. The CHDO further agrees to comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) and 49 CFR, part 24.

Environmental Review: CHDO agrees to provide property addresses and work specifications to the Government prior to commitment of HOME Funds for purposes of completing environmental review requirements under 24 CFR, part 58. The CHDO agrees to comply with the Advisory Council on Historic Preservation's Rules and Regulations for the Protection of Historic

and Cultural Properties (36 CFR, part 800) pursuant to the National Historic Preservation Act of 1966, The National Environmental Policy Act of 1969, and Executive Order 11593.

Conflict of Interest: The CHDO agrees to comply with the conflict of interest provisions in 2 CFR 200 regarding written standards governing the performance of its officers, employees, and agents engaged in awarding and administering contracts. The CHDO further agrees to comply with the conflict of interest provisions at 24 CFR § 92.356.

Labor: The CHDO acknowledges that all laborers and mechanics, etc., employed in the construction of any project containing twelve (12) or more dwelling Units and assisted with HOME funds, whether employed by CHDO, contractors, or subcontractors, shall be paid wages complying with the Davis-Bacon Act (40 U.S.C. Section 276(A)(7)). The CHDO further agrees to comply with the applicable provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. Section 327-333), the applicable provisions of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. *et seq.*), and the Copeland (Anti-Kickback) Act (40 USC 276c).

Debarred Contractors: The CHDO shall require all of its contractors and subcontractors to certify that neither they nor their principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in Federally funded activities.

Lead-Based Paint: If applicable, the CHDO agrees to comply with the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR 35, subparts A, B, J, K, M, and R. The CHDO is responsible for testing and abatement activities as may be required. If lead-based paint exists on the project site, the lead-based paint must be abated prior to the start of rehabilitation work, and evidence of the abatement must be sent to the Division of Grants and Special Programs within ninety (90) days of the date of the Agreement.

VAWA Regulations: The Violence Against Women Act (VAWA) requirements as amended in March 2013, set forth in 24 CFR, part 5, subpart L, apply to all HOME tenant-based rental assistance and rental housing assisted with HOME funds. The CHDO shall comply with the Violence Against Women Act (VAWA) requirements set forth in 24 CFR § 5.2005 and 24 CFR § 92.359, specifically protections for victims of domestic violence, dating violence, sexual assault, or stalking, including but not limited to, providing the notice and certification form described in 24 CFR § 5.2005(a), notification of occupancy rights, constructing lease terms of assistance for victims, providing emergency transfer plans, and notification of eviction. Moreover, the CHDO agrees that all leases that are approved by the CHDO shall contain the Government required VAWA lease term/addendum, as described in 24 CFR § 92.359(e) and the Government CHDO Policies and Procedures.

Tenant Selection Policies and Tenant Participation Plan: The CHDO shall adopt and follow written tenant selection policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income persons and in conformance with the requirements at 24 CFR § 92.253(d). The CHDO shall develop and follow a tenant grievance procedure that shall have the approval of the Government and shall provide a plan for and follow

a program of tenant participation in management decisions in accordance with 24 CFR § 92.303.

Accounting Standards and Cost Principles: The CHDO agrees to comply with 2 CFR 200, “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” and agrees to adhere to the accounting principles and procedures required therein, use adequate internal controls, and maintain necessary source documentation for all costs incurred. Additionally, the Subrecipient shall administer its program in conformance with 2 CFR 200. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

Standards for Financial Management System: In accordance with 2 CFR 200.302, all grant recipients must have financial management systems that include written procedures for ensuring all expenditures conform to the terms and conditions of the grant as well as the Uniform Guidance Cost Principles. The CHDO agrees to comply with the requirements at 2 CFR 200.302, “*Financial Management*.” .

Establishment and Maintenance of Records: The CHDO agrees to establish and maintain records sufficient to document compliance with the grant requirements of the HOME Investment Partnerships Program. As applicable, the CHDO will maintain project records as identified in 24 CFR § 92.508(a)(5).

The CHDO agrees that officials of the Government, officials of HUD, officials of the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers, and records of the CHDO which are directly pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

The CHDO further agrees to retain records for five (5) years after the expiration of the period of affordability; and in the event that the CHDO discontinues operating as a legal entity, said records shall be delivered to the Government.

ARTICLE III: Obligations of the Government

In accordance with 24 CFR §§ 92.300-301, the Government agrees to reserve **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)** from its 2019, 2020, 2021, 2022, and 2024 HOME allocations for Rental Housing Production Activities for use by the CHDO for eligible HOME projects.

The Government agrees to monitor the performance of the CHDO to assure compliance with all applicable Federal regulations; however, monitoring does not relieve the CHDO of primary responsibility for compliance.

The Government agrees to prepare and submit any and all required reports to HUD.

The Government agrees to provide technical assistance to the CHDO in fulfilling its obligations under this Agreement.

The Government agrees to make reasonable, allowable disbursements from its local HOME Investment Trust Fund to the CHDO when a need for payment is documented.

Government shall conduct inspections of Units at least every three (3) years for purposes of determining CHDO's compliance with maintenance requirements. If there are observed deficiencies found, a follow-up on-site inspection will be completed within twelve (12) months to verify that deficiencies are corrected.

The Government agrees to notify the CHDO with any changes in the HOME regulations, program limits for income, rent and property value, and all other pertinent information received in regards to the program.

ARTICLE IV: Additional Provisions

No right, benefit, or advantage inuring to the CHDO and no burden imposed on the CHDO hereunder may be assigned or otherwise transferred without the prior written approval of the Government.

This Agreement, or any part hereof, may be amended from time to time hereafter only in writing executed by the Government and the CHDO.

This Agreement, in accordance with 2 CFR 200, can be terminated if the CHDO fails to comply with any term of the Agreement. This Agreement may be terminated for convenience in accordance with 2 CFR 200 upon written notice by the Government.

The failure to perform or comply with any of the covenants, warranties, terms or conditions as set forth in this Agreement shall constitute events of breach and default entitling the Government to take all action set out in this Agreement or as otherwise allowed by law, including an action for specific performance.

The CHDO agrees to be responsible (in the manner and to the extent permitted by law) for all lawfully proven claims, losses, actions, and expenses (including legal expenses), including claims against the Government, arising from the performance of the terms of this Agreement in accordance with the requirements of the HOME Investment Partnerships Program but excepting any such claims, losses, causes of action and expenses arising as a result of fault on the part of the Government, its officers, agents and employees. The CHDO is not responsible for negligent acts of the Government, its officers, agents, and employees.

All notices hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, return receipt requested, to the parties at the following addresses:

Government:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th floor

Lexington, Kentucky 40507
ATTN: Theresa Reynolds, Director

CHDO:

Fayette County Local Development Corporation
148 Deweese Street
Lexington, Kentucky 40507
ATTN: Tasha White

This Agreement will remain in effect during the relevant period of affordability of any housing developed with HOME financial assistance under the provisions of this Agreement and in accordance with the requirements of the HOME regulations at 24 CFR § 92, or for as long as Federal regulations may require compliance.

The CHDO acknowledges receipt of the HOME Investment Partnerships Program regulations codified at 24 CFR§ 92..

IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky on the day and year first above written.

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SIGNATURE PAGE TO FOLLOW

SIGNATURE PAGE

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: Linda Gorton

Its: Mayor

BY: Linda Gorton
Linda Gorton, Mayor

ATTEST:


Clerk of Urban County Council

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: P. G. Peoples

Its: President and CEO

By: 
P. G. Peoples, President and CEO

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this the 12th day of November, 2025, by P. G. Peoples, President and CEO of Fayette County Local Development Corporation.

Shannon Brooks
Notary Public, State At Large, Kentucky
My Commission Expires: 9.01.2029
Commission Number: KYNP 34751

EXHIBIT 1

PROJECT BUDGET

Florence Ave Duplexes Sources & Uses

Total Units: 4
Construction: New Construction
LIHTC# 0

Primary Unit Type: Duplex
Applicant: The Fayette County Local Development Corp.
Project #: 0

SOURCES OF FUNDING

Permanent Debt Sources:	Amount	Per Unit	Interest Rate	Amortization	Lien Position	Estimated Annual Pmt	Actual Annual Pmt	Funding Status
KHC HOME, amortizing		\$0						
KHC HOME, deferred, due at maturity		\$0						
KHC HOME, forgiven at maturity (excluded from basis)		\$0						
AHTF, amortizing		\$0						
AHTF, forgiven or deferred	\$200,000	\$50,000						
SMAL		\$0						
Risk Sharing		\$0						
LFUCG HOME Development Subsidy (ENTER HOME REQUEST)	\$564,841	\$141,160						
Other LFUCG Development Subsidy		\$0						
Other KHC loan (identify):		\$0						
Bank Loan (Bond Program)	\$142,844	\$35,711	6.60%	30		\$13,160		
Non-KHC loan (identify):		\$0						
Total Debt Sources:	\$907,485	\$225,871				\$13,160	\$0	

Permanent Equity Sources:	Federal Grant?	Amount	Per Unit	Amortization Period	Describe repayment of cash flow loan:	Funding Status
Deferred Developer Fee		\$0	\$0			
Cash Flow Loan (Mark-to-Market or Other Cash Flow Loan)		\$0	\$0			
Federal Historic Tax Credit Equity (deducted from basis)		\$0	\$0			
4% equity investment		\$0	\$0			
Other equity/grant (identify):		\$0	\$0			
Other equity/grant (identify):		\$0	\$0			
Other equity/grant (identify):		\$0	\$0			
Other equity/grant (identify):		\$0	\$0			
Volunteer labor		\$0	\$0			
Donated materials		\$0	\$0			
LIHTC Anticipated Net Syndication Proceeds (4% / 9%)		\$0	\$0	15 years		
Total Equity Sources:		\$0	\$0			

TOTAL PERMANENT SOURCES: \$907,485 \$225,871
Total Development Costs: \$907,485 \$225,871
Permanent Funding Sources out of balance by: \$0 \$0

Construction Financing Sources:	Amount Available During Construction	% TDC	Developer Notes	Funding Status
(May include permanent sources listed above)				
Bank Construction Loan	\$142,844	15.7%		
Developer Equity (Self-Financing)		0.0%		
Deferred Developer Fee		0.0%		
Housing Credit Equity Available During Construction		0.0%		
LFUCG HOME Development Subsidy	\$564,841	62.2%		
Other LFUCG Development Subsidy		0.0%		
Other: AHTF grant	\$200,000	22.0%		
Other:		0.0%		
Costs Not Paid During Construction (Must identify)		0.0%		
Total Construction Sources:	\$907,485	100.0%		

Construction Financing Sources out of balance by: \$0 0.0% Construction sources must equal Total Development Costs.

USES OF FUNDING	TOTAL COST	Per Unit Cost	Tax Credit Project: Eligible Costs	Non-Tax Credit Project: OR Excluded from Tax Credit Basis
			70% Present Value Credit	30% Present Value Credit

ACQUISITION

Building Acquisition	\$0	\$0		
Land Acquisition	\$85,000	\$16,250		
TOTAL ACQUISITION	\$85,000		\$0	\$0

HARD COSTS

Building Costs				
Appliances	\$13,000	\$3,250		
Building - New Construction Costs	\$520,493	\$130,123		
Building - Rehabilitation Construction Costs	\$0	\$0		
Lead-based paint controls or abatement	\$0	\$0		
Site Work				
Demolition	\$0	\$0		
Earth Work	\$33,124	\$8,281		
Lawn/Plantings	\$21,300	\$5,325		
Off Site Work	\$0	\$0		
Roads/Walks	\$42,900	\$10,725		
Site Utilities	\$2,600	\$650		
Unusual Site Conditions	\$0	\$0		
Contractor Fees				
Payment and Performance Bond	\$0	\$0		
General Requirements	\$0	\$0		
Builder's Overhead	\$80,863	\$22,716		
Builder's Profit	\$23,750	\$5,938		
Construction Manager's Fee	\$0	\$0		
Builder's Risk Insurance	\$4,120	\$1,030		
Builder's Liability Insurance	\$0	\$0		
Worker's Compensation Insurance	\$0	\$0		
Other Hard Costs				
Pre-Development Costs	\$10,950	\$2,738		
Other:	\$0	\$0		
Other:	\$0	\$0		
TOTAL HARD COSTS	\$763,100		\$0	\$0

CONSTRUCTION CONTINGENCY

Construction Contingency	\$25,939	\$6,485		
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0.00% of Hard Costs
11.91% of Hard Costs
3.11% of Hard Costs

3.40% of Hard Costs

SOFT COSTS

Construction Interim Costs

Bridge Loan Fees	\$0	\$0			
Bridge Loan Legal Fees	\$0	\$0			
Building Permits/Fees	\$7,000	\$1,750			\$7,000
Construction Credit Enhancement	\$0	\$0			
Construction Financing Fees	\$0	\$0			
Construction Hazard Insurance	\$0	\$0			
Construction Interest	\$8,000	\$2,000			\$8,000
Construction Legal Fees	\$0	\$0			
Construction Liability Insurance	\$0	\$0			
Construction Loan Points	\$0	\$0			
Construction Title and Recording	\$0	\$0			
Other Construction Finance Fees	\$0	\$0			

Permanent Financing

Permanent Credit Enhancement	\$0	\$0			
Permanent Financing Fees	\$0	\$0			
Permanent Legal Fee	\$0	\$0			
Permanent Loan Points	\$0	\$0			
Permanent Title and Recording	\$0	\$0			
KHC SMAL Loan Origination Fee (1% of loan amount)	\$0	\$0			
Other Permanent Loan Financing Fees	\$0	\$0			

Professional Fees

Accounting Fees	\$0	\$0			
Architect Fees	\$0	\$0			
Engineering Fees	\$0	\$0			

Reserves

Escrows	\$0	\$0			
Operating Deficit Reserve (MUST identify source)	\$16,446	\$4,112			\$16,446
Rent Up Reserves	\$0	\$0			
Replacement Reserve Deposit	\$0	\$0			
Other:	\$0	\$0			
Other:	\$0	\$0			
Other:	\$0	\$0			

\$10,800 Minimum
Source of Operating Deficit
Reserve:

CHDO funds

Syndication Costs

Syndication Legal Fees	\$0	\$0			
Syndication Organization Expenses	\$0	\$0			
Other Syndication Expenses	\$0	\$0			

Other Soft Costs

Relocation	\$0	\$0			
Appraisal	\$2,000	\$500			\$2,000
Market Study	\$0	\$0			
Environmental Study	\$0	\$0			
Lead-Based Paint Assessment and Testing	\$0	\$0			
Survey	\$0	\$0			
Capital Needs Assessment	\$0	\$0			
Marketing	\$0	\$0			
Property Taxes	\$0	\$0			
Cost Certification	\$0	\$0			
Asset Management Fee	\$0	\$0			
KHC Tax Credit Application Fees	\$0	\$0			
KHC Tax Credit Reservation Fees (7% of HC allocation)	\$0	\$0			
KHC Tax Credit Inspection Fee (0.2% of HC allocation)	\$0	\$0			
Non-KHC Tax Credit Fees	\$0	\$0			
Other:	\$0	\$0			
Other:	\$0	\$0			
Other:	\$0	\$0			

Developer's Fee

Consulting Fee	\$0	\$0			
Developer Fee	\$20,000	\$5,000			\$20,000
AHTF-Paid Developer Fee (Limit 5% of AHTF request)	\$0	\$0			

Total Dev. & Consulting
Fees:
2.25% of TDC
5.88% of TDC

TOTAL SOFT COSTS

\$53,446	\$13,362	\$0	\$0	\$53,446
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TOTAL DEVELOPMENT COSTS

\$907,485	\$226,871	\$0	\$0	\$907,485
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Reductions to Eligible Basis:

HOME forgiven at maturity	\$0				
Federal Historic Tax Credits, enter at right -->	\$0				
Other Federal Grants & Subsidies	\$0				
Excess Cost Units					
Other					
Unpaid Developer Fee (after 10 Years)	\$0				
ELIGIBLE BASIS	\$0				
High Cost Adjustment (Basis Boost)	100%	100%	100%		
ADJUSTED ELIGIBLE BASIS	\$0	\$0	\$0		
Applicable Fraction					
QUALIFIED BASIS	\$0	\$0	\$0		
Tax Credit Rate		8%	4%		
MAXIMUM ANNUAL TAX CREDIT	\$0	\$0	\$0		

Fayette County Local Dev Corp
FY24 CHDO Operating Budget

Salary – Tasha White (30.375% of \$48,454)	\$ 14,717.90
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Fringe Costs:	
FICA @ 7.65% (48,454 x .0765 x .30375)	\$ 1,125.92
Worker’s Comp @ 1.35% (48,454 x .0135 x .30375)	\$ 198.69
SUTA @ 2.25% (10,500 x .0330 x .30375)	\$ 105.24
Dental/Health/Vision (9,160.92 x .30375)	\$ 2,782.63
Life Ins (654.24 x .30375)	\$ 198.73
Disability (446.16 x .30375)	\$ 135.52
Pension (48,454 x .05 x .30375)	\$735.90

Total Salary & Fringe Costs	\$20,000.53
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Rental Set Up and Completion Form HOME Program (For single and multi-address activities)

Check the appropriate box: <input checked="" type="checkbox"/> Original Submission <input type="checkbox"/> Ownership Transfer		<input type="checkbox"/> Change Owner's Address <input type="checkbox"/> Revision	Name and Phone Number of Person Completing Form: <i>Tasha White 859-251-6212</i>
--	--	--	---

Set Up Activity:

A. General Information.

1. Name of Participant: <i>LCADP</i>	2. IDIS Activity ID Number:	3. Activity Name:
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B. CHDO Questions.

1. Is funding limited to CHDO Operating (CO) or CHDO Capacity Building (CC)? (Y/N): (If Yes, STOP. DO NOT FILL OUT THIS FORM.) <i>NO</i>	2. Will the activity be funded with CR (Y/N)? <i>NO</i> If yes, CHDO Acting As: (enter code) _____ (1) Owner (2) Sponsor (3) Developer
3. Will initial funding be a CHDO Site Control and/or Seed Money Loan (Y/N)? (If Y, answer Item 4.) <i>NO</i>	4. Is the activity going forward? (Y/N) (If Y, fill out the rest of the form. If N, only the cost information is needed.)

C. Objective and Outcome.

1. Objective (enter code): <i>2</i> (1) Create suitable living environments (2) Provide decent affordable housing (3) Create economic opportunities	2. Outcome (enter code): <i>2</i> (1) Availability/accessibility (2) Affordability (3) Sustainability
--	--

D. Special Characteristics.

1. Activity Location Type "Y" next to any that apply: (1) <input type="checkbox"/> CDBG Strategy Area (2) <input type="checkbox"/> Local target area (3) <input type="checkbox"/> Presidentially declared major disaster area (4) <input type="checkbox"/> Historic preservation area	(5) <input type="checkbox"/> Brownfield redevelopment area (6) <input type="checkbox"/> Conversion of nonresidential to residential use (7) <input type="checkbox"/> Colonia (For AZ, CA, NM, TX)	2. Will this activity be carried out by a faith-based organization (Y/N)? <i>NO</i>
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E. Activity Information.

1. Activity Type (check one): (1) Rehab Only (2) <input checked="" type="checkbox"/> New Construction Only (3) Acquisition Only (4) Acquisition & Rehab (5) Acquisition & New Construction		2. Property Street Address: <i>756 Florence Ave</i>			
3. City: <i>Lexington</i>	4. State: <i>KY</i>	5. Zip Code: <i>40508</i>	6. County Code: <i>Fayette</i>	Activity Estimates: 7. HOME Units: <i>2</i>	8. HOME Cost:
9. Multi-Address (Y/N)?					

F. Property Owner or Developer Information. (Only applicable if this is a multi-address activity)

1. Property Owner or Developer Type (enter code): (1) Individual (2) Partnership (3) Corporation (4) Not-for-Profit (5) Publicly Owned (9) Other		2. Property Owner or Developer's Name:		
		3. Street Address:		
		4. City:	5. State:	6. Zip Code:

G. Activity Information. (If this is a multi-address activity, make copies of this form so that cost and beneficiary information is reported for each building (Sections H, I, J, K, and L.))

1. Activity Type (enter code): (1) Rehab Only (2) New Construction Only (3) Acquisition Only		2. Property Type (enter code): (1) Condominium (2) Cooperative (3) SRO (4) Acquisition & Rehab (5) Acquisition & New Construction (4) Apartment (5) Other		3. FHA Insured (Y/N) ?
4. Mixed Use (Y/N) ?	5. Mixed Income (Y/N) ?	6. Completed Units: Total Number: HOME-assisted Units:		

H. Property Address. (For multi address activities)

1. Building Name:	2. Property Street Address:	3. City:	4. State:	5. Zip Code:	6. County code:
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I. Units

1. Of the Units Completed, the number:	Total	HOME-assisted
Meeting Energy Star standards:		
504-accessible:		
Designated for persons with HIV/AIDS:		
Of those, the number for chronically homeless:		
Designated for the homeless:		
Of those, the number for the chronically homeless:		

J. Period of Affordability. If you are imposing a period of affordability that is longer than the regulatory minimum, enter the total years (HOME minimum + additional) of affordability.
PJ-imposed period of affordability: _____ years

K. Costs.

1. HOME Funds (Including Program Income)

(1) Amortized Loan	\$	
(2) Grant	\$	262,320.00
(3) Deferred Payment Loan	\$	
(4) Other	\$	
(5) CHDO Loan	\$	
Total HOME Funds		\$

2. Public Funds

(1) Other Federal Funds	\$	
(2) State/Local Funds	\$	171,482.00
(3) Tax Exempt Bond Proceeds	\$	
Total Public Funds		\$

3. Private Funds

(1) Private Loans	\$	50
(2) Owner Cash Contribution	\$	
(3) Private Grants	\$	
Total Private Funds		\$

4. Low-Income Housing Tax Credit Proceeds

5. Activity Total or Total This Address		\$ 453,712.50
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Rental Set Up and Completion Form

HOME Program (For single and multi-address activities)

Check the appropriate box: <input checked="" type="checkbox"/> Original Submission <input type="checkbox"/> Ownership Transfer		<input type="checkbox"/> Change Owner's Address <input type="checkbox"/> Revision	Name and Phone Number of Person Completing Form: <u>Tanya White 859-234-6212</u>
--	--	--	---

Set Up Activity:

A. General Information.

1. Name of Participant: <u>YCDC</u>	2. IDIS Activity ID Number:	3. Activity Name:
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B. CHDO Questions.

1. Is funding limited to CHDO Operating (CO) or CHDO Capacity Building (CC)? (Y/N): (If Yes, STOP. DO NOT FILL OUT THIS FORM.) <u>NO</u>	2. Will the activity be funded with CR (Y/N)? <u>NO</u> If yes, CHDO Acting As: (enter code) _____ (1) Owner (2) Sponsor (3) Developer
3. Will initial funding be a CHDO Site Control and/or Seed Money Loan (Y/N)? (If Y, answer item 4.) <u>NO</u>	4. Is the activity going forward? (Y/N) (If Y, fill out the rest of the form. If N, only the cost information is needed.)

C. Objective and Outcome.

1. Objective (enter code): <u>2</u> (1) Create suitable living environments (2) Provide decent affordable housing (3) Create economic opportunities	2. Outcome (enter code): <u>2</u> (1) Availability/accessibility (2) Affordability (3) Sustainability
--	--

D. Special Characteristics.

1. Activity Location Type "Y" next to any that apply: (1) <u> </u> CDBG Strategy Area (2) <u> </u> Local target area (3) <u> </u> Presidentially declared major disaster area (4) <u> </u> Historic preservation area (5) <u> </u> Brownfield redevelopment area (6) <u> </u> Conversion of nonresidential to residential use (7) <u> </u> Colonia (For AZ, CA, NM, TX)	2. Will this activity be carried out by a faith-based organization (Y/N)? <u>NO</u>
---	--

E. Activity Information.

1. Activity Type (check one): (1) <u> </u> Rehab Only (2) <u> </u> New Construction Only (3) <u> </u> Acquisition Only (4) <u> </u> Acquisition & Rehab (5) <u> </u> Acquisition & New Construction		2. Property Street Address: <u>754 Finance Ave</u>			
3. City: <u>Lexington</u>	4. State: <u>MA</u>	5. Zip Code: <u>01508</u>	6. County Code: <u>00000</u>	Activity Estimates: 7. HOME Units: <u>2</u>	8. HOME Cost:
9. Multi-Address (Y/N)?					

F. Property Owner or Developer Information. (Only applicable if this is a multi-address activity)

1. Property Owner or Developer Type (enter code): (1) Individual (2) Partnership (3) Corporation (4) Not-for-Profit (5) Publicly Owned (9) Other	2. Property Owner or Developer's Name:		
3. Street Address:			
4. City:		5. State:	6. Zip Code:

G. Activity Information. (If this is a multi-address activity, make copies of this form so that cost and beneficiary information is reported for each building (Sections H, I, J, K, and L.))

1. Activity Type (enter code): (1) Rehab Only (2) New Construction Only (3) Acquisition Only		(4) Acquisition & Rehab (5) Acquisition & New Construction		2. Property Type (enter code): (1) Condominium (4) Apartment (2) Cooperative (5) Other (3) SRO		3. FHA Insured (Y/N) ?	
4. Mixed Use (Y/N) ?		5. Mixed Income (Y/N) ?		6. Completed Units: Total Number: HOME-assisted Units:			

H. Property Address. (For multi address activities)

1. Building Name:	2. Property Street Address:	3. City:	4. State:	5. Zip Code:	6. County code:
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I. Units

1. Of the Units Completed, the number:	Total	HOME-assisted
Meeting Energy Star standards:	_____	_____
504-accessible:	_____	_____
Designated for persons with HIV/AIDS:	_____	_____
Of those, the number for chronically homeless:	_____	_____
Designated for the homeless:	_____	_____
Of those, the number for the chronically homeless:	_____	_____

J. Period of Affordability. If you are imposing a period of affordability that is longer than the regulatory minimum, enter the total years (HOME minimum + additional) of affordability.
PJ-imposed period of affordability: _____ years

K. Costs.

1. HOME Funds (Including Program Income)

(1) Amortized Loan	\$	
(2) Grant	\$	282,320.50
(3) Deferred Payment Loan	\$	
(4) Other	\$	
(5) CHDO Loan	\$	
Total HOME Funds		\$

2. Public Funds

(1) Other Federal Funds	\$	
(2) State/Local Funds	\$	121,422.00
(3) Tax Exempt Bond Proceeds	\$	
Total Public Funds		\$

3. Private Funds

(1) Private Loans	\$	
(2) Owner Cash Contribution	\$	
(3) Private Grants	\$	
Total Private Funds		\$

4. Low-Income Housing Tax Credit Proceeds

5. Activity Total or Total This Address		\$453,742.50
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EXHIBIT 2

DEED AND DECLARATION OF RESTRICTIVE COVENANTS

EXHIBIT 2

THIS INSTRUMENT PREPARED BY:

Brittany Griffin Smith, Esq.
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
(859) 258-3500

RETURN TO:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th Floor
Lexington, KY 40507

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT DIVISION OF GRANTS AND SPECIAL PROGRAMS DEED AND DECLARATION OF RESTRICTIVE COVENANTS

THIS DEED AND DECLARATION OF RESTRICTIVE COVENANTS ("Declaration") is made this _____ day of _____, 2025, by and between **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, 148 Deweese Street; Lexington, Fayette County, Kentucky 40507 ("Declarant/Owner"), owner of certain real property in Lexington, Fayette County, Kentucky, and **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507 ("Government").

WITNESSETH:

WHEREAS, the Declarant/Owner is the owner of certain real property located at **754 and 756 Florence Avenue, Lexington, Fayette County, Kentucky 40508**, and more particularly described in **Exhibit A**, which is attached hereto and incorporated herein by reference ("Site"); and

WHEREAS, the Government, through its HOME Program, works to increase the supply of affordable, standard residential rental Units to low and very low-income households by providing development funds to Community Housing Development Organizations; and

WHEREAS, said Government, through its HOME Program, has recognized Declarant/Owner as a Community Housing Development Organization and has committed HOME funds in the amount of **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)** to Declarant/Owner to increase affordable residential rental units for low-income households in Fayette County;

WHEREAS, Declarant/Owner has committed the herein described HOME funds for the

purposes of constructing two (2) rental duplex facilities, totaling four (4) housing units ("Unit(s)"), for operation as rental units to low-income households;

WHEREAS, said Government program is being conducted pursuant to the HOME Investment Partnerships Program of the United States Department of Housing and Urban Development ("HUD") which requires, as a condition of receipt of funds thereunder, that Restrictive Covenants, running with the land in conformance with the eligibility and affordability provisions of the program, be declared and filed of record as to each property developed with program funds; and

WHEREAS, the Declarant/Owner has committed Federal funds pursuant to the Government's HOME Program and HUD's HOME Investment Partnerships Program for the construction of new affordable rental Units on the herein described Sites, and in consideration of such loan intends to establish covenants, conditions and restrictions running with the land to comply with the requirements of the HOME program;

NOW, THEREFORE, the Declarant/Owner, for its assigns, subsequent purchasers, lessees and successors in interest hereby declares that the Site is and shall be held transferred, sold, conveyed and occupied, subject to the conditions, restrictions and reservations hereinafter set out, which are hereby established and declared to be covenants running with the land:

1. **RESTRICTED USES:**

(a) The Site shall be maintained solely as residential property and shall be rented to low-income households by Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest. Low-income households are those households with gross incomes at or below sixty percent (60%) of the median income for the community.

(b) Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall charge rents no higher than high HOME rents as established from time to time by HUD pursuant to any regulations promulgated by HUD or the Government. The rents so charged must include utility costs. The maximum allowable HOME rent must be reduced by a utility allowance approved by Government if tenant is required to pay separately for utilities. Utility allowances approved by Government may vary as periodic adjustments are made. Should HUD revise these or other rent guidelines set out herein so as to permit Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest to adjust the rent charged, Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest must provide tenants with no less than thirty (30) days written notice before adjustments are implemented.

(c) The family size and the gross income for all tenants must be determined at the time of initial occupancy and annually for the duration of these covenants. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain and verify income and family size information from each tenant upon initial rent-up and annually during the duration of these covenants. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall provide information on family size, gross income and rent charged for

all tenants to the Government within sixty (60) days after the initial rent-up and the annual review date. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain any necessary releases from tenant to allow Government to independently verify the information provided.

(d) The Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall, on an annual basis, for the duration of these covenants, review the income, family size and exclusions of all tenants and determine if any are over-income. An over-income tenant is a household with a gross income exceeding eighty percent (80%) of the median for the community. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall not evict over-income tenants based on income. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall increase the rent of the Site to not less than thirty percent (30%) of the household's adjusted gross income. Units vacated by an over-income tenant must be rented to an income-eligible tenant for the duration of these covenants.

(e) No sale of the Site shall be completed without giving notice to the Government in writing at least ten (10) days prior to the closing.

2. **DURATION:** The covenants and restrictions herein established shall be a covenant running with the land and shall be effective from the date of project completion, established as the date the Integrated Disbursement and Information System (IDIS) accepts and records the Completion Report showing that one hundred percent (100%) of the Units assisted by this Loan have been rented to low-income households, and shall last for a period of twenty (20) years, and shall be binding upon the Declarant/Owner, its assigns, subsequent purchasers, lessees and successors in interest and all parties and persons claiming under them during the term hereof.

It is intended and agreed that the Government and its successors and assigns and the United States of America shall be deemed a beneficiary of the covenant provided, both for and in their or its own right and also for the purpose of protecting the interest of the community and other parties, public or private, in whose favor or for whose benefits such agreements or covenants have been provided. Said covenant shall run in favor of the Government and the United States for the duration of these covenants. The Government and the United States shall have the right, in the event of any breach of any such covenant, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, or to collect the full amount of any disbursement made to Declarant/Owner, to which it or any other beneficiaries of such agreement or covenant may be entitled.

3. **PURCHASER AT FORECLOSURE:** During the term hereof, should any mortgage or deed of trust be foreclosed on the Site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such Property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this Declaration. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment any Senior Mortgage(s) to the U.S. Department of Housing and Urban Development (HUD) all restrictions relating to affordable housing programs provided for in this Declaration or

provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of **754 Florence Avenue and/or 756 Florence Avenue, Lexington, Fayette County, Kentucky 40508** which are the subject of this transaction.

4. **FUTURE DEEDS:** Declarant/Owner, its assigns, subsequent purchasers, lessees and successors in interest agree that all of the covenants, conditions and restrictions contained in this Declaration shall be inserted in full in all future deeds of the Site during the term hereof.

5. **SEVERABILITY OF PROVISIONS:** Invalidation of any one of these provisions by judgment or Court order shall not affect any other provisions which shall remain in effect.

IN WITNESS WHEREOF, Declarant/Owner, and Government have executed this Deed and Declaration of Restrictive Covenants effective as of the day and year first above written.

THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

SIGNATURE PAGES TO FOLLOW

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: XG FL
P. G. Peoples, President and CEO

Shannon Brooks
Notary Public, State At Large, Kentucky
My Commission Expires: 9-01-2029
Commission Number: KYNP 34751

SIGNATURE PAGE – GOVERNMENT

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: Linda Gorton
Its: Mayor

By: 
Linda Gorton, Mayor

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing Deed and Declaration of Restrictive Covenants was subscribed, sworn to, and acknowledged before me this the 20th day of November, 2025, by Linda Gorton, as Mayor of the Lexington-Fayette Urban County Government.



Notary Public, State At Large, Kentucky
My Commission Expires: 10/24/2026
Commission Number: KYNP 61125

EXHIBIT A

754 – 756 Florence Avenue, Lexington, Kentucky 40508

Tract 1

Located on the north side of Florence Street, being all of Lots 25 and 26 of Block “A” as shown on the Plat of Galbraith Subdivision, to the City of Lexington, Fayette County, Kentucky, of record in Plat Cabinet E, Slides 258-259 (formerly Plat Book 2, Pages 82-83), in the Fayette County Clerk’s Office; said premises being known and designated as 754 Florence Avenue, Lexington, Kentucky.

Tract 2

Being all of Lots 23 and 24 of Block “A” as shown on the Plat of Galbraith Subdivision, to the City of Lexington, Fayette County, Kentucky, of record in Plat Cabinet E, Slides 258-259 (formerly Plat Book 2, Pages 82-83), in the Fayette County Clerk’s Office; said premises being known and designated as 756 Florence Avenue, Lexington, Kentucky.

Being the same property conveyed to Fayette County Local Development Corporation, by deed dated April 15, 2019, and of record in Deed Book 3662, Page 28, in the Fayette County Clerk’s Office.

EXHIBIT 3

HOME RENT LIMITS

U. S. DEPARTMENT OF HUD
STATE: KENTUCKY

STATE: KENTUCKY										
----- FY2025 HOME PROGRAM RENTS -----										
PROGRAM	SRO	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR		
Elizabethtown, KY HUD Metro FMR Area										
LOW HOME RENT LIMIT	NA	702	752	902	1043	1163	1283	1403		
HIGH HOME RENT LIMIT	643	857	862	1075	1322	1455	1587	1719		
For Information Only:										
FAIR MARKET RENT	643	857	862	1075	1506	1805	2076	2347		
50% RENT LIMIT	NA	702	752	902	1043	1163	1283	1403		
65% RENT LIMIT	NA	894	959	1152	1322	1455	1587	1719		
Carter County, KY HUD Metro FMR Area										
LOW HOME RENT LIMIT	NA	621	661	798	921	1028	1135	1240		
HIGH HOME RENT LIMIT	493	657	661	867	1165	1280	1394	1508		
For Information Only:										
FAIR MARKET RENT	493	657	661	867	1215	1301	1496	1691		
50% RENT LIMIT	NA	621	665	798	921	1028	1135	1240		
65% RENT LIMIT	NA	788	845	1016	1165	1280	1394	1508		
Huntington-Ashland, WV-KY-OH HUD Metro FMR Area										
LOW HOME RENT LIMIT	NA	681	730	876	1011	1128	1245	1361		
HIGH HOME RENT LIMIT	633	844	850	971	1259	1409	1536	1663		
For Information Only:										
FAIR MARKET RENT	633	844	850	971	1259	1459	1678	1897		
50% RENT LIMIT	NA	681	730	876	1011	1128	1245	1361		
65% RENT LIMIT	NA	865	928	1116	1280	1409	1536	1663		
Lawrence County, KY HUD Metro FMR Area										
LOW HOME RENT LIMIT	NA	621	665	798	921	1028	1135	1240		
HIGH HOME RENT LIMIT	476	634	672	881	1074	1233	1394	1508		
For Information Only:										
FAIR MARKET RENT	476	634	672	881	1074	1233	1418	1603		
50% RENT LIMIT	NA	621	665	798	921	1028	1135	1240		
65% RENT LIMIT	NA	788	845	1016	1165	1280	1394	1508		
Lexington-Fayette, KY MSA										
LOW HOME RENT LIMIT	NA	799	960	1152	1331	1485	1638	1792		
HIGH HOME RENT LIMIT	599	799	982	1165	1583	1781	2048	2223		
For Information Only:										
FAIR MARKET RENT	599	799	982	1165	1583	1781	2048	2315		
50% RENT LIMIT	NA	896	960	1152	1331	1485	1638	1792		
65% RENT LIMIT	NA	1145	1228	1476	1697	1873	2048	2223		
Meade County, KY HUD Metro FMR Area										
LOW HOME RENT LIMIT	NA	781	836	1003	1160	1293	1428	1561		
HIGH HOME RENT LIMIT	631	841	847	1111	1474	1625	1775	1924		
For Information Only:										
FAIR MARKET RENT	631	841	847	1111	1507	1866	2146	2426		
50% RENT LIMIT	NA	781	836	1003	1160	1293	1428	1561		
65% RENT LIMIT	NA	995	1068	1283	1474	1625	1775	1924		

Effective: June 1, 2025

Page 2 of 17

For all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent Limit and/or Low HOME Rent Limit.
SRO - Single Room Occupancy Rents are the minimum of the Efficiency unit 65% Rent Limit and 75% of the Efficiency unit Fair Market Rent.

EXHIBIT 4

SUBORDINATE MORTGAGE

EXHIBIT 4

THIS INSTRUMENT PREPARED BY:

Brittany Griffin Smith, Esq.
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
(859) 258-3500

RETURN TO:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th Floor
Lexington, KY 40507

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT HOME INVESTMENT PARTNERSHIPS PROGRAM SUBORDINATE MORTGAGE

THIS SUBORDINATE MORTGAGE ("Mortgage" or "Security Instrument") is made the _____ day of _____, 2025, by and between **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, 148 Deweese Street; Lexington, Fayette County, KY 40507 ("Mortgagor") and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507 ("Lender").

WITNESSETH:

WHEREAS, the Lender, through its Division of Grants and Special Programs, has provided Mortgagor a deferred payment loan ("Loan") for the construction of two (2) rental duplexes, totaling four (4) residential units ("Unit(s)") on the property described herein as part of its HOME Program conducted pursuant to the HOME Investment Partnerships Program of the United States Department of Housing and Urban Development, and the Mortgagor is thereby justly indebted to the Lender for borrowed money in the principal sum of **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)**, to secure the payment of which Mortgagor has executed contemporaneously herewith: a HOME Investment Partnerships Program CHDO Agreement ("Agreement"), which requires maintaining an affordability period for the Units of at least twenty (20) years beginning from the date of project completion, as defined therein; and a Mortgage Note ("Note"), bearing interest at the rate of zero percent (0%) per annum for a period of twenty (20) years, and the Agreement and Note together evidence the obligations of the Mortgagor ("Obligations") which if not sooner paid, shall be due and payable on _____, **2048 ("Maturity Date")**.

NOW, THEREFORE, in consideration of the premises and to secure to the Lender the payment and performance of the Obligations evidenced by the Agreement and Note, or so much of

the indebtedness as may be advanced by the Lender, according to the terms of the Note, with interest thereon, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and the faithful performance of all covenants, stipulations, and agreements set out herein and in the Agreement, the Note and any other document executed contemporaneously herewith in relation to the Obligations all of which are incorporated herein by reference, Mortgagor does hereby mortgage, grant, assign and convey to Lender, forever, the following real property, situated and located in Fayette County, Kentucky, described in Exhibit A, attached hereto and incorporated by reference, together with all rents, issues and profits therefrom (provided, however, that the Mortgagor shall be entitled to collect and retain the said rents, issues and profits until default hereunder), and all fixtures now or hereafter attached to or used in connection with the premises herein described ("Mortgaged Property" or "Property").

TO HAVE AND TO HOLD all of the above-described real property together with all of the rights, privileges, appurtenances, and improvements thereunto belonging unto the Lender.

This Mortgage is made subject to, and is to include all valid conditions, restrictions, easements, and stipulations of record, applicable zoning rules and regulations and taxes not yet due and payable pertaining to the above-described real property as may be revealed in the chain of title thereto.

The Mortgagor warrants the aforesaid title to said Property and covenants that it has a good right to mortgage and convey the same, that the same is free from all encumbrances except as herein otherwise recited, and that Mortgagor will warrant and defend generally the title to the Property against all claims and demands.

The Mortgagor, in order to protect more fully the security of this Mortgage, covenants and agrees as follows:

1. All sums borrowed pursuant to the Note are for the exclusive purpose of constructing two (2) rental duplexes, totaling four (4) residential Units for occupancy by low-income households to be located on the real property described hereinabove in the manner set out in the Agreement and the monies so provided shall be used solely for such purpose.

2. During the twenty (20) year term of this Loan, Mortgagor shall make no payments on principal or interest so long as Mortgagor complies with all of the terms and conditions of this Mortgage, the Note, and Agreement (the "Loan Documents"). It is the intention of the parties that if Mortgagor complies with all terms and conditions of the Loan Documents for their full term, then all interest and principal under the Note shall be forgiven in full.

3. If within one (1) year from the date of completion of the construction of the Mortgaged Property, Mortgagor breaches any of the provisions of this Mortgage, the Note, or Agreement, such shall be considered a default and the full amount of the Loan, plus fifteen percent (15%) of that full amount, shall be immediately due and payable; provided, before the Lender may accelerate any amount due under the Loan or take advantage of any other remedies, Mortgagor shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

4. If during the second (2nd) through the twentieth (20th) year of the Loan, Mortgagor breaches any of the provisions of this Mortgage, the Note, or Agreement, such shall be considered a default and the full amount shall be immediately due and payable; provided, before the Lender may accelerate any amount due under the Loan or take advantage of any other remedies, Mortgagor shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

5. The improvements now or hereafter on the Mortgaged Property shall be insured against loss by fire and such other hazards as are covered by a standard extended coverage endorsement of an insurance company or companies authorized to do business in the Commonwealth of Kentucky and acceptable to the Lender until the Note is fully paid or this Mortgage is released. The policy or policies for said insurance, bearing such standard extended coverage endorsement, shall be in such amounts as Lender may require and shall have attached thereto loss payable clauses in favor of and delivered to Lender. In the event of loss by fire or other causes covered by said standard extended coverage endorsement, Mortgagor shall give immediate notice thereof by mail to Lender which may make proof of loss if not made promptly by Mortgagor, and the insurance company or companies concerned are hereby authorized and directed to make payment for such loss directly to Lender, and Lender may at its option apply such insurance proceeds or any part thereof to the payment or reduction of the Note hereby secured or to the restoration or repair of such improvements.

6. All taxes and legal assessments, water rates, and other charges, fines, or impositions against the Mortgaged Property shall be promptly paid by the Mortgagor, and upon request the receipts therefore exhibited to Lender.

7. Mortgagor shall keep the dwelling Units on the property in good condition and repair, fully tenantable and shall not remove or demolish any dwelling Unit thereon. Mortgagor shall complete or restore promptly and in a good and workmanlike manner any dwelling Unit which may be constructed, damaged or destroyed thereon to the extent insurance proceeds are actually received and to pay when due all claims for labor performed and materials furnished at any time.

8. Upon failure of the Mortgagor to maintain insurance, pay taxes and other charges, or keep the improvements thereon in good repair, the Lender, at its option, may procure such insurance, pay said taxes and charges and make such repairs. All sums so paid by the Lender shall be repaid to it immediately by the Mortgagor, and in the default thereof shall be added to and become a part of the debt of the Mortgagor, and shall be secured by this Mortgage to the extent allowed by law and bear legal interest from the date of such payment until paid.

9. Mortgagor shall not sell, convey, or transfer any interest in the properties described hereinabove without the written consent of the Lender. This restriction includes the transfer of any interest in the properties by land-sale contract, mortgage, or similar agreements.

10. In the event Mortgagor (a) fails to pay or fails to cause to be paid the Note or any installment thereon when the same shall become due and payable; or (b) fails to maintain and keep in force insurance; or (c) fails to pay such taxes, legal assessments, water rates, special assessments, or other charges, fines, or impositions when the same shall become due and payable; or (d) sells or permits the Mortgaged Property to be sold without the written consent of the Lender; or (e) is

adjudged a bankrupt or insolvent, makes an assignment for the benefit of creditors or is placed in receivership; or (f) has a proceeding filed against it seeking to foreclose the Mortgaged Property; or (g) defaults under any other Mortgage or lien; or (h) in any manner fails to keep and perform any of the covenants, stipulations, and agreements set out in this Mortgage, the Agreement, or Note, Lender may, without notice, at its option, immediately declare all sums secured hereby immediately due and payable and proceed to enforce the collection of the same and all charges and costs permitted by law and the lien of this Mortgage. The Lender may take such measure as may be lawful for the recovery of its indebtedness, including but not limited to foreclosure and the sale of the Mortgagor's right in the properties and/or the assignment and collection of the rents and profits therefrom.

11. Except for a certain senior loan from LFUCG, by and through its Office of Affordable Housing, in the amount of THREE HUNDRED FORTY TWO THOUSAND EIGHT HUNDRED FORTY FOUR DOLLARS AND ZERO CENTS (\$342,844.00) ("AHF Loan") (the "Permitted Encumbrance(s)"), Mortgagor will not create, suffer or allow any charge, lien or encumbrance, without the prior written consent of LFUCG by its duly authorized officer, which consent shall not be unreasonably withheld, conditioned or delayed. Mortgagor will pay or will have paid promptly when due any charges for utilities or services including but not limited to electricity, gas and water; should Mortgagor or any tenant fail to pay such charges, LFUCG may pay the same, and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor with interest at the rate specified in numerical paragraph (3) hereof until paid, and same shall be secured by this Mortgage. The HOME Loan shall be in all respects subordinate to this AHF Loan.

The Mortgagor shall perform all of the Mortgagor's obligations under the Senior Mortgage(s), including Mortgagor's covenants to make payments when due. Mortgagor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Mortgagor shall pay them on time directly to the person owed payment. Mortgagor shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Mortgagor makes these payments directly, Mortgagor shall promptly furnish to Lender receipts evidencing the payments.

Except for the liens of the Senior Mortgage, Mortgagor shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the lien of the Senior Mortgage, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy such lien or take one (1) or more of the actions set forth above within ten (10) days of the giving of notice.

12. Any notice to Mortgagor provided for in this Security Instrument shall be given by delivering it, or mailing it by first-class mail, unless applicable law requires use of another method. The notice shall be directed to the Mortgagor's address, or any other address Mortgagor designates

by notice to Lender. Any notice to Lender shall be given by first-class mail to Lender's address stated herein unless Lender designates another address by notice to Mortgagor:

Lender:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th Floor
Lexington, Kentucky 40507
ATTN: Director

Any notice provided for in this Security Instrument shall be deemed to have been given to Mortgagor or Lender on the date delivered or mailed, when given as provided in this paragraph.

13. (A) Lender and Mortgagor acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of any Senior Mortgage and to all advances heretofore made or which may hereafter be made pursuant to any Senior Mortgage including all sums advanced for the purpose of (a) protecting or further securing the lien(s) of any Senior Mortgage curing defaults by the Mortgagor under any Senior Mortgage or for any other purpose expressly permitted by any Senior Mortgage or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of any Senior Mortgage are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. During the term hereof, should any mortgage or deed of trust be foreclosed on the site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such Property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment of any Senior Mortgage to the U.S. Department of Housing and Urban Development (HUD), all restrictions relating to Affordable Housing Program(s) provided for in this Subordinate Mortgage or provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of the Property.

(B) Further, if the Senior Mortgagee acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Mortgagee's acquisition of title, provided that (i) the Lender has been given written notice of a default under any Senior Mortgage and (ii) the Lender shall not have cured the default under any Senior Mortgage, or diligently pursued curing the default as determined by the Senior Mortgagee, within the sixty (60) day period provided in such notice sent to the Lender. During the term hereof, should any mortgage or deed of trust be foreclosed on the site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such Property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this Security Instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment of any Senior Mortgage to the U.S. Department of Housing and Urban Development (HUD), all restrictions relating to Affordable Housing Program(s) provided for in this Subordinate Mortgage or provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent

owners or purchasers of the Property.

(C) Notwithstanding Lender's right to invoke any remedies under the Agreement, the Mortgage Note, or this Security Instrument ("Lender's Loan Documents), the Lender agrees as follows:

1. Lender shall, upon serving Mortgagor with any notice of default pursuant to Lender's Loan Documents, simultaneously serve a copy of such notice upon the Senior Mortgagee. Such notice shall outline in detail the default(s) under the Lender's Loan Documents. Senior Mortgagee shall thereupon have sixty (60) days after service of such notice upon it to remedy or cause to be remedied the defaults complained of, and at the instigation of Senior Mortgagee as if the same had been done by Mortgagor.
2. Lender will not proceed to enforce any of its rights and remedies under the Lender's Loan Documents, including without limitation the right to accelerate the indebtedness under the Mortgage Note or initiate foreclosure proceedings to enforce the lien of this Security Instrument until it has given Senior Mortgagee at least sixty (60) days' prior written notice as set forth in paragraph 13(C)(1) above.
14. It is expressly understood that a default on the Senior Mortgage or any initiation of a foreclosure based on any lien shall be a default under this Mortgage and the principal amount shall immediately become due and payable and Lender shall be entitled to recover the cost of collection, including reasonable attorney fees.
15. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Mortgagor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.
16. Failure of the Lender to exercise any of its options provided for herein in the event of any violation of the warranties, covenants, and agreements herein contained shall not constitute a waiver of its right to exercise such option because of any subsequent violation.
17. This Mortgage shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, the use of any gender shall include all genders, and the term "Lender" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.
18. Nothing in this Security Instrument shall be construed to prohibit the assignment or subordination of this lien by the Lender.
19. The Loan secured hereby may be assumed by an individual or entity capable and able to enter into enforceable contracts, agreements or other loan documents as may be required to ensure compliance with the requirements and intent of the HOME Program, including the eligibility and affordability provisions of the Program, upon the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed.

20. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any "Hazardous Substances" on or in the Property. "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and include the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any "Environmental Law". "Environmental Law" is defined as federal laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection. The proceeding two (2) sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate for normal residential uses and to maintenance of the Property.

Mortgagor shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency, or private party, involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Mortgagor shall notify the Senior Mortgagee that such remedial action is necessary and shall obtain the Senior Mortgagee's prior written consent for such remedial action.

21. The lien of this Security Instrument shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness or any part thereof secured hereby.

22. The Lender consents to any agreement or arrangement in which the Senior Mortgagee waives, postpones, extends, reduces or modifies any provisions of the Senior Mortgage Loan Documents, including any provisions requiring the payment of money.

23. Upon request of the Mortgagor, Lender, at its option, prior to release of this Mortgage, may make future advances to Mortgagor. Such future advances, with interest thereon, shall be secured by this Mortgage when evidenced by promissory notes stating that said notes are secured hereby. All future advances secured by this Mortgage shall be due and payable on or before the Maturity Date of the Obligations.

PROVIDED, HOWEVER, that if Mortgagor shall pay the Mortgage Note according to the terms thereof and perform all of the covenants, conditions, stipulations, and agreements set out in the same or herein contained, then this Mortgage shall be void, and the Lender shall, at Mortgagor's cost and request, release the same.

IN TESTIMONY WHEREOF, witness the signature of Mortgagor, effective as of the day and year first above written.

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SIGNATURE PAGE TO FOLLOW

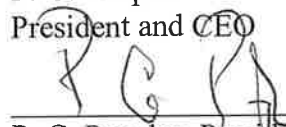
SIGNATURE PAGE – MORTGAGOR

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: P. G. Peoples

Its: President and CEO

By:


P. G. Peoples, President and CEO

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this the
12th day of November, 2025, by P. G. Peoples, President and CEO of Fayette County Local
Development Corporation, a Kentucky non-profit corporation.



Notary Public, State At Large, Kentucky

My Commission Expires: 9.01.2029

Commission Number: KYNP 34751

EXHIBIT A

754 – 756 Florence Avenue, Lexington, Kentucky 40508

Tract 1

Located on the north side of Florence Street, being all of Lots 25 and 26 of Block “A” as shown on the Plat of Galbraith Subdivision, to the City of Lexington, Fayette County, Kentucky, of record in Plat Cabinet E, Slides 258-259 (formerly Plat Book 2, Pages 82-83), in the Fayette County Clerk’s Office; said premises being known and designated as 754 Florence Avenue, Lexington, Kentucky.

Tract 2

Being all of Lots 23 and 24 of Block “A” as shown on the Plat of Galbraith Subdivision, to the City of Lexington, Fayette County, Kentucky, of record in Plat Cabinet E, Slides 258-259 (formerly Plat Book 2, Pages 82-83), in the Fayette County Clerk’s Office; said premises being known and designated as 756 Florence Avenue, Lexington, Kentucky.

Being the same property conveyed to Fayette County Local Development Corporation, by deed dated April 15, 2019, and of record in Deed Book 3662, Page 28, in the Fayette County Clerk’s Office.

EXHIBIT 5
MORTGAGE NOTE

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
MORTGAGE NOTE**

\$564,641.00 _____, 2025

FOR VALUE RECEIVED, the undersigned, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION, a Kentucky non-profit corporation**, whose address is 148 DeWeese Street; Lexington, Fayette County, Kentucky 40507 ("Borrower"), does hereby promise and agree to pay to the order of the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507, its successors or assigns ("Government"), the principal sum of **Five Hundred Sixty Four Thousand Six Hundred Forty One Dollars and 00/100 Cents (\$564,641.00)** in lawful money of the United States, with interest at the rate of zero percent (0%) per annum, from _____, 2025, until _____, 2048 ("**Maturity Date**"), the date upon which the unpaid principal balance and all accrued but unpaid interest shall be due and payable.

DEFERRED PAYMENT LOAN CONDITIONS:

This Mortgage Note ("Note") evidences a Deferred Payment Loan ("Loan") by the Government to the Borrower for the exclusive purpose of constructing two (2) rental duplexes, totaling four (4) residential units ("Unit(s)") for rent to low-income households on property located at **754 and 756 Florence Avenue, Lexington, Kentucky 40508** ("Project" or "Property") in the manner set out in the HOME Investment Partnerships Program CHDO Agreement ("Agreement") and the monies so provided shall be used solely for such purpose.

No principal or interest payments will be required during the term of the indebtedness and the principal amount due shall be reduced and amortized at zero percent (0%) interest as though monthly payments of **Two Thousand Three Hundred Fifty One Dollars and 92/100 Cents (\$2,351.92)** of the principal were being made as long as the Borrower complies with all terms and conditions of this Note, the Mortgage and the Agreement, all executed of even date herewith, (collectively, the "Loan Documents") between the Borrower and the Government. The Mortgage and the Agreement are incorporated herein by reference and made a part hereof. It is the intention of the parties that if Borrower complies with all terms and conditions of the Loan Documents for their full term, then the outstanding balance of this Note shall be forgiven in full.

This Note is a draw note for construction purposes and disbursements of principal hereunder shall be made to Borrower upon its delivery of invoices, or other evidence satisfactory to the Government, related to construction costs of the two (2) rental duplexes, totaling four (4) family residential Units at **754 and 756 Florence Avenue, Lexington, Kentucky 40508**, and supporting the amount requested.

If within one (1) year from the date of completion of the construction of the Project, said date established as the date of the final progress payment to Borrower, Borrower breaches any of the

provisions of this Note, the Agreement, or the Mortgage, such shall be considered a default and the full amount of the Loan, plus fifteen percent (15%) of that full amount, shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

If during the second (2nd) through twentieth (20th) year of the Loan the Borrower breaches any of the provisions of the Loan Documents, such shall be considered a default and the full amount of the Loan shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

Any default on a Senior lien or any initiation of a foreclosure based on any lien shall be a default under this Note, the Agreement, and the Mortgage, and the amount as set out hereinabove shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

The Loan evidenced by this Note may be assumed by an individual or entity capable and able to enter into enforceable contracts, agreements, or other loan documents as may be required to ensure compliance with the requirements and intent of the HOME Program upon the prior written consent of the Government, which consent shall not be unreasonably withheld or delayed.

This Note shall be the joint and several obligation of all makers, co-makers, endorsers, sureties, and guarantors and shall be binding upon them and their successors, heirs or assigns and each waives demand, presentment, and protest and notice of dishonor, and agree in case of any default to pay all costs of collection, including reasonable attorney fees and legal expenses.

The indebtedness evidenced by this Note is secured by a Subordinate Mortgage ("Mortgage"), of even date herewith, executed by Fayette County Local Development Corporation in favor of the Government, on the real Property described therein, and recorded in the Office of the Fayette County Clerk in **Mortgage Book _____, Page _____**, and reference is made to said Mortgage for rights as to acceleration of the indebtedness evidenced by this Note.

IN WITNESS WHEREOF, the parties have executed this Note on the day and year first above written.

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SIGNATURE PAGE TO FOLLOW

SIGNATURE PAGE – BORROWER

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: P. G. Peoples
Its: President and CEO

By: P. G. Peoples, President and CEO

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this the 12th day of November, 2025, by P. G. Peoples, President and CEO of Fayette County Local Development Corporation, a Kentucky non-profit corporation.

Shannon Brooks
Notary Public, State At Large, Kentucky
My Commission Expires: 09-01-2029
Commission Number: KYNP34751

DUE DATE: _____

PROPERTY ADDRESS: 754 and 756 Florence Avenue, Lexington, Fayette County, Kentucky

EXHIBIT 6

HOME RENT AND UTILITIES POLICY

Home Program Memorandum

To: Home Program Recipients

From: Theresa Reynolds, Director, Grants and Special Programs

Date: September 16, 2025

Subject: Annual HOME Program Rents and Utility Allowance Policies and Form

This Program Memorandum establishes the Lexington Fayette Urban County Government's policy for reviewing rent for HOME-funded units. As the Participating Jurisdiction (PJ), HUD requires LFUCG to review and either approve or disapprove rents for these units on an annual basis.

Process

Upon the release of the new HUD Rent Limits each year, HOME-assisted properties will have until July 31st to complete and submit their rent and utility allowance schedules and rent increase request forms to LFUCG for review using the attached Annual HOME Rent and Utilities Form. Completed forms, along with any documentation, should be sent to John Pinson in Grants and Special Programs.

Within 30 days of receipt, Lexington Fayette Urban County Government's Grants and Special Programs will analyze and communicate its decision with the owner/manager. A copy of the approved or disapproved form will be sent back to the Property Manager. If the Annual HOME Rent and Utility Form is not approved, properties must revise and resubmit before implementing the new rent and utility schedule.

HOME Rent Units

HUD publishes new HOME Program rent limits annually, usually in June. The updated limits will be sent to all HUD-assisted properties by Grants & Special Programs staff. Additionally, properties can sign up for notifications related to the latest HOME program information, including the rent limits, at <https://www.hudexchange.info>. The published rent limits represent the gross rent that can be charged, including utility allowance.



Utility Allowance

For initial underwriting and rent-up, HUD permits Lexington Fayette Urban County Government to use the HUD Utility Schedule Model, provided by the Lexington Housing Authority

HOME regulations now allow participating jurisdictions to use their local Housing Authorities' HUD Utility Allowance Schedule. The Lexington Housing Authority publishes the utility allowance schedule annually, which is distributed by the Division of Grants and Special Programs, to all HOME-assisted rental properties for use when calculating HOME rents.

Home Property Certification

Each year, property owners must certify that all HOME-assisted units are suitable for occupancy and comply with applicable state and local health and safety standards. Additionally, units must comply with all relevant codes, ordinances, and ongoing property standards established by the Lexington Fayette Urban County Government. Certification must be completed by the Owner, Property Manager, or Legal Representative by signing and dating the form. To ensure continued compliance, the Division of Grants and Special Programs will conduct scheduled inspections of HOME-assisted properties.

Timeline for Submission

HOME-assisted properties will have until July 31st of each year to complete and submit their annual rent and utilities form. Grants and Special Programs staff will review and send a copy of the form back to the requested property. If the request is not approved at initial submission, properties will have one week to resubmit an amended request.

Requirement	Deadline	Responsible Party
Submit Rent & Utility Form	July 31st annually	Property Manager
LFUCG Review	Within 30 days of receipt	Grants & Special Programs
Resubmission (if disapproved)	Within 1 week	Property Manager

Questions

Any questions regarding the LFUCG's HOME Program Rent and Utility Allowance Policy should be directed to John Pinson or Stacey Granville at 859-258-3070



Frequently Asked Questions (FAQ)

1. Who needs to submit the Annual HOME Rent and Utilities Form?

All property managers or owners of HOME-assisted rental units must submit the form annually.

2. Where do I send the completed form and documents?

Send them to **Jacob Toney** in the **Division of Grants and Special Programs**.

3. What is the deadline for submission?

Forms must be submitted by **July 31st** each year following HUD's release of new rent limits.

4. What happens if my submission is not approved?

You'll receive feedback and must **resubmit within one week**. Do not implement changes until approval is granted.

5. What utility allowance methods are acceptable?

- For initial rent-up: HUD Utility Schedule Model provided by the Lexington Housing Authority.
- For ongoing compliance: HUD Utility Schedule Model provided by the Lexington Housing Authority.

6. How will I receive the updated rent limits and utility schedules?

They will be sent by LFUCG's Grants and Special Programs staff. You can also sign up for updates at HUD Exchange.

7. Are inspections required?

Yes. LFUCG will conduct **annual inspections** to verify compliance with occupancy and safety standards.

8. Who can I contact with questions?

Reach out to **Jacob Toney** or **Stacey Granville** at **859-258-3070**.





Annual HOME Rent and Utilities Form

Must be submitted by July 31st Annually

Company Name

Property Name

Property Manager/Contact

Email Address

Phone Number

Property Address:

Zip Code

Signature

Date

ANNUAL HOME PROPERTY CERTIFICATION

I certify to the GOVERNMENT that the building and all HOME-assisted units in the project are suitable for occupancy, in accordance with applicable State and local health, safety, and other relevant codes, ordinances, and requirements, as well as the ongoing property standards established by the GOVERNMENT.

HUD HOME RENTS FY25

Unit Type	SRO	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
HUD LOW RENT	\$599	\$799	\$960	\$1,452.00	\$1,331.00	\$1,485.00	\$1,638.00	\$1,792.00
HUD HIGH RENT	\$599	\$799	\$982	\$1,465.00	\$1,583.00	\$1,781.00	\$2,048.00	\$2,223.00
Unit Rent								
Utility Allowance Amount								
Total Unit Rent Amount	0	0	0	0	0	0	0	0
Compliant LOW	YES	YES	YES	YES	YES	YES	YES	YES
Compliant High	YES	YES	YES	YES	YES	YES	YES	YES

APPROVED

NOTES

EXHIBIT 7

CONTRACTOR AND SUBCONTRACTORS LIST

4927-6782-4752, v. 1

Division of Grants and Special Programs Grantee's Contractor and Subcontractors List

Project Owner:	Prime Contractor:
Project Address:	Address:
Organization:	Contact Person :
Contact Person:	Phone:
Phone:	Federal Id #
Project Owner Race:	Prime Contractor Race:

	Prime Contractor/ Developer	Address	Phone	Amount Paid	Woman Owned	Race**	Federal ID Number
1					<input type="checkbox"/> Yes <input type="checkbox"/> No		
2					<input type="checkbox"/> Yes <input type="checkbox"/> No		
	Sub-Contractor	Address	Phone	Amount Paid	Woman Owned	Race**	Federal ID Number
1					<input type="checkbox"/> Yes <input type="checkbox"/> No		
2					<input type="checkbox"/> Yes <input type="checkbox"/> No		
3					<input type="checkbox"/> Yes <input type="checkbox"/> No		
4					<input type="checkbox"/> Yes <input type="checkbox"/> No		
5					<input type="checkbox"/> Yes <input type="checkbox"/> No		
6					<input type="checkbox"/> Yes <input type="checkbox"/> No		
7					<input type="checkbox"/> Yes <input type="checkbox"/> No		
8					<input type="checkbox"/> Yes <input type="checkbox"/> No		
9					<input type="checkbox"/> Yes <input type="checkbox"/> No		
10					<input type="checkbox"/> Yes <input type="checkbox"/> No		
	TOTAL			\$	-		

Race**: 1. Alaskan Native or Ameican Indian, 2. Asian or Pacific Islander, 3. Black non Hispanic, 4. Hispanic, 5. White Non Hispanic

Information provided is true and complete to the best of my/our knowledge and belief.

Date _____

Division of Grant and Special Programs Grantee's Contractor and Subcontractors List

[illegible]

Race*: 1. Alaskan Native or Ameican Indian, 2. Asian or Pacific Islander, 3. Black non Hispanic, 4. Hispanic, 5. White Non Hispanic

Information provided is true and complete to the best of my/our knowledge and belief.

Date _____