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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
AFFORDABLE HOUSING FUND
ASSIGNMENT, ASSUMPTION, AND FORBEARANCE AGREEMENT**

THIS ASSIGNMENT, ASSUMPTION, AND FORBEARANCE AGREEMENT ("Agreement") is made and entered into this 31st day of November, 2023, by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG"), through its **OFFICE OF AFFORDABLE HOUSING**; and **DMS HOLDINGS, LLC**, a Kentucky limited liability company, whose principal address is 3320 Clays Mill Road, Lexington, Kentucky 40503 (hereinafter referred to as the "Borrower"); and **BLUEGRASS LIVING PROPERTIES, LLC**, a Kentucky limited liability company, whose principal address is 268 Marengo Drive, Lexington, Kentucky 40475 (hereinafter referred to as the "Assignor") (and with LFUCG and Borrower, the "Parties").

WITNESSETH:

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-482 of the Lexington-Fayette Urban County Code of Ordinances ("the Code"), the Affordable Housing Fund ("the Fund") was created to preserve, produce, and provide safe, quality, and affordable housing; and

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-479 of the Code, the Affordable Housing Governing Board, which oversees and manages the administration of the Fund, previously made a loan of FIFTY THOUSAND DOLLARS AND 00/100 CENTS (\$50,000.00) ("Loan") to Assignor on the terms and conditions stated in a loan agreement, promissory note, and mortgage, executed May 13, 2021 ("First Loan Documents"), for the purpose of rehabilitating property for an affordable housing-related project ("Eligible Activity") as defined in the First Loan Documents, attached hereto as collective **Exhibit 1**; and

WHEREAS, the First Loan Documents provided that a sale of that property within five (5) years from the date of the Loan required the Assignor to repay the full amount of the loan, with interest; and

WHEREAS, Borrower has agreed to purchase the property from Assignor;

WHEREAS, in lieu of Borrower paying any amount to Assignor, to cover the cost of repaying the Loan, which amount would have to be paid at closing in addition to the agreed-upon purchase price, the Borrower has instead offered to assume the principal balance of the loan owed by Assignor, to LFUCG, subject to similar terms and conditions, so that the Eligible Activity may continue;

WHEREAS, in consideration of the assumption of its loan and the continuance of the Eligible Activity, LFUCG is willing to forbear collection of the full amount of the loan from Assignor, at closing and instead allow the Borrower to assume the loan under the terms and conditions stated in this Agreement and the terms of all other loan documents executed contemporaneously herewith;

WHEREAS, the project for which Borrower has been approved includes acquisition and rehabilitation of property.

NOW, THEREFORE, the parties do hereby agree as follows:

ARTICLE 1 – COMMITMENT

- 1.1 ASSIGNMENT.** Bluegrass Living Properties, LLC (“Assignor”) hereby irrevocably assigns, grants, conveys, transfers and conveys to Borrower all the Assignor’s rights, title, interests, and obligations under the First Loan Documents, including but not limited to the Promissory Note(s), which are attached hereto and incorporated herein by reference. Assignor hereby certifies to Borrower that the First Loan Documents constitutes the entire agreement between LFUCG and the Assignor with respect to the subject matter contained therein. In the event of any inconsistency between the First Loan Documents and this Agreement, this Agreement will control.
- 1.2 ASSUMPTION.** The Borrower unconditionally accepts such assignment and assumes all of Assignor’s duties, liabilities, and obligations under the First Loan Documents, and agrees to pay, perform and discharge, as and when due, all of the obligations of the Assignor under the First Loan Documents, including, but not limited to, repayment of the remaining loan balance and fulfillment of the affordability requirements contained in the First Loan Documents. In the event of any inconsistency between the First Loan Documents and this Agreement, this Agreement will control.
- 1.3 LFUCG'S COMMITMENT AND CONSENT.** LFUCG, by the signature of its authorized representative, acknowledges its consent to the assignment of the First Loan Documents by the Assignor to the Borrower and to the assumption of the First Loan Documents, contingent upon the Assignor and the Borrower’s compliance with Article 3 of this Agreement. LFUCG will also agree to forbear collection of the entire principal balance of its loan in the amount of \$50,000.00, plus interest, as stated in the First Loan Documents, from the Assignor, in exchange for: (1) the Borrower complying with all terms and conditions stated in this Agreement; (2) execution, recordation and compliance with the terms of a Subordinate Mortgage, executed contemporaneously herewith; (3) and, paying the remaining balance of **FORTY THREE THOUSAND THREE HUNDRED THIRTY FOUR DOLLARS AND 00/100 CENTS (\$43,334.00)** (“AHF Loan”), in accordance with the payment terms of the new Promissory Note, also executed contemporaneously herewith and attached hereto as **Exhibit 2**, but said agreement of forbearance against the Assignor is contingent upon the Borrower employing a property manager with experience managing real properties. The Parties agree and understand that the full amount of the AHF Loan provided under the First Loan Documents has already been disbursed by LFUCG, and that no amount of the AHF Loan shall be paid to the Borrower under this Agreement. Despite this, the Borrower agrees to comply with all obligations of the Assignor contained in the First Loan Documents.

The AHF Loan that the Borrower herein assumes will take the form of a thirteen-year (13)

loan, which shall accrue interest at the rate of zero percent (0%) per annum. The AHF Loan will be evidenced by one or more promissory notes ("Notes") in form and substance satisfactory to LFUCG, payable to LFUCG and signed by Borrower. Principal and interest (if any) of the AHF Loan shall be amortized in equal, consecutive installments of principal and accrued but unpaid interest, commencing as set forth in the Notes and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due July 1, 2036 ("Maturity Date").

- 1.4 **MORTGAGE; OTHER SECURITY.** The performance of the Borrower's obligations under this Agreement shall be secured by a mortgage lien, or mortgage liens, in favor of LFUCG in the total principal amount of the AHF Loan in form and substance satisfactory to LFUCG. In the sole discretion of LFUCG, the performance of Borrower's obligations under this Agreement may also be secured by an Assignment of Leases and Rents, Security Agreement, UCC-1 Financing Statement, Fixture Filing, and such other documents as LFUCG may in its sole discretion require (collectively, the mortgage(s) and the other security documents described in this subsection are referred to as the "Security Documents," the terms and conditions of which are incorporated herein).
- 1.5 **ELIGIBLE ACTIVITY.** The AHF Loan has been made available based upon the information provided by Borrower. The sole purpose of this allocation is to acquire and rehabilitate five (5) units in one apartment building on the property located at 734 North Broadway, Lexington, Kentucky 40508 ("Project" or "Property").
- 1.6 **SITES.** In the event the Project includes construction activities, Borrower must identify specific units (the "Units") to be assisted. Once identified, Units may not be changed, removed or substituted without prior written approval of LFUCG.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

- 2.1 Borrower represents and warrants that:
 - A. The Property will be free and clear of all encumbrances, except for that certain loan from Whitaker Bank in the amount of \$459,000.00 ("Whitaker") ("Permitted Encumbrances"), and clear of easements, restrictions, stipulations and rights-of-way of record, applicable zoning rules and regulations and taxes which may be due and payable or which have been assessed and become a lien against the property whether or not yet due and payable. The AHF Loan shall be in all respects subordinate to the Whitaker loan.
 - B. *Reserved.*
 - C. The acquisition and construction work has been approved by the appropriate local, regional and state agencies, including those concerned with planning and zoning, public works and health.
- 2.2 Borrower understands and acknowledges that projects assisted with LFUCG Funds must,

at a minimum, meet the requirements set out in this Agreement. Borrower will supply, at LFUCG's request, all necessary documentation to substantiate compliance with this paragraph.

- 2.3** Borrower represents and warrants that the Property will contain no substance known to be hazardous such as hazardous waste, lead-based paint (in violation of Federal or State law), asbestos, methane gas, urea formaldehyde, insulation, oil, toxic substances, polychlorinated biphenyls (PCBs) or radon, and Borrower shall take all action necessary to insure that the Property contains no such substances. Further, the Property will not be affected by the presence of oil, toxic substances or other pollutants that could be a detriment to the Property, nor is Borrower or the Property in violation of any local, state or federal environmental law or regulation and no violation of the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Resource Compensation and Liability Act or Occupational Safety and Health Act has occurred or is continuing. Borrower will take all actions within its control necessary to insure that no such violation occurs. Borrower will immediately deliver to LFUCG any notice it may receive about the existence of any of the foregoing hazardous conditions on the Property or about a violation of any such local, state or federal law or regulation with respect to the Property.
- 2.4** Borrower is duly organized and validly existing and in good standing under the laws of the Commonwealth of Kentucky; has the power and authority, corporate or otherwise, to own its properties and carry on its business as being conducted; and is duly qualified to do business wherever qualification is required. Borrower has been organized pursuant to state law for the primary purpose of providing housing to persons and families of lower and moderate income. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering the performance of its duties under this Agreement, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any cease or desist order.
- 2.5** Plans and specifications for the Project are satisfactory to Borrower and, to the extent required by applicable law, have been approved by all governmental agencies and authorities having jurisdiction thereof, and the use of the Project site(s) contemplated hereby will comply with all local zoning requirements.
- 2.6** There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting it or the Project or involving the validity or enforceability of any mortgage or the priority of the mortgage lien granted by or to Borrower, at law or in equity, on or before or by any governmental authority or any other matters which would substantially impair the ability of Borrower to pay when due any amounts which may become payable in respect to the Notes, and to the Borrower's knowledge, it is not in default with respect to any order, writ, judgment, injunction, decree or demand of any court of any governmental authority.
- 2.7** The consummation of the transaction contemplated hereby and the performance of this

Agreement and any Mortgage, if so required, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or other loan, credit agreement, corporate charter, bylaw or any other instrument to which the Borrower is a party or by which it may be bound or affected.

ARTICLE 3 – REQUIREMENTS OF LOAN ASSUMPTION.

- 3.1 CONSENT TO ASSUMPTION OF AFFORDABLE HOUSING FUNDS.** LFUCG’s consent to the assumption of the AHF Loan and agreement to forebear collection from the Assignor is contingent upon receipt by LFUCG of the following:
- A. an executed original of the Authorized Signature form; and
 - B. evidence that the Project will remain affordable as provided below;
 - C. *Reserved;*
 - D. *Reserved;*
 - E. employment of a qualified property manager, as defined in this Agreement;
 - F. execution of the Notes, recordation of a valid mortgage lien against the Property securing repayment of the AHF Loan, recordation of a Declaration of Covenants and Restrictions, and execution of any and all other Security Documents which may be required by LFUCG.
- 3.2 RESERVED.**
- 3.3 AFFORDABILITY PERIOD.** The Property must remain affordable to persons at or below eighty percent (80%) of the area median income pursuant to the guidelines of the United States Department of Housing and Urban Development (HUD) for a minimum of fifteen (15) years from the date of execution of this Agreement. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds. Only LFUCG, or its successors and assigns, has the right to release the deed restrictions prior to the date on which the restrictions expire.
- 3.4 SECTION 8 RENTAL ASSISTANCE.** If AHF Loan proceeds are or were used to construct rental property, Borrower will not refuse to lease any Unit assisted with Affordable Housing Funds to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, as amended, solely because of the status of the prospective tenant as a holder of a certificate or voucher. Provided, however, if the rent required for the Unit is based upon a percentage of the prospective tenant’s income through project design, or the assisted housing unit(s) utilize project-based rental housing assistance through another source, this section will not apply. This section does not apply to homeowner-occupied units of housing assisted with Affordable Housing Funds.

- 3.5 **INSURANCE.** For all properties assisted with Affordable Housing Funds, the must maintain all risk, fire and extended coverage, in form and with companies acceptable to LFUCG, for all five (5) units of the Project and any improvements to be constructed thereon in an amount of not less than the Affordable Housing Funds made available to Borrower for each Unit of the Project. Each policy must include appropriate loss payable clauses in favor of LFUCG or Borrower, as applicable, as beneficiary and without right of cancellation or change except upon thirty (30) days' written notice to LFUCG. Borrower will deliver proof of all insurance to LFUCG upon request.
- 3.6 **CLOSING COSTS.** All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorneys' fees, documentation, and recording fees. There will be a one percent (1%) Closing Cost Fee of **FOUR HUNDRED THIRTY THREE DOLLARS AND 34/100 CENTS (\$433.34).**
- 3.7 **REPAYMENT.** In the event that repayment of the Affordable Housing Funds is required, Borrower agrees to repay funds to the Fund through LFUCG on a timely basis.
- 3.8 **LEGAL MATTERS.** All legal matters incident to the contemplated transaction will be concluded to the satisfaction of LFUCG's Department of Law.
- 3.9 **PROOF OF CORPORATE ACTION.** Prior to execution of this Agreement, LFUCG shall have received (i) copies of Borrower's organizational documents; (ii) confirmation from the Secretary of State of Borrower's organizational jurisdiction that Borrower is a validly existing entity in good standing, and (iii) a resolution from the Borrower's Board of Directors, member, manager or general partner, as appropriate, authorizing the execution of the legal documents evidencing the funding received under this Agreement. If Borrower is a foreign entity, it shall, in addition to jurisdictional organizational documents provide evidence of its authority to conduct business in the Commonwealth of Kentucky.

ARTICLE 4 - CONSTRUCTION LOAN TERMS

- 4.1 **PLANS AND SPECIFICATIONS.** Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads, sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing Program requirements. Said plans and specifications may be subject to minor changes as required to comply with state and local building codes and to conform to the Property, provided such changes are approved by LFUCG. In addition to said plans and specifications, Borrower will prepare or cause to be prepared from time to time such additional plans and drawings, including working drawings, shop drawings and supplemental specifications, as may be necessary or desirable to facilitate expeditious construction of the improvements in accordance with the approved plans and specifications and will cause copies of all such additional items to be delivered to LFUCG. All of said plans and specifications and any such additional items so approved are hereinafter collectively referred to as the "Plans and

Specifications." Borrower will not deviate nor permit any such deviation from the Plans and Specifications without the prior written consent of LFUCG.

- 4.2 **NO LIENS.** Borrower will cause all work to be performed, including all labor, materials, supervision, supplies, equipment, architectural, and engineering services necessary to complete the improvements, in accordance with the Plans and Specifications. The Borrower will complete the improvements free from all materialmen's liens and all mechanic's liens and claims. All contracts with subcontractors and materialmen will contain, upon the request of LFUCG, a provision for not less than ten percent (10%) retainage to ensure adequate and complete performance in connection with interim or progress payments hereunder. LFUCG reserves the right to inspect the improvements, certify their completion and review from the general contractor and all subcontractors affidavits, in form and substance satisfactory to LFUCG, stating that payment will constitute payment in full of all amounts due and owing to them and their suppliers.
- 4.3 **RESERVED.**
- 4.4 **RESERVED.**
- 4.5 **RIGHT OF INSPECTION.** Borrower will permit access by LFUCG to the books and records of Borrower and to the Property and all improvements at reasonable times. In the event LFUCG determines that any work or materials are not substantially in conformance with the Plans and Specifications, or are not in conformance with any applicable laws, regulations, permits, requirements or rules of any governmental authority having or exercising jurisdiction thereover or are not otherwise in conformity with sound building practices, LFUCG may stop the work and order replacement or correction of any such work or materials. Such inspection will not be construed as a representation or warranty by LFUCG to any third party that the improvements are, or will be, free of faulty materials or workmanship.
- 4.6 **UNDERTAKING.** If required by LFUCG, Borrower will deliver to LFUCG (a) an agreement between Borrower and the architect who has prepared the Plans and Specifications whereby such architect agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (b) an agreement between Borrower and Borrower's contractor whereby Borrower's contractor agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (c) copies of all subcontracts and material purchase orders between Borrower's contractor and any persons, firms, or corporations with whom it has contracted to provide labor, materials or services with respect to the construction of the improvements, where any such contract exceeds a minimum price of Five Thousand Dollars (\$5,000.00); and (d) if requested in writing by LFUCG, a list of all persons, firms and corporations who have provided or proposed to provide labor, materials or services in connection with construction of the improvements.
- 4.7 **NONLIABILITY OF LFUCG.** This Agreement will not be construed to make LFUCG liable to materialmen, contractors, craftsmen, laborers or others for goods and services delivered

by them to or upon the Property or for debts or claims accruing to said parties against the Borrower. There are no contractual relationships, either express or implied, between LFUCG and any materialman, contractors, craftsmen, laborers or any other persons supplying work, labor or materials on the job, nor will any third person or persons, individual or corporate, be deemed to be beneficiaries of this Agreement or any term, condition or provisions hereof or on account of any actions taken or omitted by LFUCG pursuant hereto.

ARTICLE 5 – BREACH OR DEFAULT

- 5.1 **RECAPTURE OF FUNDS; BREACH OF AGREEMENT.** LFUCG has the right, in its sole discretion, to recapture any remaining portion of Affordable Housing Funds and/or require repayment of Affordable Housing Funds already disbursed or the amount including and up to an amount which has not been forgiven upon the occurrence of one or more of the following events (“Breach”):
- A. *Reserved;*
 - B. Borrower violates of any of the terms of this Agreement, the Affordable Housing Program ordinances, the Notes evidencing the Affordable Housing Funds under this Agreement, the Declaration of Covenants and Restrictions, or any other Security Document entered into pursuant to this Agreement;
 - C. Borrower does not submit reports or submits inadequate reports pursuant to Article 6 below;
 - D. Borrower defaults under any of the terms of this Agreement or any other document executed in conjunction with funding under this Agreement, and such default is not cured within any applicable cure period;
 - E. *Reserved;*
 - F. Borrower is unable to document its participation in the project throughout the compliance period as required of nonprofit material participation per IRC Section 42;
 - G. the information submitted to LFUCG by Borrower, upon which LFUCG relied in its decision to allocate funds to Borrower, proves to be untrue or incorrect in any material respect; or
 - H. *Reserved.*
- 5.2 **EVENTS OF DEFAULT.** Occurrence of one or more of the following events will, in the sole discretion of LFUCG, constitute an event of default:
- A. Any installment of principal or interest required by the Notes remains unpaid for

more than ten (10) days after the due date thereof;

- B. Any representation or warranty made herein, or in any certificate, report or statement furnished to LFUCG in connection the Affordable Housing Funds or the Notes proves to have been untrue or misleading in any material respect when made;
- C. Failure of Borrower to perform any of the provisions of the Notes, Mortgage, this Agreement or any other document executed in connection with this Agreement;
- D. Borrowers violation of the affordability requirements, whether evidenced by recorded deed restriction or owner certification of continued compliance;
- E. The entry of any lien or encumbrance against the Project site(s), (other than liens or encumbrances evidencing loan proceeds for the Permitted Encumbrances), except for ad valorem taxes which are not yet due and payable and liens incurred in the ordinary course of business with respect to amounts which are not yet due and payable without penalty or interest;
- F. Borrower fails to prosecute Project site development work with diligence so that construction thereof will be completed in a timely manner;
- G. Any party obtains or seeks an order or decree in any court of competent jurisdiction seeking to enjoin the construction of the improvements or to delay construction of the same or to enjoin or prohibit Borrower or LFUCG from carrying out the terms and conditions hereof, and such proceedings are not discontinued or such decree is not vacated within thirty (30) days after LFUCG has given Borrower notice under the provisions hereof;
- H. Borrower discontinues the rehabilitation work and abandonment continues for a period of ten (10) days;
- I. Borrower permits cancellation or termination of any insurance policy required under this Agreement or fails, if required, to obtain any renewal or replacement thereof satisfactory to LFUCG;
- J. Borrower (A) becomes bankrupt, or ceases, becomes unable, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, creditors; (B) applies for, or consents (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Borrower or of a substantial portion of its assets, or authorizes such application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against it and continue un-dismissed and unstayed for a period of fifteen (15) days; (C) authorizes or files a voluntary petition in bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or authorizes such application

or consent; or proceedings to such end are instituted against the Borrower without such authorization, application or consent and are approved as properly instituted, remain undismissed for fifteen (15) days, or result in adjudication of bankruptcy or insolvency;

K. Borrower is found to have violated any law or regulation, whether federal or state; or

L. A proceeding is filed to foreclose the Property.

5.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not cured within thirty (30) days from the date LFUCG notifies Borrower and Borrower's general partner of the breach or default in writing, LFUCG may pursue all available legal or equitable remedies. However, any general partner of the Borrower shall have the right, but not the obligation, to cure any default on the same terms and conditions as Borrower, and such cure shall be accepted or rejected by LFUCG, as if such cure was made by Borrower. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower.

5.4 MISAPPROPRIATION OF FUNDS. Borrower will be liable for any and all misappropriation of Affordable Housing Funds, audit exceptions by state or federal agencies, and violations of the terms of this Agreement. LFUCG also has the right to require Borrower to repay to LFUCG a portion of or all Affordable Housing Funds drawn by Borrower in cases of breach involving a material misrepresentation in any document furnished to LFUCG in connection with the Borrower's Application for Funds, misappropriation of funds, or fraudulent uses of funds.

5.5 RIGHTS UPON DEFAULT. If one or more of the events of default described above occur, LFUCG may declare Borrower to be in default under this Agreement by giving not less than ten (10) days prior written notice (or other notice required by applicable default provisions in other LFUCG loan documents) to Borrower, except for a default in payment, in which case no notice is required, and thereafter, LFUCG may exercise any one or more of the following remedies:

A. Terminate the credit hereby extended, declare the entire unpaid balance and all accrued but unpaid interest under the Notes due and payable and institute proceedings for collection thereof; provided, however, LFUCG may make advances under the occurrence of an event of default without waiving any of its rights hereunder;

B. Exercise its rights under the Notes or any other Security Document;

C. Enter upon the Project site(s), expel and eject Borrower and all persons claiming through or under Borrower and collect the rents and profits therefrom;

- D. Complete the Project site development work at the cost and expense of Borrower and add such cost to the debt evidenced by the AHF Loan and/or grant and this Agreement and secured by the Security Documents;
- E. Have discharged of record any mechanic's and materialmen's lien or other lien against the Project site(s);
- F. Institute such legal proceedings or other proceedings in the name of Borrower or LFUCG as LFUCG may deem appropriate for the purpose of protecting the Project site(s) and LFUCG's interests therein; or
- G. Do and perform all acts and deeds in the name of Borrower or LFUCG as LFUCG deems necessary or desirable to protect the Project site(s) and LFUCG's interests therein.
- H. All of the rights and remedies of LFUCG under this Agreement shall be cumulative and to the fullest extent permitted by law and shall be in addition to all those rights and remedies afforded LFUCG at law or in equity or in bankruptcy.

5.6 PAYMENTS DUE TO DEFAULT. Borrower shall reimburse and fully compensate LFUCG upon demand for all loss, damage and expense, including without limitation reasonable attorney's fees and court costs, together with interest on the amount thereof from the date the same accrues at the rate of twelve percent (12%) per annum, incurred by LFUCG (a) by reason of any default or defaults hereunder or under this Agreement, the Notes, or the Security Documents or any other loan document executed by Borrower, (b) by reason of the neglect by Borrower of any duty or undertaking hereunder or under the Security Documents and (c) in the exercise of any right or remedy hereunder or under the Security Documents.

5.7 TRANSFERS OF INTERESTS. Notwithstanding anything to the contrary herein, any transfers of partnership interests in the Borrower (including the removal of the general partner) are expressly permitted and shall not constitute a default hereunder.

ARTICLE 6 – RECORDS; REPORTING

6.1 RECORDS; ACCESS. Borrower agrees to keep adequate records pertaining to the Project and the uses of Affordable Housing Funds. Borrower agrees to provide LFUCG or its designee access to all of its books and records, including fiscal records, for the purpose of program assessment reviews, and to retain all books and records until the later of three (3) years from the termination of this Agreement, or until all audits of performance during the term of this Agreement have been completed, or until any pending litigation involving this grant or related books and records is settled. Borrower agrees to maintain its books and records in accordance with generally accepted accounting principles. Nothing in this Agreement will be construed to limit the ability of LFUCG to monitor implementation of the project funded by this Agreement.

- 6.2 **REPORTING REQUIREMENTS.** In the event project activity reports are required, reports must be submitted as requested by LFUCG, on the forms provided by LFUCG, beginning the first calendar quarter after execution of this Agreement.
- 6.3 **ANNUAL FINANCIAL REPORTING.** Borrower agrees to provide LFUCG or its designee audited financials and/or Financial Compilation Reports on an annual basis during the term of this Agreement.
- 6.4 **WARRANTY AS TO INFORMATION.** Borrower acknowledges that its award of Affordable Housing Funds has been based upon information received from Borrower. Borrower warrants that the financial and other information furnished by Borrower to LFUCG was, at the time of application, and continues to be, true and accurate.
- 6.5 **PROGRAM COMPLIANCE.** Borrower agrees to comply with the LFUCG Affordable Housing Program guidelines and criteria relating to the Fund.

ARTICLE 7 - MISCELLANEOUS

- 7.1 **NOTICES.** Any notice required or permitted to be given pursuant to this Agreement will be deemed to have been duly given when properly addressed and hand-delivered, or mailed by registered or certified mail with postage prepaid, to Borrower, or LFUCG, as the case may be, at the following addresses or to such other place as any of the parties may for themselves designate in writing from time to time for the purpose of receiving notices pursuant hereto:

Borrower: DMS Holdings, LLC
 3320 Clays Mill Road, Suite 213
 Lexington, Kentucky 40503
 Attn: David M. Stout

LFUCG: Lexington-Fayette Urban County Government
 200 East Main Street, 12th Floor
 Lexington, Kentucky 40507
 ATTN: Richard McQuady, Affordable Housing Manager

- 7.2 **COSTS TO BE PAID BY BORROWER.** All items which Borrower agrees to furnish under this Agreement will be furnished at Borrower's sole cost and expense.
- 7.3 **NON-DISCRIMINATION AND FAIR HOUSING RULES.** The Project and all contractors and major subcontractors engaged in connection therewith shall comply with all fair housing and non-discrimination statutes and regulations as they are amended from time to time, which include but are not limited to the following, each of which is hereby incorporated by reference into this Agreement:
- Fair Housing Act (Title VIII of the Civil Rights Act of 1968);
 - 24 CFR § 5.105, which prohibits discrimination on the basis of actual or perceived sexual orientation or gender identity, and marital status

- Title VI of the Civil Rights Act of 1964;
- Section 504 of the Rehabilitation Act of 1973;
- Section 109 of Title I of the Housing and Community Development Act of 1974;
- Title II of the Americans with Disabilities Act of 1990;
- Architectural Barriers Act of 1968;
- Age Discrimination Act of 1975;
- Title IX of the Education Amendments Act of 1972; and
- Presidential Executive Orders 11063, 11246, 12892, 12898, 13166, 13217.
- Nondiscrimination and Equal Opportunity requirements [24 CFR §5.105(a)]
- Chapter 2, Article 2, §§2-26 – 2-46 of the Code

- 7.4** **SUSPENSION AND DEBARMENT.** Borrower certifies execution of this Agreement that to the best of its knowledge and belief after reasonable investigation, that it and/or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any transaction under this Agreement by any federal department or agency, or under LFUCG's Suspension and Debarment Policy. Borrower further agrees that any future principal will meet the requirements of this section.
- 7.5** **INDEMNIFICATION.** Borrower shall indemnify, defend and hold LFUCG harmless from and against any and all liabilities, claims, demands, losses, damages, costs and expenses (including without limitation, reasonable attorney's fees and litigation expenses), actions or causes of actions, arising out of or relating to any breach of any covenant or agreement or the incorrectness or inaccuracy of any representation and warranty of Borrower contained in this Agreement or in any document delivered to LFUCG or by Borrower, or any other person on behalf of Borrower pursuant to the terms of this Agreement, except for that which occurs as a result of LFUCG's gross negligence or willful misconduct.
- 7.6** **GOVERNING LAW.** This Agreement and the AHF Loan referred to herein will be governed by the laws of the Commonwealth of Kentucky.
- 7.7** **ASSIGNABILITY.** Borrower may not assign this Agreement nor any part hereof without the prior written consent of LFUCG. Subject to the foregoing restriction, this Agreement will inure to the benefit of LFUCG, its successors and assigns and will bind Borrower, Borrower's successors, assigns and representatives.
- 7.8** **MODIFICATION.** No variance or modification of this Agreement will be valid and enforceable except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.
- 7.9** **EXHIBITS.** Any exhibits attached to this Agreement and the matters contained therein are incorporated herein and deemed to be a part hereof as if fully recited in this Agreement prior to the date of execution hereof.
- 7.10** **WAIVER.** LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed

as a waiver of any other term or condition of this Agreement or of any act of continuing default.

- 7.11 INVALID PROVISIONS.** The invalidity or unenforceability of a particular provision of this Agreement will not affect the other provisions hereof, and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.
- 7.12 COUNTERPARTS.** This Agreement may be executed by the parties in any number of counterparts, each of which shall be an original, but such counterparts together shall constitute one and the same instrument.

WITNESS the signatures of the parties hereto as of the date and year first above written.

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SIGNATURE PAGES TO FOLLOW

EXHIBIT 1

First Loan Documents

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
AFFORDABLE HOUSING FUND
LOAN AGREEMENT**

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 13 day of May 2021 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **BLUEGRASS LIVING PROPERTIES, LLC**, a Kentucky limited liability company, whose principal address is 268 Marengo Drive, Lexington, Ky. 40475 (hereinafter referred to as the "Borrower").

WITNESSETH:

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-482 of the Lexington-Fayette Urban County Code of Ordinances ("the Code"), the Affordable Housing Fund ("the Fund") was created to preserve, produce, and provide safe, quality, and affordable housing; and

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-479 of the Code, the Affordable Housing Governing Board oversees and manages the administration of the Fund; and

WHEREAS, Borrower by application dated January 19, 2021 (hereinafter referred to as the "Application"), attached hereto and incorporated herein as Exhibit A, has applied for and has received approval for funds for a specific housing related project described below (hereinafter referred to as the "Eligible Activity"); and

WHEREAS, in order to assist Borrower in the funding of the Eligible Activity, LFUCG is willing to make funds available to Borrower from the Fund under the terms and conditions of this Agreement and the terms of its Commitment Letter, dated March 25, 2021 (hereinafter referred to as the "Commitment") attached hereto and incorporated herein as Exhibit B; and

WHEREAS, the project for which Borrower has been approved includes rehabilitation of property.

NOW, THEREFORE, the parties do hereby agree as follows:

Article 1 - Commitment

1.1 LFUCG'S COMMITMENT. Pursuant to the Application and this Agreement, LFUCG will make available an amount not to exceed **FIFTY THOUSAND DOLLARS (\$50,000.00)** ("AHF Loan") to Borrower from the Fund. Affordable Housing Funds will be disbursed by LFUCG to Borrower in accordance with the requirements set forth in this Agreement and in the Commitment, conditioned upon Borrower's continued satisfactory performance under the terms of this Agreement. The Loan will be made available in the form of a 15-year loan, which shall accrue interest at the rate of zero percent (0%) per annum. The Loan will be evidenced by one or more promissory notes ("Notes") in form and substance satisfactory to LFUCG payable to LFUCG and signed by Borrower. Principal and interest (if any) of the Loan shall be amortized in equal, consecutive installments of principal and accrued but unpaid interest, commencing as set forth in the Notes and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due July 1, 2036 ("Maturity Date"). In the event of any inconsistency between the Application and this Agreement, this Agreement will control. The Loan

will be expended only for the purpose of rehabilitating the Property (defined below) described in the mortgage(s) executed pursuant to Section 1.2 below and in conformity with the other provisions of this Agreement, the Commitment and the Application. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default (as hereinafter defined) has occurred and is continuing.

1.2 MORTGAGE; OTHER SECURITY. The performance of the Borrower's obligations under this Agreement shall be secured by a mortgage lien, or mortgage liens, in favor of LFUCG in the total principal amount of the Loan in form and substance satisfactory to LFUCG. In the sole discretion of LFUCG, the performance of Borrower's obligations under this Agreement may also be secured by an Assignment of Leases and Rents, Security Agreement, UCC-1 Financing Statement, Fixture Filing, and such other documents as LFUCG may in its sole discretion require (collectively, the mortgage(s) and the other security documents described in this subsection are referred to as the "Security Documents," the terms and conditions of which are incorporated herein).

1.3 ELIGIBLE ACTIVITY. The Loan has been made available based upon the information provided by Borrower in the Application. The sole purpose of this allocation is to rehabilitate five (5) units in one apartment building on the property located at 734 N. Broadway, Lexington, Ky. 40508 ("Project" or "Property").

1.4 SITES. In the event the Project includes new construction activities, Borrower must identify specific units (the "Units") to be assisted. Once identified, Units may not be changed, removed or substituted without prior written approval of LFUCG.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, except for that certain loan from **Community Trust Bank** in the amount of **\$186,922.00** (the "Permitted Encumbrance"), and clear of easements, restrictions, stipulations and rights-of-way of record, applicable zoning rules and regulations and taxes which may be due and payable or which have been assessed and become a lien against the property whether or not yet due and payable. The AHF Loan shall be in all respects subordinate to the Permitted Encumbrance.

(b) All funds disbursed hereunder will be used only for acquisition or development expenses, as applicable, of the Property, as approved by LFUCG, and said funds will not be used in any other manner or for any other purpose; and

(c) The acquisition or construction work has been approved by the appropriate local, regional and state agencies, including those concerned with planning and zoning, public works and health.

2.2 Borrower understands and acknowledges that projects assisted with LFUCG Funds must, at a minimum, meet the requirements set out in this Agreement. Borrower will supply, at LFUCG's request, all necessary documentation to substantiate compliance with this paragraph.

2.3 Borrower represents and warrants that, at the time any advances are made by

LFUCG as provided herein, the Property will contain no substance known to be hazardous such as hazardous waste, lead-based paint (in violation of Federal or State law), asbestos, methane gas, urea formaldehyde, insulation, oil, toxic substances, polychlorinated biphenyls (PCBs) or radon, and Borrower shall take all action necessary to insure that the Property contains no such substances. Further, the Property will not be affected by the presence of oil, toxic substances or other pollutants that could be a detriment to the Property, nor is Borrower or the Property in violation of any local, state or federal environmental law or regulation and no violation of the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Resource Compensation and Liability Act or Occupational Safety and Health Act has occurred or is continuing. Borrower will take all actions within its control necessary to insure that no such violation occurs. Borrower will immediately deliver to LFUCG any notice it may receive about the existence of any of the foregoing hazardous conditions on the Property or about a violation of any such local, state or federal law or regulation with respect to the Property.

2.4 Borrower is duly organized and validly existing and in good standing under the laws of the Commonwealth of Kentucky; has the power and authority, corporate or otherwise, to own its properties and carry on its business as being conducted; and is duly qualified to do business wherever qualification is required. Borrower has been organized pursuant to state law for the primary purpose of providing housing to persons and families of lower and moderate income. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering the performance of its duties under this Agreement, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any cease or desist order.

2.5 Plans and specifications for the Project are satisfactory to Borrower and, to the extent required by applicable law, have been approved by all governmental agencies and authorities having jurisdiction thereof, and the use of the Project site(s) contemplated hereby will comply with all local zoning requirements.

2.6 There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting it or the Project or involving the validity or enforceability of any mortgage or the priority of the mortgage lien granted by or to Borrower, at law or in equity, on or before or by any governmental authority or any other matters which would substantially impair the ability of Borrower to pay when due any amounts which may become payable in respect to the Notes, and to the Borrower's knowledge, it is not in default with respect to any order, writ, judgment, injunction, decree or demand of any court of any governmental authority.

2.7 The consummation of the transaction contemplated hereby and the performance of this Agreement and any Mortgage, if so required, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or other loan, credit agreement, corporate charter, bylaw or any other instrument to which the Borrower is a party or by which it may be bound or affected.

ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT

3.1 **DISBURSEMENT OF AFFORDABLE HOUSING FUNDS.** The Loan will be disbursed to Borrower upon receipt by LFUCG of the following:

- (a) an executed original of the Authorized Signature form; and
- (b) evidence that the Project will remain affordable as provided below;
- (c) an executed LFUCG Construction Start-Up Form;
- (d) proof of costs in adherence to LFUCG's requirements for draws and inspections for the Program activity under this Agreement (construction draws);
- (e) execution of the Notes, recordation of a valid mortgage lien against the Property securing repayment of the Loan, recordation of a Declaration of Covenants and Restrictions, and execution of any and all other Security Documents which may be required by LFUCG.

LFUCG will not be required to advance any amount hereunder if an Event of Default (hereinafter defined) has occurred and is continuing.

3.2 DISBURSEMENT OF DEVELOPER FEE. If a Developer fee is paid with the Loan proceeds, it will be disbursed on a pro-rata share equal to the percent of the Project completion, with the exception of the initial draw as follows:

- (a) up to 40% of the Project's developer fee may be disbursed at the initial draw;
- and
- (b) the remaining 60% may be drawn based upon the percentage of construction completion.

Developer fee shall be used to cover all funding shortfalls before additional funds can be requested. LFUCG will continue to hold the ten percent (10%) retainage until all project completion and closeout documents are received.

3.3 AFFORDABILITY PERIOD. The Property must remain affordable to persons at or below eighty percent (80%) of the area median income pursuant to the guidelines of the United States Department of Housing and Urban Development (HUD) for a minimum of twenty (20) years from the date the Loan proceeds are first expended on the Project. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds. Only LFUCG, or its successors and assigns, has the right to release the deed restrictions prior to the date on which the restrictions expire.

3.4 SECTION 8 RENTAL ASSISTANCE. If Loan proceeds are used to construct rental property, Borrower will not refuse to lease any Unit assisted with Affordable Housing Funds to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, as amended, solely because of the status of the prospective tenant as a holder of a certificate or voucher. Provided, however, if the rent required for the Unit is based upon a percentage of the prospective tenant's income through project design, or the assisted housing unit(s) utilize project-based rental housing assistance through another source, this section will not apply. This section does not apply to homeowner-occupied units of housing assisted with Affordable Housing Funds.

3.5 INSURANCE. For all properties assisted with Affordable Housing Funds, the Borrower or Property Owner must maintain all risk, fire and extended coverage, in form and with companies acceptable to LFUCG, for each Unit of the Project and any improvements to be constructed thereon in an amount of not less than the Affordable Housing Funds made available to Borrower for each Unit of the Project. Each policy must include appropriate loss payable

clauses in favor of LFUCG or Borrower, as applicable, as beneficiary and without right of cancellation or change except upon thirty (30) days' written notice to LFUCG. Borrower will deliver proof of all insurance to LFUCG upon request.

3.6 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorneys' fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **FIVE HUNDRED DOLLARS (\$500.00)**.

3.7 REPAYMENT. In the event that repayment of the Affordable Housing Funds is required, Borrower agrees to repay funds to the Fund through LFUCG on a timely basis.

3.8 LEGAL MATTERS. All legal matters incident to the contemplated transaction will be concluded to the satisfaction of LFUCG's Department of Law.

3.9 PROOF OF CORPORATE ACTION. Prior to execution of this Agreement, LFUCG shall have received (i) copies of Borrower's organizational documents; (ii) confirmation from the Secretary of State of Borrower's organizational jurisdiction that Borrower is a validly existing entity in good standing, and (iii) a resolution from the Borrower's Board of Directors, member, manager or general partner, as appropriate, authorizing the execution of the legal documents evidencing the funding received under this Agreement. If Borrower is a foreign entity, it shall, in addition to jurisdictional organizational documents provide evidence of its authority to conduct business in the Commonwealth of Kentucky.

ARTICLE 4 - CONSTRUCTION LOAN TERMS

4.1 PLANS AND SPECIFICATIONS. Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads, sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing Program requirements. Said plans and specifications may be subject to minor changes as required to comply with state and local building codes and to conform to the Property, provided such changes are approved by LFUCG. In addition to said plans and specifications, Borrower will prepare or cause to be prepared from time to time such additional plans and drawings, including working drawings, shop drawings and supplemental specifications, as may be necessary or desirable to facilitate expeditious construction of the improvements in accordance with the approved plans and specifications and will cause copies of all such additional items to be delivered to LFUCG. All of said plans and specifications and any such additional items so approved are hereinafter collectively referred to as the "Plans and Specifications." Borrower will not deviate nor permit any such deviation from the Plans and Specifications without the prior written consent of LFUCG.

4.2 NO LIENS. Borrower will cause all work to be performed, including all labor, materials, supervision, supplies, equipment, architectural, and engineering services necessary to complete the improvements, in accordance with the Plans and Specifications. The Borrower will complete the improvements free from all materialmen's liens and all mechanic's liens and claims. All contracts with subcontractors and materialmen will contain, upon the request of LFUCG, a provision for not less than ten percent (10%) retainage to ensure adequate and complete

or materials on the job, nor will any third person or persons, individual or corporate, be deemed to be beneficiaries of this Agreement or any term, condition or provisions hereof or on account of any actions taken or omitted by LFUCG pursuant hereto.

ARTICLE 5 – BREACH OR DEFAULT

5.1 RECAPTURE OF FUNDS; BREACH OF AGREEMENT. In the event of a breach, LFUCG may suspend Borrower's authority to draw Affordable Housing Funds at any time by giving notice to Borrower. LFUCG has the right, in its sole discretion, to terminate disbursement of funds and/or recapture any remaining portion of Affordable Housing Funds and/or require repayment of Affordable Housing Funds already disbursed or the amount including and up to an amount which has not been forgiven upon the occurrence of one or more of the following events (“Breach”):

(a) Borrower does not diligently pursue the activity detailed in Borrower’s Application and for which Affordable Housing Funds have been awarded;

(b) Borrower violates of any of the terms of this Agreement, the Affordable Housing Program ordinances, the Notes evidencing the Affordable Housing Funds under this Agreement, the Declaration of Covenants and Restrictions, or any other Security Document entered into pursuant to this Agreement;

(c) Borrower does not submit reports or submits inadequate reports pursuant to Article 6 below;

(d) Borrower defaults under any of the terms of this Agreement or any other document executed in conjunction with funding under this Agreement, and such default is not cured within any applicable cure period;

(e) Borrower is unable to draw all Affordable Housing Funds, as set forth in the closing documents, in no instance later than twenty-four (24) months from the date of this Agreement;

(f) Borrower is unable to document its participation in the project throughout the compliance period as required of nonprofit material participation per IRC Section 42;

(g) the information submitted to LFUCG by Borrower, upon which LFUCG relied in its decision to allocate funds to Borrower, proves to be untrue or incorrect in any material respect; or

(h) LFUCG determines in its sole discretion that it would be inadvisable to disburse Affordable Housing Funds to Borrower because of a material and adverse change in Borrower’s condition.

5.2 EVENTS OF DEFAULT. Occurrence of one or more of the following events will, in the sole discretion of LFUCG, constitute an event of default:

(a) Any installment of principal or interest required by the Notes remains unpaid for more than ten (10) days after the due date thereof;

(b) Any representation or warranty made herein, or in any certificate, report or statement furnished to LFUCG in connection the Affordable Housing Funds or the Notes proves to have been untrue or misleading in any material respect when made;

(c) Failure of Borrower to perform any of the provisions of the Notes, Mortgage, this Agreement or any other document executed in connection with this Agreement;

(d) Borrowers violation of the affordability requirements, whether evidenced by recorded deed restriction or owner certification of continued compliance;

(e) The entry of any lien or encumbrance against the Project site(s), (other than liens or encumbrances evidencing loan proceeds for the Permitted Encumbrances), except for ad valorem taxes which are not yet due and payable and liens incurred in the ordinary course of business with respect to amounts which are not yet due and payable without penalty or interest;

(f) Borrower fails to prosecute Project site development work with diligence so that construction thereof will be completed in a timely manner;

(g) Any party obtains or seeks an order or decree in any court of competent jurisdiction seeking to enjoin the construction of the improvements or to delay construction of the same or to enjoin or prohibit Borrower or LFUCG from carrying out the terms and conditions hereof, and such proceedings are not discontinued or such decree is not vacated within thirty (30) days after LFUCG has given Borrower notice under the provisions hereof;

(h) Borrower discontinues the rehabilitation work and abandonment continues for a period of ten (10) days;

(i) Borrower permits cancellation or termination of any insurance policy required under this Agreement or fails, if required, to obtain any renewal or replacement thereof satisfactory to LFUCG;

(j) Borrower (A) becomes bankrupt, or ceases, becomes unable, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, creditors; (B) applies for, or consents (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Borrower or of a substantial portion of its assets, or authorizes such application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against it and continue un-dismissed and unstayed for a period of fifteen (15) days; (C) authorizes or files a voluntary petition in bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or authorizes such application or consent; or proceedings to such end are instituted against the Borrower without such authorization, application or consent and are approved as properly instituted, remain un-dismissed for fifteen (15) days, or result in adjudication of bankruptcy or insolvency;

(k) Borrower is found to have violated any law or regulation, whether federal or state; or

(l) Borrower defaults under the terms of any security document executed in connection with the Permitted Encumbrance; or, Borrower becomes a party to an action seeking to foreclose the Property.

5.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not cured within thirty (30) days from the date LFUCG notifies Borrower of the breach or default in writing, LFUCG may continue suspension of disbursements. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection.

LFUCG may terminate this Agreement by giving written notice to Borrower. In the event of a termination, Borrower's authority to draw Affordable Housing Funds will terminate as of the date of the notice of termination and Borrower will have no right, title or interest in or to any remaining Affordable Housing Funds.

5.4 MISAPPROPRIATION OF FUNDS. Borrower will be liable for any and all misappropriation of Affordable Housing Funds, audit exceptions by state or federal agencies, and violations of the terms of this Agreement. LFUCG also has the right to require Borrower to repay to LFUCG a portion of or all Affordable Housing Funds drawn by Borrower in cases of breach involving a material misrepresentation in any document furnished to LFUCG in connection with the Borrower's Application for Funds, misappropriation of funds, or fraudulent uses of funds.

5.5 RIGHTS UPON DEFAULT. If one or more of the events of default described above occur, LFUCG may declare Borrower to be in default under this Agreement by giving not less than ten (10) days prior written notice (or other notice required by applicable default provisions in other LFUCG loan documents) to Borrower, except for a default in payment, in which case no notice is required, and thereafter, LFUCG may exercise any one or more of the following remedies:

(a) Terminate the credit hereby extended, declare the entire unpaid balance and all accrued but unpaid interest under the Notes due and payable and institute proceedings for collection thereof; provided, however, LFUCG may make advances under the occurrence of an event of default without waiving any of its rights hereunder;

(b) Exercise its rights under the Notes or any other Security Document;

(c) Enter upon the Project site(s), expel and eject Borrower and all persons claiming through or under Borrower and collect the rents and profits therefrom;

(d) Complete the Project site development work at the cost and expense of Borrower and add such cost to the debt evidenced by the Loan and/or grant and this Agreement and secured by the Security Documents;

(e) Have discharged of record any mechanic's and materialmen's lien or other lien against the Project site(s);

(f) Institute such legal proceedings or other proceedings in the name of Borrower or LFUCG as LFUCG may deem appropriate for the purpose of protecting the Project site(s) and LFUCG's interests therein; or

(g) Do and perform all acts and deeds in the name of Borrower or LFUCG as LFUCG deems necessary or desirable to protect the Project site(s) and LFUCG's interests therein.

(h) All of the rights and remedies of LFUCG under this Agreement shall be cumulative and to the fullest extent permitted by law and shall be in addition to all those rights and remedies afforded LFUCG at law or in equity or in bankruptcy.

5.6 PAYMENTS DUE TO DEFAULT. Borrower shall reimburse and fully compensate LFUCG upon demand for all loss, damage and expense, including without limitation reasonable attorney's fees and court costs, together with interest on the amount thereof from the date the same accrues at the rate of twelve percent (12%) per annum, incurred by LFUCG (a) by reason of any default or defaults hereunder or under this Agreement, the Notes, or the Security Documents or any other loan document executed by Borrower, (b) by reason of the neglect by Borrower of any

duty or undertaking hereunder or under the Security Documents and (c) in the exercise of any right or remedy hereunder or under the Security Documents.

5.7 TRANSFERS OF INTERESTS. Notwithstanding anything to the contrary herein, any transfers of membership interests in the Borrower (including the removal of a member) are expressly permitted and shall not constitute a default hereunder.

ARTICLE 6 – RECORDS; REPORTING

6.1 RECORDS; ACCESS. Borrower agrees to keep adequate records pertaining to the Project and the uses of Affordable Housing Funds. Borrower agrees to provide LFUCG or its designee access to all of its books and records, including fiscal records, for the purpose of program assessment reviews, and to retain all books and records until the later of three (3) years from the termination of this Agreement, or until all audits of performance during the term of this Agreement have been completed, or until any pending litigation involving this grant or related books and records is settled. Borrower agrees to maintain its books and records in accordance with generally accepted accounting principles. Nothing in this Agreement will be construed to limit the ability of LFUCG to monitor implementation of the project funded by this Agreement.

6.2 REPORTING REQUIREMENTS. In the event project activity reports are required, reports must be submitted as requested by LFUCG, on the forms provided by LFUCG, beginning the first calendar quarter after Borrower receives a disbursement of Affordable Housing Funds.

6.3 ANNUAL FINANCIAL REPORTING. Borrower agrees to provide LFUCG or its designee audited financials and/or Financial Compilation Reports on an annual basis during the term of this Agreement.

6.4 WARRANTY AS TO INFORMATION. Borrower acknowledges that its award of Affordable Housing Funds has been based upon information received from Borrower. Borrower warrants that the financial and other information furnished by Borrower to LFUCG was, at the time of application, and continues to be, true and accurate.

6.5 PROGRAM COMPLIANCE. Borrower agrees to comply with the LFUCG Affordable Housing Program guidelines and criteria relating to the Fund.

ARTICLE 7 - MISCELLANEOUS

7.1 NOTICES. Any notice required or permitted to be given pursuant to this Agreement will be deemed to have been duly given when properly addressed and hand-delivered, or mailed by registered or certified mail with postage prepaid, to Borrower, or LFUCG, as the case may be, at the following addresses or to such other place as any of the parties may for themselves designate in writing from time to time for the purpose of receiving notices pursuant hereto:

Borrower: Bluegrass Living Properties, LLC
268 Marengo Drive
Richmond, Ky. 40475

LFUCG: Lexington-Fayette Urban County Government
200 East Main Street, Sixth Floor
Lexington, Kentucky 40507
ATTN: Richard McQuady, Affordable Housing Manager

7.2 COSTS TO BE PAID BY BORROWER. All items which Borrower agrees to furnish under this Agreement will be furnished at Borrower's sole cost and expense.

7.3 NON-DISCRIMINATION AND FAIR HOUSING RULES. The Project and all contractors and major subcontractors engaged in connection therewith shall comply with all fair housing and non-discrimination statutes and regulations as they are amended from time to time, which include but are not limited to the following, each of which is hereby incorporated by reference into this Agreement:

Fair Housing Act (Title VIII of the Civil Rights Act of 1968);
24 CFR § 5.105, which prohibits discrimination on the basis of actual or perceived sexual orientation or gender identity, and marital status
Title VI of the Civil Rights Act of 1964;
Section 504 of the Rehabilitation Act of 1973;
Section 109 of Title I of the Housing and Community Development Act of 1974;
Title II of the Americans with Disabilities Act of 1990;
Architectural Barriers Act of 1968;
Age Discrimination Act of 1975;
Title IX of the Education Amendments Act of 1972; and
Presidential Executive Orders 11063, 11246, 12892, 12898, 13166, 13217.
Nondiscrimination and Equal Opportunity requirements [24 CFR §5.105(a)]
Chapter 2, Article 2, §§2-26 – 2-46 of the Code

7.4 SUSPENSION AND DEBARMENT. Borrower certifies by submission of its application and execution of this Agreement that to the best of its knowledge and belief after reasonable investigation, that it and/or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any transaction under this Agreement by any federal department or agency, or under LFUCG's Suspension and Debarment Policy. Borrower further agrees that any future principal will meet the requirements of this section.

7.5 INDEMNIFICATION. Borrower shall indemnify, defend and hold LFUCG harmless from and against any and all liabilities, claims, demands, losses, damages, costs and expenses (including without limitation, reasonable attorney's fees and litigation expenses), actions or causes of actions, arising out of or relating to any breach of any covenant or agreement or the incorrectness or inaccuracy of any representation and warranty of Borrower contained in this Agreement or in any document delivered to LFUCG or by Borrower, or any other person on behalf of Borrower pursuant to the terms of this Agreement, except for that which occurs as a result of LFUCG's gross negligence or willful misconduct.

7.6 GOVERNING LAW. This Agreement and the loan referred to herein will be governed by the laws of the Commonwealth of Kentucky.

7.7 **ASSIGNABILITY.** Borrower may not assign this Agreement nor any part hereof without the prior written consent of LFUCG. Subject to the foregoing restriction, this Agreement will inure to the benefit of LFUCG, its successors and assigns and will bind Borrower, Borrower's successors, assigns and representatives.

7.8 **MODIFICATION.** No variance or modification of this Agreement will be valid and enforceable except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

7.9 **EXHIBITS.** Any exhibits attached to this Agreement and the matters contained therein are incorporated herein and deemed to be a part hereof as if fully recited in this Agreement prior to the date of execution hereof.


7.10 **WAIVER.** LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed as a waiver of any other term or condition of this Agreement or of any act of continuing default.

7.11 **INVALID PROVISIONS.** The invalidity or unenforceability of a particular provision of this Agreement will not affect the other provisions hereof, and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

7.12 **COUNTERPARTS.** This Agreement may be executed by the parties in any number of counterparts, each of which shall be an original, but such counterparts together shall constitute one and the same instrument.

WITNESS the signatures of the parties hereto as of the date and year first above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Linda Gorton, Mayor

ATTEST:

Deputy 
Clerk, Urban County Council

BLUEGRASS LIVING PROPERTIES, LLC
a Kentucky limited liability company

By: Ryan Niccum
Member(s)



COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 7th day of May, 2021, by Ryan Niccum, by and on behalf of **BLUEGRASS LIVING PROPERTIES, LLC**, a Kentucky limited liability company.

DIANA LUCILLE WHITE
Notary Public
Commonwealth of Kentucky
Commission Number KYNP21557
My Commission Expires Jan 15, 2025

My commission expires: January 15th, 2025
Diana J. White
Notary Public



Affordable Housing Fund

Application for Funding

Please review the guidelines and eligible uses at [\(link\)](#) prior to filling out this application. If you have any questions please contact the Office of Affordable Housing at [\(phone\)](#) or [\(email\)](#).

General Information

Applicant Name: Bluegrass Living Properties, LLC

MWBE Status: N/A

Tax Status: ~~Non-Profit (CHDO)~~ For Profit, Partnership

Type of Entity: ~~General Partnership~~ LLC

Development Name: Rental Property

Development Location: 734 N. Broadway, Lexington, KY 40508

Contact Person: Ryan Niccum or Dawn Niccum

Contact Title: Member

Mailing Address: 268 Marengo Dr

City: **State:** **Zip:**

Richmond KY 40475

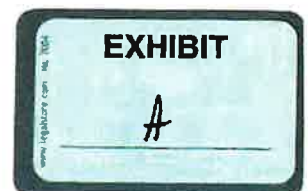
Phone:
(509) 981-6503 - Ryan (509) 981-3383 - Dawn

Fax:

Email Address: ryan.bglp@gmail.com dawn.bglp@gmail.com

Funds Requested: \$50,000⁰⁰

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Other Funding (Specify on Pro-Forma): 20K in loan funding from primary mortgage and member contributions

Total Development Cost: \$177,000^{ea}

Development Information

Development Type (Check all that apply):

- New Construction:
- Rehabilitation:
- Adaptive Re-Use:
- Rental (11 Units or Less):
- Rental (12 Units or More):
- Single Site:
- Scattered Site:
- Historic Property:

Total Number of Units: 5

Total Number of Buildings: 1

Square Feet of Units by Bedroom Size:

Total Square Footage: 2,100 +/- ft²

Unit Size: 2br/1ba	Square Footage: unknown	approx 550 ft ²
Unit Size: 2br/1ba	Square Footage: unknown	approx 550 ft ²
Unit Size: 2br/1ba	Square Footage: unknown	approx 550 ft ²
Unit Size: Studio	Square Footage: unknown	approx 250 ft ²
Unit Size: Studio	Square Footage: unknown	approx 250 ft ²

Monthly Rents by Bedroom Size:

Proposed Per Month

Unit Size: 2br/1ba	Monthly Rent: \$795 ^{ea}
Unit Size: 2br/1ba	Monthly Rent: \$795 ^{ea}
Unit Size: 2br/1ba	Monthly Rent: \$795 ^{ea}
Unit Size: Studio	Monthly Rent: \$595 ^{ea}
Unit Size: Studio	Monthly Rent: \$595 ^{ea}

Target Area Median Income (AMI): 25 - 40K

Amenities (Check all that apply):

- Stove:
- Refrigerator:
- Dishwasher:
- Garbage Disposal:

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- Dishwasher:
- Wash/Dryer Hookup:
- Help/Call System:
- Community Room:
- Playground:
- Other (Please specify): washer/dryer, New HVAC

Location Amenities (Check all that apply):

- | | | | | | |
|------------------------|-------------------------------------|---------------------------|----------|--------------|--|
| Public Transportation: | <input checked="" type="checkbox"/> | Proximity to Development: | 500ft | Description: | bus stop |
| Shopping: | <input checked="" type="checkbox"/> | Proximity to Development: | .8-1.3mi | Description: | Shopping centers |
| Restaurants: | <input checked="" type="checkbox"/> | Proximity to Development: | < 1 mile | Description: | Restaurants + fast food |
| Medical Facilities: | <input checked="" type="checkbox"/> | Proximity to Development: | 2.6mi | Description: | UK Healthcare |
| Banks: | <input checked="" type="checkbox"/> | Proximity to Development: | 1.2mi | Description: | Fifth Third Business Banking |
| Other: | <input checked="" type="checkbox"/> | Proximity to Development: | .6-3mi | Description: | Transylvania University and University of Kentucky |

Populations to be Served (Check all that apply):

- Elderly:
- Single Parent:
- Homeless:
- Victims of Domestic Violence:
- Physically Disabled:
- Acquired Traumatic Brain Injury:
- Aging out of Foster Care:
- Veterans:
- Severe Mental Illness:
- Drug/Alcohol Addiction:

Description of services to be provided, service providers, and how services will be paid:

Our mission is to provide quality housing at a fair price and build sustainable, mutually beneficial relationships with our lenders, contractors and other business colleagues while also improving distressed properties in the Lexington area. We have a team of local contractors and property management professionals in place.

For funding the rehabilitation we are requesting \$50,000 from AHF, and have \$20,000 in capital financed into the original mortgage to purchase the property. We also have \$40,000 in capital (member contribution funds) remaining in the budget to cover any costs beyond the \$0K requested and the \$20K in capital obtained through financing. Thus, providing very high certainty of completion and coverage of carrying costs.

Application for Funding Agreement

The applicant certifies that the information submitted in this application is accurate and consistent with the applications submitted to other funding sources. The applicant commits to keeping the staff and board of the Affordable Housing Fund of Lexington, KY updated with changes in the project structure, funding, and development team. The applicant and any other borrower consents to a possible credit check as part of the underwriting process.

I have read the above agreement and consent to its terms:

Name: Ryan Niccum, Bluegrass Living Properties, LLC Member

Title: 

Date: 01/19/2021

MAYOR LINDA GORTON



LEXINGTON

RICHARD MCQUADY
DIRECTOR
AFFORDABLE HOUSING

March 25, 2021

Ryan and Dawn Niccum
Bluegrass Living Properties, LLC
268 Marengo Drive
Richmond, Kentucky 40475

Dear Ryan and Dawn,

The Board of Directors of the Lexington-Fayette Urban County Government's Affordable Housing Fund (The Fund) has approved an allocation of \$50,000 for the rehabilitation of five (5) units located at 734 North Broadway in Lexington, Kentucky. The allocation will be in the form of a 0% deferred forgivable second mortgage loan, with one-fifteenth (1/15) of the balance forgiven for each year the five (5) units remain in compliance with Affordable Housing Fund Guidelines.

Should the property be sold within five (5) years of the closing date, the original loan amount plus 5% interest, calculated from the date of closing, shall be due and payable to The Fund.

Additionally, once the rehab work is complete and the units are leased The Fund requires you to establish a Reserve for Replacement account with an annual deposit of \$400 per unit per year. The account can be used to fund major improvements to the property.

This allocation is contingent upon your acceptance of a fifteen (15) year Deed Restriction on the property.

Please indicate your acceptance of this commitment letter by signing below. We look forward to working with you on this much needed development.

Sincerely,

Richard L. McQuady
Affordable Housing Manager

Accepted: *Ryan Niccum, Member, Bluegrass Living Properties, LLC*



1. 1/15th of the above stated principal sum shall be forgiven beginning on July 1, 2022 and each year thereafter for each full year during the Affordability Period.
2. The entire principal sum shall be forgiven in full on July 1, 2036, as long as all terms and conditions of all Loan Documents have been satisfactorily complied and fulfilled.

If any payment required under this Note is not paid within ten (10) days after such payment is due, the undersigned will pay to LFUCG or the subsequent holder of this Note a late charge equal to five percent (5%) of the amount of such payment or Twenty-five Dollars (\$25.00), whichever is greater, up to a maximum of One Thousand Five Hundred Dollars (\$1,500.00) per late charge to compensate LFUCG for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to LFUCG.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Commitment Letter (the "Commitment Letter") dated March 25, 2021 and a Loan Agreement between the undersigned and LFUCG ("Loan Agreement"), of even date herewith providing for a loan of **FIFTY THOUSAND DOLLARS (\$50,000.00)** and this Note is expressly subject to and will be bound by the terms and conditions set forth in such Commitment and Loan Agreement as if all of such terms and conditions were expressly set forth herein. Terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement, Mortgage and any other agreement related to the Loan (collectively, "Loan Documents").

If (1) any installment of interest or the payment of principal required by this Note remains unpaid for more than 10 days after the due date thereof, (2) the undersigned or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding; or (3) the undersigned fails to observe or perform any of the terms of this Note; (4) there is any default by undersigned under the Loan Agreement, the Mortgage or any other document, instrument or agreement providing any security for this Note; or (5) there is any action filed to foreclose or otherwise enforce the terms of any mortgage or other loan document executed by a senior lender, then in any of those events LFUCG or the holder of this Note may declare the remaining principal balance of this Note (or so much thereof as may have been advanced) to be immediately due and payable. In the event of default under this Promissory Note, interest shall accrue on the entire unpaid balance at a rate of twelve percent (12%) per annum from the date the default is declared until the default has been cured.

Any waiver of any default hereunder or under the instruments securing this Note at any time will not, at any other time, constitute a waiver of the terms of this Note or the instruments securing it, and the acceptance of payments upon the indebtedness evidenced hereby will not constitute a waiver of the option of LFUCG or the holder of this Note to accelerate repayment of the entire unpaid balance, unless LFUCG or the holder expressly grants such waiver in writing.

This Note is also secured by and is the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the undersigned for real estate located at 734 N. Broadway in Lexington, Kentucky, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of such terms and conditions were expressly set forth herein. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and

shall be evidenced by this Note and shall be secured by the Mortgage and other Loan Documents.

The undersigned and all persons now or hereafter liable, whether primarily or secondarily, for the whole or any part of the indebtedness evidenced by this Note jointly and severally:

- (a) agree to remain and continue to be responsible for the payment of the principal of and interest on this Note notwithstanding any extension or extensions of time of the payment of the principal or interest, or any change or changes by way of release or surrender of any collateral, real or personal, held as security for the payment of this Note, and waive all and every kind of notice of such extension or extensions, change or changes and agree that the same may be made without the joinder of any such persons; and
- (b) waive presentment, notice of dishonor, protest, notice of protest and diligence in collection and all exemptions, whether homestead or otherwise, to which they or any of them may now or hereafter be entitled under the laws of Kentucky or any other state; and
- (c) agree, upon default, to pay all costs of collection, securing or attempting to collect or secure this Note, including a reasonable attorney's fee, whether same be collected or secured by suit or otherwise, providing the collection of such costs and fees is permitted by applicable law.

This Note may be assigned in whole or in part by LFUCG or any other holder hereof.

The undersigned may prepay the principal amount outstanding in whole or in part at any time without penalty.

The Maker (and the undersigned representative(s) of the Maker) represents that the Maker has full power, authority and legal right to execute and deliver this Note and that this Note constitutes a valid and binding obligation of the Maker.

This Note will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

The undersigned shall have no personal liability under this Note or any other Loan Document for the repayment of the indebtedness evidenced by this Note or for the performance of any other obligations of the undersigned under the Loan Documents (collectively, the "Indebtedness"), and LFUCG's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LFUCG's exercise of its rights and remedies under the Agreement. This limitation on the undersigned's liability shall not limit or impair LFUCG's enforcement of its rights against any indemnitor or guarantor pursuant to any agreement of indemnity or guaranty. Notwithstanding the foregoing provisions, the undersigned shall be fully and personally liable for damages to LFUCG resulting from (i) the undersigned's fraud or misrepresentation, whether affirmative or by omission; (ii) the misapplication of (a) proceeds of insurance covering any portion of the Premises, or (b) proceeds of condemnation of any portion of the Premises or proceeds from the sale or conveyance of any portion of the Premises in lieu of condemnation; (iii) the amount of any loss caused by the undersigned's failure to comply with any hazardous substance laws described in Paragraph 2.3 of the Agreement, such loss to include expenses, clean-up costs, penalties and damages incurred by the undersigned and any resulting diminution in the fair market value of the Premises caused by the undersigned or agents; and (iv) all reasonable costs and expenses including court costs and reasonable attorney's fees incurred in

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
AFFORDABLE HOUSING FUND
SUBORDINATE MORTGAGE**

This SUBORDINATE MORTGAGE ("Mortgage"), is made and entered into this 13 day of May 2021 by and between LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government created pursuant to KRS 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (herein "LFUCG") through its OFFICE OF AFFORDABLE HOUSING, and BLUEGRASS LIVING PROPERTIES, LLC, a Kentucky limited liability company, whose principal address is 268 Marengo Drive, Richmond, Ky. 40475 (herein "Mortgagor").

WITNESSETH:

Mortgagor hereby recites and agrees as follows, which recitations and agreements constitute a part of this Mortgage:

WHEREAS, Mortgagor is indebted to LFUCG for monies loaned or to be loaned to Mortgagor under the terms of an Affordable Housing Fund Loan Agreement (the "Loan Agreement") of even date herewith, between Mortgagor and LFUCG providing for an Affordable Housing Fund Mortgage Loan in the amount of FIFTY THOUSAND DOLLARS (\$50,000.00), (the "Mortgage Loan"); and

A. Mortgagor has determined that it is to Mortgagor's direct and indirect economic benefit that LFUCG make the Mortgage Loan to Mortgagor, and therefore have agreed to execute and deliver this Mortgage in order to secure repayment of the Mortgage Loan.

Terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement.

NOW, THEREFORE, MORTGAGOR, in consideration of the Mortgage Loan, hereby conveys to LFUCG, with covenant of general warranty all of Mortgagor's right, title and interest in and to Mortgagor's interest in certain real estate located in Fayette County, Kentucky (more particularly described in Exhibit A attached hereto and incorporated herein by reference) (the "Property");

TOGETHER with all privileges and appurtenances thereunto belonging, Mortgagor's interest as lessor in any leases affecting the premises, and all revenues, rents, issues and profits from the premises (whether payable under a lease or otherwise), and all the estate, right, title and interest of Mortgagor, at law or in equity, of, in and to the Mortgagor's interest in the Property herein described, and every part thereof, and together with all buildings and improvements now existing or hereafter constructed or placed thereon; and together with all heating, ventilating, and air conditioning equipment relative thereto and all fixtures, now or hereafter located in or upon or affixed to the Property, and all machinery, apparatus, equipment and articles of personal property of every kind and description belonging to Mortgagor, now or hereafter located in or upon or affixed to the Property, all of which are and shall be a part of said Property and a portion of the

security for the Mortgage Loan; and together with all insurance or condemnation proceeds accruing or arising or relative to any of the foregoing during the term of this Mortgage;

ALL the foregoing property, interests and rights encumbered by this Mortgage are hereafter collectively referred to as the "Premises".

TO HAVE AND TO HOLD the Premises with the privileges and appurtenances thereunto belonging, and all rents, revenues, issues and profits therefrom, unto LFUCG, its successors and assigns, forever, for the uses and purposes herein expressed. Mortgagor covenants that Mortgagor is well seized of the Premises and each portion thereof, and has full right and power to grant, bargain, sell, convey, mortgage and warrant the Mortgagor's interest in the same in the manner and form written. Mortgagor represents and warrants to LFUCG that the granting of this Mortgage has been and is duly authorized. Mortgagor covenants that the Premises are free from all liens and encumbrances whatsoever, excepting; (i) the lien of general taxes not yet due and payable, easements and restrictions of record, and restrictions and zoning laws affecting the Premises, if any; (ii) Permitted Encumbrances (as hereinafter defined); and (iii) any leases as may now or hereafter affect any portion of the Premises. Mortgagor warrants and will defend the Premises, with the privileges and appurtenances thereunto belonging, to LFUCG, its successors and assigns forever, against all claims and demands whatsoever adverse to the interest of LFUCG, at Mortgagor's sole expense.

THIS MORTGAGE is given to secure: (a) Payment of the Mortgage Loan, same being evidenced by a promissory note or notes (hereafter the "Notes") of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to LFUCG, in the principal amount of **FIFTY THOUSAND DOLLARS (\$50,000.00)**, and payment of interest thereon at the rate(s) and in the manner provided therein; the entire principal amount advanced and all interest thereon, if not sooner paid, being due and payable by Mortgagor on July 1, 2036, as more particularly described in the Notes; and (b) payment by Mortgagor of its obligations to LFUCG of all sums expended or advanced by LFUCG pursuant to any provisions and performance of each and every of LFUCG's and Mortgagor's respective covenants, conditions and agreements contained in this Mortgage, the Notes, the Loan Agreement and any other instrument or agreement evidencing, securing or otherwise pertaining to the Mortgage Loan (hereafter collectively, the "Mortgage Loan Documents"). (Hereafter all references to the "Mortgage Loan" where appropriate shall include all advances made and expenses incurred by LFUCG pursuant to this Mortgage for the protection of the Premises and all other security for the Mortgage Loan).

AND MORTGAGOR, AND EACH OF THEM, AND WHEN AND AS APPLICABLE, HEREBY COVENANTS AND AGREES THAT:

1. Mortgagor agrees to pay the principal of and interest on the Mortgage Loan evidenced by the Notes and secured hereby, to be paid at the times and in the manner provided in the Notes.
2. Mortgagor will pay or will have paid all taxes, assessments, and other similar charges levied upon the Premises before the same become delinquent, and will promptly deliver to LFUCG, if requested, receipts of the proper officers therefor; Mortgagor's failure to pay or to have paid any such charges shall at LFUCG's election constitute a default hereunder. Or, at LFUCG's

sole option in the event of delinquency, LFUCG may pay such delinquent taxes, assessments, and charges, including any penalties or interest thereon (of which payment, amount and validity thereof, the receipt of the proper officer shall be conclusive evidence) and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor, shall be secured by this Mortgage and shall bear interest from date of advance until paid at an annual rate equal to twelve percent (12%).

3. Mortgagor hereby assigns to LFUCG all leases and rents, revenues, issues and profits of the Premises (whether or not payable under a lease) as further security for the payment of all amounts by Mortgagor and performance of all Mortgagor's obligations under the Mortgage Loan Documents, and grants LFUCG the right to enter on the Premises for the purpose of collecting same, and to promote, manage and/or operate the Premises or any part thereof in such manner as LFUCG may elect, and to apply the revenues received therefrom, after payment of all necessary charges and expenses, to the obligations secured by this Mortgage, the occurrence and continuation of an Event of Default as defined herein. While this is a present assignment, LFUCG will not exercise its rights hereunder unless and until an Event of Default occurs and is continuing. Mortgagor shall, and hereby agrees that it will, indemnify LFUCG, its officers, agents and employees for and hold each of them harmless from any and all claims and demands whatsoever which may be asserted against LFUCG, its officers, agents or employees by reason of any actual or alleged undertakings or obligations on LFUCG's part to perform or discharge any terms, covenants or agreements relative to use or occupancy of the Premises or any part thereof or for waste committed or permitted on the Premises, or by reason of any actual or allegedly dangerous or defective condition or conditions of the Premises resulting in loss or injury to any lessee or to any other person, including LFUCG's reasonable costs and attorney's fees incurred by reason of any of the foregoing. Provided, that said obligation to indemnify LFUCG shall not apply to any loss, injury or damage caused by the gross negligence or willful misconduct of LFUCG, its officers, agents or employees.

4. Mortgagor, at its own expense will maintain with admitted insurers authorized to do business in the Commonwealth of Kentucky against claims for bodily injury, personal injury, death or property damage occurring on, in or about the Premises or as a result of ownership of the improvements located on the Premises in amounts not less than as set forth in the Mortgage Loan Agreement. Mortgagor further covenants to keep the improvements now existing or hereafter erected on or in the Premises insured against loss or damage by, or abatement of rental income, resulting from fire and "all risk" perils. Mortgagor covenants to maintain flood insurance as required by the Flood Disaster Protection Act of 1973, as amended and any additional flood insurance required by LFUCG. All perils insured shall be in an amount not less than the full replacement value of the property. Mortgagor agrees to promptly pay or have paid when due all premiums on such insurance and further agrees, if requested by LFUCG, to furnish a certificate from the company carrying such insurance acknowledging that such insurance is adequate in an amount to prevent the operation of any coinsurance provision contained therein. All such insurance shall be carried by companies approved by LFUCG in its reasonable discretion, and the policies and renewals thereof shall be deposited with and held by LFUCG. All policies of insurance required to be maintained by Mortgagor pursuant to this paragraph name as the insured parties Mortgagor and LFUCG, shall be reasonably satisfactory to LFUCG, and shall: (a) provide for the benefit of such holder or holders, that thirty (30) days' prior written notice of suspension, cancellation, termination, modification, non-renewal or lapse or material change of coverage shall

be given to all insured parties and that such insurance shall be given to all insured parties and that such insurance shall not be invalidated by any act or neglect of Mortgagor or LFUCG or any owner of the Premises, nor by any foreclosure or other proceedings or notices thereof relating to the Premises or any interest therein, nor by occupation of the Premises for purposes more hazardous than are permitted by such policy and (b) not contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Premises against the peril involved, whether collectible or not.

The originals of all such policies shall be delivered to LFUCG. In the event of Mortgagor's failure to comply with any of the requirements of this paragraph, same shall at LFUCG's option constitute a default hereunder. Or, LFUCG may, in its discretion, obtain any insurance required hereunder and pay the premiums due therefor, and any amounts so paid by LFUCG shall become immediately due and payable by Mortgagor with interest thereon at the rate specified in numerical paragraph (2) hereof until paid, and same shall be secured by this Mortgage.

In the event of any loss or damage to the Premises or any portion thereof, Mortgagor will give immediate notice thereof to LFUCG, and LFUCG may thereupon make proof of claim relative to such loss or damage, if same is not promptly made by Mortgagor. Mortgagor hereby authorizes LFUCG (should LFUCG so elect) to settle, adjust, or compromise any claims for loss, damage, or destruction under any such policy or policies of insurance and collect the proceeds thereof, and to this end hereby grants LFUCG the Mortgagor's power of attorney for such purposes (which power of attorney is a power coupled with an interest, same being irrevocable for the term of this Mortgage); provided, that LFUCG will exercise its rights under this sentence only if an Event of Default occurs and is continuing. All such proceeds of fire and extended coverage insurance, to the full extent of the Mortgage Loan, are hereby assigned to LFUCG and shall be payable to LFUCG if LFUCG should so elect, and Mortgagor hereby authorizes and directs any affected insurance company to make payment thereof directly to LFUCG. All such insurance proceeds or any portion thereof shall be applied in whole or in part to restoration, repair, replacement, or rebuilding of the Premises. The delivery to LFUCG of any such policies or certificates of insurance, or renewals thereof, shall constitute an assignment to LFUCG of all unearned premiums thereon as further security for the payment of the Mortgage Loan. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the Mortgage Loan, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to LFUCG.

5. Mortgagor will have maintained or will maintain the Premises in good condition and repair and will not commit or allow any waste or destruction, reasonable wear and tear excepted. Mortgagor will comply with, or cause to be complied with, any applicable statutes, ordinances, regulations, or requirement of any governmental authority relative to the Premises and the use and maintenance thereof, and will promptly repair, restore, replace, or rebuild any part of the Premises now or hereafter subject to the lien of this Mortgage which may be damaged or destroyed by any casualty or as the result of any proceeding referred to in paragraph (7) hereof. No buildings, structures, or improvements hereafter erected on the Premises shall be removed, demolished, or substantially or structurally altered in any respect by Mortgagor, on Mortgagor's behalf, or by any tenant or by any other party without the prior written consent of LFUCG by its duly authorized officer, LFUCG, and any person authorized by LFUCG, may enter upon and inspect the Premises at all reasonable times.

6. Except for a mortgage granted by Mortgagor in favor of a loan from Community Trust Bank in the amount of \$186,922.00 ("First Mortgage Loan" or "Permitted Encumbrance"), 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 (2) hereof until paid, and same shall be secured by this Mortgage. Notwithstanding anything to the contrary contained herein, LFUCG expressly acknowledges and agrees that this Mortgage (and the lien created by this Mortgage) and all of LFUCG's rights and remedies hereunder are fully subject and subordinate to the First Mortgage Loan granted by Mortgagor in favor of Community Trust Bank.

7. If all or any part of the Premises are damaged, taken, or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, or by the alteration of the grade of any street affecting the Premises, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the Mortgage Loan then remaining unpaid, is hereby assigned by Mortgagor to LFUCG, who may collect and receive the same and give proper receipts therefor in the name of Mortgagor, and the same shall be paid forthwith to LFUCG. To such end, Mortgagor hereby grants to LFUCG the Mortgagor's power of attorney (which power of attorney is a power coupled with an interest and shall be irrevocable for the term of this Mortgage). Any award or payment so received by LFUCG during the continuation of any default may, at the sole option of LFUCG, be retained and applied, in whole or in part, to the Mortgage Loan (whether or not then due and payable), in such manner as LFUCG may determine and/or released, in whole or in part, to Mortgagor for the purpose of altering, restoring, or rebuilding any part of the Premises which may have been affected by such taking, alteration, or proceeding. Provided that absent the occurrence and continuation of an Event of Default, LFUCG will release said sums to Mortgagor, to be applied to restoration of the Premises. LFUCG shall not be obligated to see to the application of any amounts so released to Mortgagor. In the event of a material and adverse effect upon the value of the Premises by reason of any such damage, taking or acquisition, and should the proceeds or award payable therefor not satisfy in full the Mortgage Loan, same shall constitute an Event of Default.

8. If LFUCG shall incur or expend any sums, including reasonable attorneys' fees, to sustain the lien of this Mortgage or its priority, or to protect or enforce any of LFUCG's rights hereunder or under any other Mortgage Loan Document, to protect the Premises as collateral for the Mortgage Loan, or to recover any portion of the Mortgage Loan, all such sums shall become immediately due and payable by Mortgagor with interest thereon at the rate specified in numerical paragraph (2) hereof until paid. All such sums shall be secured by this Mortgage and shall be a lien on the Premises prior to any right, title, interest, or claim, in, to or upon the Premises attaching or accruing subsequent to the lien of this Mortgage.

9. Mortgagor will not hereafter lease the Premises, except leases executed in Mortgagor's ordinary course of business, nor will Mortgagor assign, alter, terminate or otherwise materially modify the terms of any lease affecting the Premises to which Mortgagor is a party, except residential leases, nor further encumber or assign (in whole or in part) the rents, revenues, income,

or profits arising from the Premises or any portion thereof (except in connection with the Permitted Encumbrances) without the prior written consent of LFUCG by its duly authorized officer, or in any other manner impair the value of the Premises or the security of this Mortgage for the payment of the Mortgage Loan.

10. Mortgagor will observe and perform all covenants, conditions, and agreements imposed on it by any lease or leases now or hereafter affecting the Premises, or any portion thereof. If Mortgagor shall default in its performance of any of the terms, covenants, conditions, or obligations imposed upon it by any such lease or leases, which default would give the other party or parties thereto the right to terminate or cancel said lease or leases and if same may have a material adverse effect on the value of the Premises as security or the Mortgage Loan then, at the sole option of LFUCG, the entire Mortgage Loan shall become immediately payable and collectible by foreclosure or otherwise, without notice or demand. Provided, that in the event of any such default by Mortgagor (whether as lessor, lessee, sub lessee or otherwise), after the expiration of all applicable cure periods, LFUCG shall have the right but not the obligation to cure any such default of Mortgagor, in such manner and to the extent LFUCG may deem advisable to protect its interest in the Premises. In the event that LFUCG should so elect, then any and all sums so expended by LFUCG relative to affecting any such cure shall become immediately due and owing LFUCG by Mortgagor, shall be secured hereby and shall bear interest at the rate specified in numerical paragraph (2) hereof until paid.

With respect to the Premises and the operation and promotion thereof, Mortgagor will keep or will cause to be kept proper books of record and account in accordance with generally accepted accounting principles consistently applied. LFUCG shall have the right to examine said books of record and account at such reasonable times and intervals as LFUCG may elect.

11. In the event that LFUCG (a) grants any extension of time or forbearance for payment of any portion of the Mortgage Loan; (b) takes, or realizes, other additional security for the payment thereof; (c) waives or does not exercise any right granted herein, under the Notes or under any other Mortgage Loan Document; (d) grants any release, with or without consideration, of all or any part of the security held for the payment of the Mortgage Loan; (e) amends or modifies in any respect with the consent of Mortgagor any of the terms and provisions hereof or of the Notes; then and in any such event, such act or failure to act shall not release Mortgagor or (if applicable) any of its principals or any co-maker, sureties, or guarantors of this Mortgage or of the Notes, under any covenant of this Mortgage, the Notes or other Mortgage Loan Documents nor preclude LFUCG from exercising any right or privilege herein or therein granted or intended to be granted in the event of any other existing or subsequent default and without in any manner impairing or affecting the lien or priority of this Mortgage.

12. Mortgagor will not hereafter make or permit, without the prior written consent of LFUCG by its duly authorized officer: (a) any sale of the Premises, or the execution of any contract for deed relative to the Premises, or any assumption of the Mortgage Loan, any condominium conversion or any use of the Premises or any part thereof for any purpose other than that presently contemplated by the parties hereto; (b) after completion of the renovations contemplated by the Plans and Specifications, any material alteration, removal or demolition of any buildings, improvements, fixtures, apparatus, machinery, and equipment now or hereafter located or erected upon the Premises except in the ordinary course of business; (c) any purchase or conditional sale,

lease or agreement under which title is reserved in the vendor of any fixtures, apparatus, machinery, equipment or personal property in or upon any of the buildings or improvements comprising a part of the Premises; (d) except in connection with the Permitted Encumbrances, any assignment of the revenues, rents, income or profits from the Premises; (e) except for the Permitted Encumbrances, any mortgage, lien or encumbrance upon the Premises, or any part thereof (whether prior or inferior to the lien of this Mortgage) affecting or adverse to the lien hereof, general and special taxes duly levied and assessed and not yet due and payable and any lease now or hereafter affecting any portion of the Premises. Any of the foregoing without LFUCG's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed shall be and constitute a default by Mortgagor on this Mortgage and on the Mortgage Loan.

13. In the event of Mortgagor's default in the performance of any of the covenants and conditions contained in this Mortgage or in the event of Mortgagor's default in payment of the Mortgage Loan or any part thereof, or in the Notes or under any other Mortgage Loan Document, or under any other covenant or condition contained in any documented executed in connection with the Permitted Encumbrances, and (absent an express contrary grace or curative period) shall such failure, omission or default not have been fully corrected by Mortgagor, as applicable, to the complete satisfaction of LFUCG within thirty (30) days after LFUCG gives Mortgagor written notice of the occurrence of any such default, at the address set forth in the Loan Agreement; and shall such default remain uncured beyond any applicable grace or curative period; or in the event any representation or warranty of the Mortgagor herein contained, or in the event any representation or warranty of the Mortgagor contained in any other Mortgage Loan Document shall prove to be untrue or misleading in any material respect; or in the event of any petition in bankruptcy, receivership, or reorganization filed by or against Mortgagor and shall same not be vacated within sixty (60) days); or any assignment or composition for the benefit of creditors made or entered into by Mortgagor; or in the event the Borrower defaults under any loan document executed between the Borrower and a senior lienholder on the Premises; or in the event of any judgment or proceeding entered or brought against Mortgagor or the Premises or to foreclose any lien thereon or on any part thereof; or in the event of a substantial adverse change in financial position of Mortgagor; or in the event of an unauthorized encumbrance or change in ownership of the Premises or of any other security for the Mortgage Loan; or if in the opinion of LFUCG there is any material decline in the value of the Premises or any other security for the Mortgage Loan; or should Mortgagor default on any other indebtedness now or hereafter owing LFUCG by Mortgagor beyond any applicable grace or curative period; then, and in such event, at LFUCG's sole option, without further notice or demand, the same being hereby expressly waived by Mortgagor as evidenced by Mortgagor's execution of this Mortgage, the Mortgage Loan shall become due, payable and collectible. Upon the happening of any such event (hereinafter an "Event of Default"), in addition to any other right of remedy which LFUCG may now or hereafter have at law or in equity, and not by way of limitation, LFUCG shall have the right and power to exercise any or all or any combination of the following remedies: (a) to declare the Mortgage Loan due and payable (and same shall thereupon be due and payable and to foreclose upon this Mortgage and the lien hereof; (b) to sell the Premises according to law as an entirety or in separate parcels; (c) to apply without notice (same being hereby expressly waived by Mortgagor) for the appointment of a receiver to collect the revenues and profits of the Premises and to preserve the security hereof as a matter of right, either before or after any foreclosure sale, without regard to the value of the Premises or any other property as security for the amount due LFUCG, or the solvency of any entity liable for the payment of such amounts; (d) to enter upon and take possession of the Premises

without application to any court, with the irrevocable consent of Mortgagor as evidenced by Mortgagor's execution of this Mortgage, and collect the revenues, issues and profits thereof, and, without the appointment of any receiver or application being made therefor, to manage, promote and/or operate the Premises, either in LFUCG's name or Mortgagor's name, by whatever means LFUCG may elect, and receive all the revenues, issues and profits therefrom, and apply the same, after payment of all necessary charges and expenses deemed by LFUCG to be necessary, to payment of the Mortgage Loan. All the foregoing rights and powers are effective and may be enforced by LFUCG either in conjunction with or without any action to foreclose this Mortgage, and without applying at any time for a receiver for the Premises. The foregoing rights and remedies are independent of and in addition to any statutory right to appointment of a receiver. Written notices required by the foregoing paragraph shall be sent by certified mail to the addresses provided in the Mortgage Loan Agreement.

14. Any sale under this Mortgage shall operate to divest all right, title and interest of Mortgagor in and to the Premises and rights so sold; shall be a perpetual bar both in law and equity against the Mortgagor; and shall be in bar of any equity or right of redemption, the same being expressly waived by Mortgagor.

15. Mortgagor represents and warrants, to its knowledge and belief, that no hazardous substances are present on the Premises, except in compliance with all applicable state and federal laws and regulations relating thereto (collectively, "Environmental Laws"). Furthermore, Mortgagor represents, warrants, and agrees that Mortgagor will not use, generate, treat, store, dispose of or otherwise introduce any such hazardous substances into or on the Premises, except in compliance with all applicable Environmental Laws. Mortgagor represents, warrants and agrees that there is no current and will be no future unlawful physical (including environmental, natural, artificial, structural or chemical) hazard or potential hazard (including, without limitation, the presence, accumulation or storage of any toxin, toxic waste, toxic affluent or discharge) or condition in or on or affecting the Premises or affecting the health of any person in or on the Premises, except in compliance with all applicable Environmental Laws. The Mortgagor shall pay immediately when due the cost of removal of any such wastes or substances, and shall keep the Premises free of any lien imposed pursuant to laws, rules, regulations and orders pertaining to hazardous wastes or substances and the removal thereof; in the event Mortgagor fails to do so, it shall be deemed an Event of Default. The Mortgagor shall indemnify LFUCG and hold LFUCG harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and/or settlement of claims) that LFUCG may incur as a result of or in connection with the assertion against LFUCG of any claim relating to the presence or removal of any hazardous waste or substance referred to in this paragraph, or compliance with any federal, state or local laws, rules, regulations or orders relating thereto. The obligations of Mortgagor under this paragraph to indemnify LFUCG and hold LFUCG harmless shall survive payment of the Mortgage Loan and Note and shall survive release of this Mortgage and shall extend to the representatives, successors and assigns of LFUCG.

16. Whenever used in this Mortgage, unless the context shall otherwise clearly require, the term "Mortgagor" shall include the heirs, representatives, successors and assigns, as the case may be, of Mortgagor and all persons claiming by, through, or under Mortgagor; the term "Mortgagor" shall include the successors and assigns, as the case may be, of Mortgagor and all persons claiming by, through, or under Mortgagor; the term "person" shall include any individual, partnership,

corporation, trustee, or unincorporated association. The singular shall include the plural and the plural, the singular; the gender used shall include the other genders. The invalidity or unenforceability of any one (1) or more phrases, sentences, clauses or paragraphs of this Mortgage shall not affect the validity or enforceability of the remaining portions of this Mortgage or of any part hereof. If this Mortgage is invalid or unenforceable as to any part of the Mortgage Loan, or if this Mortgage is invalid or unenforceable as to any part of the Premises, the unsecured or partially unsecured portion of the Mortgage Loan shall be completely paid prior to the payment of the remaining secured or partially secured portion of the Loan; and all payments made on the Loan, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Loan which is not secured or fully secured by this Mortgage.

17. All the terms, covenants, conditions and agreements herein set forth shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, attorneys, representatives, successors and assigns, as the case may be, of the parties hereto.

18. No delay or omission on the part of LFUCG in exercising any right or remedy hereunder or under any other Loan Documents shall operate as a waiver of such right or remedy or any other right or remedy. A waiver by LFUCG on any one occasion shall not be a bar to or waiver of any right or remedy on any further occasion. The rights and remedies provided herein and in the other Loan Documents are cumulative, and LFUCG may resort to any other right or remedy or any combination thereof available under the other Loan Documents or at law or in equity without first exhausting and without affecting or impairing the security of or any right or remedy afforded by this Mortgage. No waiver shall be effective as to LFUCG unless same shall be in writing by its duly authorized officer; any such waiver shall be construed strictly according to its terms.

19. Immediately upon the delivery of a written request, but subject to the terms of the Permitted Encumbrances, Mortgagor will pay or will have paid to LFUCG for the term of this Mortgage, on the same dates as payments of principal and/or interest are required to be made by Mortgagor, an amount equal to one-twelfth (1/12) of the annual premiums for insurance as may be required by LFUCG relative to the Premises, and one-twelfth (1/12) of the annual taxes and assessments assessed against the Premises. LFUCG shall hold all such sums so received for, and shall apply same to, payment of such taxes, assessments and insurance. Mortgagor shall receive no interest on any such sums received and held by LFUCG for the benefit of Mortgagor.

20. In the event of any inconsistency, in the terms and provisions of this Mortgage or any other Loan Document as to the rights and remedies of LFUCG, or in the event of any such inconsistency as between or among any two (2) or more Loan Documents, then in any such event LFUCG shall have the right at its sole option to elect which of such provisions shall govern.

21. If Mortgagor shall pay to LFUCG all sums due LFUCG under the Notes and the interest thereon, in the manner and at the times mentioned in the Notes, or otherwise in connection with the Loan, and Mortgagor shall pay LFUCG any and all other sums due from Mortgagor to LFUCG under this Mortgage and shall fully keep and perform the terms, covenants, conditions and agreements under this Mortgage or otherwise due LFUCG relative to the Loan, then this Mortgage and the estate granted thereby shall cease and be void, and this Mortgage shall thereupon be released by LFUCG at the cost and expense of Mortgagor.

22. This Mortgage may be executed by the parties in any number of counterparts, each of which shall be an original, but such counterparts together shall constitute one and the same instrument.

23. This Mortgage is taken, in part, to secure a loan made for the purpose of erecting, improving or adding to a building.

Notwithstanding any provision in any of the Loan Documents to the contrary, Lender acknowledges and agrees that (a) the Premises is or will be subject to a Land Use Restriction Agreement (as defined below), (b) the recordation of the Land Use Restriction Agreement against the Premises is permitted under the terms of the Loan Documents and (c) this Mortgage, and the terms and provision thereof, shall be subordinate to the Land Use Restriction Agreement regardless of the order of recording of either document. "Land Use Restriction Agreement" means the extended low-income housing commitment, regulatory agreement or restrictive covenants executed or to be executed by Mortgagor setting forth certain terms and conditions under which the Premises is to be operated.

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

- a. Lender shall, upon serving Mortgagor with any notice of default pursuant to Lender's Loan Documents, simultaneously serve a copy of such notice upon Community Trust Bank, or else to its successors and assigns ("Senior Lender"). Such notice shall outline in detail the default(s) under the Lender's Loan Documents. Senior Lender shall thereupon have 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 Lender as if the same had been done by Mortgagor.
- b. 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 Lender at least 60 days prior written notice as set forth above.

24. 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.

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

25. Notwithstanding the foregoing, the Mortgagor shall have no personal liability under this Mortgage, the Notes, or any other Loan Document for the payment of the indebtedness evidenced by the Notes and the performance of any other obligations of the Mortgagor under the Loan Documents (collectively, the "Indebtedness") and the Lender's only recourse for the satisfaction

of the Indebtedness and the performance of such obligations shall be the Lender's exercise of its rights and remedies under the Loan Documents with respect to the Mortgaged Property.

PROVIDED, HOWEVER, that if Mortgagor shall pay the Mortgage Notes 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, LFUCG and the Mortgagor have caused this instrument to be executed by LFUCG and the Mortgagor's duly authorized officers this day and date first hereinabove appearing.

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SIGNATURE PAGE – LFUCG

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: Linda Gorton
Linda Gorton, Mayor

ATTEST:

Deputy
Mackenzie Sommer
Clerk, Urban County Council

THIS INSTRUMENT PREPARED BY:

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

EXHIBIT A

All that lot of land in or near the City of Lexington, Kentucky (and now within said city limits), fronting thirty-three (33) feet, on the southeast side of Broadway Street and extending back that width One Hundred Forty feet (140), more or less, to an alley, being Lot 173 Bruce's Addition to the City of Lexington; said property also being known as Lot 36 in Ward 3, Page 1, in the Plat of the Assessor of the City of Lexington, Kentucky; the improvements on the said property being known and designated as 734 North Broadway; and

Being the same property conveyed to Bluegrass Living Properties, LLC, a Kentucky limited liability company, by Walcott Properties, LLC, a Kentucky limited liability company, by Deed dated the 16th day of October, 2020 of record in Deed Book 3793, Page 13 in the office of the Fayette County Clerk.

MORTGAGE BOOK 10067 PAGE 315

**I, Donald W Blevins Jr, County Court Clerk
of Fayette County, Kentucky, hereby
certify that the foregoing instrument
has been duly recorded in my office.**



By: PATTY DAVIS ,dc

202105140052

May 14, 2021

10:39:26 AM

Fees	\$80.00	Tax	\$0.00
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Total Paid	\$80.00
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THIS IS THE LAST PAGE OF THE DOCUMENT

15 Pages

301 - 315

EXHIBIT 2

Promissory Note

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
AFFORDABLE HOUSING FUND
FORGIVABLE LOAN PROMISSORY NOTE**

\$43,334.00

November 3, 2023

FOR VALUE RECEIVED, DMS HOLDINGS, LLC, Kentucky limited liability company, whose principal address is 3320 Clays Mill Road, Suite 213, Lexington, Kentucky 40503 (“Maker”), promises to pay to **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (“LFUCG”)**, an urban county government of the Commonwealth of Kentucky, created pursuant to KRS Chapter 67A, whose address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **FORTY THREE THOUSAND THREE HUNDRED THIRTY FOUR DOLLARS AND 00/100 CENTS (\$43,334.00)**, or so much thereof as may be advanced under the Assignment, Assumption, and Forbearance Agreement (“Agreement”) and outstanding, together with interest thereon at the rate of zero percent (0%) per annum to be computed from date of execution of this Note

A. Payments shall be required as follows:

1. Interest on the outstanding principal *calculated in the manner set forth below* shall be due and payable in arrears on the 1st day of each month beginning on December 1, 2023 and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
2. Unless otherwise agreed to in writing, or otherwise required by applicable law, payments shall be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid costs or charges, provided however, upon an Event of Default, LFUCG reserves the right to apply payments in its sole discretion.
3. Any payment due under this Note on a day which is not a business day shall be made on the succeeding business day and any resulting extension of time shall be included in the computation of the interest payment amount.
4. All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed.
5. Subject to Paragraph B below, the entire principal balance, together with all interest accrued and unpaid thereon and all other sums due under this Note shall be due and payable on **July 1, 2036 (“Maturity Date”)**.
6. If any property assisted by this loan is sold prior to December 1, 2028, all unpaid principal and accrued and unpaid interest on the amortizing mortgage loan of the sold properties shall be immediately due and repayable to LFUCG. The amount of interest due will be calculated at a rate of 5% from the date of execution of this Note.

B. However, so long as Maker does not commit or participate in any event of breach or default as defined in the Agreement, and if such event of breach or default has occurred without cure or continues to occur without cure under the Maker's ownership, the Maker's obligation to pay this Forgivable Loan Promissory Note shall be forgiven. The Loan shall be forgiven as follows:

1. 1/15th of the above stated principal sum shall be forgiven beginning on December 1, 2024 and each year thereafter for each full year during the Affordability Period.
2. The entire principal sum shall be forgiven in full on July 1, 2036, as long as all terms and conditions of all Loan Documents have been satisfactorily complied and fulfilled.

If any payment required under this Note is not paid within ten (10) days after such payment is due, the Maker will pay to LFUCG or the subsequent holder of this Note a late charge equal to five percent (5%) of the amount of such payment or Twenty-five Dollars (\$25.00), whichever is greater, up to a maximum of One Thousand Five Hundred Dollars (\$1,500.00) per late charge to compensate LFUCG for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to LFUCG.

This Note evidences indebtedness assumed under a Assignment, Assumption, and Forbearance Agreement between the Maker and LFUCG ("Agreement"), of even date herewith providing for assumption of a loan in the amount of FORTY THREE THOUSAND THREE HUNDRED THIRTY FOUR DOLLARS AND 00/100 CENTS (\$43,334.00) ("Loan"), and this Note is expressly subject to and will be bound by, the terms and conditions set forth in such Commitment and Agreement as if all of such terms and conditions were expressly set forth herein. Terms used herein and not otherwise defined shall have the meaning set forth in the Agreement, Mortgage and any other agreement related to the Loan (collectively, "Loan Documents").

If (1) any installment of interest or the payment of principal required by this Note remains unpaid for more than 10 days after the due date thereof, (2) the Maker or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding; or (3) the Maker fails to observe or perform any of the terms of this Note; (4) there is any default by Maker under the Agreement, the Mortgage or any other document, instrument or agreement providing any security for this Note; or (5) there is any action filed to foreclose or otherwise enforce the terms of any mortgage or other loan document executed by a senior lender, then in any of those events LFUCG or the holder of this Note may declare the remaining principal balance of this Note (or so much thereof as may have been advanced) to be immediately due and payable. In the event of default under this Promissory Note, interest shall accrue on the entire unpaid balance at a rate of twelve percent (12%) per annum from the date the default is declared until the default has been cured.

Any waiver of any default hereunder or under the instruments securing this Note at any time will not, at any other time, constitute a waiver of the terms of this Note or the instruments securing it, and the acceptance of payments upon the indebtedness evidenced hereby will not constitute a waiver

of the option of LFUCG or the holder of this Note to accelerate repayment of the entire unpaid balance, unless LFUCG or the holder expressly grants such waiver in writing.

This Note is also secured by and is the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the Maker for real estate located at **734 North Broadway, Lexington, Kentucky 40508**, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of such terms and conditions were expressly set forth herein. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and shall be evidenced by this Note and shall be secured by the Mortgage and other Loan Documents.

The Maker and all persons now or hereafter liable, whether primarily or secondarily, for the whole or any part of the indebtedness evidenced by this Note jointly and severally:

- A. agree to remain and continue to be responsible for the payment of the principal of and interest on this Note notwithstanding any extension or extensions of time of the payment of the principal or interest, or any change or changes by way of release or surrender of any collateral, real or personal, held as security for the payment of this Note, and waive all and every kind of notice of such extension or extensions, change or changes and agree that the same may be made without the joinder of any such persons; and
- B. waive presentment, notice of dishonor, protest, notice of protest and diligence in collection and all exemptions, whether homestead or otherwise, to which they or any of them may now or hereafter be entitled under the laws of Kentucky or any other state; and
- C. agree, upon default, to pay all costs of collection, securing or attempting to collect or secure this Note, including a reasonable attorney's fee, whether same be collected or secured by suit or otherwise, providing the collection of such costs and fees is permitted by applicable law.

This Note may be assigned in whole or in part by LFUCG or any other holder hereof.

The Maker may prepay the principal amount outstanding in whole or in part at any time without penalty.

The Maker (and the undersigned representative(s) of the Maker) represents that the Maker has full power, authority and legal right to execute and deliver this Note and that this Note constitutes a valid and binding obligation of the Maker.

This Note will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

The undersigned shall have no personal liability under this Note or any other Loan Document for the repayment of the indebtedness evidenced by this Note or for the performance of

any other obligations of the undersigned under the Loan Documents (collectively, the "Indebtedness"), and LFUCG's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LFUCG's exercise of its rights and remedies under the Agreement. This limitation on the undersigned's liability shall not limit or impair LFUCG's enforcement of its rights against any indemnitor or guarantor pursuant to any agreement of indemnity or guaranty.

Notwithstanding the foregoing provisions, the undersigned shall be fully and personally liable for damages to LFUCG resulting from (i) the undersigned's fraud or misrepresentation, whether affirmative or by omission; (ii) the misapplication of (a) proceeds of insurance covering any portion of the Premises, or (b) proceeds of condemnation of any portion of the Premises or proceeds from the sale or conveyance of any portion of the Premises in lieu of condemnation; (iii) the amount of any loss caused by the undersigned's failure to comply with any hazardous substance laws described in Paragraph 2.3 of the Agreement, such loss to include expenses, clean-up costs, penalties and damages incurred by the undersigned and any resulting diminution in the fair market value of the Premises caused by the undersigned or agents; and (iv) all reasonable costs and expenses including court costs and reasonable attorney's fees incurred in collecting any of the foregoing.

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SIGNATURE PAGE TO FOLLOW



KENTUCKY TRANSPORTATION CABINET
Department of Highways
PERMITS BRANCH

TC 99-1A
Rev. 10/2020
Page 1 of 4

APPLICATION FOR ENCROACHMENT PERMIT

KYTC KEPT #: _____

SECTION 1: APPLICANT CONTACT INFORMATION

APPLICANT Lexington Fayette Urban Co. Govt	ADDRESS 200 East Main Street		
EMAIL	CITY Lexington	STATE KY	ZIP 40588
CONTACT NAME 1 Mayor Linda Gorton	EMAIL mayor@lexingtonky.gov	PHONE #	
		CELL #	
CONTACT NAME 2 (if applicable) Jennifer Carey	EMAIL jcarey@lexingtonky.gov	PHONE #	
		CELL #	

SECTION 2: PROPOSED WORK LOCATION

ADDRESS US 27 - Dover Rd to east of Lin Wal	CITY Lexington	STATE Kentucky	ZIP 40505
COUNTY Fayette	ROUTE # US 27	MILE POINT 9.203 to 9.434	LONGITUDE (X) 38.071553
			LATITUDE (Y) -84.463349

ADDITIONAL LOCATION INFORMATION:

Three Medians on North Broadway (US 27 / US 68) between Dover Road and entrance to Parkway Baptist Church

FOR KYTC USE ONLY

PERMIT TYPE: Air Right Entrance Utilities Vegetation Removal Other: _____

ACCESS: Full Partial by Permit **LOCATION:** Left Right Crossing

SECTION 3: GENERAL DESCRIPTION OF WORK

The North Broadway Improvement Project includes the reconstruction of three raised medians on US 27 / US 68 (North Broadway) between Dover Road and the entrance to Parkway Baptist Church (just east of Lin Wal Drive). The project will remove the existing raised concrete medians (the existing median curbs will not be replaced) and replace with soil material to allow for landscape plantings and banner signs. The plantings will consist of groundcover, shrubs and trees that will be positioned within the raised landscaped median so the required sight distance is met or exceeded and that any plantings located within the clear zone will be considered crashworthy (4" or less caliper at maturity). The proposed banner poles will be placed within the landscaped median and will be placed on a pole assembly (pole and base) that is crashworthy.

THE UNDERSIGNED APPLICANT(s), being duly authorized representative(s) or owner(s), DO AGREE TO ALL ORIGINAL UNEDITED TERMS AND CONDITIONS ON THE TC 99-1A, pages 1-4.

SIGNATURE

11/28/2023

DATE

This is not a permit unless and until the applicant(s) receives an approved TC 99-1B from KYTC. This application shall become void if not approved by the cancellation date. The cancellation date shall be a minimum of one year from the date the applicant submits their application.

APPLICATION FOR ENCROACHMENT PERMIT

TERMS AND CONDITIONS

1. The permit, including this application and all related and accompanying documents and drawings making up the permit, remains in effect and is binding upon the Applicant/Permittee, its successors and assigns, as long as the encroachment(s) exists and also until the permittee is finally relieved by the Department of Highways from all its obligations.
2. Applicant shall meet all requirements of the Clean Water Act if the project will disturb one acre or more, the applicant shall obtain a KPDES KYR10 Permit from the Kentucky Division of Water. All disturbed areas shall meet the requirements of the Department of Highway's Standard Specifications, Sections 212 and 213, as amended.
3. **INDEMNITY:**
 - A. **PERFORMANCE BOND:** The permittee shall provide to the Department a performance bond according to the Permits Manual, Section PE-203 as a guarantee of conformance with the Department's Encroachment Permit requirements.
 - B. **PAYMENT BOND:** At the discretion of the department, a payment bond shall be required of the permittee to ensure payment of liquidated damages assessed to the permittee.
 - C. **LIABILITY INSURANCE:** Liability insurance shall be required of the permittee (in an amount approved by the department) to cover all liabilities associated with the encroachment.
 - D. It shall be the responsibility of the permittee, its successors and assigns, to maintain all indemnities in full force and effect until the permittee is authorized to release the indemnity by the Department.
4. A copy of this application and all related documents making up the approved permit shall be given to the applicant and shall be made readily available for review at the work site at all times.
5. Perpetual maintenance of the encroachment is the responsibility of the permittee, its successors and assigns, with the approval of the Department as required, unless otherwise stated.
6. Permittee, its successors and assigns, shall comply with and agree to be bound by the requirements and terms of (a) this application and all related documents making up the approved permit, (b) by the Department's Permits Manual, and (c) by the Manual on Uniform Traffic Control Devices, both manuals as revised to and in effect on the date of issuance of the permit, all of which documents are made a part thereof by this reference. Compliance by the permittee, its successors and assigns, with subsequent revisions to applicable provisions of either manual or other policy of the Department may be made a condition of allowing the encroachment to persist under the permit.
7. Permittee agrees that this and any encroachment may be ordered removed by the Department at any time, and for any reason, upon thirty days written notice to the last known address of the applicant or to the address at the location of the encroachment. The permittee agrees that the cost of removing and of restoring the associated right-of-way is the responsibility of the permittee, its successors and assigns.
8. Permittee, its successors and assigns, agree that if the Department determines that motor vehicular safety deficiencies develop as a result of the installation or use of the encroachment, the permittee, its successors and assigns, shall provide and bear the expenses to adjust, relocate, or reconstruct the facilities, add signs, auxiliary lanes, or other corrective measures reasonably deemed necessary by the Department within a reasonable time after receipt of a written notice of such deficiency. The period within which such adjustments, relocations, additions, modifications, or other corrective measures must be completed will be specified in the notice.
9. Where traffic signals are required as a condition of granting the requested permit or are thereafter required to correct motor vehicular safety deficiencies, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee, its successors and assigns and the Department in its reasonable discretion and only in accordance with the Department's current policy set forth in the Traffic Operations Manual and Permits Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, its successors and assigns, at no expense to the Department.

APPLICATION FOR ENCROACHMENT PERMIT

10. The requested encroachment shall not infringe on the frontage rights of an abutting owner without their written consent as hereinafter described. Each abutting owner shall express their consent, which shall be binding on their successors and assigns, by the submission of a notarized statement as follows, "I (we), _____, hereby consent to the granting of the permit requested by the applicant along Route _____, which permit does affect frontage rights along my (our) adjacent real property." By signature(s) _____, subscribed and sworn by _____, on this date _____.
11. The permit, if approved, is subject to the agreement that it shall not interfere with any similar rights or permit(s) previously granted to any other party, except as otherwise provided by law.
12. Permittee shall include documentation which describes the facilities to be constructed. Permittee, its successors and assigns, agree as a condition of the granting of the permit to construct and maintain any and all permitted facilities or other encroachments in strict accordance with the submitted and approved permit documentation and the policies and procedures of the Department. Permittee, its successors and assigns, shall not use facilities authorized herein in any manner contrary to that prescribed by the approved permit. Only normal usage as contemplated by the parties and by this application and routine maintenance are authorized by the permit.
13. Permittee, its successors and assigns, at all times from the date permitted work is commenced until such time as all permitted facilities or other encroachments are removed from the right-of-way and the right-of-way restored, **shall defend, protect, indemnify and save harmless** the Department from any and all liability claims and demands arising out of the work, encroachment, maintenance, or other undertaking by the permittee, its successors and assigns, related or undertaken pursuant to the granted permit, due to any claimed act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party nor operate to enlarge any liability of the Department beyond that existing at common law or otherwise if this right to indemnity did not exist.
14. Upon a violation of any provision of the permit, or otherwise in its reasonable discretion, the Department may require additional action by the permittee, its successors and assigns, up to and including the removal of the encroachment and restoration of the right-of-way. In the event additional actions required by the Department under the permit are not undertaken as ordered and within a reasonable time, the Department may in its discretion cause those or other additional corrective actions to be undertaken and the Department shall recover the reasonable costs of those corrective actions from the permittee, its successors and assigns.
15. Permittee, its successors and assigns, shall use the encroachment premises in compliance with all requirements of federal law and regulation, including those imposed pursuant to Title VI of the Civil Right Act of 1964 (42 U.S.C. § 2000d et seq.) and the related regulations of the U.S. Department of Transportation in Title 49 C.F.R. Part 21, all as amended.
16. Permittee, its successors and assigns, agree that if the Department determines it is necessary for the facilities or other encroachment authorized by the permit to be removed, relocated or reconstructed in connection with the reconstruction, relocation or improvement of a highway, the Department may revoke permission for the encroachment to remain under the permit and may order its removal, relocation or reconstruction by the permittee, its successors and assigns, at the expense of the permittee, except where the Department is required by law to pay any or all of those costs.

APPLICATION FOR ENCROACHMENT PERMIT

17. Permittee agrees that the authorized permit is personal to the permittee and shall remain in effect until such time as (a) the permittee's rights to the adjoining real property to have benefitted from the requested encroachment have been relinquished, (b) until all permit obligations have been assumed by appropriate successors and assigns, and (c) unless and until a written release from permit obligations has been granted by the Department. The permit and its requirements shall also bind the real property to have benefitted from the requested encroachment to the extent permitted by law. The permit and the related encroachment become the responsibility of the successors and assigns of the permittee and the successors and assigns of each property owner benefitting from the encroachment, or the encroachment may not otherwise permissibly continue to be maintained on the right-of-way. (Does not apply to utility encroachments serving the general public.)
18. If work authorized by the permit is within a highway construction project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Department's Engineer on the project in order to coordinate all permitted work with the Department's prime contractor on the project.
19. This permit is not intended to, nor shall it, affect, alter or alleviate any requirement imposed upon the permittee, its successors and assigns, by any other agency.
20. Permittee, its successors and assigns, agree to contain and maintain all dirt, mud, and other debris emanating from the encroachment away from the surrounding right-of-way and the travel way of the highway hereafter and at all times that its obligations under the permit remain in effect.
21. Before You Dig: The contractor is instructed to call 1-800-752-6007 to reach KY 811, the One-Call system for information on the location of existing underground utilities. The call is to be placed a minimum of two (2) and no more than ten (10) business days prior to excavation. The contractor should be aware that the owners of underground facilities are not required to be members of the KY 811 One-Call Before U-Dig (BUD) service. The contractor must coordinate excavation with the utility owners, including those whom do not subscribe to KY 811. It may be necessary for the contractor to contact the County Clerk to determine what utility companies have facilities in the area.
22. The undersigned Utility acknowledges ownership and control of the facilities proposed to be installed, modified, or extended by the Applicant/Permittee and agrees to be bound by the requirements and terms of this application and all related documents making up the approved permit, by the Department's Permits Guidance Manual, and by all applicable regulations and statutes in effect on the date of issuance of the permit. This information and application is certified correct to the best knowledge and belief of the undersigned Utility.

UTILITY

NAME (Utility Representative)

TITLE (Utility Representative)

SIGNATURE (Utility Representative)

DATE



To Submit a Locate Request
24 Hours a Day, Seven Days a Week:
Call 811 or 800-752-6007

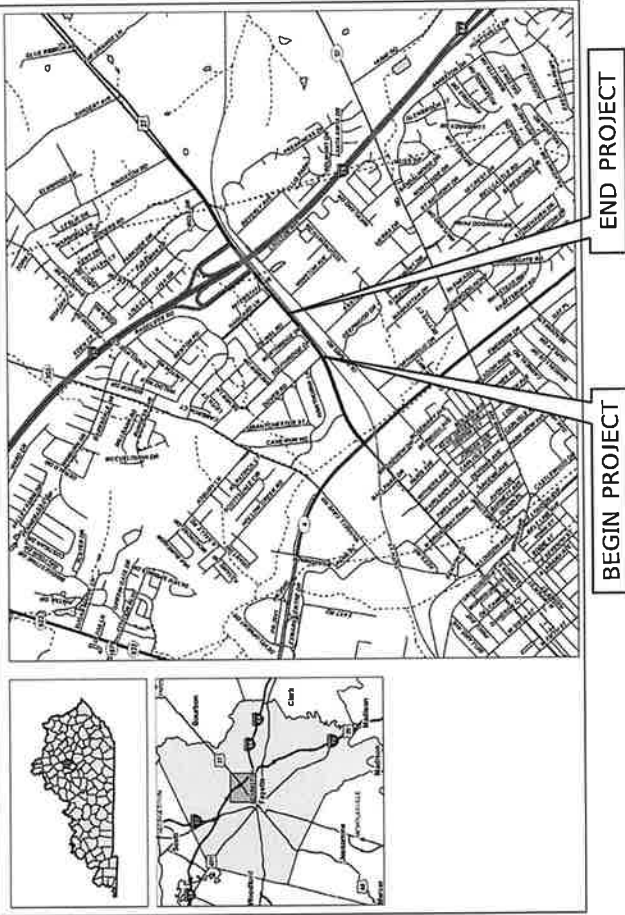
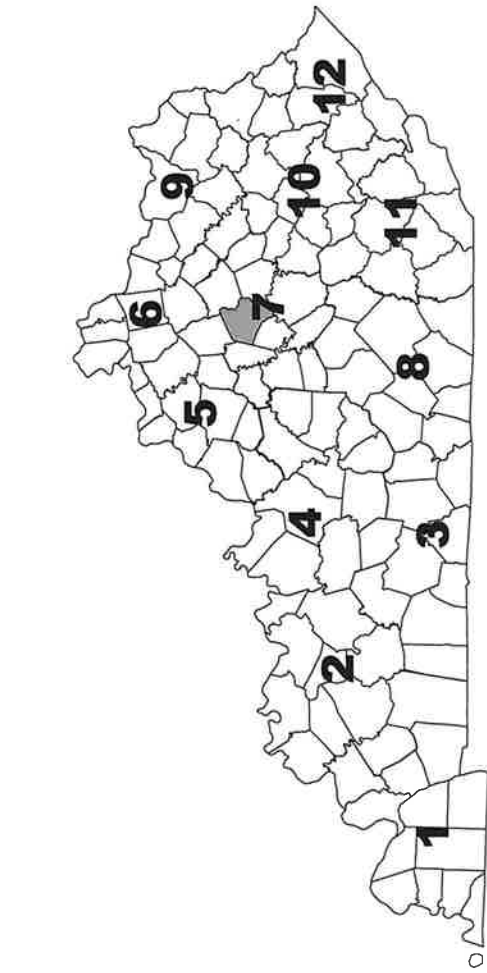


LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

PLANS OF PROPOSED PROJECT NORTH BROADWAY (US 27 / US 68) LANDSCAPED MEDIANS



LEXINGTON



LAYOUT MAP

<p>DESIGN CRITERIA</p> <p>CLASS OF HIGHWAY URBAN PRINCIPAL ARTERIAL</p> <p>TYPE OF TERRAIN LEVEL</p> <p>DESIGN SPEED 45 MPH</p> <p>REQUIRED NPSD 360 FEET</p> <p>REQUIRED PSD N/A</p> <p>LEVEL OF SERVICE N/A</p> <p>ADT PRESENT (2017) 23,000</p> <p>ADT FUTURE (N/A) N/A</p> <p>DHV 2.300</p> <p>D % 50</p> <p>T % 11</p>	<p>INDEX OF SHEETS</p>
<p>GEOGRAPHIC COORDINATES</p> <p>LATITUDE 38 DEGREES 04 MINUTES 18 SECONDS NORTH</p> <p>LONGITUDE 84 DEGREES 27 MINUTES 48 SECONDS WEST</p> <p>DESIGNED</p> <p>% RESTRICTED SD N/A</p> <p>LEVEL OF SERVICE N/A</p> <p>MAX. DISTANCE W/O PASSING N/A</p>	<p>STANDARD DRAWINGS</p>

LENGTH 1.450	LIN. FT. 0.27	MILES
ADJUSTED FOR EQUALITIES	N/A	LIN. FT.
NOT INCLUDED		
RAILROAD CROSSINGS NO.	N/A	LIN. FT.
BRIDGES	N/A	LIN. FT.

PROJECT NUMBER: 0000

PROJECT DESCRIPTION: NORTH BROADWAY LANDSCAPED MEDIANS

FILE NAME: C:\PWORKING\GUSKY\DM59482N_BROADWAY_LAYOUT.DGN

USER: jason.tambler

OpenRoads Designer v10.11.00.115

HILORD AECK SARGENT

AECOM

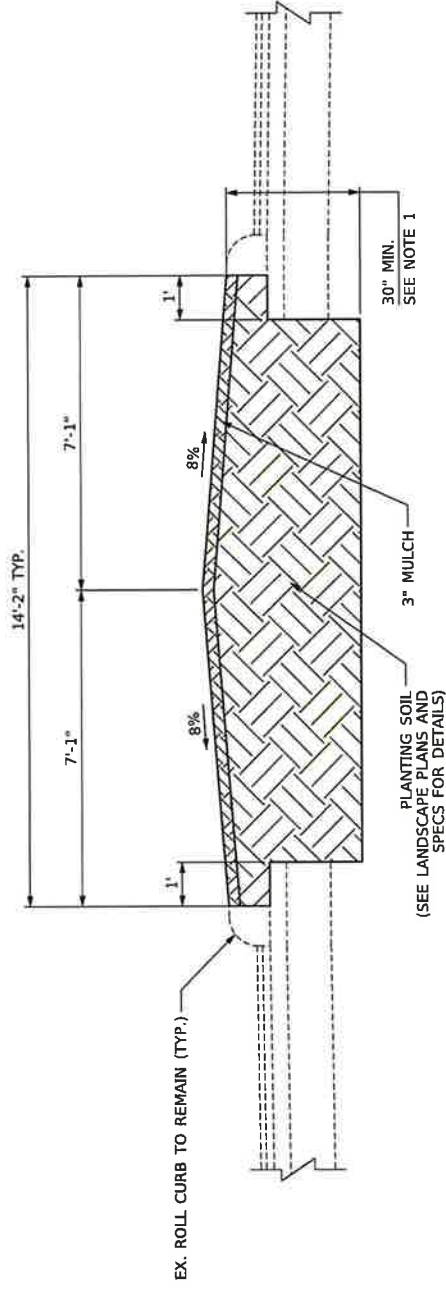
LETTING DATE: _____

RECOMMENDED BY: PROJECT MANAGER DATE: _____

PLAN APPROVED BY: _____ STATE HIGHWAY ENGINEER DATE: _____

ITEM NO. 00-0000.00 COUNTY OF FAYETTE

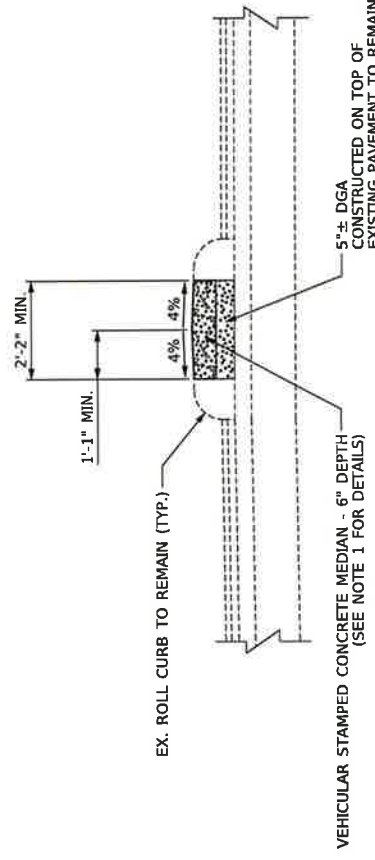
SHEET NO. _____ SHEET NO. R.1



LANDSCAPED MEDIAN

NOTES

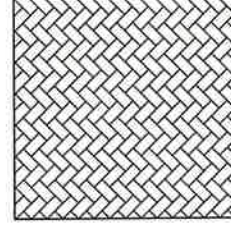
1. TYPICAL PLANTING SOIL DEPTH IS 30". DEPTH SHALL BE INCREASED TO 36" FOR SHRUB PLANTINGS AND 48" FOR TREES.



HARDSCAPED MEDIAN

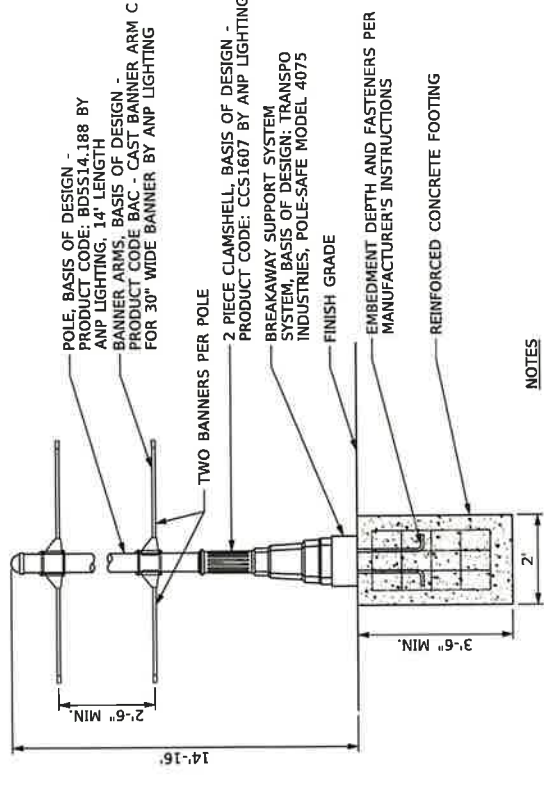
NOTES

1. VEHICULAR STAMPED CONCRETE - 6" DEPTH SHALL CONFORM TO SECTION 501 OF THE STANDARD SPECIFICATIONS USING 6" JPC PAVEMENT EXCEPT AS MODIFIED HEREIN. THE CONCRETE SHALL BE TEXTURED AND COLORED. TEXTURE SHALL BE APPLIED AS A STAMP USING A STANDARD HERRINGBONE PATTERN AS SHOWN IN DETAIL "A" OR AS APPROVED BY THE LFUCG ENGINEER. COLOR SHALL BE INTEGRAL U28-CHARCOAL BY BUTTERFIELD OR EQUIVALENT APPROVED BY THE LFUCG ENGINEER. COLOR TO BE APPLIED THROUGHOUT CONCRETE, NOT AS A SURFACE APPLICATION. FINISHING, TEXTURING, AND COLORING SHALL BE INCIDENTAL.



DETAIL "A"

STAMPED CONCRETE HERRINGBONE PATTERN



BANNER POLE

NOTES

1. ALL FINISHES TO BE BLACK UNLESS OTHERWISE NOTED.
2. INSTALL FOOTING PER LG&E AND KU STANDARD FOUNDATION DETAILS FOR ANCHOR BASE MOUNTED POLES.
3. CONCRETE = 3,500 PSI COMPRESSIVE STRENGTH MIN.
4. FINAL POLE HEIGHT AND BANNER SIZE TO BE APPROVED BY CITY.



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF HIGHWAYS

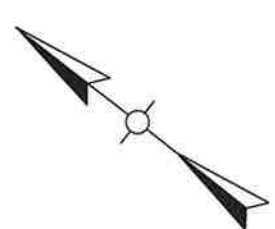
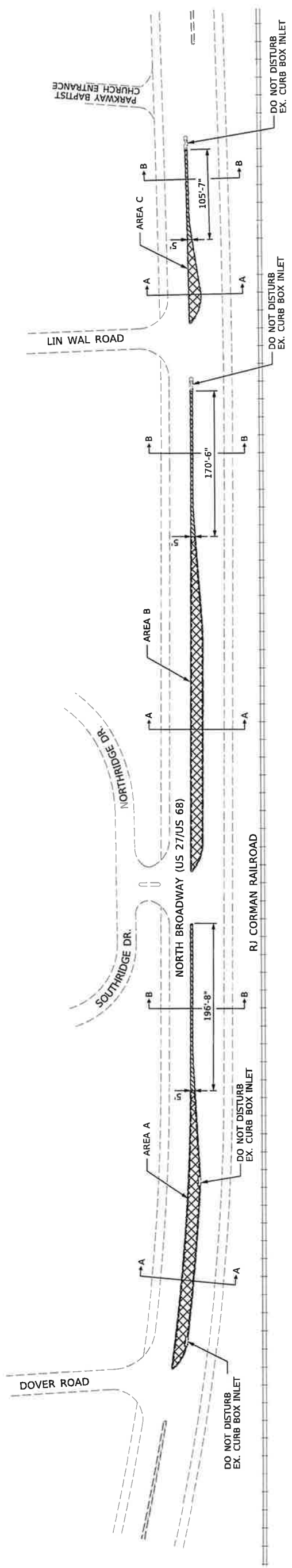
DRAWING TITLE: NORTH BROADWAY MEDIAN CIVIL DETAILS

OpenRoads Designer v10.16.2.269

USER: jason.miller

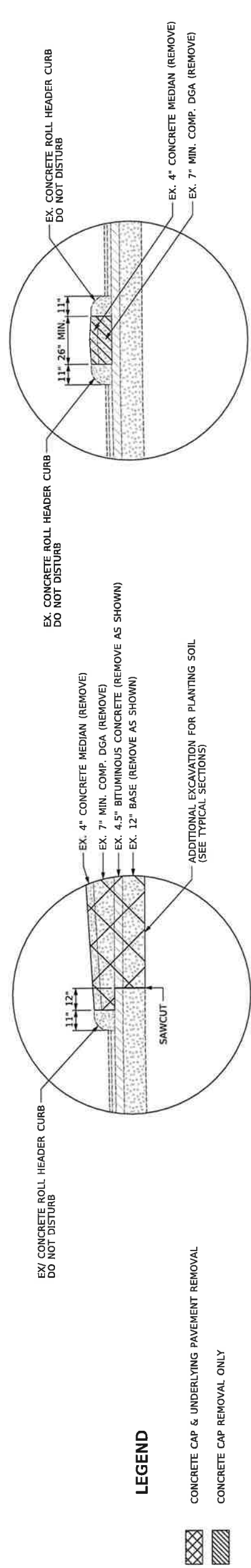
FILE NAME: C:\PWORKING\USURY\DNIS\04\82N_BROADWAY_TYPICAL SECTIONS.DGN

ITEM NO. 00-0000.00
COUNTY OF FAYETTE
SHEET NO. R2



SECTION A-A

SECTION B-B



LEGEND

- CONCRETE CAP & UNDERLYING PAVEMENT REMOVAL
- CONCRETE CAP REMOVAL ONLY

DETAIL "A"

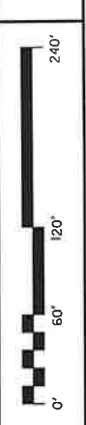
DETAIL "B"



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF HIGHWAYS

DRAWING TITLE: DEMO PLAN

HORIZONTAL SCALE: 1"=60'



NORTH BROADWAY

ITEM NO. 00-0000.00
COUNTY OF FAYETTE
SHEET NO. R3

MAINTENANCE OF TRAFFIC GENERAL NOTES

GENERAL NOTES

- TRAFFIC SHALL BE MAINTAINED IN ACCORDANCE WITH THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, THE STANDARD SPECIFICATIONS FOR ROAD AND BRIDGE CONSTRUCTION AND THE STANDARD DRAWINGS, CURRENT EDITIONS.
- EXCEPT FOR THE ROADWAY AND TRAFFIC CONTROL BID ITEMS LISTED, ALL ITEMS OF WORK NECESSARY TO MAINTAIN AND CONTROL TRAFFIC WILL BE PAID AT THE LUMP SUM BID PRICE TO "MAINTAIN AND CONTROL TRAFFIC" AS SET FORTH IN THE CURRENT STANDARD SPECIFICATIONS FOR ROAD AND BRIDGE CONSTRUCTION UNLESS OTHERWISE PROVIDED FOR IN THESE NOTES. THE LUMP SUM BID TO "MAINTAIN AND CONTROL TRAFFIC" SHALL ALSO INCLUDE, BUT IS NOT LIMITED TO, THE FOLLOWING ITEMS AND OPERATIONS:
 - ALL LABOR AND MATERIALS NECESSARY FOR CONSTRUCTION AND MAINTENANCE OF TRAFFIC CONTROL DEVICES AND MARKINGS.
 - ALL FLAGPERSONS AND TRAFFIC CONTROL DEVICES SUCH AS, BUT NOT LIMITED TO, FLASHERS, SIGNS BARRICADES AND VERTICAL PANELS, PLASTIC DRUMS (STEEL DRUMS WILL NOT BE PERMITTED) AND CONES NECESSARY FOR THE CONTROL AND PROTECTION OF VEHICULAR AND PEDESTRIAN TRAFFIC AS SPECIFIED IN THESE NOTES, THE MUTCD OR THE ENGINEER.
 - ANY TEMPORARY TRAFFIC CONTROL ITEMS, DEVICES, MATERIALS AND INCIDENTALS SHALL REMAIN THE PROPERTY OF THE CONTRACTOR WHEN NO LONGER NEEDED.
 - DURING WORKING HOURS THE CONTRACTOR SHALL MAINTAIN A MINIMUM OF ONE LANE OF TRAFFIC IN EACH DIRECTION WITH A MINIMUM LANE WIDTH OF 11 FEET.
 - THE CONTRACTOR SHALL COMPLETELY COVER ANY SIGNS, EITHER EXISTING, PERMANENT OR TEMPORARY, WHICH DO NOT PROPERLY APPLY TO THE CURRENT TRAFFIC PHASING, AND SHALL MAINTAIN THE COVERING UNTIL THE SIGNS ARE APPLICABLE OR ARE REMOVED.
 - IN GENERAL, ALL TRAFFIC CONTROL DEVICES SHALL BE PLACED STARTING AND PROCEEDING IN THE DIRECTION OF THE FLOW OF TRAFFIC AND REMOVED STARTING AND PROCEEDING IN THE DIRECTION OPPOSITE THE FLOW OF TRAFFIC.
 - THE LFUCG ENGINEER AND THE CONTRACTOR, OR THEIR AUTHORIZED REPRESENTATIVES, SHALL REVIEW THE SIGNING BEFORE TRAFFIC IS ALLOWED TO USE ANY LANE CLOSURES. ALL SIGNING SHALL BE APPROVED BY THE ENGINEER BEFORE WORK CAN BE STARTED BY THE CONTRACTOR.
 - IF THE CONTRACTOR DESIRES TO DEVIATE FROM THE TRAFFIC CONTROL SCHEME AND CONSTRUCTION SCHEDULE OUTLINED IN THESE PLANS AND THIS PROPOSAL, HE SHALL PREPARE AN ALTERNATE PLAN AND PRESENT IT IN WRITING TO THE LFUCG ENGINEER. THIS ALTERNATE PLAN CAN BE USED ONLY AFTER REVIEW AND APPROVAL OF THE LFUCG TRAFFIC ENGINEER AND KYTC DISTRICT 7, WHERE APPLICABLE.
 - IF TRAFFIC SHOULD BE STOPPED DUE TO CONSTRUCTION OPERATIONS AND AN EMERGENCY VEHICLE ON AN OFFICIAL EMERGENCY RUN ARRIVES AT THE SCENE, THE CONTRACTOR SHALL MAKE THE PROVISIONS FOR THE PASSAGE OF THAT VEHICLE AS QUICKLY AS POSSIBLE.
 - REASONABLE MEANS OF INGRESS AND EGRESS SHALL BE MAINTAINED TO ALL PROPERTIES AND SIDE STREETS WITHIN THE PROJECT LIMITS. ACCESS TO FIRE HYDRANTS MUST ALSO BE MAINTAINED AT ALL TIMES.

LANE CLOSURES

NO DIRECT PAYMENT WILL BE MADE FOR ANY LANE CLOSURE. TEMPORARY LANE CLOSURES WILL NOT BE PERMITTED DURING PEAK TRAFFIC HOURS AS DEFINED UNDER THE ALLOWABLE WORKING HOURS NOTE. PRIOR TO INSTALLING ANY TEMPORARY LANE CLOSURE, THE CONTRACTOR SHALL GIVE A MINIMUM OF 2 DAYS NOTICE IN WRITING AND APPROVAL MUST BE OBTAINED FROM THE ENGINEER.

ALLOWABLE WORKING HOURS

NO WORK SHALL OCCUR DURING PEAK TRAFFIC BETWEEN THE HOURS OF 6:00 AM AND 9:00 AM AND 3:00 PM AND 6:00 PM MONDAY THROUGH FRIDAY. THE WORK ZONE IS ADJACENT TO RESIDENTIAL PROPERTY. NO WORK PRODUCING NOISE SHALL BE PERMITTED BEFORE 6:00 AM OR AFTER 10:00 PM. ALLOWABLE WORKING HOURS SHALL INCLUDE ALL OTHER TIMES/DAYS NOT COVERED BY THESE RESTRICTIONS.

BICYCLE LANE ACCESS

ACCESS TO THE BICYCLE LANE ON THE OUTSIDE SHOULDERS OF NORTH BROADWAY SHALL BE MAINTAINED AT ALL TIMES. THE CONTRACTOR SHALL NOT PARK VEHICLES OR STOCKPILE MATERIALS ON THE OUTSIDE SHOULDER IN A MANNER THAT WOULD BLOCK ACCESS.

PAVEMENT DROP-OFF

A PAVEMENT EDGE THAT TRAFFIC IS NOT EXPECTED TO CROSS, EXCEPT ACCIDENTALLY, SHOULD BE TREATED AS FOLLOWS:
A. LESS THAN TWO INCHES - NO PROTECTION REQUIRED. WARNING SIGNS SHOULD BE PLACED IN ADVANCE AND THROUGHOUT THE DROP-OFF AREA.

- TWO TO FOUR INCHES - PLASTIC DRUMS, VERTICAL PANELS OR BARRICADES EVERY 100 FEET ON TANGENT SECTIONS FOR SPEEDS OF 50 MPH OR GREATER. CONES MAY BE USED IN PLACE OF PLASTIC DRUMS, PANELS AND BARRICADES DURING DAYLIGHT HOURS. FOR TANGENT SECTIONS WITH SPEEDS LESS THAN 50 MPH AND FOR CURVES, DEVICES SHOULD BE PLACED EVERY 50 FEET. SPACING OF DEVICES ON TAPERED SECTIONS SHOULD BE IN ACCORDANCE WITH THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, CURRENT EDITION.
- GREATER THAN FOUR INCHES - POSITIVE SEPARATION OR WEDGE WITH 3:1 OR FLATTER SLOPE NEEDED. IF THERE IS FIVE FEET OR MORE DISTANCE BETWEEN THE EDGE OF THE PAVEMENT AND THE DROP-OFF, THEN DRUMS, PANELS, OR BARRICADES MAY BE USED. IF THE DROP-OFF IS GREATER THAN 12 INCHES, POSITIVE SEPARATION IS STRONGLY ENCOURAGED. IF CONCRETE BARRIERS ARE USED, SPECIAL REFLECTIVE DEVICES OR STEADY BURN LIGHTS SHOULD BE USED FOR OVERNIGHT INSTALLATIONS.

FOR TEMPORARY CONDITIONS, DROP-OFFS GREATER THAN FOUR INCHES MAY BE PROTECTED WITH PLASTIC DRUMS, VERTICAL PANELS OR BARRICADES FOR SHORT DISTANCES DURING DAYLIGHT HOURS WHILE WORK IS BEING DONE IN THE DROP-OFF AREA.

LESSEER TREATMENTS THAN THOSE DESCRIBED ABOVE MAY BE CONSIDERED FOR LOW-VOLUME LOCAL STREETS.

PAYMENT WILL BE ALLOWED FOR DGA MATERIAL USED FOR WEDGING.

PUBLIC NOTICE

THE CONTRACTOR SHALL PROVIDE A MINIMUM OF 2 DAYS ADVANCED NOTICE TO THE PUBLIC PRIOR TO SHIFTING TRAFFIC DUE TO CONSTRUCTION ACTIVITIES OR BETWEEN PHASES IN THE PROJECT PHASING.

BLASTING

BLASTING WILL NOT BE PERMITTED ON THIS PROJECT.

FAILURE TO COMPLETE WORK ON TIME

FOR EACH CALENDAR DAY BEYOND THE FIXED COMPLETION DATE OR SPECIFIED WORKING DAYS, THE CITY WILL ASSESS LIQUIDATED DAMAGES PER CURRENT EDITION OF THE STANDARD SPECIFICATIONS FOR ROAD AND BRIDGE CONSTRUCTION.

PROJECT PHASING

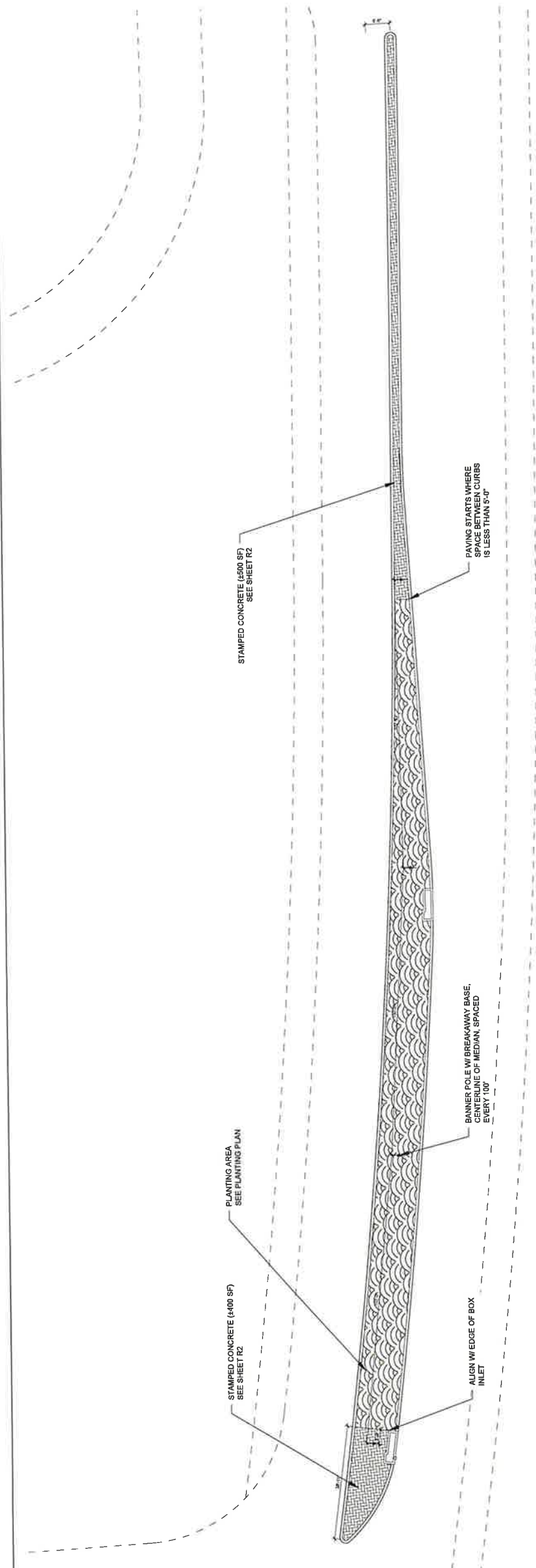
CLOSE ONE LANE OF TRAFFIC IN EACH DIRECTION ADJACENT TO THE EXISTING MEDIAN DURING ALLOWABLE WORKING HOURS AND MAINTAIN ONE LANE OF TRAFFIC ON THE OUTSIDE TRAVEL LANES. NO LANE CLOSURES WILL BE PERMITTED DURING PEAK TRAFFIC TIMES AS DESCRIBED ELSEWHERE IN THESE NOTES. DO NOT CLOSE LANES ADJACENT TO INACTIVE WORK AREAS. MAINTAIN ACCESS TO SIDE ROADS AND ADJACENT PROPERTIES AT ALL TIMES. REMOVE EXISTING MEDIAN AND UNDERLYING PAVEMENT WHERE APPLICABLE. EXCAVATED TRENCH SHALL BE BACKFILLED IN AT THE END OF EACH WORKDAY WITH THE PROPOSED SOIL FILL OR A TEMPORARY MATERIAL AS DIRECTED BY THE ENGINEER BEFORE REOPENING THE MEDIAN LANES TO TRAFFIC.



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF HIGHWAYS



DRAWING TITLE: MAINTENANCE OF TRAFFIC GENERAL NOTES



1 AREA A - HARDSCAPE PLAN
SCALE: 1"=20'-0"



PROJECT AREA
ITEM NO. 00-0000.00 COUNTY OF FAYETTE
SHEET NO. L1

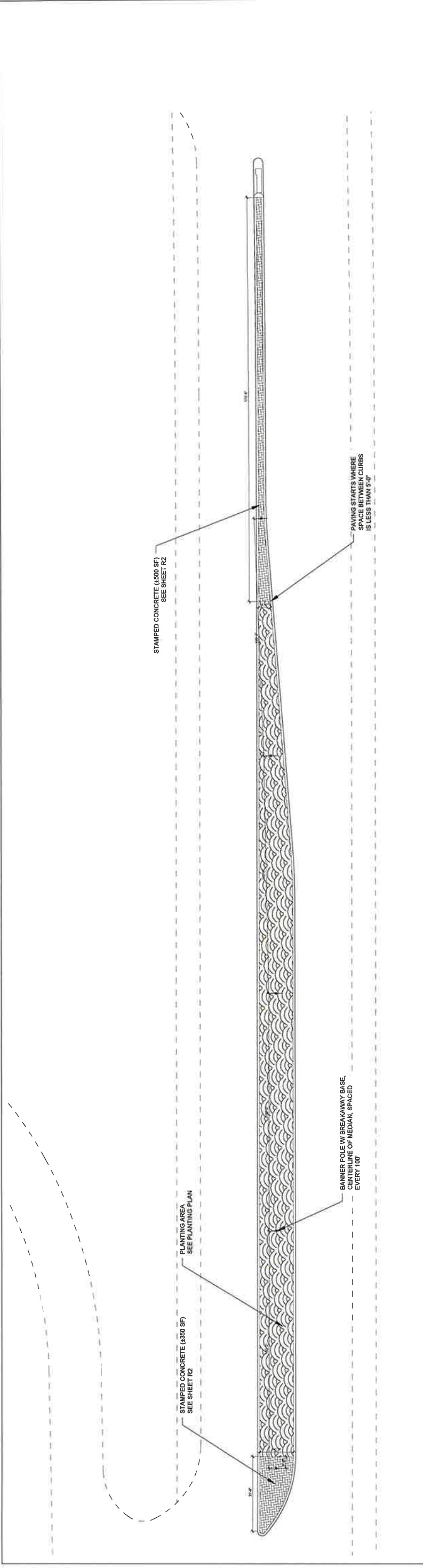
AREA A



HORIZONTAL SCALE: 1"=20'
SCALE: 1"=20'

DRAWING TITLE: HARDSCAPE PLAN





1 AREA B - HARDSCAPE PLAN
SCALE: 1"=20'-0"



PROJECT NAME:
COUNTY OF
FAYETTE
ITEM NO. 00-0000.00
SHEET NO. L2

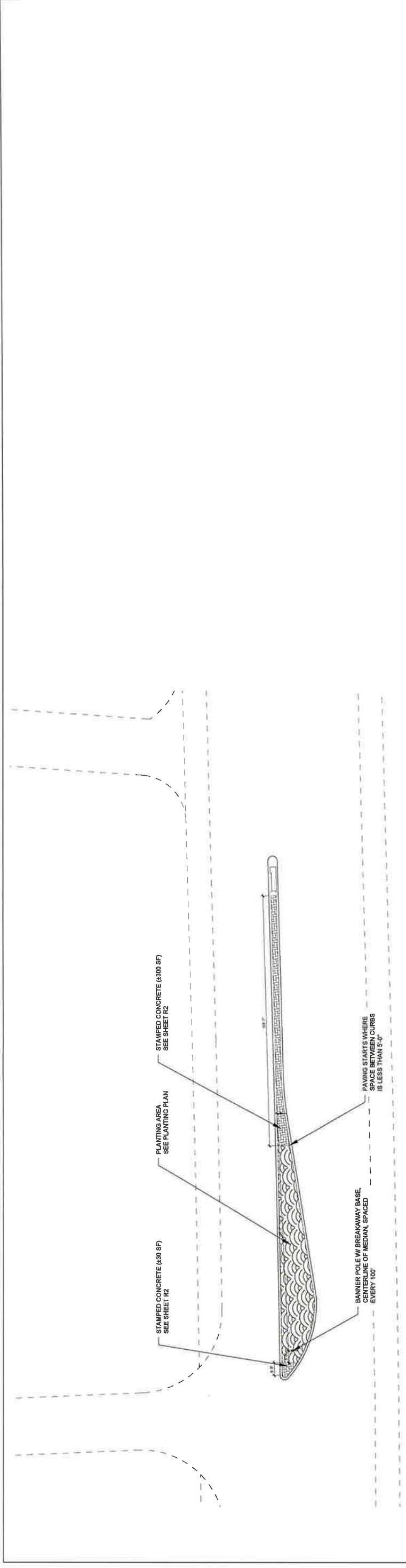
AREA B



HORIZONTAL SCALE
SCALE: 1"=20'

DRAWING TITLE: HARDSCAPE PLAN





1 AREA C - HARDSCAPE PLAN
SCALE: 1"=20'-0"



PROJECT NORTH
ITEM NO. 00-0000.00
COUNTY OF FAYETTE
SHEET NO. L3



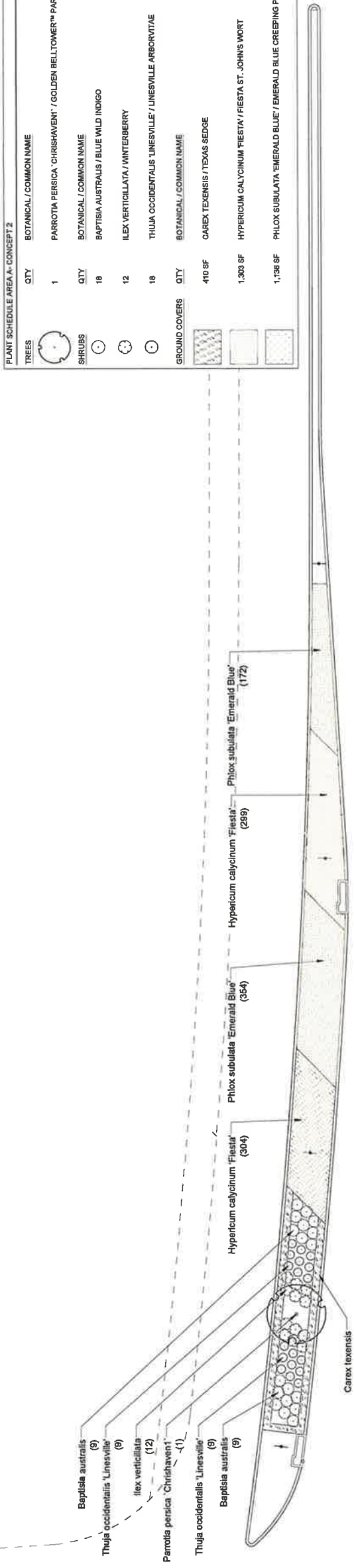
HORIZONTAL SCALE
SCALE: 1"=20'

AREA C

DRAWING TITLE: HARDSCAPE PLAN

PLANT SCHEDULE AREA A - CONCEPT 2








TREES	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	
	1	PARROTTIA PERSICA 'CHRISHAVEN' / GOLDEN BELLTOWER™ PARROTTIA	B&B - 2" CAL	
SHRUBS	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	
	18	BAPTISIA AUSTRALIS / BLUE WILD INDIGO	3 GAL	
	12	ILEX VERTICILLATA / WINTERBERRY	3 GAL	
	18	THUJA OCCIDENTALIS 'LINESVILLE' / LINESVILLE ARBORVITAE	3 GAL	
GROUND COVERS	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	SPACING
	410 SF	CAREX TEXENSIS / TEXAS SEDGE	4" POT	12" o.c.
	1,303 SF	HYPERICUM CALYCIUM 'FIESTA' / FIESTA ST. JOHNS WORT	4" POT	18" o.c.
	1,198 SF	PHLOX SUBULATA 'EMERALD BLUE' / EMERALD BLUE CREEPING PHLOX	FLAT	18" o.c.

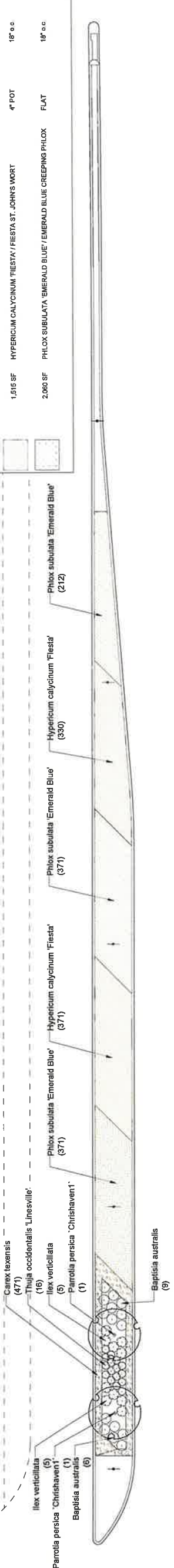


1 AREA A - PLANTING PLAN
SCALE: 1"=20'-0"



PLANT SCHEDULE AREA B - CONCEPT 1

TREES	QTY	BOTANICAL / COMMON NAME	CONTAINERSIZE	
	2	PARROTIA PERSICA 'CHRISHAVENT' / GOLDEN BELLTOWER™ PARROTIA	BAB - 2" CAL	
SHRUBS	QTY	BOTANICAL / COMMON NAME	CONTAINERSIZE	
	15	BAPTISIA AUSTRALIS / BLUE WILD INDIGO	3 GAL	
	10	ILEX VERTICILLATA / WINTERBERRY	3 GAL	
	16	THUJA OCCIDENTALIS 'LINESVILLE' / LINESVILLE ARBORVITAE	3 GAL	
GROUND COVERS	QTY	BOTANICAL / COMMON NAME	CONTAINERSIZE	SPACING
	452 SF	CAREX TEXENSIS / TEXAS SEDGE	4" POT	12" o.c.
	1,515 SF	HYPERICUM CALYCHINUM 'FIESTA' / FIESTA ST. JOHNS WORT	4" POT	18" o.c.
	2,065 SF	PHLOX SUBULATA 'EMERALD BLUE' / EMERALD BLUE CREEPING PHLOX	FLAT	18" o.c.



1 AREA B - PLANTING PLAN
SCALE: 1"=20'-0"



PROJECT NORTH
ITEM NO. 00-0000.00
COUNTY OF FAYETTE
SHEET NO. L5

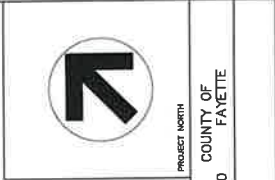


HORIZONTAL SCALE
SCALE: 1"=20'

AREA B

DRAWING TITLE: PLANTING PLAN





PROJECT NORTH
 COUNTY OF
 FAYETTE
 ITEM NO. 00-0000.00
 SHEET NO. L6




AREA C

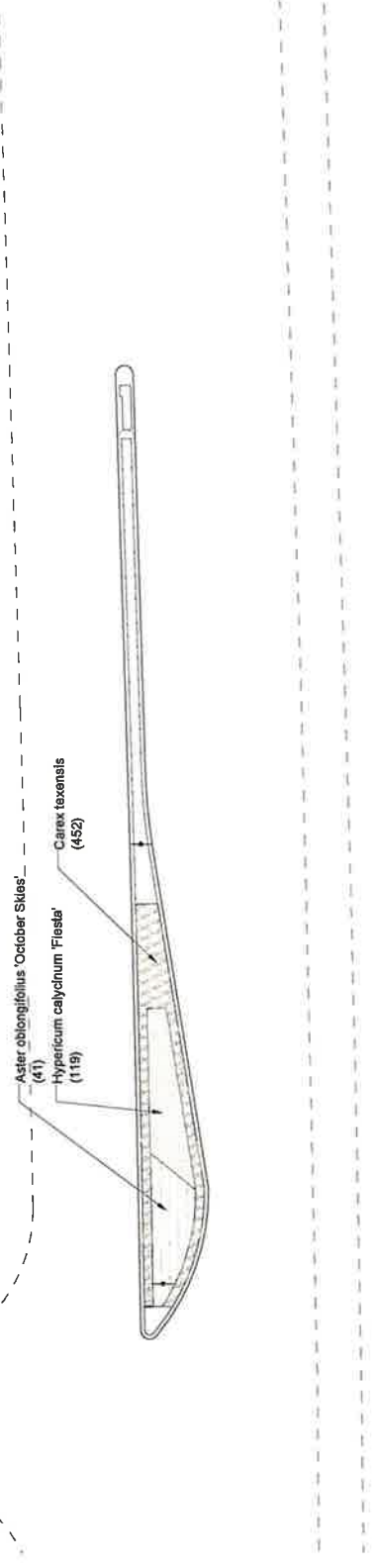


HORIZONTAL SCALE
 SCALE: 1"=20'

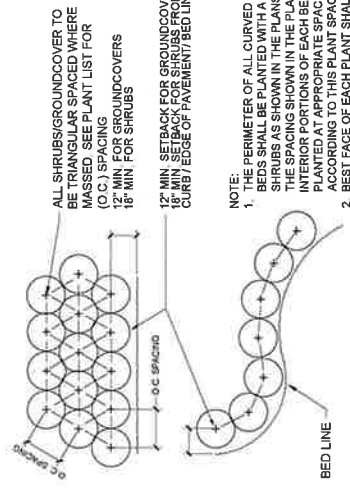
DRAWING TITLE: PLANTING PLAN



PLANT SCHEDULE AREA C			
GROUND COVERS	QTY	BOTANICAL / COMMON NAME	CONTAINER/SIZE
	241 SF	ASTER OBLONGIFOLIUS / OCTOBER SKIES / OCTOBER SKIES FALL ASTER	FLAT
	434 SF	CAREX TEXENSIS / TEXAS SEDGE	4 POT
	258 SF	HYPERICUM CALYCDRUM / FIESTA / FIESTA ST. JOHN'S WORT	4" POT
			SPACING
			30' o.c.
			12' o.c.
			18' o.c.

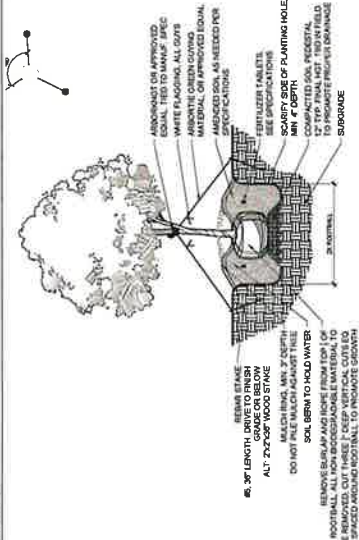


1 AREA C - PLANTING PLAN
 SCALE: 1"=20'-0"



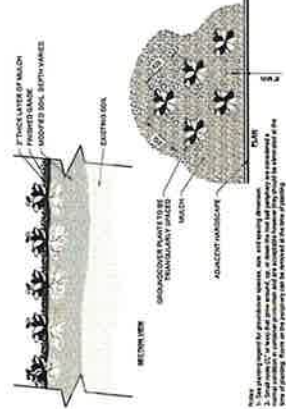
1 SHRUB SPACING
SCALE: NTS

NOTE: PERIMETER OF ALL CURBED PLANTINGS SHALL BE PLANTED WITH A ROW OF SHRUBS AS SHOWN IN THE PLANS AND AT THE SPACING SHOWN IN THE PLANT LIST. INTERIOR PORTIONS OF EACH BED SHALL BE PLANTED AT APPROPRIATE SPACING DETAIL. BEST FACE OF EACH PLANT SHALL FACE FRONT OF PLANTING BED.



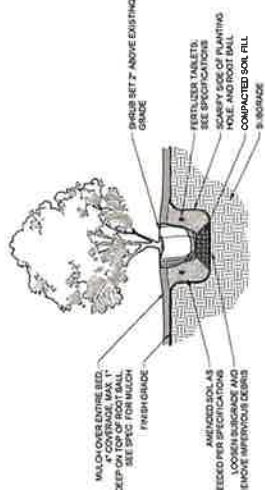
4 TREE PLANTING
SCALE: NTS

NOTE: ROOT BALL SET FURTH WITH FINISHED GRADE UNLESS OTHERWISE SPECIFIED. IN WHICH CASE PLANT ROOT BALL 2\"/>



2 GROUNDCOVER PLANTING
SCALE: NTS

NOTE: 1. All groundcover shall be installed in accordance with the specifications for the material. 2. All groundcover shall be installed in accordance with the specifications for the material. 3. All groundcover shall be installed in accordance with the specifications for the material. 4. All groundcover shall be installed in accordance with the specifications for the material. 5. All groundcover shall be installed in accordance with the specifications for the material.



3 SHRUB PLANTING
SCALE: NTS

NOTE: 1. ROOT BALL SET 2\"/>












GENERAL PLANTING NOTES

- 1.01 PLANT MATERIAL SUBMITTALS & PLANT SELECTION
 - A. ALL NEW TREES AND PLANT MATERIAL SHALL MEET THE MINIMUM SIZE REQUIREMENT AS STATED ON PLANT SCHEDULE.
 - B. LANDSCAPE CONTRACTOR SHALL PROVIDE LIST OF PROPOSED PLANT MATERIALS, ALTERNATES (IF ANY), PLANT SIZES, REMARKS, AND PROPOSED NURSERY LOCATION(S) TO LANDSCAPE ARCHITECT FOR REVIEW PRIOR TO ORDERING PLANT MATERIALS.
 - C. LANDSCAPE CONTRACTOR SHALL PROVIDE HIGH-RESOLUTION DIGITAL COLOR PHOTOGRAPHS OF ALL SELECTED PLANT MATERIAL AT NURSERY PRIOR TO SCHEDULING TAGGING TRIPS. DIGGING OR PURCHASE OF PLANTS. FOR TREES, SHOW A 10" HT. MIN. MEASURING ROD NEXT TO ALL TREES. LABEL EACH PHOTO WITH BOTANICAL NAME AND SIZE OF EACH PLANT ITEM. SUBMITTED PHOTOS WILL BE USED FOR LANDSCAPE ARCHITECT'S PRELIMINARY REVIEW.
 - D. LANDSCAPE CONTRACTOR TO ARRANGE SELECTION AND TREE TAGGING TRIPS TO TREE FARMS(S) FOR PURPOSE OF TAGGING NEW TREES. LANDSCAPE CONTRACTOR AND LANDSCAPE ARCHITECT TO PARTICIPATE IN TRIPS(S) (AND OWNER, IF REQUESTED).
 - E. THE LANDSCAPE ARCHITECT RESERVES THE RIGHT TO INSPECT AND REJECT TREES AND PLANTS AT ANY TIME. THE LANDSCAPE ARCHITECT WILL DECIDE FINAL APPROVAL OF ALL PLANT MATERIAL DELIVERED TO PROJECT SITE.
 - F. ALL AREAS DISTURBED DURING CONSTRUCTION NOT SHOWN ON PLANS AS PLANTING BED, GROUND COVER, OR BENEATH GROUPINGS OF TREES, SHALL BE HYDROSEEDED OR SODDED WITH 90/10 BLUEGRASS FESCUE MIX.
 - G. GROUPINGS OF TREES SHALL RECEIVE MINIMUM OF 6" DIAMETER HARDWOOD MULCH RING AROUND INDIVIDUAL TREES, WHERE SPACE BETWEEN SINGLE TREES IS LESS THAN 5'. INTERIOR SPACE SHALL ALSO BE MULCHED. LANDSCAPE ARCHITECT TO REVIEW LOCATIONS IN THE FIELD PRIOR TO MULCHING UNDER TREE GROUPINGS.
- 2.01 PLANT MATERIAL QUALITY
 - A. TREES: ALL NEW TREES TO BE GRADE A STOCK WITH CENTRAL LEADERS, 2-INCHES MINIMUM CALIPER MEASURED 6-INCHES ABOVE THE GROUND. ALL NEW TREES TO HAVE BEEN GROWN FROM CLONAL ORIGIN AND MEET SIZES, LAYOUT AND CULTIVARS SPECIFIED ON PLANT SCHEDULE AND PLANTING PLANS.
 - B. SHRUBS, ORNAMENTAL GRASSES AND GROUNDCOVER: SPECIES, CULTIVARS AND CONTAINER SIZES OF PLANTS MUST MEET MINIMUM IDENTIFIED IN PLANT SCHEDULE AND GROWN IN CLIMATIC CONDITIONS SIMILAR TO THOSE IN LOCALITY OF THE WORK.
- 2.02 SOIL MATERIALS
 - A. PREPARED SOIL ADDITIVES SHALL BE ONE OF THE FOLLOWING PRODUCTS: 1) MR. NATURAL CLM MIX, 2) EARTH FOOD PRODUCTS TLM MIX, OR 3) COWART BLACKENED TOPSOIL, OR APPROVED EQUAL.
 - B. SOIL MIX RATIO - PLANTING SOIL BACKFILL FOR ALL TREES AND SHRUBS SHALL CONSIST OF THE FOLLOWING: ONE PART PREPARED SOIL ADDITIVE (NOTED ABOVE) TO TWO PARTS NATIVE OR EXISTING SOIL PROVIDED THE SOIL MEETS THE REQUIRED RESULTS OF SOIL TESTING.
- 2.03 MULCH MATERIALS
 - A. SHRUBS AND GROUNDCOVER - MULCH SHALL BE 3" DEEP, CLEAN, FRESH AND FREE OF BRANCHES AND OTHER FOREIGN MATTER.
 - B. TREES - MULCH 6 FT DIAMETER AROUND TREES OVER THE ROOT BALL TO A DEPTH OF 3". KEEP ALL MULCH AWAY FROM THE TRUNK FLARE. REMOVE OLD MULCH BEFORE APPLYING NEW MULCH.
 - C. ALL TREE, SHRUB AND GROUNDCOVER AREAS TO RECEIVE HARDWOOD MULCH UNLESS OTHERWISE NOTED.
- 2.04 ACCESSORIES
 - A. CABLE, WIRE, EYE BOLTS AND TURNBUCKLES: NON-CORROSIVE, OF SUFFICIENT STRENGTH TO WITHSTAND WIND PRESSURE AND RESULTING MOVEMENT OF PLANT LIFE.
 - B. PLANT PROTECTORS: RUBBER SLEEVES OVER CABLE TO PROTECT PLANT STEMS, TRUNKS, AND BRANCHES.
 - C. GATOR BAGS: SHALL BE PLACED AROUND TRUNK OF ALL NEWLY-INSTALLED TREES FOR NO LESS THAN ONE YEAR AFTER TIME OF INSTALLATION. GATOR BAGS MAY REMAIN LONGER IF NEEDED (AND AT DISCRETION OF OWNER). ONE GATOR BAG SHALL BE PLACED ALONG BASE OF NEW TREES MEASURING 4" CALIPER OR LESS. TWO GATOR BAGS SHALL BE PLACED ALONG BASE OF NEW TREES OVER 4" CALIPER.
- 3.01 STAGING YARD
 - A. TREE STAGING AREA AND SYSTEMS SHOULD BE PREPARED IN ADVANCE TO ADEQUATELY HOLD TREES ABOVE GROUND FOR OPTIMUM TREE HEALTH PRIOR TO PLANTING.
- 3.02 TREE HANDLING
 - A. USE EXTREME CAUTION WHEN HANDLING TREES. USE A STRAP OR CHAIN CRADLE (ADEQUATE FOR WEIGHT AND SIZE OF TREE AND ROOTBALL) ATTACHED TO THE ROOTBALL TO UNLOAD AND MOVE TREES.
 - B. UNLOADING - PRIOR TO UNLOADING, PROPER MOISTURE SHOULD BE MAINTAINED IN ROOT BALLS. TRUCKS SHOULD BE STAGED IN THE SHADE PRIOR TO UNLOADING. UNLOADING TIME SHOULD BE NO MORE THAN TWO HOURS PER TRUCK.
 - C. STAND-UP - IMMEDIATELY AFTER UNLOADING (NO MORE THAN ONE HOUR AFTER UNLOADING), STAND THE TREES UP USING WEIGHTS OR CMU BLOCKS ON ALL FOURS SIDES OF ROOT BALLS. THIS WILL REDUCE THE RISK OF SUN SCALD OR TRUNK DAMAGE. PROPERLY STAGED TREES ARE STANDING, UNTIED AND SPACED. DO NOT LEAN TRUNKS AGAINST FENCING OR OTHER ELEMENTS DURING STORAGE.
 - D. TRUNK PROTECTORS - REMOVE THE CARDBOARD TRUNK PROTECTOR WITHIN 48 HOURS OF TREES BEING STOOD UPRIGHT TO REDUCE THE RISK OF LATER DAMAGE TO BARK AND TRUNK.
 - E. MOISTURE - MONITOR MOISTURE IN THE ROOT BALL BY PROBING WITH A SOIL PROBE AND MANAGE SUPPLEMENTAL IRRIGATION ACCORDINGLY.
 - F. COLD - DURING COLD WEATHER PERIODS, ROOT BALLS MUST BE PROTECTED FROM FREEZING TEMPERATURES.
- 3.03 TREE PLANTING
 - A. PERCOLATION TEST - PRIOR TO PLANTING, CHECK SOIL DRAINAGE WITH A PERCOLATION TEST BY DIGGING A HOLE ONE FOOT DEEP, FILLING WITH WATER AND OBSERVING HOW LONG THE WATER TAKES TO PERMEATE INTO THE SOIL. IF THE WATER LEVEL DROPS MORE SLOWLY THAN ONE INCH PER HOUR, DO NOT PLANT UNTIL DRAINAGE IS CORRECTED.
 - B. PREPARATION - BEFORE PLANTING, REMOVE ANY PLASTIC WRAP AND CIRCLING ROOTS FROM THE ROOT BALL. HANDLE TREE ONLY BY ROOT BALL, MAKING CERTAIN THAT EQUIPMENT, STRAP AND CHAIN CRADLES ARE RATED FOR THE NEEDED TREE SIZE/WEIGHT.

- C. HOLE WIDTH - EXCAVATE PLANTING HOLE AT LEAST TWO TIMES THE DIAMETER OF THE ROOTBALL. ROOTBALL MUST BE SET ON COMPACTED FOUNDATION THAT CANNOT SETTLE WHEN SATURATED.
- D. HOLE DEPTH - EXCAVATE HOLE NO DEEPER THAN 2" SHALLOWER THAN THE ROOT BALL DEPTH. IF A HOLE IS OVER-EXCAVATED, USE 57 SIZE STONE GRAVEL PLACED IN BOTTOM OF HOLE, BEGINNING AT UNDISTURBED SOIL AND FILL UP TO LEVEL WHERE BOTTOM OF ROOT BALL SHOULD REST. DO NOT PLACE SOIL BACK IN OVER-EXCAVATED HOLE.
- E. SOIL AND MULCH - FOLLOW SPECIFICATION NOTED IN SECTIONS 2.02 AND 2.03.
- F. STRAIGHT AND PLUMB - MAINTAIN THE TREE WITH FORKS IN A STRAIGHT AND PLUMB POSITION WHILE BACKFILLING AND WATERING.
- G. BACKFILL/WATER - BACKFILL AND TAMP IN 6" LIFTS UNTIL HALF COMPLETE. SATURATE PLANTING HOLE WITH WATER. AFTER HALF BACKFILL, WATER AND PLUMBING. ADD ADDITIONAL BACKFILL TO JUST BELOW TOP HORIZONTAL RING OF WIRE BASKET. COMPLETELY SATURATE PLANTING HOLE. ADJUST ROOTBALL (IF NEEDED) BY ADJUSTING FORKS UNTIL TREE IS STRAIGHT AND PLUMB. BACKFILL IS SETTLED AND ROOTBALL IS STABLE.
- H. REMOVE FORKS - AFTER ABOVE ITEMS HAVE BEEN COMPLETED, GENTLY REMOVE FORKS. ALSO REMOVE SYNTHETIC STRAP. ANY CARDBOARD PACKAGING, THE TOP PORTION OF WIRE BASKET DOWN TO AND INCLUDING THE FIRST HORIZONTAL RING, AND THE BURLAP PORTION OF THE ROOT BALL.
- I. STAKING - IMMEDIATELY AFTER BACKFILL HAS SETTLED, STAKE TREE TO PROVIDE STABILITY UNTIL ROOT SYSTEM IS THOROUGHLY ESTABLISHED IN THE BACKFILL. CHECK WITH LANDSCAPE ARCHITECT PRIOR TO STAKING TO CONFIRM WHICH TREES WILL REQUIRE STAKING.
- J. STRAIGHTENING - IF FOR ANY REASON TREES NEED STRAIGHTENING, CAREFULLY DIG OUT BACKFILL AROUND ROOT BALL, ATTACHED SEAT BELT STRAP TO WIRE BASKET AND LIFT. NEVER PULL, PUSH OR PUT PRESSURE ON THE TRUNK.

PLANT SCHEDULE

TREES	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	
	3	PARROTTIA PERSICA 'CHRISHAVENI' / GOLDEN BELL-TOWER™ PARROTTIA	B&B - 2" CAL	
SHRUBS	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	
	18	BAPTISIA AUSTRALIS / BLUE WILD INDIGO	3 GAL	
	20	ILEX VERTICILLATA / WINTERBERRY	3 GAL	
	26	PANICUM VIRGATUM / HEAVY METAL / BLUE SWITCH GRASS	1 GAL	
	26	THUJA OCCIDENTALIS / LINESVILLE / LINESVILLE ARBORVITAE	3 GAL	
GROUND COVERS	QTY	BOTANICAL / COMMON NAME	CONTAINER SIZE	SPACING
	241 SF	ASTER OBLONGIFOLIUS 'OCTOBER SKIES' / OCTOBER SKIES FALL ASTER	FLAT	30" o.c.
	3,843 SF	CAREX TEXENSIS / TEXAS SEDGE	4" POT	12" o.c.
	1,993 SF	HYPERICUM CALYCNUM 'FIESTA' / FIESTA ST. JOHNS WORT	4" POT	18" o.c.
	1,898 SF	PHLOX SUBULATA 'EMERALD BLUE' / EMERALD BLUE CREEPING PHLOX	FLAT	18" o.c.

