

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

THIS FIRST AMENDMENT TO THE LOAN AGREEMENT ("Amendment") is made and entered into this 3 day of October 2017 by and **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 **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (hereinafter referred to as the "Borrower").

WITNESSETH:

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-482 of the Lexington-Fayette County Code of Ordinances (the "Code"), the Affordable Housing Fund ("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 (the "Board") oversees and manages the administration of the Fund; and

WHEREAS, LFUCG and the Borrower entered into that certain Loan Agreement ("Agreement") dated July 18, 2016, (attached hereto and incorporated herein as Exhibit A), whereby the parties agreed to Affordable Housing Loan Program terms to fund a rehabilitation project located at 434-436 Chestnut Street and 209-211 Eastern Avenue, Lexington, Kentucky;

WHEREAS, in the Borrower completed the project without requiring the total amount of approved funding; as evidenced by the Withdrawal Worksheet (attached hereto and incorporated herein as Exhibit B);

WHEREAS, in accordance with Section 7.8 of the Agreement, LFUCG and Borrower desire to memorialize a modification to the Agreement; and

NOW, THEREFORE, the parties agree to the following modifications to the Agreement:

1. Section 1.1 of the Agreement shall be amended to provide that LFUCG will make available a total amount not to exceed **THREE HUNDRED FIFTY-SIX THOUSAND FIVE HUNDRED TWENTY-FIVE AND 37/100 DOLLARS (\$356,525.37)** to Borrower from the Affordable Housing Fund.
2. In the event of a conflict between the terms of this Amendment and the terms of the Agreement, this Amendment shall control. All other terms of the Agreement shall remain unchanged in full force and effect.

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this ^{18th} day of July 2016 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 **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (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 December 10, 2015 (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

WHEREAS, on the 22nd of May, 2016, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (hereinafter referred to as the "Program") which was accepted by Borrower ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

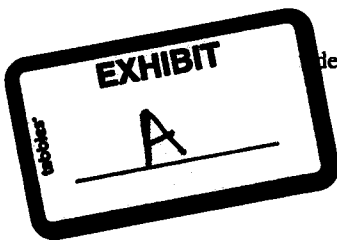
WHEREAS, the project for which Borrower has been approved includes construction activities and/or rehabilitation activities.

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

Article 1 - Commitment

1.1 LFUCG'S COMMITMENT. Pursuant to the Application, the Commitment Letter and this Agreement, LFUCG will make available an amount not to exceed **THREE HUNDRED SIXTY-THREE THOUSAND ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)** ("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 conditioned upon Borrower's continued satisfactory performance under the terms of this Agreement. The Loan will be made available in the form of a 25-year amortizing mortgage loan, which shall accrue interest at the rate of two percent (2%) per annum from the date of the completion of the construction and/or renovation or July 1, 2017, whichever date occurs first, until paid in full. The Loan will be evidenced by a promissory note ("Note") 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 monthly installments of principal and accrued but unpaid interest, commencing as set forth in the Note and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due August 1, 2032 ("Maturity Date"). In the event of any inconsistency between the Application, the Commitment Letter and this Agreement, this Agreement will control. The Loan will be expended only for the purpose of construction, renovation and/or rehabilitation of 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", as attached hereto as Exhibit C, 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 of funds is and will be to construct and renovate two (2) rental duplex units. ("Project"). The Project shall be constructed at 434 - 436 Chestnut Street and 209 - 211 Eastern Avenue ("Site").

1.4 **SITES.** In the event the Project includes new construction activities and/or rehabilitation 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 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;

(b) All funds disbursed hereunder will be used only for construction, rehabilitation, 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, construction, or rehabilitation 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 Note, 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 Note, recordation of a valid mortgage lien against the Property securing repayment of the Loan 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 **AFFORDABILITY PERIOD.** 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 date the Loan proceeds are first expended on each unit in the Project. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds.

3.3 **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.

3.4 **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.

3.5 **RESERVE FUND FOR REPLACEMENT.** Borrower will deposit the amount of ONE THOUSAND THREE HUNDRED AND 00/100 DOLLARS (\$1,300.00) annually into a Reserve Fund for Replacements Account ("Reserve Fund"). All funds will be deposited into a separate account approved by LFUCG in its sole discretion ("Bank") by Borrower, and will be monitored by

LFUCG during the compliance period. The Bank shall maintain the Reserve Fund for the benefit of Borrower and will disburse the amounts deposited therein only for the purposes of making necessary repairs to the Premises or replacement of furniture or fixtures, upon written request of Borrower and with the approval of LFUCG, which approval will not be unreasonably withheld.

The Reserve Fund will be maintained in accordance with LFUCG policy including minimum balances that must be maintained, frequency of requests for disbursements, as well as eligible disbursements.

3.6 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.

3.7 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorney's fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **THREE THOUSAND SIX HUNDRED THIRTY-TWO AND 00/100 DOLLARS (\$3,632.00)** payable to LFUCG at the date of the closing.

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. Advances of the Affordable Housing Funds by LFUCG will not be made until a representative of LFUCG has inspected the improvements, certified their completion and received 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 DEADLINE ON PROPERTY DEVELOPMENT. Borrower will begin development of the Property within 30 days after an advance is made hereunder for the Property and will cause

all development work to be pursued with diligence and without delay. Borrower will cause the improvements to be constructed in a good and workmanlike manner in substantial compliance with the Plans and Specifications and in all respects in full compliance with all laws, rules, permits, requirements and regulations of any governmental agency or authorities having jurisdiction over the Property.

4.4 USE OF FUNDS. Borrower will cause all Affordable Housing Funds borrowed or advanced pursuant hereto to be applied entirely and exclusively for the construction, acquisition, rehabilitation or development, as applicable, of the Property and payment of labor and materials in the completion of development work in substantial compliance with the Plans and Specifications and for the payment of such other costs incidental thereto as may be specifically approved in writing by LFUCG.

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 prior to disbursement of Affordable Housing Funds hereunder and thereafter as LFUCG may require, 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. 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 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 any of the terms of this Agreement, the Affordable Housing Program statutes, the Note evidencing the Affordable Housing Funds under this Agreement 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 Promissory Note 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 Note 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 Note, 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), 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 construction/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; or

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

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, 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 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 then (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 Note 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 Note 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 to 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 Note, 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.

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: Fayette County Local Development Corporation
148 DeWeese Street
Lexington, KY 40507
ATTN: Norman Franklin, Vice President and Development Manager

LFUCG: Lexington-Fayette Urban County Government
101 East Vine Street, Suite 400
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.

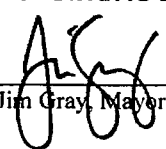
7.10 WAIVER. LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed as a waiver of any other term or condition of this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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: _____


Jim Gray, Mayor

ATTEST:


Clerk, Urban County Council

RENTAL PRODUCTION APPLICATION

LFUCG HOME Program

Last Date Modified: _____
Project/ADS #: _____

A. General Information

Development Information

Project Name: Fayette County Local Development Corp. CHDO Operations
 Street Address: 148 DeWeese Street Neighborhood: East End
 Lexington, KY Zip: 40507 Council District: 1 Census Tract: _____

Total Rental Units: 4 Construction Type: Rehab & New Const.
 # of HOME Units: 4 Fixed or Floating HOME Units? Fixed
 Low Income Housing Tax Credit Project? No Type of LIHTCs: _____

Project Summary *Briefly describe your project.*

FCLDC, at the completion of the projects pending, will have 50 affordable housing units in its inventory; 48 of those properties are located in the East End. These properties are made available to, and increase the housing choices for those low-income renters whose household income is at or below 60% of the AMI for Lexington-Fayette County. These units are self-managed by the FCLDC.

Assistance Requested *(Info comes from other worksheets)*

Total Project Development Costs (TDC)	\$598,187	\$149,547
HOME Permanent Subsidy	\$220,000	\$55,000
Other Permanent Subsidy	\$0	\$0
Total Permanent Subsidy	\$220,000	\$55,000

Developer Information

Entity Name: Fayette County Local Development Corp Federal I.D. #: 61-1057380
 Contact Person: Norman P. Franklin Phone: 859-254-6212
 Address: 148 DeWeese Street Email: norman@ullexfav.org
 City: Lexington State: KY Zip: 40507-1921

Legal Form: Non-Profit Corp

If non-profit, registered with the State of KY? _____

Non-profit determination been made by the Internal Revenue Service? Yes

If yes, indicate IRS designation: 501(c)(3)

Community Housing Development Organization (CHDO)? Yes

Is the CHDO designation from LFUCG? Yes

Explain the role and activities of the non-profit sponsor in the development. Check which apply

Developer _____ Marketing _____ Other _____

General Contractor _____ Carries Liability Insurance _____

Owner X Carries Liability/Property _____

Describe the ownership structure of the project and explain the role of any non-profits in the project.

The properties are owned by FCLDC, with commercial mortgages that require monthly debt service, and CHDO development fund that require a 20 year period of affordability. There is no repayment requirements unless FCLDC fails to maintain as income restricted for renters at or below 60% of the AMI for Lexington-Fayette County.

General Partner/Corporate Officer Information (If applicable)

(List Managing General Partner on first line.)

Ownership %

Name: _____ Fed. ID/Soc. Sec. # _____
 Name: _____ Fed. ID/Soc. Sec. # _____
 Name: _____ Fed. ID/Soc. Sec. # _____

B. Development Plan Information

Primary Unit Type: Duplex Target Population: Family
 Additional Unit Type: _____ Group Home? _____
 Total Residential Square Feet: 4,174 Avg Square Feet Per Unit: 1044
 Total number of Buildings planned 2 Buildings
 Year Oldest Existing Building Constructed 1980

Structural System Frame Basement _____ Crawlspace _____ Exterior _____ Other _____
 Parking _____

Energy and Equipment Information

Heating System: Electric Energy Star? Yes Other Green Certification(s) _____
 Air Conditioning System: Central Forced Air Yes
 Domestic Hot Water: Electric Yes

Equipment included with Income Restricted Units (check those that apply)

<input type="checkbox"/> Microwave	<input checked="" type="checkbox"/> Refrigerator	<input checked="" type="checkbox"/> Kitchen Exhaust Duct	Other: _____
<input checked="" type="checkbox"/> Range & Oven	<input checked="" type="checkbox"/> Ceiling Fans	<input type="checkbox"/> Common On-site Laundry	
<input checked="" type="checkbox"/> Garbage Disposal	<input type="checkbox"/> Fireplace	<input type="checkbox"/> Security Alarm	
<input checked="" type="checkbox"/> Dishwasher	<input checked="" type="checkbox"/> Blinds/Drapes	<input type="checkbox"/> Laundry Equipment	

C. Site Information

On the worksheet "1a) Properties" enter all properties included in the project site(s)

Project Site Area (utilized for proposed development): _____
 Are any project buildings in a National or local historic district? No
 Have you already acquired the project property? Yes
 Was the property occupied at the time you obtained ownership? No
 If vacant at purchase, how many months had it been vacant? 24
 Did/will you acquire the property with clear title and no debt? Yes
 Is this an "Arms-Length" Transaction, meaning the buyer and seller are acting independently and have no relationship to one another? Yes
 If this is not an Arm's Length Transaction, explain the relationship between buyer and seller.

Current Zoning: R-3, Planned Neighborhood Residential Intent

If the project requires a zoning change/waiver, explain where you are in this process.

Will the current site(s) require lots to be subdivided? No

Are the following utilities now located on the site?

Public Water Supply	<u>X</u>
Public Sewer System	<u>X</u>
Natural Gas Distribution System	<u> </u>
Electric Power System	<u>X</u>

Are the following conditions present at the proposed development site?

All or part in 100-yr. floodplain	<u>No</u>	Standing water	<u>No</u>
Railroad tracks within 300 feet	<u>No</u>	Creek, lake, river frontage	<u>No</u>
High tension wires	<u>Unknown</u>	Ravines or steep grades	<u>No</u>
High noise levels	<u>Unknown</u>	Industrial sites	<u>No</u>
Hazardous waste sites	<u>No</u>	Commercial sites	<u>No</u>
Proximity to an airport	<u>No</u>		

Describe any unusual site conditions:

D. Neighborhood & Market Information

Applicants must submit some form of in-house or 3rd party market analysis demonstrating demand for the proposed project. KHC needs/market analyses are acceptable. An appraisal supporting acquisition price will be required.

Explain the need/market demand for the proposed project that insures units will lease up within program deadlines:

As stated in the 2015 Consolidated plan

Explain how you arrived at the projected rents:

Use of HOME rents table

How will you insure lease-up to eligible tenants within 18 months?

We have a waiting list and we implement ongoing marketing

Describe how this project builds on existing and emerging neighborhood anchors (hospital, university, park, school, retail amenities, etc.):

Project increases housing choices for low - income renters

Describe how this project has been coordinated with other neighborhood projects, investments or redevelopment initiatives.

The East End Tif developments and private developers investing in the core East End neighborhoods complement the neighborhood and community at large.

Describe the project's proximity to existing transportation & infrastructure assets (sidewalks, bus routes, etc.).

Bus routes are within one block ofm the properties.

E. Development & Draw Schedule

In the chart below, enter the date the item was accomplished, or when it is expected to be accomplished. If an item does not apply to your development, enter N/A or leave blank. NOTE: This or a revised schedule will be included in your written agreement with LFUCG should you be funded.

IDIS Commitment Date (For LFUCG to input)		Month	Year	Est. Draw on LFUCG Funds
Site Control & Predevelopment	Option			
	Contract			
	Closing			
	Zoning			
	Site Analysis			
	Working Construction Drawings			
Construction Loan Closing				
Construction Start				
Construction 1/2 Completed & Drawn				
Marketing Start-Up				
Construction Complete (Certificate of Occupancy)				
All Units Leased				

Total Development Schedule: _____ months \$0

F. Experience & Affiliates

Total does not match funding requested on Summary.

Previous Development Experience

Has the developer completed other residential development projects? Yes

How many housing development projects has the developer completed? 46

How many rental units has the developer been responsible for producing?

New Construction # units: 44 Rehab # units: 2

How many full-time equivalent staff does developer employ? 0

List most recently completed projects:

Project Name	Address	Construction Type	Tenure Type	Target Residents	# Units	Total Devel. Costs

If developer has been involved in residential development projects in some other capacity, please specify:

[Empty box for specifying other capacity]

Ongoing Management Experience, Structure & Capacity

Who will perform property management? Developer/Owner will manage in-house

Name of management staff/company: _____

How many units is your staff or 3rd party mgt company currently managing? 50

How many HUD Income-restricted units is your staff/mgt company currently managing? 48

Describe staff/mgt company's experience managing HUD income-restricted rental units.

FDLDC in-house property management has facilitated compliance with HUD requirements of income-restricted rental properties since the inception of our affordable rental developments; we are familiar with the required compliance reporting, period of affordability, income caps and rent cost to income ratios.

Describe how the roles of property management, asset management & ongoing compliance will be delegated.

FCIDC has a property manager who screens applicants for eligibility; a tenant service coordinator works with the tenants to monitor compliance and documentation for lease renewals.

Affiliated Entities

List any legally affiliated entities (parent organization, subsidiaries, partnerships, etc.).

- 1. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
2. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
3. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
4. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____

Properties Currently Owned by Applicant & Affiliate Entities

On the worksheet "1a) Properties" enter all properties owned by the applicant and its affiliated entities. LFUCG will check each address for outstanding taxes, code violations, etc.

G. Development Team Information

	Name	Address	Phone	Worked together previously?
Project Mgr:				
Contractor:				
Consultant:				
Attorney:				
Tax Accountant:				
Architect:				
Engineer:				
Property Mgr:				
Other:				

List subcontractors:		MBE or WBE?
1.		
2.		
3.		
4.		
5.		

Are there any identities of interest between team members? *(An identity of interest is a legal, financial, business, or familial relationship that may make it difficult for parties to act independently or "at arm's length" from one another.)*

If yes, provide details of the relationship(s):

Is the Developer, Sponsor, or any other Development Team Member related to an Lexington Urban County Government elected official or employee?

If yes, provide details:

Is the Developer, Sponsor, or any other Development Team Member, including any of their owners, partners, or board members CURRENTLY debarred from Federal contracting opportunities by any agency of the Federal Government? (search at www.sam.gov)

If yes, provide details:

Has the Developer, Sponsor, or any other Development Team Member listed on the previous page, including any of their owners, partners, or board members EVER been debarred from Federal contracting opportunities by any agency of the Federal Government?

If yes, provide details:

H. Supportive Services Information

If you plan to provide supportive services to your tenants, please provide the following:

Description of the population to be served:

Will participation in supportive services be mandatory? _____

Description of the services to be provided and how they will be provided:

I. Relocation

Relocation is the moving of existing residential or commercial occupants from their current space.

Was the property occupied at the time you obtained ownership?

No

If vacant at purchase, how many months had it been vacant?

24

Will your development require any households to move temporarily?

of households to move temporarily: _____

Will your plans require any occupants to move permanently?

of households to move permanently: _____

Will your development require any commercial occupants to move?

of commercial occupants to move: _____

If you answered yes to any of the above questions, describe your relocation plan.

J. Required Application Attachments *(in addition to this Excel file)*

- | | |
|---|--|
| 1 Project Area Map | Marketing Plan for Lease Up* |
| 2 Proof of Site Control* | Current Letters for Project Funding/Financing |
| 3 Plans, Specs, Drawing, Renderings* | Organizational or Personal Financial Statement |
| 4 Market Study/Needs Assessment | Organization's Annual Operating Budget or Audit (nonprofits) |
| 5 Appraisal Supporting Pricing for Acquisition* | Plan/Description of Tenant Services* |
| 6 Staff Resumes/References | Any info required by the LFUCG application or RFP. |
| 7 Detailed Relocation Plan* | |

**If Applicable. Some documents listed above may be submitted later in the funding process*

K. Applicant Certification

I certify that submission of this application has been duly authorized by the governing body of the applicant and that all information contained in this application and its attachments is complete, true, and accurate to the best of my knowledge.

I certify that all forms of governmental assistance sought or already secured for this project are listed on the Sources & Uses section of this application. The applicant also certifies that should other governmental assistance be sought/secured in the future, applicant shall notify LFUCG promptly (within 5 business days).

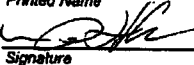
I understand that awards will be made on a competitive basis and LFUCG may award an amount less than requested. I understand that LFUCG has no obligation to make a grant or loan to the applicant. I am aware that incomplete or late applications may not be accepted or considered for funding.

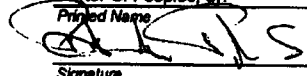
I further understand that submission of this application renders it a public document subject to the Freedom of Information Act.

Applicant Signatures:

Owner, Developer, Executive Director:

Chief Elected Officer Signature (Board Chair)

Norman P. Franklin
Printed Name

Signature
VP/Dev. Mgr.
Title
2/11/16
Date

Porter G. Peoples, Sr.
Printed Name

Signature
Board Chair
Title (Board Chair, President, etc.)
2/14/16
Date

• **Other Properties Currently Owned by Applicant**

Enter all properties in LFUCG owned by the applicant and its affiliated entities that are located inside LFUCG. LFUCG Government will check addresses for outstanding taxes, code violations, etc. If the form below does not offer enough space, you may submit a complete list to LFUCG in a separate document.

Street Address	Zip	Parcel #
359 Chestnut Street	40508	
417 Chestnut Street	40508	
421 Chestnut Street	40508	
440 Chestnut Street	40508	
445 Chestnut Street	40508	
513 Chestnut Street	40508	
517 Chestnut Street	40508	
521 Chestnut Street	40508	
522 Chestnut Street	40508	
548 Chestnut Street	40508	
565 Chestnut Street	40508	
313 Corral Street	40508	
314 Corral Street	40508	
318 Corral Street	40508	
319 Corral Street	40508	

• **Properties Currently Owned by Affiliate Entities**

Affiliate Entity 1: 0

Street Address	Zip	Parcel #
320 Corral Street	40508	
321 Corral Street	40508	
322 Corral Street	40508	
327 Corral Street	40508	
334 Corral Street	40508	
363 Corral Street	40508	
385 Corral Street	40508	
387 Corral Street	40508	
368 Corral Street	40508	
369 Corral Street	40508	
374 Corral Street	40508	
315 E. Second Street	40508	
319 E. Second Street	40508	
348 E. Second Street	40508	
316 Gunn Street	40508	

**Fayette County LocalDevelopment Corp.CHDO Operations
Underwriting Criteria & HOME Limits**

Vacancy Rates	PI Guidelines		Notes	Applicant's #	Compare to Guideline	If outside of guidelines, briefly explain
	Min	Max				
Vacancy Rate for 11 Units or Less	10.0%		Can increase with justification	7.0%	Lower	
Vacancy Rate Year 1-3	7.0%		Default is 7%, applicant may modify with justification	7.0%	Matches	
Vacancy Rate Year 4-15	7.0%			7.0%	Matches	
Rent Inflation	Minimum					
Rent Inflation Rate Years 1-3	2.0%		Default is 2%, applicant may modify with justification	2.0%	Matches	
Rent Inflation Rate Years 4+	2.0%			2.0%	Matches	
Operating Cost Inflation Rates	Minimum					
Administrative	3.0%		Default is 3%, applicant may modify with justification	3.0%	Matches	
Operating/Maintenance	3.0%			3.0%	Matches	
Utilities	3.0%			3.0%	Matches	
Taxes/Insurance	3.0%			3.0%	Matches	
Reserve For Replacement	Minimum		Ratio of New Costs			
Rehabilitation	\$325		Minimum per unit per year based on construction; applicant may increase	\$325	Matches	
New Construction	\$275			\$275	Matches	
Operating Costs	Minimum	Maximum				
Management Fee		8.5%	% of Effective Gross Income	0.0%	Lower	
Annual Operating Costs Per Unit	\$2,800	\$4,500	Guideline only	\$1,871	Out of Range	
Property Insurance (Per Unit Per Year)	\$250		Guideline only	\$871	Higher	
Development & Construction Costs	Minimum	Maximum				
Construction Contingency		12.0%	If over 12%, MUST justify	3.62%	Lower	
Operating Deficit Reserve	\$14,936		6 mo operating + 6 mo. debt service	\$15,000	Higher	
Developer Fee		15.0%	% of TDC, excluding Dev/Con Fees	0.00%	Lower	
Developer Fee - Habitat for Humanity		0.0%	No fee currently allowed for HHF	0.00%	Matches	
Debt Coverage Ratio	Minimum					
Debt Coverage Ratio Year 1	1.20		Require DCR cannot be modified by applicant	1.020	Lower	
Lowest Allowed DCR for all 15 Years	1.00			1.02	Higher	
Deferred Developer Fee Repayment	Deferred fee repaid within 10 years (if applicable)?		Required to for LIHTC Projects	Yes	Matches	

HOME Rent & Subsidy Limits (Published Annually by HUD)				HOME 221(d)(3) Per Unit Subsidy Limits		HOME Income Limits	
HOME GROSS Rent Limits			FMR	Type	Per Unit Subsidy Limit	Household Size (persons)	HOME 60% HUD ANI Income Limit
Type	Low-HOME	High-HOME					
0 BR	\$508	\$508	\$508	0 BR	\$123,406	1	\$26,660
1 BR	\$593	\$593	\$593	1 BR	\$141,467	2	\$32,760
2 BR	\$767	\$776	\$776	2 BR	\$172,022	3	\$36,840
3 BR	\$868	\$1,105	\$1,105	3 BR	\$222,641	4	\$40,920
4 BR	\$990	\$1,237	\$1,237	4 BR	\$244,281	5	\$44,220
						6	\$47,520

Fayette County Local Development Corp. CHDO Operations

PROJECT SUMMARY

Developer: Fayette County Local Development Corp. Project #: 0
 Project Name: Fayette County Local Development Corp. Address: 148 DeWeese Street

Total Units: 4
 Primary Unit Type: Duplex
 Additional Unit Type: 0
 Total Residential Square Feet: 4,174
 Avg Sq Ft/Unit: 1044
 Construction Type: Rehab & New Const.
 Target Population: Family
 Group Home? 0
 Is Project Requesting KHC Tax Credits? No

Unit Mix	Efficiency	1-BR	2-BR	3-BR	4-BR	Total
# of Units	0	1	1	2	0	4
Average Rent	-	\$593	\$590	\$625	-	

Operating Budget	Annual	Per Unit
Adjusted Gross Income	\$33,996	\$8,499
Other Income/Subsidies	\$0	\$0
Vacancy 7%	\$2,380	\$595
Effective Gross Income	\$31,616	\$7,904
Operating Expenses	\$7,484	\$1,871
Replacement Reserve	\$1,900	\$325
Net Operating Income	\$22,832	\$5,708
Debt Service	\$22,388	\$5,597
Cash Flow Year 1	\$445	\$111

Operating Cash Flow	DCR	Cash Flow Per Unit
Year 1	1.02	\$111
Year 5	1.09	\$487
Year 10	1.18	\$984
Year 15	1.27	\$1,511

Key Assumptions

Vacancy Rate Year 1-3:	7.0%
Vacancy Rate: Year 4+	7.0%
Rent Inflation Year 1-3:	2.0%
Rent Inflation Year 4+:	2.0%
Expense Inflation:	
Administrative	3.00%
Operating/Maintenance	3.00%
Utilities	3.00%
Taxes/Insurance	3.00%

Development Costs	Total	Per Unit	% of Total
Acquisition	\$53,100	\$13,275	8.9%
Hard Costs	\$494,604	\$123,651	82.7%
Construction Contingency	\$17,415	\$4,354	2.9%
Soft Costs	\$33,068	\$8,267	5.5%
Developer Fee	\$0	\$0	0.0%
Total	\$698,187	\$149,547	100.0%

Const per \$118.50
 TDC per S \$143.31
 Soft costs \$7.92

Permanent Sources	Total	Per Unit	% of Total
Debt Sources			
HOME	\$0	\$0	0.0%
AHTF	\$0	\$0	0.0%
SMAL	\$0	\$0	0.0%
Risk Sharing	\$0	\$0	0.0%
LFUCG	\$235,000	\$58,750	39.3%
Other KHC loan (Identify):	\$0	\$0	0.0%
Other Loans	\$363,187	\$90,797	60.7%
Equity Sources			
Deferred Dev Fee	\$0	\$0	0.0%
MTM Cash Flow Loan	\$0	\$0	0.0%
LIHTC Equity	\$0	\$0	0.0%
Other Equity/Grants	\$0	\$0	0.0%
Total	\$698,187	\$149,547	100.0%
(Gap) or Surplus	\$0	\$0	0.0%

LFUCG Funding Detail

HOME Permanent Subsidy	\$220,000
Other Permanent Subsidy	\$15,800
Total Permanent Subsidy	\$235,800
LFUCG Perm. Funding as % TDC:	0.0%

Fayette County Local Development Corp. CHDO Operations
Sources & Uses

Total Units: 4
Construction: Rehab & New Const.
LHIC's? No
Primary Unit Type: Duplex
Applicant: Fayette County Local Development Corp.
Project #: 0

SOURCES OF FUNDING

Permanent Debt Sources:	Amount	Per Unit	Interest Rate	Amortization	Loan Position	Estimated Annual Pmt	Actual Annual Pmt	Funding Status
KHC HOME Amortizing	\$0	\$0						
KHC HOME deferred due at maturity	\$0	\$0						
KHC HOME together at maturity (excluded from basis)	\$0	\$0						
AHIF - amortizing	\$0	\$0						
AHIF - forgiven or deferred	\$0	\$0						
SASAL	\$0	\$0						
Rail Sharing	\$0	\$0						
LFUCG HOME Development Subsidy	\$228,000	\$58,000						
Other LFUCG Development Subsidy	\$15,000	\$3,750						
Other KHC loan (deferred)	\$0	\$0						
Bank Loan	\$138,187	\$34,547	5.00%	20		\$10,874		
Non-KHC loan (deferred) Bank Construction loan	\$225,000	\$56,250	2.00%	25		\$11,444		
Total Debt Sources:	\$596,187	\$149,547				\$22,318		

Permanent Equity Sources:	Federal Grant?	Amount	Per Unit	Amortization Period	Describe repayment of each loan:	Funding Status
Deferred Developer Fee		\$0	\$0			
Cash Flow Loan (Asset-to-Market or Other Cash Flow Loan)		\$0	\$0			
Federal Historic Tax Credit Equity (deducted from basis)		\$0	\$0			
4% equity investment		\$0	\$0			
Other equity (deferred)		\$0	\$0			
Other equity (deferred)		\$0	\$0			
Other equity (deferred)		\$0	\$0			
Other equity (deferred)		\$0	\$0			
Volunteer labor		\$0	\$0			
Donated materials		\$0	\$0			
LHIC Anticipated Net Syndication Proceeds (4% / 8%)		\$0	\$0	15 years		
Total Equity Sources:		\$0	\$0			

TOTAL PERMANENT SOURCES: \$596,187 \$149,547
Total Development Costs: \$596,187 \$149,547
 Permanent Funding Sources out of balance by: \$0 \$0

Construction Financing Sources:	Amount Available During Construction	% TDC	Developer Notes	Funding Status
Bank Construction Loan	\$138,187	23.1%		
Deferred Developer Fee	\$0	0.0%		
Housing Credit Equity Available During Construction	\$0	0.0%		
LFUCG HOME Development Subsidy	\$228,000	38.2%		
Other LFUCG Development Subsidy	\$15,000	2.5%		
Other Available Home Fund	\$225,000	37.6%		
Other CHDO Operating Reserve Funds	\$15,000	2.5%		
Cash Not Paid During Construction (plus interest)	\$0	0.0%		
Total Construction Sources:	\$596,187	100.0%		

USES OF FUNDING

	TOTAL COST	Per Unit Cost	Non-Tax Credit Proceeds OR Excluded from Tax Credit Basis
ACQUISITION			
Building Acquisition	\$20,000	\$5,000	
Land Acquisition	\$13,100	\$3,275	\$20,000
TOTAL ACQUISITION	\$33,100	\$8,275	\$20,000
HARD COSTS			
Appliances	\$12,000	\$3,000	\$12,000
Building - New Construction Costs	\$228,475	\$58,619	\$228,475
Building - Rehabilitation Construction Costs	\$148,245	\$38,561	\$148,245
Lead-based paint controls or abatement	\$0	\$0	
Demolition	\$0	\$0	
Earth Work	\$21,500	\$5,375	\$21,500
Law Services	\$10,300	\$2,575	\$10,300
On Site Work	\$0	\$0	
Roofs/Walls	\$0	\$0	
Site Utilities	\$5,300	\$1,325	\$5,300
Unusual Site Conditions	\$0	\$0	
Payment and Performance Bond	\$0	\$0	
General Requirements	\$4,584	\$1,146	\$4,584
Builder's Overhead	\$30,000	\$7,500	\$30,000
Builder's Profit	\$24,134	\$6,084	\$24,134
Construction Manager's Fee	\$0	\$0	
Builder's Risk Insurance	\$1,388	\$342	\$1,388
Builder's Liability Insurance	\$0	\$0	
Worker's Compensation Insurance	\$0	\$0	
Other Computer	\$8,500	\$2,125	\$8,500
Other	\$0	\$0	
TOTAL HARD COSTS	\$484,104	\$121,000	\$484,104
Construction Contingency	\$17,415	\$4,354	\$17,415

1.74% of Hard Costs
 6.67% of Hard Costs
 4.82% of Hard Costs

3.52% of Hard Costs

SOFT COSTS

Bridge Loan Fees	\$0	\$0		
Bridge Loan Legal Fees	\$0	\$0		
Building Permit Fees	\$5,050	\$1,283		\$5,050
Construction Credit Enhancement	\$0	\$0		
Construction Framing Fees	\$0	\$0		
Construction Hazard Insurance	\$0	\$0		
Construction Interest	\$0,785	\$2,447		\$6,785
Construction Legal Fees	\$0	\$0		
Construction Liability Insurance	\$0	\$0		
Construction Loan Points	\$0	\$0		
Construction Title and Recording	\$0	\$0		
Other Construction Finance Fees	\$0	\$0		
Permanent Credit Enhancement	\$0	\$0		
Permanent Financing Fees	\$0	\$0		
Permanent Legal Fees	\$0	\$0		
Permanent Loan Points	\$0	\$0		
Permanent Title and Recording	\$0	\$0		
KHC SBAAL Loan Origination Fee (1% of loan amount)	\$0	\$0		
Other Permanent Loan Financing Fees	\$0	\$0		
Accounting Fees	\$0	\$0		
Architect Fees	\$0	\$0		
Engineering Fees	\$0	\$0		
Escrows	\$0	\$0		
Operating Deficit Reserve (M/I monthly source)	\$15,000	\$3,750		\$15,000
Rent Up Reserves	\$0	\$0		
Replacement Reserve Deposit	\$0	\$0		
Other	\$0	\$0		
Other	\$0	\$0		
Other	\$0	\$0		
Syndication Legal Fees	\$0	\$0		
Syndication Organization Expenses	\$0	\$0		
Other Syndication Expenses	\$0	\$0		
Retention	\$0	\$0		
Appraisal	\$750	\$188		\$750
Market Study	\$0	\$0		
Environmental Study	\$0	\$0		
Lead-Based Paint Assessment and Testing	\$0	\$0		
Survey	\$2,500	\$625		\$2,500
Capital Health Assessment	\$0	\$0		
Marketing	\$0	\$0		
Property Taxes	\$0	\$0		
Cost Certification	\$0	\$0		
Asset Management Fee	\$0	\$0		
KHC Tax Credit Application Fees	\$0	\$0		
KHC Tax Credit Reservation Fees (1% of KHC allocation)	\$0	\$0		
KHC Tax Credit Inspection Fee (0.2% of KHC allocation)	\$0	\$0		
Non-KHC Tax Credit Fees	\$0	\$0		
Other Existing Permanent Mortgages	\$0	\$0		
Other Existing CHDO Loans	\$0	\$0		
Other	\$0	\$0		
Consulting Fee	\$0	\$0		
Developer Fee	\$0	\$0		
AHTF-Paid Developer Fee (if any NW D/M 11 request)	\$0	\$0		
TOTAL SOFT COSTS	\$33,068	\$8,267		\$33,068
TOTAL DEVELOPMENT COSTS	\$986,187	\$148,847		\$836,187

\$14,836 Maximum Source of Operating Deficit Reserve

CHDO Funds

Total Dev & Consulting Fees

0.00% of TDC

5.33% of TDC

Fayette County Local Development Corp. CHDO Operations
UNITS & INCOME

Utility Allowances

Project #: 0

Amenities Included in Units:

Oven/Range	Yes	Garbage Disposal	Yes	Heating System	Electric
Refrigerator	Yes	Washer/Dryer	Yes	Heating Fuel	Other
Microwave	No	W/D Hookup	Yes	System Type	
Dishwasher	Yes				

Utility Allowance Calculation

(use the PHA Utility Allowance tables to the right to look up applicable amounts.)

Utility	Utility Fuel Source (electric, gas, oil, etc.)	Utilities Paid By	Allowance for Utilities Paid by Tenant Only			
			0 BR	1 BR	2 BR	3 BR
Cooking	Electric	Tenant		\$6	\$6	\$12
Other Lighting	Electric	Tenant		\$36	\$33	\$46
Hot Water	Electric	Tenant		\$16	\$21	\$32
Water	Electric	Tenant		\$35	\$43	\$72
Heating	Electric	Tenant		\$42	\$51	\$82
Air Conditioning	Electric	Tenant		\$5	\$6	\$9
Rever	Electric	Tenant		\$20	\$21	\$32
Trash Collection	Electric	Tenant		\$15	\$15	\$15
TOTAL			\$0	\$168	\$206	\$326

Rent Limits

	HOME GROSS Rent Limits As published by HUD			HOME CONTRACT Rent Limits HUD Limit Minus Utility Allowance		
	Low-HOME	High-HOME	FMR	Low-HOME	High-HOME	FMR
0 Bedrooms	\$526	\$526	\$526	\$526	\$526	\$526
1 Bedroom	\$583	\$583	\$583	\$436	\$435	\$435
2 Bedrooms	\$767	\$776	\$776	\$436	\$434	\$434
3 Bedrooms	\$866	\$1,105	\$1,105	\$427	\$444	\$444
4 Bedrooms	\$900	\$1,237	\$1,237	\$444	\$411	\$411

March 3, 2015

Unit Distribution

	HOME Units		Low HOME Units		Project Based Rental Assistance # of units	Income Restriction	# of Baths	Square Footage Per Unit	Proposed Contract Rent (includes utility allowance)	Monthly Rent	Annual Rent
	Minimum HOME Units Required	# Entered Below	0	1							
0 Bedroom Units											
									\$0	\$0	
									\$0	\$0	
									\$0	\$0	
									\$0	\$0	
Subtotal	0	0							\$0	\$0	
1 Bedroom Units											
									\$563	\$7,116	
									\$0	\$0	
									\$0	\$0	
									\$0	\$0	
Subtotal	1	0							\$563	\$7,116	

2 Bedroom Units	# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (includes utility allowance)	Monthly Rent	Annual Rent
	1	High HOME Rents			80% AMI (P10)	2	1,060	\$580	\$580	\$7,080
									\$0	\$0
									\$0	\$0
									\$0	\$0
Subtotal	1		0						\$580	\$7,080

2 Bedroom Units	# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (includes utility allowance)	Monthly Rent	Annual Rent
	2	High HOME Rents			80% AMI (P10)	2	1,208	\$825	\$1,650	\$19,800
		High HOME Rents			80% AMI (P10)				\$0	\$0
		High HOME Rents			80% AMI (P10)				\$0	\$0
		High HOME Rents			80% AMI (P10)				\$0	\$0
Subtotal	2		0						\$1,650	\$19,800

4 Bedroom Units	# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (includes utility allowance)	Monthly Rent	Annual Rent
		High HOME Rents			80% AMI (P10)				\$0	\$0
		High HOME Rents			80% AMI (P10)				\$0	\$0
					Unrestricted				\$0	\$0
Subtotal	0		0						\$0	\$0

Project Totals	#	Gross Rent Potential (Excluding Utilities)	Monthly	Annual
Residential Units:	4		\$2,833	\$33,996
Square Footage of Residential:	4,174		Per Unit Average Rent \$708	\$8,499
Commercial Square Footage:	0		# Housing Credit Units	0
Common Area(s) Square Footage:	0		Square Footage of Housing Credit Units	-
Total Square Footage:	4,174			

Rental Assistance

Is project-based rental assistance (RA) provided? _____ Source of RA: _____ No. Units Receiving RA: _____

Other Income

(These will be treated at the same rate as rents on the Operating Programs)

	Monthly	Annually
Rent from Commercial Space	\$0	\$0
Interest	\$0	\$0
Laundry	\$0	\$0
Parking	\$0	\$0
Tenant Charges (late fees, insufficient funds fees, etc.)	\$0	\$0
Other fees	\$0	\$0
Total Other Income:	\$0	\$0

Annual Operating Subsidies

	Year 1	Year 2	Year 3	Year 4	Year 5
Source 1					
Source 2					
Source 3					
Total Operating Subsidy:	\$0	\$0	\$0	\$0	\$0

Fayette County LocalDevelopment Corp.CHDO Operations ANNUAL OPERATING EXPENSES

Fayette County LocalDevelopment Corp.CHDO Operations
0

Units:
Target population:

4
Family

Administrative	Total	Per Unit	% of Total	% EGI
Accounting Services		\$0	0.0%	
Administrative Rent Free Unit(s)		\$0	0.0%	
Advertising		\$0	0.0%	
KHC Compliance Monitoring Fees		\$0	0.0%	
Compliance Fees (Other)		\$0	0.0%	
Asset Management Fee		\$0	0.0%	
Legal Auditing		\$0	0.0%	
Management Fee		\$0	0.0%	
Manager(s) Salaries	\$634	\$159	8.5%	0.0%
Office Salaries		\$0	0.0%	
Office Supplies		\$0	0.0%	
Telephone		\$0	0.0%	
Other: Please identify: Audit	\$756	\$189	10.1%	
Total Administrative	\$1,390	\$348	18.6%	
Operating/Maintenance				
Elevator Maintenance/Contract		\$0	0.0%	
Exterminating Contract	\$325	\$81	4.3%	
Grounds Expense		\$0	0.0%	
Janitorial Services		\$0	0.0%	
Repairs/Maintenance	\$1,736	\$434	23.2%	
Security Payroll/Contract		\$0	0.0%	
Waste Collection		\$0	0.0%	
Other: Please identify: Maintenance Contract	\$317	\$79	4.2%	
Total Operating/Maintenance	\$2,378	\$595	31.6%	
Utilities				
Electricity		\$0	0.0%	
Gas		\$0	0.0%	
Sewer		\$0	0.0%	
Water		\$0	0.0%	
Other: Please identify:		\$0	0.0%	
Total Utilities	\$0	\$0	0.0%	
Taxes/Insurance				
Property Insurance	\$3,484	\$871	46.6%	
Other Insurance	\$232	\$58	3.1%	
Payroll Taxes		\$0	0.0%	
Real Estate Taxes		\$0	0.0%	
Workmen's Comp.		\$0	0.0%	
Other: Please identify:		\$0	0.0%	
Total Taxes/Insurance	\$3,716	\$929	49.7%	
Total Operating Expenses	\$7,484	\$1,871	100.0%	

Annual Replacement Reserve Contribution:

\$1,300

\$325

(From Sheet "0)Underwriting Criteria")

	Tenant Utilities	Responsible Party
Who will be responsible for tenant utilities? Does not include common areas.	Electricity	Tenant
	Gas	Tenant
	Water	Tenant
	Sewer	Tenant
	Other:	

Fayette County Local Development Corp CHDO Operations
 Project Fayette County Local Development Corp CHDO I
 Project # 0 Construction Period: 10 years

Operating Proforma

	Inflation Factor		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Yrs 1-2	Yrs 3-4										
REVENUE												
Gross Rent Potential	2.0%	2.0%	\$33,980	\$34,676	\$35,399	\$36,077	\$36,789	\$37,534	\$38,325	\$39,151	\$39,992	\$40,828
Vacancy Rate	7.0%	7.0%	\$2,380	\$2,427	\$2,476	\$2,525	\$2,575	\$2,627	\$2,680	\$2,734	\$2,788	\$2,844
Adjusted Gross Income			\$31,616	\$32,249	\$32,924	\$33,551	\$34,212	\$34,907	\$35,625	\$36,357	\$37,104	\$37,984
Other Income			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)			\$31,616	\$32,249	\$32,924	\$33,551	\$34,212	\$34,907	\$35,625	\$36,357	\$37,104	\$37,984
Per Unit			\$7,904	\$8,062	\$8,229	\$8,389	\$8,552	\$8,717	\$8,887	\$9,059	\$9,231	\$9,408
OPERATING EXPENSES												
Administrative			\$1,390	\$1,432	\$1,475	\$1,519	\$1,564	\$1,611	\$1,660	\$1,710	\$1,761	\$1,814
Operating/Maintenance			\$2,378	\$2,448	\$2,523	\$2,600	\$2,679	\$2,757	\$2,838	\$2,920	\$3,012	\$3,103
Utilities			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel/Insurance			\$3,718	\$3,827	\$3,942	\$4,061	\$4,182	\$4,308	\$4,437	\$4,570	\$4,707	\$4,849
Total Operating Expenses			\$7,486	\$7,706	\$7,940	\$8,178	\$8,423	\$8,673	\$8,928	\$9,188	\$9,451	\$9,718
Per Unit			\$1,871	\$1,927	\$1,985	\$2,044	\$2,104	\$2,166	\$2,231	\$2,301	\$2,370	\$2,441
Reserve For Replacement			\$1,300	\$1,338	\$1,379	\$1,421	\$1,463	\$1,507	\$1,552	\$1,599	\$1,647	\$1,696
Net Operating Income (NOI)			\$23,820	\$24,541	\$24,984	\$25,373	\$25,789	\$26,220	\$26,663	\$27,117	\$27,591	\$28,078
Per Unit			\$5,955	\$6,130	\$6,246	\$6,393	\$6,542	\$6,694	\$6,849	\$7,007	\$7,168	\$7,331
DEBT SERVICE												
IOIC HOME amortizing												
AMTF, amortizing												
BANK												
Risk Sharing												
LFLUCG HOME Development Subsidy												
Other LFLUCG Development Subsidy												
Other IOIC loan (Identify):												
Bank Loan			\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944
Non-IOIC loan (Identify): Bank Construction loan			\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444
Total Debt Service			\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388
Debt Coverage Ratio (DCR)			1.02	1.04	1.05	1.07	1.09	1.10	1.12	1.14	1.16	1.18
CASH FLOW												
Per Unit			\$5,887	\$6,213	\$6,157	\$6,205	\$6,248	\$6,291	\$6,334	\$6,377	\$6,420	\$6,463
DEBT MATURITY 1992:												
Expenses Subject to Available Cash Flow (Identify below)												
Cash Flow Loan or MRM Repayment												
Remaining Cash Flow			\$445	\$213	\$1,187	\$1,869	\$1,848	\$2,336	\$2,729	\$3,126	\$3,529	\$3,936
Deferred Developer Fee Repayment			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance of Deferred Dev. Fee	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow			\$445	\$213	\$1,187	\$1,869	\$1,848	\$2,336	\$2,729	\$3,126	\$3,529	\$3,936
Per Unit			\$111	\$53	\$297	\$467	\$457	\$584	\$682	\$782	\$882	\$984
Unpaid Developer Fee after Year 10:	\$0											
Unpaid Cash Flow Loan after Year 10:	\$0											

Expenses Subject to Available Cash Flow (Asset Mgr Fee, Investor Fee, etc.)

Feyth County Land Development Corp CHGO Operations

Operating Proforma

	Inflation Factor:		Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	Yrs 1-2	Yrs 3-4	11	12	13	14	15	16	17	18	19	20
REVENUE												
Gross Rent Potential	2.0%	2.0%	\$41,441	\$42,270	\$43,115	\$43,977	\$44,857	\$45,754	\$46,669	\$47,602	\$48,555	\$49,526
Vacancy Rate	7.0%	7.0%	\$2,301	\$2,350	\$2,399	\$2,448	\$2,497	\$2,546	\$2,595	\$2,644	\$2,693	\$2,742
Adjusted Gross Income			\$39,140	\$39,920	\$40,716	\$41,529	\$42,360	\$43,208	\$44,067	\$44,958	\$45,862	\$46,784
Other Income			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)			\$39,140	\$39,920	\$40,716	\$41,529	\$42,360	\$43,208	\$44,067	\$44,958	\$45,862	\$46,784
Per Unit			\$2,934	\$2,994	\$3,054	\$3,114	\$3,174	\$3,234	\$3,294	\$3,354	\$3,414	\$3,474
OPERATING EXPENSES												
Administrative	3.00%		\$1,808	\$1,824	\$1,840	\$1,856	\$1,872	\$1,888	\$1,904	\$1,920	\$1,936	\$1,952
Operating/Maintenance	1.00%		\$9,186	\$9,286	\$9,386	\$9,486	\$9,586	\$9,686	\$9,786	\$9,886	\$9,986	\$10,086
Utilities	1.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes/Insurance	3.00%		\$4,984	\$5,144	\$5,304	\$5,464	\$5,624	\$5,784	\$5,944	\$6,104	\$6,264	\$6,424
Total Operating Expenses			\$16,078	\$16,256	\$16,436	\$16,616	\$16,796	\$16,976	\$17,156	\$17,336	\$17,516	\$17,696
Per Unit			\$1,232	\$1,256	\$1,280	\$1,304	\$1,328	\$1,352	\$1,376	\$1,400	\$1,424	\$1,448
Reserve For Replacement			\$1,747	\$1,800	\$1,853	\$1,906	\$1,959	\$2,012	\$2,065	\$2,118	\$2,171	\$2,224
Net Operating Income (NOI)			\$23,062	\$23,664	\$24,280	\$24,913	\$25,560	\$26,232	\$26,911	\$27,604	\$28,310	\$29,030
Per Unit			\$1,766	\$1,812	\$1,858	\$1,904	\$1,950	\$1,996	\$2,042	\$2,088	\$2,134	\$2,180
DEBT SERVICE												
KVC HOME, amortizing			\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944
AHTF, amortizing			\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444
BANK			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Risk Sharing			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LFUCG HOME Development Subsidy			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other LFUCG Development Subsidy			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other KVC loan (Identify):			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bank Loan			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-KVC loan (Identify): Bank Construction loan			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service			\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388
Debt Coverage Ratio (DCR)			1.19	1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37
CASH FLOW												
Net Operating Income			\$23,062	\$23,664	\$24,280	\$24,913	\$25,560	\$26,232	\$26,911	\$27,604	\$28,310	\$29,030
Deferred Developer Fee Payment			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance of Deferred Dev. Fee			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow			\$23,062	\$23,664	\$24,280	\$24,913	\$25,560	\$26,232	\$26,911	\$27,604	\$28,310	\$29,030
Per Unit			\$1,766	\$1,812	\$1,858	\$1,904	\$1,950	\$1,996	\$2,042	\$2,088	\$2,134	\$2,180
Unpaid Developer Fee after Year 10			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unpaid Cash Flow Loan after Year 15			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Fayette County LocalDevelopment Corp.CHDO Operations HOME Compliance Checks & Cost Allocation

HOME Compliance	Total	Per Unit
HOME Permanent Subsidy Requested	\$220,000	\$55,000
HOME from KHC	\$0	\$0
Total HOME Funds Requested (Local & State)	\$220,000	\$55,000
HOME Subsidy as % of Total Development Costs	36.8%	
Total Units	4	

Required HOME Units	HOME Requirement	# of HOME Units Entered on Sheet "3/Income"
# of HOME-Assisted Units	2	4
# of Low HOME Units Required	0	1
HOME Subsidy Per Unit	\$110,000	\$55,000

Minimum HOME Affordability Period Rehab & New Const. 15 years

Breakdown of HOME Units Required by Bedroom Type:			Required HOME Units
Bedrooms	# of Units	HOME as % TDC	(Estimated)
0 Bedroom	0	36.8%	0.0
1 Bedroom	1	36.8%	0.4
2 Bedroom	1	36.8%	0.4
3 Bedroom	2	36.8%	0.7
4 Bedroom	0	36.8%	0.0
Total	4	Rounded Total:	2.0

Actual Breakdown of HOME Units: <i>(Must match or exceed requirements listed above.)</i>			
Bedroom Type	# High HOME Units	# Low HOME Units	Total
0 Bedroom	0	0	0
1 Bedroom	0	1	1
2 Bedroom	1	0	1
3 Bedroom	2	0	2
4 Bedroom	0	0	0
Total	3	1	4

HOME Subsidy Limits:			
Bedroom Type	# Units	HUD HOME 221(d)(3) Subsidy Limit	Gross Maximum per Unit Limit
0 Bedroom	0	\$123,406	\$0
1 Bedroom	1	\$141,467	\$141,467
2 Bedroom	1	\$172,022	\$172,022
3 Bedroom	2	\$222,541	\$445,082
4 Bedroom	0	\$244,281	\$0
	4	Max HOME Allowed	\$758,571
		HOME Funds Requested	\$220,000
		Within Limits?	Yes

Project Budget

Address: 434/436 Chestnut Duplex rehab
 Square Footage: approx 2,078 sq.ft. total building area
 Specs: 1bdm 1bth/ 2bdm 1bath

Acquisition:	\$		20,000.00
		<u>Costs</u>	
Equipment Rental	\$		-
Site Work	\$		2,500.00
Excavate & Form Footer/Crawl	\$		-
Dumpster	\$		8,500.00
Masonry	\$		3,500.00
Framing	\$		17,500.00
Concrete	\$		3,800.00
Siding/Columns	\$		16,000.00
Windows/ Energy Star Upgrade *	\$		4,500.00
Electric - 2009 Code	\$		12,400.00
Roof Shingles	\$		9,200.00
Plumbing	\$		10,100.00
Insulation (crawl & attic)	\$		4,200.00
HVAC	\$		12,000.00
DryWall - hang & finish	\$		12,500.00
Trim/Doors	\$		7,250.00
Interior Painting	\$		4,650.00
Gutters	\$		5,145.00
Cabinets/Countertops/Vanities & Tops	\$		5,000.00
Flooring - Carpet/vinyl	\$		12,500.00
Accessories	\$		1,800.00
Lighting **	\$		1,800.00
Landscaping	\$		4,500.00
Decks - 10 X 10	\$		2,000.00
Appliances	\$		6,400.00
Cleaning	\$		400.00
Utilities	\$		2,500.00
Permits & Fees	\$		1,850.00
Street Cut	\$		-
Subtotal 1	\$		172,495.00
4% Contingency	\$		6,899.80
			<hr/>
Subtotal 2	\$		179,394.80
Overhead & Profit	\$		21,527.38
			<hr/>
Total Building Costs	\$		200,922.18
			<hr/>
Soft Cost:			
Engineering: survey, appraisal;	\$		1,625.00
General Requirements: (1.7% of Hard Costs)	\$		3,936.37
Operatind Deficit Reserve	\$		5,000.00
Construction Interest	\$		3,223.44
Builder's Risk Insurance	\$		451.00
Total Soft Costs:	\$		14,235.81
Total Cost: Building cost, Acquisition, Soft Cost	\$		235,157.99
			<hr/>

Project Estimate

Address: 209/211 Eastern (Duplex)
 Square Footage: 1,245 ea. / 2,470 total
 Specs: 3 bdrm, 2 bath

Acquisition:	\$		33,100.00
		<u>Costs</u>	
Demolition	\$		-
Equipment Rental	\$		4,500.00
Site Work	\$		7,000.00
Excavate & Form Footer	\$		12,000.00
Dumpster	\$		2,800.00
Masonry	\$		8,200.00
Framing	\$		44,200.00
Concrete	\$		15,325.00
Siding/Columns	\$		13,400.00
Windows/ Energy Star Upgrade *	\$		5,500.00
Electric - 2009 Code	\$		14,500.00
Roof Shingles	\$		12,000.00
Plumbing	\$		15,300.00
Insulation (walls & attic)	\$		4,500.00
HVAC	\$		16,500.00
DryWall - hang & finish	\$		15,000.00
Trim/Doors	\$		9,700.00
Interior Painting	\$		6,200.00
Gutters	\$		4,500.00
Cabinets/Countertops/Vanities & Tops	\$		11,250.00
Flooring - Carpet/vinyl	\$		13,500.00
Accessories	\$		3,200.00
Lighting **	\$		2,500.00
Landscaping	\$		5,800.00
Decks - 10 X 10	\$		3,500.00
Appliances	\$		5,600.00
Cleaning	\$		400.00
Utilities	\$		2,800.00
Permits & Fees	\$		3,200.00
Street Cut	\$		-
<hr/>			
Subtotal 1	\$		262,875.00
4% Contingency	\$		10,515.00
<hr/>			
Subtotal 2	\$		273,390.00
Overhead & Profit	\$		32,806.80
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Total Building Costs	\$		306,196.80
<hr/>			
Soft Cost:			
Engineering: survey, appraisal;	\$		1,625.00
General Requirements: (1.7% of Hard Costs)	\$		4,647.63
Operatind Deficit Reserve	\$		10,000.00
Construction Interest	\$		6,544.56
Builder's Risk Insurance	\$		915.00
<hr/>			
Total Soft Costs:	\$		23,732.19
<hr/>			
Total Cost: Building cost, acquisition, Soft cost:	\$		363,028.99



LEXINGTON - FAYETTE URBAN COUNTY GOVERNMENT
Department of Planning, Preservation & Development

Jim Gray
Mayor

Derek J. Paulsen, Ph.D.
Commissioner

May 22, 2016

Mr. Norman Franklin
Fayette County Local Development Corporation
148 DeWeese Street
Lexington, KY. 40507

Dear Mr. Franklin,

This letter serves as a contingent commitment of funds from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the Scattered Site Affordable Rental Housing Development at 434/436 Chestnut Street and 209/211 Eastern Avenue as described in your application dated December 10, 2015.

The Affordable Housing Fund Board has approved an allocation of a first mortgage loan totaling \$363,187. The loan rate will be 2% with a term of 15 years with a 25 year amortization. Funds can be used for construction at a 0% rate of interest. Interest will begin accruing upon completion of the renovations or July 1, 2017, whichever occurs first. Your first payment will be due one month following completion of the units or August 1, 2017, whichever is earlier.

A 1% fee totaling \$3,632 will be due at closing.

This commitment is contingent upon the following:

1. Fayette County Local Development Corporation accepts a 15 year deed restriction on the properties to ensure the units are leased to households whose incomes are at or below 80% of area median income.
2. Fayette County Local Development Corporation receives an allocation of \$220,000 in Lexington HOME funds for this development.
3. A resolution of the Board of Directors of the Fayette County Local Development Corporation accepting this loan.

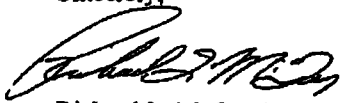
H O R S E C A P I T A L O F T H E W O R L D

101 East Vine Street, Suite 400 Lexington, KY 40507 (859) 258-3018 FAX (859) 258-3163 www.lexingtonky.gov

May 23, 2016

Please indicate below your acceptance of this contingent commitment letter. Upon acceptance LFUCG will work to close the transaction. I look forward to working with you in providing these affordable housing units for the city of Lexington.

Sincerely,



Richard L. McQuady
Affordable Housing Manager

Accepted by:



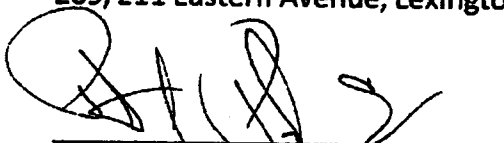
Norman Franklin

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

**Board Resolution
LFUCG Affordable Housing Funds**

May 23, 2016

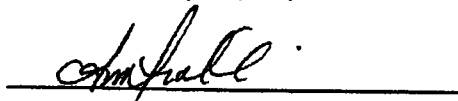
RESOLVED, by having obtained a majority vote, the Fayette County Local Development Corporation Board of Directors hereby gives signature authority to Norman P. Franklin, Vice President, and Development Manager, for acceptance of funding of \$363,187 from the LFUCG Affordable Housing Fund for the development of scattered site, affordable rental units at 434/436 Chestnut and 209/211 Eastern Avenue, Lexington, KY 40508.



Porter G. Peeples, Sr., President

5/23/16

Date Signed



Witness

6/2/16

Date Signed

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

\$ 363,187.00

Lexington, Kentucky

July 14, 2016

FOR VALUE RECEIVED, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, (“Borrower”), whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507, 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 **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)**, or so much thereof as may be advanced by LFUCG under the Loan Documents (as defined in the Loan Agreement of even date herewith) and outstanding, together with interest from the date of completion of construction or July 1, 2017, whichever occurs first each respective disbursement at the rate of two percent (2%), calculated and paid in the manner hereinafter set forth as follows:

- A. 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 August 1, 2017 and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
- B. 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, without cure, LFUCG reserves the right to apply payments in its sole discretion;
- C. 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.
- D. 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.
- E. 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 August 1, 2032, (the “Maturity Date”)

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, an Lexington-Fayette Urban County Government Affordable Housing Fund Loan Agreement (“Agreement”) of even date herewith providing for a loan of **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)** between the Borrower and LFUCG, and this note is expressly subject to and will be bound by the terms and conditions set forth in such Agreement as if all of such terms and conditions were expressly set forth herein.

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) Borrower or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding; (3) Borrower fails to observe or perform any of the terms of this note; or (4) there is any default by Borrower under the Affordable Housing Fund Loan Agreement (defined below), the Declaration of Covenants and Restrictions (defined below), the Mortgage (defined below) or any other document, instrument or agreement providing any security for this note, 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) and any accrued but unpaid interest to

be immediately due and payable.

Should an event of default be declared hereunder or under the documents evidencing this note, interest shall accrue under this note at the annual rate of twelve percent (12.00%) from the date the event of default is declared and shall continue until 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 secured by a Mortgage ("Mortgage"), and is further subject to a Declaration of Covenants and Restrictions ("Declaration") (collectively, the "Loan Documents") all of even date herewith executed by Borrower in favor of LFUCG, and this note is expressly made subject to and will be bound by the terms and conditions set forth in said Loan Documents as if all such terms and conditions were expressly set forth herein.

The Borrower 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 bound for the payment of the principal of and interest on this note notwithstanding any extension or extensions of time of the payment of said 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;

(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 the Commonwealth 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 outstanding principal amount of this note may be prepaid in whole or in part at any time without penalty.

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

Waiver of Jury Trial. The parties hereby waive any right to trial by jury in any proceeding arising out of or relating to this note or any of the contemplated transactions, whether now existing or hereafter arising, and whether sounding in contract, tort or otherwise. The parties agree that any of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained-for agreement among the parties irrevocably to waive trial by jury and that any proceeding whatsoever between them relating to this note or any of the contemplated transactions shall instead be tried in a court of competent jurisdiction by a judge sitting without a jury.

Any 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 16 of the Mortgage, 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 attorneys fees incurred in collecting any of the foregoing.

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

BY: [Signature]
Norman P. Franklin, Vice-President and Development Manager

COMMONWEALTH OF KENTUCKY)
COUNTY OF Fayette)

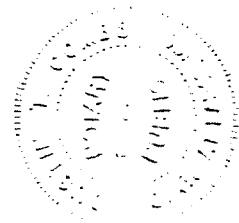
Subscribed, sworn to and acknowledged before me this 19th day of July, 2016, by Norman P. Franklin, as Vice-President and Development Manager of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

[Signature] #545656
Notary Public

THIS INSTRUMENT PREPARED BY:

[Signature]
Melissa Moore Murphy, Esq.
Attorney Senior
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
(859) 258-3500



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

This **MORTGAGE** ("Mortgage"), is made and entered into this ^{18th} day of July, 2016 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (herein "LFUCG"), and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (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 a commitment letter dated May 22, 2016 and accepted by Mortgagor and an Affordable Housing Fund Loan Agreement (the "Loan Agreement") of even date herewith, between Mortgagor and LFUCG providing for an Affordable Housing Fund ("AHF") loan in the amount of **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)**, (the "Loan"); and

A. Mortgagor has determined that it is to Mortgagor's direct and indirect economic benefit that LFUCG make the Loan to Mortgagor, and therefore have agreed to execute and deliver this Mortgage in order to secure repayment of the 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 Loan, hereby conveys to LFUCG, with covenant of general warranty all of Mortgagor's right, title and interest in and to 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 leasehold 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 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 Loan, same being evidenced by a promissory note of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to LFUCG, in the principal amount of **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)** (hereafter the "Note"), 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 August 1, 2032, as more particularly described in the Note; 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 Note, the Funding Agreement, the Loan Agreement and any other instrument or agreement evidencing, securing or otherwise pertaining to the Loan (hereafter collectively, the "Loan Documents"). (Hereafter all references to the "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 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 Loan evidenced by the Note and secured hereby, to be paid at the times and in the manner provided in the Note.
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 per cent (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 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, upon Mortgagor's default under any covenants, conditions, or agreements contained in the Note, herein or in any other Loan Document. While this is a present assignment, LFUCG will not exercise its rights hereunder unless and until Mortgagor shall be in default hereunder or Mortgagor shall be in default under any other Loan Document. 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 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, with the exception of flood, 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 4 shall 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 in the event Mortgagor is in default on the Loan or under the Loan Documents. All such proceeds of fire and extended coverage insurance, to the full extent of the 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 Loan. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the, 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 Lien in the amount of **TWO HUNDRED THIRTY-FIVE THOUSAND AND 00/100 DOLLARS (\$235,000.00)** ("HOME loan) in favor of LFUCG, which is inferior to the within mortgage, Mortgagor will not create, suffer or allow any charge, lien or encumbrance (whether superior or inferior to the lien of this Mortgage) upon the Premises or any part thereof, leases as have been approved by LFUCG and the lien of general and special taxes duly levied and assessed but not yet -due and payable, without prior written consent of LFUCG by its duly authorized officer. 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.

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 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 or threatened default may, at the sole option of LFUCG, be retained and applied, in whole or in part, to the 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 continuation of default or threatened 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 Loan, same shall constitute an event of default hereunder and on the Loan and Note.

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 Loan Document, to protect the Premises as collateral for the Loan, or to recover any portion of the 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, 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 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 Loan then, at the sole option of LFUCG, the entire 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), 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 effecting 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.

11. 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.

12. In the event that LFUCG (a), grants any extension of time or forbearance for payment of any portion of the Loan; (b) takes, or realizes, other additional security for the payment thereof, (c) waives or does not exercise any right granted herein, under the Note or under any other Loan Document; (d) grants any release, with or without consideration, of all or any part of the security held for the payment of the Loan; (e) amends or modifies in any respect with the consent of Mortgagor any of the terms and provisions hereof or of the Note; 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 Note, under any covenant of this Mortgage, the Note or other 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.

13. 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 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 shall be and constitute a default by Mortgagor on this Mortgage and on the Loan.

14. 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 Loan or any part thereof, or in the Note or under any other Loan Document and (absent an express contrary grace or curative period) shall such failure, omission or default not have been fully corrected by LFUCG or Investor Partner (as defined in the Loan Agreement), as applicable, to the complete satisfaction of LFUCG within thirty (30) days after LFUCG gives Mortgagor and/or Investor Partner written notice of the occurrence of any such default; or any of them 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 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), any assignment or composition for the benefit of creditors made or entered into by Mortgagor, 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 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 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 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 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 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 Loan Agreement. Notwithstanding anything to the contrary, no consent of LFUCG shall be required, nor shall it be an Event of Default herein, if Investor Partner transfers its interest in Mortgagor to its affiliate; Investor Partner shall have the right to remove and replace Mortgagor's general partner for cause and replace it with an affiliate of the Investor Partner with the consent of LFUCG.

15. 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.

16. Mortgagor represents and warrants that no hazardous substances are present on the Premises. 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. 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. 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 cost 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 Loan and Note and shall survive release of this Mortgage and shall extend to the representatives, successors and assigns of LFUCG.

17. 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 "LFUCG" shall include the legal representatives, successors and assigns of LFUCG; 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 Loan, or if this Mortgage is invalid or unenforceable as to any part of the Premises, the unsecured or partially unsecured portion of the 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.

18. 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.

19. 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.

20. 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.

21. 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.

If Mortgagor shall pay to LFUCG all sums due LFUCG under the Note and the interest thereon, in the manner and at the times mentioned in the Note, 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.

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.

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

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EXHIBIT "A"

The Property:

434 - 436 Chestnut Street

All that certain lot with improvements thereon, located on the East side of Chestnut Street, fronting forty (40) feet on said Street, extending back of equal width at right angles from said street one hundred fourteen (114) feet, more or less to a division line fence; said lot is bounded on the South by a lot now or formerly owned by D.A. Coyle, and is forty (40) feet fronting on Chestnut Street, the improvements thereon being known and designated as 434-436 Chestnut Street, Lexington, Kentucky; and

Being the same property conveyed to Fayette County Local Development Corporation, by deed dated the 18th day of June, 2015 and of record in Deed Book 3321, Page 112 in the office of the Fayette County Clerk.

209 - 211 Eastern Avenue

Tract I

Beginning at a point in the west property line of North Eastern Avenue, said point being 92 feet Northeast of East Second Street; thence in a northwesterly direction 117 feet; thence in an northeasterly direction and parallel to North Eastern Avenue 20 feet; thence in a southeasterly direction passing through a shed 117 feet to the west property line of North Eastern Avenue; thence with the west property line of North Eastern Avenue in a Southwesterly direction 20 feet to the beginning; the improvements on said premises being known and designated as 209 Eastern Avenue, Lexington, Kentucky; and

Tract II

All that lot or parcel of ground located on the west side of Northeastern Avenue, formerly Vertner Avenue (formerly known as McGown Street) in Lexington, Fayette County, Kentucky, more particularly described as follows, to-wit: Beginning on the west side of said Northeastern Avenue, formerly Vertner Avenue and corner to Ford; thence along the line of said A venue in a southerly direction, forty-seven and one-half (47- ½) feet to the line of A.T. Eades; thence back from said Avenue and with the Eades line in a westerly direction one hundred and eighteen (118) feet to Ford's line; thence in a northerly direction and with Ford's line forty-seven and one-half (47- ½) feet and corner to same; thence in an easterly direction and with the line of Ford one hundred and eighteen (118) feet to Northeastern Avenue, formerly Vertners Avenue, the place of beginning; said premises being known and designated as 211 Eastern Avenue;

Being the same property conveyed to Fayette County Local Development Corporation, by deed dated the 5th day of December, 2014 and of record in Deed Book 3300, Page 360 in the office of the Fayette County Clerk.

Loan Amortization Schedule

<http://www.vertex42.com/ExcelTemplates/loan-amortization-schedule.html>

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Loan Information

Loan Amount	356,525.37
Annual Interest Rate	2.00%
Term of Loan in Years	25
First Payment Date	7/1/2017
Payment Frequency	Monthly
Compound Period	Monthly
Payment Type	End of Period
Rounding	On

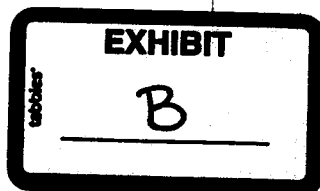
Summary

Rate (per period)	0.167%
Number of Payments	300
Total Payments	453,344.33
Total Interest	96,818.96
Est. Interest Savings	0.14

Monthly Payment 1,511.15

Amortization Schedule

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						356,525.37
1	7/1/17	1,511.15		594.21	916.94	355,608.43
2	8/1/17	1,511.15		592.68	918.47	354,689.96
3	9/1/17	1,511.15		591.15	920.00	353,769.96
4	10/1/17	1,511.15		589.62	921.53	352,848.43
5	11/1/17	1,511.15		588.08	923.07	351,925.36
6	12/1/17	1,511.15		586.54	924.61	351,000.75
7	1/1/18	1,511.15		585.00	926.15	350,074.60
8	2/1/18	1,511.15		583.46	927.69	349,146.91
9	3/1/18	1,511.15		581.91	929.24	348,217.67
10	4/1/18	1,511.15		580.36	930.79	347,286.88
11	5/1/18	1,511.15		578.81	932.34	346,354.54
12	6/1/18	1,511.15		577.26	933.89	345,420.65
13	7/1/18	1,511.15		575.70	935.45	344,485.20
14	8/1/18	1,511.15		574.14	937.01	343,548.19
15	9/1/18	1,511.15		572.58	938.57	342,609.62
16	10/1/18	1,511.15		571.02	940.13	341,669.49
17	11/1/18	1,511.15		569.45	941.70	340,727.79
18	12/1/18	1,511.15		567.88	943.27	339,784.52
19	1/1/19	1,511.15		566.31	944.84	338,839.68
20	2/1/19	1,511.15		564.73	946.42	337,893.26
21	3/1/19	1,511.15		563.16	947.99	336,945.27
22	4/1/19	1,511.15		561.58	949.57	335,995.70
23	5/1/19	1,511.15		559.99	951.16	335,044.54
24	6/1/19	1,511.15		558.41	952.74	334,091.80
25	7/1/19	1,511.15		556.82	954.33	333,137.47
26	8/1/19	1,511.15		555.23	955.92	332,181.55
27	9/1/19	1,511.15		553.64	957.51	331,224.04
28	10/1/19	1,511.15		552.04	959.11	330,264.93
29	11/1/19	1,511.15		550.44	960.71	329,304.22
30	12/1/19	1,511.15		548.84	962.31	328,341.91
31	1/1/20	1,511.15		547.24	963.91	327,378.00
32	2/1/20	1,511.15		545.63	965.52	326,412.48
33	3/1/20	1,511.15		544.02	967.13	325,445.35
34	4/1/20	1,511.15		542.41	968.74	324,476.61
35	5/1/20	1,511.15		540.79	970.36	323,506.25



No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
36	6/1/20	1,511.15		539.18	971.97	322,534.28
37	7/1/20	1,511.15		537.56	973.59	321,560.69
38	8/1/20	1,511.15		535.93	975.22	320,585.47
39	9/1/20	1,511.15		534.31	976.84	319,608.63
40	10/1/20	1,511.15		532.68	978.47	318,630.16
41	11/1/20	1,511.15		531.05	980.10	317,650.06
42	12/1/20	1,511.15		529.42	981.73	316,668.33
43	1/1/21	1,511.15		527.78	983.37	315,684.96
44	2/1/21	1,511.15		526.14	985.01	314,699.95
45	3/1/21	1,511.15		524.50	986.65	313,713.30
46	4/1/21	1,511.15		522.86	988.29	312,725.01
47	5/1/21	1,511.15		521.21	989.94	311,735.07
48	6/1/21	1,511.15		519.56	991.59	310,743.48
49	7/1/21	1,511.15		517.91	993.24	309,750.24
50	8/1/21	1,511.15		516.25	994.90	308,755.34
51	9/1/21	1,511.15		514.59	996.56	307,758.78
52	10/1/21	1,511.15		512.93	998.22	306,760.56
53	11/1/21	1,511.15		511.27	999.88	305,760.68
54	12/1/21	1,511.15		509.60	1,001.55	304,759.13
55	1/1/22	1,511.15		507.93	1,003.22	303,755.91
56	2/1/22	1,511.15		506.26	1,004.89	302,751.02
57	3/1/22	1,511.15		504.59	1,006.56	301,744.46
58	4/1/22	1,511.15		502.91	1,008.24	300,736.22
59	5/1/22	1,511.15		501.23	1,009.92	299,726.30
60	6/1/22	1,511.15		499.54	1,011.61	298,714.69
61	7/1/22	1,511.15		497.86	1,013.29	297,701.40
62	8/1/22	1,511.15		496.17	1,014.98	296,686.42
63	9/1/22	1,511.15		494.48	1,016.67	295,669.75
64	10/1/22	1,511.15		492.78	1,018.37	294,651.38
65	11/1/22	1,511.15		491.09	1,020.06	293,631.32
66	12/1/22	1,511.15		489.39	1,021.76	292,609.56
67	1/1/23	1,511.15		487.68	1,023.47	291,586.09
68	2/1/23	1,511.15		485.98	1,025.17	290,560.92
69	3/1/23	1,511.15		484.27	1,026.88	289,534.04
70	4/1/23	1,511.15		482.56	1,028.59	288,505.45
71	5/1/23	1,511.15		480.84	1,030.31	287,475.14
72	6/1/23	1,511.15		479.13	1,032.02	286,443.12
73	7/1/23	1,511.15		477.41	1,033.74	285,409.38
74	8/1/23	1,511.15		475.68	1,035.47	284,373.91
75	9/1/23	1,511.15		473.96	1,037.19	283,336.72
76	10/1/23	1,511.15		472.23	1,038.92	282,297.80
77	11/1/23	1,511.15		470.50	1,040.65	281,257.15
78	12/1/23	1,511.15		468.76	1,042.39	280,214.76
79	1/1/24	1,511.15		467.02	1,044.13	279,170.63
80	2/1/24	1,511.15		465.28	1,045.87	278,124.76
81	3/1/24	1,511.15		463.54	1,047.61	277,077.15
82	4/1/24	1,511.15		461.80	1,049.35	276,027.80
83	5/1/24	1,511.15		460.05	1,051.10	274,976.70
84	6/1/24	1,511.15		458.29	1,052.86	273,923.84
85	7/1/24	1,511.15		456.54	1,054.61	272,869.23
86	8/1/24	1,511.15		454.78	1,056.37	271,812.86
87	9/1/24	1,511.15		453.02	1,058.13	270,754.73
88	10/1/24	1,511.15		451.26	1,059.89	269,694.84
89	11/1/24	1,511.15		449.49	1,061.66	268,633.18
90	12/1/24	1,511.15		447.72	1,063.43	267,569.75

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
91	1/1/25	1,511.15		445.95	1,065.20	266,504.55
92	2/1/25	1,511.15		444.17	1,066.98	265,437.57
93	3/1/25	1,511.15		442.40	1,068.75	264,368.82
94	4/1/25	1,511.15		440.61	1,070.54	263,298.28
95	5/1/25	1,511.15		438.83	1,072.32	262,225.96
96	6/1/25	1,511.15		437.04	1,074.11	261,151.85
97	7/1/25	1,511.15		435.25	1,075.90	260,075.95
98	8/1/25	1,511.15		433.46	1,077.69	258,998.26
99	9/1/25	1,511.15		431.66	1,079.49	257,918.77
100	10/1/25	1,511.15		429.86	1,081.29	256,837.48
101	11/1/25	1,511.15		428.06	1,083.09	255,754.39
102	12/1/25	1,511.15		426.26	1,084.89	254,669.50
103	1/1/26	1,511.15		424.45	1,086.70	253,582.80
104	2/1/26	1,511.15		422.64	1,088.51	252,494.29
105	3/1/26	1,511.15		420.82	1,090.33	251,403.96
106	4/1/26	1,511.15		419.01	1,092.14	250,311.82
107	5/1/26	1,511.15		417.19	1,093.96	249,217.86
108	6/1/26	1,511.15		415.36	1,095.79	248,122.07
109	7/1/26	1,511.15		413.54	1,097.61	247,024.46
110	8/1/26	1,511.15		411.71	1,099.44	245,925.02
111	9/1/26	1,511.15		409.88	1,101.27	244,823.75
112	10/1/26	1,511.15		408.04	1,103.11	243,720.64
113	11/1/26	1,511.15		406.20	1,104.95	242,615.69
114	12/1/26	1,511.15		404.36	1,106.79	241,508.90
115	1/1/27	1,511.15		402.51	1,108.64	240,400.26
116	2/1/27	1,511.15		400.67	1,110.48	239,289.78
117	3/1/27	1,511.15		398.82	1,112.33	238,177.45
118	4/1/27	1,511.15		396.96	1,114.19	237,063.26
119	5/1/27	1,511.15		395.11	1,116.04	235,947.22
120	6/1/27	1,511.15		393.25	1,117.90	234,829.32
121	7/1/27	1,511.15		391.38	1,119.77	233,709.55
122	8/1/27	1,511.15		389.52	1,121.63	232,587.92
123	9/1/27	1,511.15		387.65	1,123.50	231,464.42
124	10/1/27	1,511.15		385.77	1,125.38	230,339.04
125	11/1/27	1,511.15		383.90	1,127.25	229,211.79
126	12/1/27	1,511.15		382.02	1,129.13	228,082.66
127	1/1/28	1,511.15		380.14	1,131.01	226,951.65
128	2/1/28	1,511.15		378.25	1,132.90	225,818.75
129	3/1/28	1,511.15		376.36	1,134.79	224,683.96
130	4/1/28	1,511.15		374.47	1,136.68	223,547.28
131	5/1/28	1,511.15		372.58	1,138.57	222,408.71
132	6/1/28	1,511.15		370.68	1,140.47	221,268.24
133	7/1/28	1,511.15		368.78	1,142.37	220,125.87
134	8/1/28	1,511.15		366.88	1,144.27	218,981.60
135	9/1/28	1,511.15		364.97	1,146.18	217,835.42
136	10/1/28	1,511.15		363.06	1,148.09	216,687.33
137	11/1/28	1,511.15		361.15	1,150.00	215,537.33
138	12/1/28	1,511.15		359.23	1,151.92	214,385.41
139	1/1/29	1,511.15		357.31	1,153.84	213,231.57
140	2/1/29	1,511.15		355.39	1,155.76	212,075.81
141	3/1/29	1,511.15		353.46	1,157.69	210,918.12
142	4/1/29	1,511.15		351.53	1,159.62	209,758.50
143	5/1/29	1,511.15		349.60	1,161.55	208,596.95
144	6/1/29	1,511.15		347.66	1,163.49	207,433.46
145	7/1/29	1,511.15		345.72	1,165.43	206,268.03

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
201	3/1/34	1,511.15				
202	4/1/34	1,511.15		231.81	1,279.34	137,807.13
203	5/1/34	1,511.15		229.68	1,281.47	136,525.66
204	6/1/34	1,511.15		227.54	1,283.61	135,242.05
205	7/1/34	1,511.15		225.40	1,285.75	133,956.30
206	8/1/34	1,511.15		223.26	1,287.89	132,668.41
207	9/1/34	1,511.15		221.11	1,290.04	131,378.37
208	10/1/34	1,511.15		218.96	1,292.19	130,086.18
209	11/1/34	1,511.15		216.81	1,294.34	128,791.84
210	12/1/34	1,511.15		214.65	1,296.50	127,495.34
211	1/1/35	1,511.15		212.49	1,298.66	126,196.68
212	2/1/35	1,511.15		210.33	1,300.82	124,895.86
213	3/1/35	1,511.15		208.16	1,302.99	123,592.87
214	4/1/35	1,511.15		205.99	1,305.16	122,287.71
215	5/1/35	1,511.15		203.81	1,307.34	120,980.37
216	6/1/35	1,511.15		201.63	1,309.52	119,670.85
217	7/1/35	1,511.15		199.45	1,311.70	118,359.15
218	8/1/35	1,511.15		197.27	1,313.88	117,045.27
219	9/1/35	1,511.15		195.08	1,316.07	115,729.20
220	10/1/35	1,511.15		192.88	1,318.27	114,410.93
221	11/1/35	1,511.15		190.68	1,320.47	113,090.46
222	12/1/35	1,511.15		188.48	1,322.67	111,767.79
223	1/1/36	1,511.15		186.28	1,324.87	110,442.92
224	2/1/36	1,511.15		184.07	1,327.08	109,115.84
225	3/1/36	1,511.15		181.86	1,329.29	107,786.55
226	4/1/36	1,511.15		179.64	1,331.51	106,455.04
227	5/1/36	1,511.15		177.43	1,333.72	105,121.32
228	6/1/36	1,511.15		175.20	1,335.95	103,785.37
229	7/1/36	1,511.15		172.98	1,338.17	102,447.20
230	8/1/36	1,511.15		170.75	1,340.40	101,106.80
231	9/1/36	1,511.15		168.51	1,342.64	99,764.16
232	10/1/36	1,511.15		166.27	1,344.88	98,419.28
233	11/1/36	1,511.15		164.03	1,347.12	97,072.16
234	12/1/36	1,511.15		161.79	1,349.36	95,722.80
235	1/1/37	1,511.15		159.54	1,351.61	94,371.19
236	2/1/37	1,511.15		157.29	1,353.86	93,017.33
237	3/1/37	1,511.15		155.03	1,356.12	91,661.21
238	4/1/37	1,511.15		152.77	1,358.38	90,302.83
239	5/1/37	1,511.15		150.50	1,360.65	88,942.18
240	6/1/37	1,511.15		148.24	1,362.91	87,579.27
241	7/1/37	1,511.15		145.97	1,365.18	86,214.09
242	8/1/37	1,511.15		143.69	1,367.46	84,846.63
243	9/1/37	1,511.15		141.41	1,369.74	83,476.89
244	10/1/37	1,511.15		139.13	1,372.02	82,104.87
245	11/1/37	1,511.15		136.84	1,374.31	80,730.56
246	12/1/37	1,511.15		134.55	1,376.60	79,353.96
247	1/1/38	1,511.15		132.26	1,378.89	77,975.07
248	2/1/38	1,511.15		129.96	1,381.19	76,593.88
249	3/1/38	1,511.15		127.66	1,383.49	75,210.39
250	4/1/38	1,511.15		125.35	1,385.80	73,824.59
251	5/1/38	1,511.15		123.04	1,388.11	72,436.48
252	6/1/38	1,511.15		120.73	1,390.42	71,046.06
253	7/1/38	1,511.15		118.41	1,392.74	69,653.32
254	8/1/38	1,511.15		116.09	1,395.06	68,258.26
255	9/1/38	1,511.15		113.76	1,397.39	66,860.87
				111.43	1,399.72	65,461.15

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
256	10/1/38	1,511.15		109.10	1,402.05	64,059.10
257	11/1/38	1,511.15		106.77	1,404.38	62,654.72
258	12/1/38	1,511.15		104.42	1,406.73	61,247.99
259	1/1/39	1,511.15		102.08	1,409.07	59,838.92
260	2/1/39	1,511.15		99.73	1,411.42	58,427.50
261	3/1/39	1,511.15		97.38	1,413.77	57,013.73
262	4/1/39	1,511.15		95.02	1,416.13	55,597.60
263	5/1/39	1,511.15		92.66	1,418.49	54,179.11
264	6/1/39	1,511.15		90.30	1,420.85	52,758.26
265	7/1/39	1,511.15		87.93	1,423.22	51,335.04
266	8/1/39	1,511.15		85.56	1,425.59	49,909.45
267	9/1/39	1,511.15		83.18	1,427.97	48,481.48
268	10/1/39	1,511.15		80.80	1,430.35	47,051.13
269	11/1/39	1,511.15		78.42	1,432.73	45,618.40
270	12/1/39	1,511.15		76.03	1,435.12	44,183.28
271	1/1/40	1,511.15		73.64	1,437.51	42,745.77
272	2/1/40	1,511.15		71.24	1,439.91	41,305.86
273	3/1/40	1,511.15		68.84	1,442.31	39,863.55
274	4/1/40	1,511.15		66.44	1,444.71	38,418.84
275	5/1/40	1,511.15		64.03	1,447.12	36,971.72
276	6/1/40	1,511.15		61.62	1,449.53	35,522.19
277	7/1/40	1,511.15		59.20	1,451.95	34,070.24
278	8/1/40	1,511.15		56.78	1,454.37	32,615.87
279	9/1/40	1,511.15		54.36	1,456.79	31,159.08
280	10/1/40	1,511.15		51.93	1,459.22	29,699.86
281	11/1/40	1,511.15		49.50	1,461.65	28,238.21
282	12/1/40	1,511.15		47.06	1,464.09	26,774.12
283	1/1/41	1,511.15		44.62	1,466.53	25,307.59
284	2/1/41	1,511.15		42.18	1,468.97	23,838.62
285	3/1/41	1,511.15		39.73	1,471.42	22,367.20
286	4/1/41	1,511.15		37.28	1,473.87	20,893.33
287	5/1/41	1,511.15		34.82	1,476.33	19,417.00
288	6/1/41	1,511.15		32.36	1,478.79	17,938.21
289	7/1/41	1,511.15		29.90	1,481.25	16,456.96
290	8/1/41	1,511.15		27.43	1,483.72	14,973.24
291	9/1/41	1,511.15		24.96	1,486.19	13,487.05
292	10/1/41	1,511.15		22.48	1,488.67	11,998.38
293	11/1/41	1,511.15		20.00	1,491.15	10,507.23
294	12/1/41	1,511.15		17.51	1,493.64	9,013.59
295	1/1/42	1,511.15		15.02	1,496.13	7,517.46
296	2/1/42	1,511.15		12.53	1,498.62	6,018.84
297	3/1/42	1,511.15		10.03	1,501.12	4,517.72
298	4/1/42	1,511.15		7.53	1,503.62	3,014.10
299	5/1/42	1,511.15		5.02	1,506.13	1,507.97
300	6/1/42	1,510.48		2.51	1,507.97	0.00