

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

**THIS LOAN AGREEMENT** ("Agreement") is made and entered into this 22<sup>nd</sup> day of November, 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 ("LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **KANISA APARTMENTS, LTD**, a Kentucky limited partnership, whose principal address is 465 Price Road, Lexington, Kentucky 40508 ("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 May 30, 2015 (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 (the "Eligible Activity"). The approval was granted and accepted in a Commitment Letter dated October 27, 2015, attached hereto and incorporated herein as Exhibit B; 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**, the project for which Borrower has been approved includes renovation 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 **ONE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$150,000.00)** ("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 15-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 rehabilitation/renovation or April 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 April 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) 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 ELIGIBLE ACTIVITY.** The Funds have 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 the rehabilitation of the apartments, including but not limited to the work described in the Property Evaluation prepared by Simpson-Boone, LLC dated May 29, 2015 (attached hereto as Exhibit D and incorporated herein by reference) (the "Project") on the real property located at and known as, Ferrill Square Apartments, 471 Price Road, Lexington, KY 40511 (more particularly described in Exhibit E attached hereto and incorporated herein by reference) (the "Property").

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

## **ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER**

**2.1** Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, except the permitted encumbrance listed in the Security Documents, 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 renovation and rehabilitation 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 renovation and 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 the Funds provided by LFUCG 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 Funds 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) 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 Funds and execution of any and all other Security Documents which may be required by LFUCG.

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

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

(a) up to 40% of the Project's developer fee may be disbursed at the initial draw; and

(b) the remaining 60% may be drawn based upon the percentage of construction completion.

(c) the amount of the developer fee payable from the Funds is limited to seven and one-half percent (7.5%) of the principal amount of the total Affordable Housing Fund loan.

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

**3.3 AFFORDABILITY PERIOD.** Property assisted with the Funds must be restricted to 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 Funds are first expended on the Project. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds.

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

**3.5 INSURANCE.** For all properties assisted with AHF Funds, the Borrower or Property Owner must maintain all risk, fire and extended coverage, in form and with companies acceptable to LFUCG, for the entirety of the Project and any improvements to be constructed thereon in an amount of not less than the Funds made available to Borrower for the Project. Each policy must include appropriate loss payable clauses in favor of LFUCG or Borrower, as applicable, as beneficiary and without right of cancellation or change except upon thirty (30) days' written notice to LFUCG. Borrower will deliver proof of all insurance to LFUCG upon request.

**3.6 CLOSING COSTS.** All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorney's fees, documentation,

recording fees, and costs associated with disbursement. There will be a One Percent (1%) Closing Cost Fee of **ONE THOUSAND FIVE HUNDRED AND 00/100 DOLLARS** (\$1,500.00).

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

**3.8 PROOF OF CORPORATE ACTION.** Prior to execution of this Agreement, LFUCG shall have received (i) copies of Borrower's organizational documents; or (ii) confirmation from the Secretary of State of Borrower's organizational jurisdiction that Borrower is a validly existing entity in good standing, and/or (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 - 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 Fund 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 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 renovation and/or rehabilitation 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 the Funds borrowed or advanced pursuant hereto to be applied entirely and exclusively for the renovation or rehabilitation, 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 the 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 NON-LIABILITY 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 the Affordable Housing Funds and/or require repayment of the 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 the Funds have been awarded;
- (b) Borrower violates of any of the terms of this Agreement, the Affordable Housing Program Rules, the Note evidencing the 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 the Funds, as set forth in the closing documents, in no instance later than twenty-four (24) months from the date of this Agreement;
- (f) 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
- (g) 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 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 renovation/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 the 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 the 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 CAPITAL NEEDS ASSESSMENT.** LFUCG requires a PCNA for all rehabilitation and adaptive reuse projects that includes a capital reserve replacement schedule which projects either beyond the term of any LFUCG loan or twenty (20) years if the project only requires Housing Credits; furthermore, LFUCG requires a subsequent PCNA in year 15 with corresponding adjustment to the capital reserve replacement schedule for all projects obtaining Risk-Sharing, HOME or Affordable Housing Funds gap financing through LFUCG.

**6.5 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.

**6.6 PROGRAM COMPLIANCE.** Borrower agrees to comply with LFUCG Affordable Housing program guidelines and criteria relating to the Affordable Housing 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:** Kanisa Apartments, LTD  
465 Price Road  
Lexington, Kentucky 40508  
ATTN: Pastor N. L. Moore

**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 or 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.

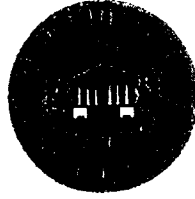
**7.8 MODIFICATION.** No variance or modification of this Agreement will be valid and enforceable except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

**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



**EXHIBIT A**  
**(The LFUCG Affordable Housing Fund Application)**

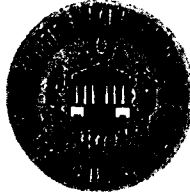


## **Affordable Housing Fund Application Checklist**

Please review the program guidelines and eligible uses prior to filling out this application. If you have any questions, please contact the Office of Affordable Housing at 859.258.3598 or by email at [rmcquady@lexingtonky.gov](mailto:rmcquady@lexingtonky.gov).

A complete loan application package to the Affordable Housing Trust must include the following:

- 1) Completed Application for Funding (Pages 2-5 of this document).
- 2) Completed Capacity Review (Pages 6-8 of this document).
- 3) Project or Business plan, include the following:
  - a) Market analysis.
  - b) Project description with emphasis on the impact the project is expected to have on the neighborhood as well as the need for funds from the Affordable Housing Fund and how the development addresses affordable housing needs in Fayette County.
  - c) A Location Map identifying neighborhood amenities.
  - d) Site photos showing front and rear of building (if applicable). If vacant land, pictures from the north, south, east and west.
  - e) An affordability analysis indicating the income level household that can afford the units at the proposed rent level.
  - f) Physical Needs Assessment (if applicable).
  - g) Detailed description of rehabilitation plan (if applicable).
  - h) A projected 15 year pro-forma.
  - i) Detailed description of sources and uses of funds to acquire and complete development. Describe status of other proposed funds as to whether they are committed, applied for, or in initial discussions. Provide commitment letters for committed funds.
  - j) Post rehabilitation or new construction appraisal.
  - k) Provide verification of site control and proper zoning as well as utilities available to the site.
  - l) Detailed timeline for completion of development.



# **Affordable Housing Fund**

## **Application for Funding**

### **General Information**

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**Applicant Name:** First African Baptist Church c/o Kanisa Aprtments, LTD

**MWBE Status:** N/A

**Tax Status:** Non-Profit (Non-CHDO)

**Type of Entity:** Limited Liability Company

**Development Name:** Ferrill Square Apartments

**Development Location:** 471 Price Road, Lexington, KY 40508

**Contact Person:** N.L. Moore

**Contact Title:** Pastor

**Mailing Address:** 465 Price Road

**City:** Lexington **State:** KY **Zip:** 40508

**Phone:** 859-252-7191

**Fax:** 859-252-0340

**Email Address:** nmoore@fabcllex.org

**Funds Requested:** \$400,000.00

**Other Funding (Specify on Pro-Forma):** \$1,100,000.00

**Total Development Cost:** \$1,500,000.00

## Development Information

---

### Development Type (Check all that apply):

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

Total Number of Units: 59

Total Number of Buildings: 1

### Square Feet of Units by Bedroom Size:

Unit Size: 1 BR Square Footage: 550 Sq Ft  
Unit Size: 1 BR Square Footage: 660 Sq Ft  
Unit Size: Square Footage:  
Unit Size: Square Footage:  
Unit Size: Square Footage:

### Monthly Rents by Bedroom Size:

Unit Size: All Units Monthly Rent: \$524.00  
Unit Size: Monthly Rent:  
Unit Size: Monthly Rent:  
Unit Size: Monthly Rent:  
Unit Size: Monthly Rent:

Target Area Median Income (AMI): 80% or below

### Amenities (Check all that apply):

- Stove:   
Refrigerator:   
Dishwasher:   
Garbage Disposal:   
Dishwasher:   
Wash/Dryer Hookup:   
Help/Call System:   
Community Room:   
Playground:   
Other (Please specify):

### Location Amenities (Check all that apply):

Lexington, KY Affordable Housing Fund – Application Packet



Public Transportation:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Shopping:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Restaurants:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Medical Facilities:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Banks:	<input type="checkbox"/>	Proximity to Development:	Description:
Other:	<input type="checkbox"/>	Proximity to Development:	Description:

**Populations to be Served (Check all that apply):**

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

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

The funds requested for the use of this project will be used for needed rehabilitation and repair work to be completed on 471 Price Road, Ferrell Square Apartments, to continue sustainability for the next 10 years.

Funds for the projects will be used to pay for costs including but not limited to Grant Writing Consulting Services, Grant Administration Services, and Capital Needs Assessment, Rehab / Repair Costs and materials.

All Services will be paid by grant draws during the project time line. Some upfront soft costs will be paid by the developer, REACH, Inc., until reimbursement of the grant is provided.

## **Application for Funding Agreement**

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

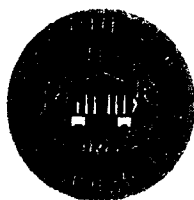
I have read the above agreement and consent to its terms:

**Name: N.L. Moore**

**Title: Pastor**

**Signature:** \_\_\_\_\_

**Date: 05/30/2015**



## Affordable Housing Fund Capacity Review

### Development Team Background

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1. Provide the members of the development team below and for each attach a resume, a brief narrative describing their experience with affordable housing developments, and the name and location of past developments.

Title	Name	Organization
Developer	Tina Burns	REACH, Inc.
Development Owner (legal entity that will own the property)	Kanisa Apartments LTD	First African Baptist Church
Consultant	N/A	
Application Preparer	Tina Burns	REACH, Inc.
General Partner	N/A	
Architect	N/A	
Contractor	Tina Burns	REACH, Inc.
Attorney	N/A	
Management Company	Leticia Allen	Beacon Properties
Service provider	N/A	
Guarantor	N/A	
Equity provider/syndicator	N/A	

### Development Team Questions

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2. Has any member of the development team ever been disbarred by the U.S. Department of Housing and Urban Development (HUD) or any state housing finance agency?

No  If yes, please provide details in a separate attachment.

3. Has any member of the development team ever had any violations that resulted in the issuance of an 8823 or other citations by a state housing finance agency?

No  If yes, please provide details in a separate attachment.

4. In the last 5 years has any member of the development team or any entity in which a member of the development team has an identity of interest (see instructions for definition) received an award of funds and/or housing credits which have been recaptured or in which the development was not completed?

No  If yes, please provide details in a separate attachment. *See attached Details Exhibit*

5. Have any members of the development team ever been charged with or convicted of any criminal offenses, other than a minor motor vehicle violation? If yes, furnish details in a separate attachment.

No  If yes, please provide details in a separate attachment.

6. Have any members of the development team been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body? If yes, furnish details in a separate attachment.

No  If yes, please provide details in a separate attachment.

7. Has any member of the development team been informed of any current or ongoing investigation of the applicant with respect to possible violations of state or federal laws? If yes, furnish details in a separate attachment.

No  If yes, please provide details in a separate attachment.

8. Has any member of the development team been a party to a bankruptcy, been in receivership or adjudicated as bankrupt? If yes, furnish details in a separate attachment.

No  If yes, please provide details in a separate attachment.

9. Has any member of the development team been denied a business-related license or had it suspended or revoked by any administrative, governmental, or regulatory agency? If yes, furnish details in a separate attachment.

No  If yes, please provide details in a separate attachment.

10. Is any member of the development team currently debarred, suspended, or disqualified from contracting with any federal, state, or municipal agency? If yes, furnish details in a separate attachment.

No

If yes, please provide details in a separate attachment.

### **Capacity Review Agreement**

---

The applicant certifies that the information submitted regarding the development team is accurate and consistent with the applications submitted to other funding sources. The applicant commits to keeping the staff and board of the Affordable Housing Fund of Lexington, KY updated with changes regarding the development team or their background.

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

**Name: N.L. Moore**

**Title: Pastor**

**Signature: \_\_\_\_\_**

**Date: 5/31/2015**

# Exhibit 1

## Affordable Housing Fund Capacity Review

### Development Team Background

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4. In the last 5 years has any member of the development team or any entity in which a member of the development team has an identity of interest (see instructions for definition) received an award of funds and/or housing credits which have been recaptured or in which the development was not completed?

No  If yes, please provide details in a separate attachment.

REACH, Inc. received award funding from KHC for the 2010 HOME Application for CHDO. Funds were given back to KHC in 2012. No funds from this grant were drawn and no grant administration or developer fees were received. The grant was relinquished back to KHC due to lack of clientele to complete the project.

# AHTF Addendums

## A

### Market Analysis

This established 59-unit residential apartments has been providing low rent affordable housing to low income senior renters since 1999.

There are over 30 + senior living communities in the Lexington area. This number includes communities for seniors only and living assisted facilities. Of those numbers over ½ are assisted living facilities and of that number less than ¼ are for low income seniors.

Fayette County currently has an 11% senior population, 27% population of children below the age of 18. This leaves a 62% population that will be aging into the future.

As cities continue to come to grips with a growing senior population, they are wrestling with how to help the low income senior population attain affordable rental along with a wide variety of other issues.

With the aging population of low income residents in Fayette County, the projected number of qualified seniors living in the area will result in a strong demand to keep facilities like this operating into the future.

There are currently no plans that we could find for development of new low income senior apartments planned in the area.

This facility also collaborates with the Lexington Housing Authority under its Section 8 Rental Voucher Program to provide subsidized HAP payments for those tenants that are considered very low to low income. Eighty Percent (80%) of the current residents utilize a Section 8 Voucher with the Lexington Housing Authority.

We have found the demand for low income senior facilities, such as Ferrill Square, will be a continuous need into the future.

## **B**

### **Project Description**

**This project will provide for needed repairs and installation of mechanical systems, roofing, exterior repairs, interior repairs and accessibility issues that will enhance the quality of the accommodations for the residents along with helping to reduce operating costs to the complex.**

**The costs will not only enhance the tenants living conditions will also ensure the costs of utilities and monthly expenses to the apartments are reduced. It will also eliminate costly repairs for the next 10 – 15 years.**

**Through this rehab it will help to improve the overall appearance of the structure in the neighborhood.**

**With the improvements and repairs it will enable the apartments to keep the rents stabilized without having to increase them up to cover the costs of repairs and or expense for the higher operating cost for utilities etc.**



C

**Location Map**

900-902 Georgetown St  
Lexington, KY 40511  
38.071000, -84.504305

Don

Street View  
Child Sport Lounge

Lee's Garden

Emmanuel United Church-Christi

Community Action Council

Lima Ct

De Porres Ave

Elfie Rd

Booker T Washington Intimidi

First African Baptist Church Men House

Bamberger Rd

First African Baptist Church

Talk Of The Town Cafe

Georgetown St

Prairie Rd

Greenwood Ave

Bradley Cr

Mesmer

Tibbs Ln

My Blessings 2 U

Prairie Rd

Richie's Fast Food

Florence Avenue Market

Florence Ave

Breat

Prairie Rd

House of God

Booker T Washington Primary

Douglas Park

Basketball Courts

Howard St

Space Center Store

Hastings Dr

Coffee Tree L

Douglas Ave

Dutchess Queen Ave

Douglas Park

**D**

**Site Photos**

**E**

**Affordability Analysis**

**N/A**

F

**Physical Needs Assessment**

**G**

**Rehabilitation Plan**

**Work Write & Costs Estimate**

Project Name: Ferrill Square  
 Address : 471 Price Road  
Lexington, KY 40508

Description of Services / Work to be Performed	QUANTITY	COST/ UNIT	TOTAL
<b>SOFT COSTS</b>			
Grant Writing Consulting / Administration Services & GC Fee to REACH, Inc.	1	\$20,000.00	\$20,000.00
Blueprints and Copies - Lynn Imaging	1	\$254.30	\$254.30
Capital Needs Assessment Services - Simpson - Boone LLC			
Site & Building Evaluation	1	\$2,500.00	\$2,500.00
Costs Analysis & Budget Review	1	\$1,700.00	\$1,700.00
<b>HARD COSTS</b>			
<b>Roof</b>			
• Replace roof. Tear off all current roofing and felt. Replace any deteriorated sheathing where necessary.			
Install Ridge Vent. Limited Lifetime warranty.	1	\$50,000.00	\$50,000.00
Includes labor & Material			

• Installation of rubber roofing for flat roof surfaces. Includes labor & Material	1	\$70,000.00	\$70,000.00
• Tuck Pointing Repairs as identified in the Physical Needs Assessment.	1	\$13,000.00	\$13,000.00
• Install new gutters	1	\$8,000.00	\$8,000.00
<b>Exterior Repairs</b>			
• Clean / Up of Current Windows - Paint & Seal	20	\$500.00	\$10,000.00
• Re-Work of Current Windows - Includes cutting out of fogged or broken glass, scrapping rust, grinding & paint	2	\$1,000.00	\$2,000.00
• Storm Windows & Installation			
Regular	15	\$1,100.00	\$16,500.00
Large or Irregular Size	5	\$1,600.00	\$8,000.00
• Drainage Issues - Side of Complex in the common area. Back fill with top soil and install drainage lines to side street and away from building.	1	\$6,000.00	\$6,000.00
• Sanitary Sewer Clean Out repair as identified in the Physical Needs Assessment.	1	\$500.00	\$500.00
• Installation of concrete ramp for the side entrance doors for wheel chair accessibility :			
Side Entrance by common area	0	\$4,000.00	\$4,000.00
Side entrance by church parking lot As identified in the Physical Needs Assessment	0	\$10,000.00	\$10,000.00
<b>HVAC</b>			
• Installation of Vertical WSHP units	40	\$3,755.00	\$150,200.00
• Installation of Console Hallway Units	3	\$4,615.00	\$13,845.00
<b>Interior Repairs</b>			

• Vertical Community Mailboxes	3	\$750.00	\$2,250.00
labor for installation	1	\$1,000.00	\$1,000.00
• Re-Key of current unit locks (Includes master )	59	\$25.00	\$1,475.00
• Installation of Tile in the front entrance, office and corridor by mailboxes. Includes tile, front, membrane sealant and labor. Quantity based on Square footage	2728	\$15.00	\$40,920.00
• Thresholds for tile transitions for front entrance includes material and labor	1	\$400.00	\$400.00
• Installation of carpet in corridors			
Commercial Carpet	9800	\$2.69	\$26,362.00
Co-Base			\$1,500.00
Installation and materials	9800	\$0.89	\$8,722.00
• Paint Entry & Exit Doors	7	\$100.00	\$700.00
• Installation of automatic opening for front door. 36" door with auto opener / push button panel	1	\$5,000.00	\$5,000.00
• Additional Allowance for access control as identified in the Physical Needs Assessment.	1	\$1,000.00	\$1,000.00
• Removal of Center Front Entrance w/ filler panel. Paint and restore current door for second entrance.	1	\$3,000.00	\$3,000.00
• Costs and Installation GE ELC Stove	59	\$359.20	\$21,192.80
• Costs and Installation Cords for Stove	59	\$10.03	\$591.77
• Costs and Installation GE TM Refrigerator	59	\$479.20	\$28,272.80

**TOTAL ESTIMATE**

**\$528,885.67**



H

**15 Year Pro-Forma**

Units	58	\$ 524.00	per month	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
		2015	2016	2017													
<b>Revenues:</b>																	
Potential Rent Income		\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	\$364,704	
General Vacancy		\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	\$(10,941)	
Miscellaneous Revenue		\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	\$ 5,023	
<b>Effective Rental Income</b>		<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	<b>\$358,786</b>	
<b>Expenses:</b>																	
<b>Administrative</b>																	
Miscellaneous Admin/Office Expenses		\$17,811	\$17,787	\$17,965	\$18,146	\$18,326	\$18,510	\$18,695	\$18,882	\$19,070	\$19,261	\$19,454	\$19,648	\$19,845	\$20,043	\$20,244	\$20,446
Management Fees		\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955	\$21,955
Manager Salaries		\$31,000	\$31,930	\$32,868	\$33,874	\$34,891	\$35,937	\$37,016	\$38,126	\$39,270	\$40,448	\$41,661	\$42,911	\$44,199	\$45,524	\$46,890	\$48,297
<b>Total Administrative Expenses</b>		<b>\$71,672</b>	<b>\$72,808</b>	<b>\$73,975</b>	<b>\$75,172</b>	<b>\$76,402</b>	<b>\$77,685</b>	<b>\$78,963</b>	<b>\$80,295</b>	<b>\$81,664</b>	<b>\$83,070</b>	<b>\$84,515</b>	<b>\$85,999</b>	<b>\$87,523</b>	<b>\$89,089</b>	<b>\$90,698</b>	
<b>Utilities</b>																	
Electricity		\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925
Water		\$13,844	\$14,362	\$14,793	\$15,237	\$15,694	\$16,165	\$16,649	\$17,149	\$17,663	\$18,193	\$18,739	\$19,301	\$19,880	\$20,477	\$21,081	\$21,724
Gas		\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301	\$9,301
Sewer		\$14,250	\$14,677	\$15,117	\$15,571	\$16,038	\$16,519	\$17,015	\$17,526	\$18,051	\$18,582	\$19,150	\$19,725	\$20,316	\$20,926	\$21,554	\$22,200
<b>Total Utilities</b>		<b>\$91,265</b>	<b>\$92,136</b>	<b>\$93,033</b>	<b>\$93,958</b>	<b>\$94,910</b>	<b>\$95,890</b>	<b>\$96,900</b>	<b>\$97,940</b>	<b>\$99,012</b>	<b>\$100,115</b>	<b>\$101,252</b>	<b>\$102,423</b>	<b>\$103,629</b>	<b>\$104,871</b>	<b>\$106,150</b>	
<b>Maintenance Expense</b>																	
Miscellaneous Contracts		\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962	\$45,962
Examining Payroll		\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745	\$6,745
Maintenance Payroll		\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000
Garbage & Trash Removal		\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215	\$5,215
Repair Materials		\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319	\$8,319
<b>Total Maintenance Expenses</b>		<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>	<b>\$97,241</b>
<b>Taxes &amp; Insurance</b>		<b>\$16,846</b>	<b>\$17,185</b>	<b>\$17,529</b>	<b>\$17,879</b>	<b>\$18,237</b>	<b>\$18,601</b>	<b>\$18,973</b>	<b>\$19,353</b>	<b>\$19,740</b>	<b>\$20,135</b>	<b>\$20,537</b>	<b>\$20,948</b>	<b>\$21,367</b>	<b>\$21,795</b>	<b>\$22,230</b>	<b>\$22,675</b>
<b>Interest on Mortgage Payable</b>		<b>\$43,770</b>	<b>\$42,464</b>	<b>\$41,354</b>	<b>\$40,198</b>	<b>\$39,106</b>	<b>\$37,748</b>	<b>\$36,445</b>	<b>\$35,089</b>	<b>\$33,775</b>	<b>\$32,214</b>	<b>\$30,686</b>	<b>\$28,096</b>	<b>\$27,519</b>	<b>\$25,721</b>	<b>\$23,028</b>	
<b>Reserve Expense for Repairs</b>		<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	
<b>Total Expenses</b>		<b>\$333,134</b>	<b>\$334,178</b>	<b>\$335,482</b>	<b>\$336,806</b>	<b>\$338,261</b>	<b>\$339,818</b>	<b>\$340,902</b>	<b>\$342,306</b>	<b>\$343,827</b>	<b>\$345,178</b>	<b>\$346,642</b>	<b>\$348,125</b>	<b>\$349,706</b>	<b>\$351,152</b>	<b>\$352,693</b>	
<b>Net Income</b>		<b>\$25,653</b>	<b>\$24,608</b>	<b>\$23,304</b>	<b>\$21,981</b>	<b>\$20,526</b>	<b>\$19,268</b>	<b>\$17,884</b>	<b>\$16,480</b>	<b>\$14,960</b>	<b>\$13,608</b>	<b>\$12,144</b>	<b>\$10,661</b>	<b>\$9,080</b>	<b>\$7,534</b>	<b>\$6,094</b>	

## Sources and Uses of Funds

<b>PROJECT FUNDING SOURCES</b>					
Source	Cash Resources	Value In-Kind Contribution	Firm Commitments (please check)	Tentative Commitments (please check)	Date Available
Refinance of Existing Mortgage	\$1,100,000.00	\$0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	During Completion of rehab
AHTF Funds	\$400,000	\$0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	After funding awarded
	\$0.00	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	
<b>TOTAL</b>	<b>\$1,500,000.00</b>	<b>\$0.00</b>			

## **PROJECT BUDGET**

Cost Components	TOTAL AMOUNT	OTHER SOURCES	AHTF REQUEST
Refinance of existing structure	\$1,500,000.00	\$0.00	\$0.00
Construction / Hard Costs Rehabilitation	\$503,885.67	\$0.00	\$375,000.00
Architecture and Engineering	\$0.00	\$0.00	\$0.00
On-Site Improvements	\$0.00	\$0.00	\$0.00
Soft Costs	\$25,000.00	\$0.00	\$25,000.00
<b>TOTALS</b>	<b>\$2,028,885.60</b>	<b>\$ 0.00</b>	<b>\$400,000.00</b>

**J**

**Post Rehabilitation Appraisal**

**N/A**

# K

## **Time Line for Completion of Development**

**The proposed project will have a start date of July 1, 2015 and a completion date of September 30, 2015.**

**July 2015 – Start Rehabilitation and First Draw for expenses already incurred.**

**August 2015 – Rehabilitation to be continued for the entire month. Make draws as needed on  
Work that has been completed.**

**September 2015 – Complete all work as defined in the work write up by September 30, 2015  
and finalize all draws.**

**EXHIBIT B**  
**(Executed Commitment Letter)**



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

**Jim Gray**  
Mayor

**Derek J. Paulsen, Ph.D.**  
Commissioner

October 27, 2015

Pastor N. L. Moore  
First African Baptist Church  
471 Price Road  
Lexington, KY. 40508

Dear Pastor Moore,

This letter serves as a contingent commitment of funds from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the renovation and loan refinancing of Ferrill Square Apartments located at 471 Price Road, Lexington, KY. 40508.

The Affordable Housing Fund Board has approved an allocation of \$300,000 to purchase a participation in Ferrill Square's first mortgage loan with Kentucky Housing Corporation. The \$300,000 loan will be for the remaining loan term at an interest rate of 2%. Combined with an interest rate reduction from Kentucky Housing Corporation the combined rate on the first mortgage note will be 4%, as opposed to the current loan rate of 7%. Additionally, the Affordable Housing Fund Board has approved an unsecured loan of \$150,000 at 2% for 15 years in order to fund the remaining renovations as outlined in the Property Evaluation Report provided by Simpson-Boone LLC and dated May 29, 2015.

This funding commitment is contingent upon Ferrill Square Apartments providing a copy of their agreement with the Lexington Housing Authority related to Section 8 rental assistance for the property's tenants.

Please indicate your acceptance of this contingent commitment letter. Upon acceptance LFUCG will work to close the transaction.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. McQuady", is written over a horizontal line.

Richard L. McQuady  
Affordable Housing Manager

**HORSE CAPITAL OF THE WORLD**

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

**EXHIBIT C**  
**(Executed Promissory Note)**



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

**Lexington, Kentucky**

**\$ 150,000.00**

**November 22, 2016**

FOR VALUE RECEIVED, **KANISA APARTMENTS, LTD**, (“Borrower”), whose address is 465 Price Road, Lexington, Kentucky 40508, 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 **ONE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$150,000.00)**, 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 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 1<sup>st</sup> day of each month beginning on April 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 April 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 **ONE HUNDRED FIFTY THOUSAND**

AND 00/100 DOLLARS (\$150,000.00) 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), 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.

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



THIS INSTRUMENT PREPARED BY:



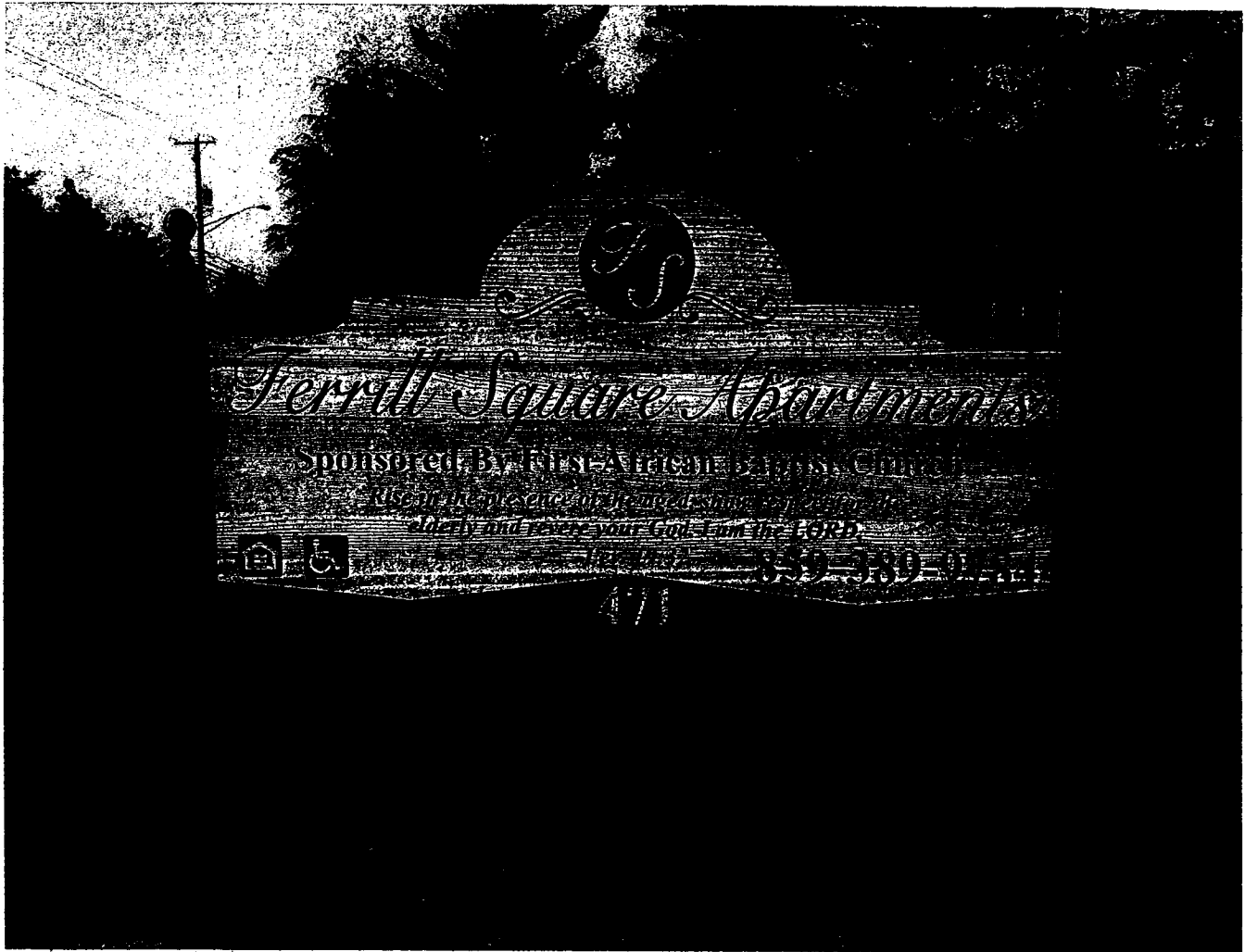
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Melissa Moore Murphy, Esq.  
Attorney Senior  
Lexington-Fayette Urban County Government  
200 East Main Street  
Lexington, Kentucky 40507  
(859) 258-3500

**EXHIBIT D**  
**(Simpson-Boone LLC Property Evaluation dated May 29, 2015)**

# PROPERTY EVALUATION

Ferrill Square Apartments  
Lexington, KY



Date: May 29, 2015

Prepared for: First African Kanisa and REACH, Inc.

Prepared by: Simpson – Boone, LLC

# Contents

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# Executive Summary

Project – Renovation of a 59 unit housing complex for elderly low income residents

Location - 471 Price Road, Lexington, KY

Site area - Approximately 2 acres

Owner/Operator - First African Kanisa / First African Baptist Church

Developer/General Contractor -  
Reach, Inc.  
733 Red Mile Road  
Lexington, KY 40504

Architect - None

Civil Engineer - None

Structural Engineer - None

HVAC review - By Service Company

Roof review - By Roofing Contractors

## Materials reviewed:

REACH Inc. work write up for capital needs, Walk-thru of building and site.

## Not Reviewed:

Environmental Report, Subcontractor proposals, service company review



## Ferrill Square Apartments – Executive Summary Continued

On May 7<sup>th</sup> representatives from Simpson-Boone were on site to evaluate the building and site conditions and perform a capital needs assessment for REACH, Inc and the First African Kanisa. REACH which stands for Resources Education Assistance and Community Housing is an independent nonprofit firm providing rehabilitation general contracting services for this project. REACH provided their “Work Write & Costs Estimate” for the facilities requested repairs and we used this document along with conversations with Tina Burns from REACH as a basis for our analysis.

The facility is the former Douglass School with the initial building completed in 1948 . Upon closing in 1971 the building was conveyed to the Lexington Fayette County Urban County Government. The city sold the property to the first Baptist Church in 1981. The Church transferred the property to Kanisa Apartments LTD in 1997. The complex was expanded nearly doubling in size in 1999 and converted into housing for the elderly and disabled. The original building is on the National Register of Historic Places in Fayette County.

The original building fronts Price Road and is two stories tall. The second phase was constructed immediately behind the initial building. The addition was 3 stories tall and with a 2 story, 60’ long wing connecting the two buildings. The entire facility is in the shape of an H with a courtyards on either side of the connector.

The first floors of each building are concrete slab on grade construction. Portions of the roofs are a “Built-up” type where layers of felt are mopped with asphalt sealant and other areas are standard asphalt shingle. The structure appears to be wood framed with a brick masonry façade. Heating and air conditioning for the entire building runs off a central boiler/chiller system with individual air handlers in the hallways and each apartment. A single hydraulic elevator is located in the 1999 addition and provides service to both building wings.

Our research included pre and post inspection interviews with Letitia Allen, the administrator for the facility. We were escorted on our tour by Alfred Head, the property manager / maintenance man for the development.

Our analysis includes the following:

- A review of the site
- Building exterior inspection
- Building interior observation
- Develop a list of repairs to provide a 10 to 15 year life cycle
- Evaluate REACH cost breakdown for proposed repairs
- Prioritize list of recommended repairs

## Ferrill Square Apartments – Executive Summary Continued

The following is a summary of our findings:

1. In order for the building to perform its best for the next 10 years we believe the repairs to the building envelop are the most important. These repairs include:
  - Roof and gutter replacement
  - Masonry tuck pointing
  - Window repair, replacement and storm window installations
  - Exterior painting and rotted wood replacementPostponing any of these items will lead to moisture problems which can eventually compromise the integrity of the facility. The masonry tuck pointing is not addressed in the REACH “Work Write”. Allow an additional \$13,000 for the required tuck pointing repairs.
2. Due to the fragile nature of many of the residents we believe emergency access should be the second priority. Repairs in this category include:
  - Construction of a switch back handicap ramp at the northwest exit.
  - Demolition of the concrete stoop on the southwest building wing installing an access ramp integral with the building exit and existing sidewalk.
3. The third area of concern is building security. The facility administrator indicated that many residents have a difficult time entering and exiting the front door due to limited functional mobility. We witnessed this first hand during our visit. The administrator explained this is compounded when the front doors are locked after business hours. Repairs to improve access while maintaining security include:
  - Reworking the front building entrance to install a handicap accessible front door.
  - Installing a card reader and electronic strike or magnetic lock on the front access.It appears the card reader budget may be a little low given the required improvements. Please allow an additional \$1,000 for the needed access control.
4. Resident comfort is the next area of concern. The maintenance man indicated a reputable mechanical contractor has reviewed the entire system and determined the main chiller and boiler system are functioning properly and will provide the required temperatures for the next several years. However there are several air handlers with compressors throughout the facility that will require replacement. The recommended HVAC repairs include:
  - Replacement of 43 HVAC around the facility. Note – REACH indicated all of the HVAC units and the chiller have not been thoroughly checked by their HVAC contractor.
5. It is our understanding several residents are having difficulty accessing or securing their apartments. It is our understanding the door access hardware is the original to building and on multiple occasions access to an apartment in the event of an emergency has been an issue for the staff. A similar problem exists on a smaller scale with the community mailbox on the first floor. Under the category of unit security we recommend the following repairs:
  - Replacing the cores for the locks and re keying the entire building and providing the staff with the appropriate master key system.
  - Replace the community mailbox with a new central mail station.

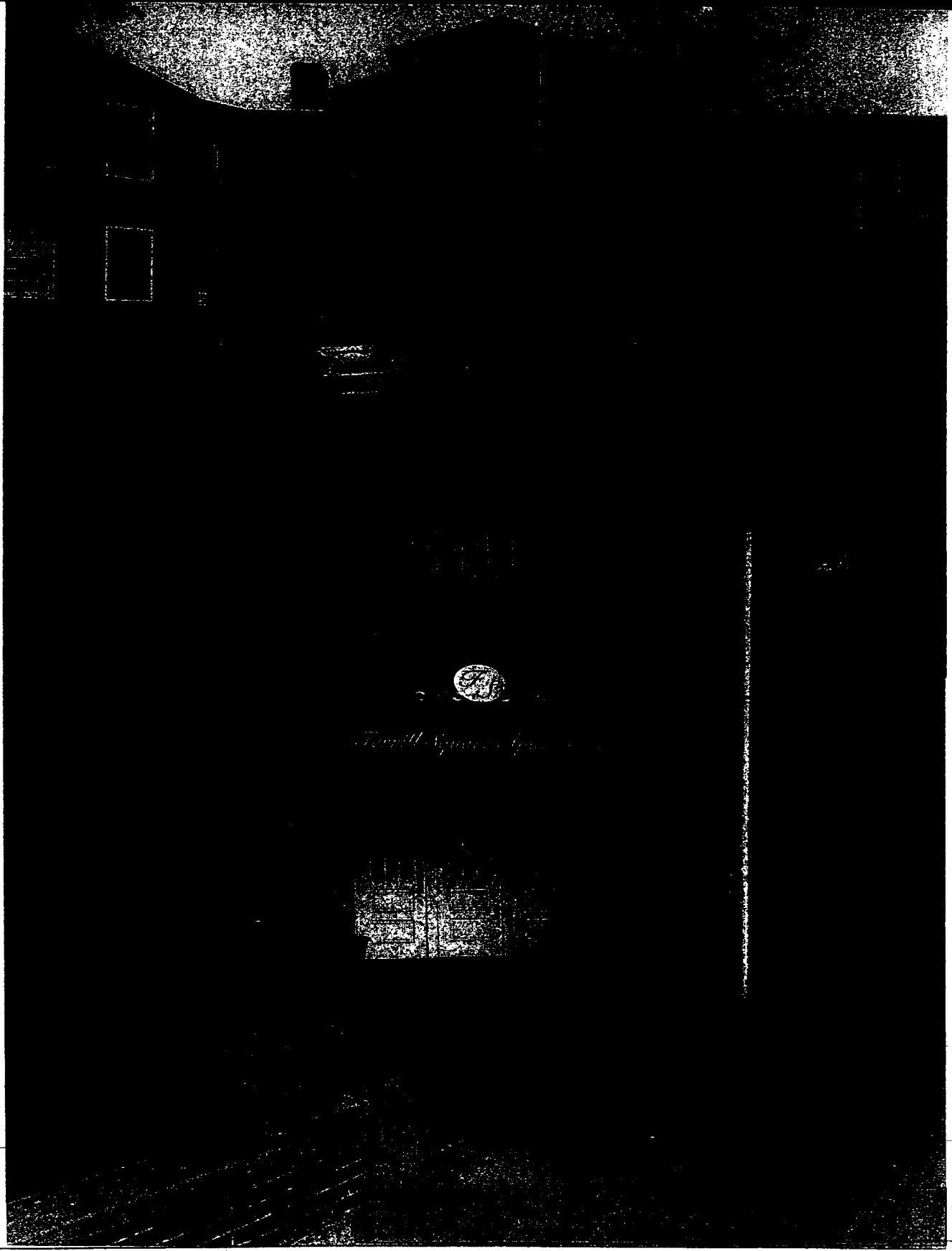
## Ferrill Square Apartments – Executive Summary Continued

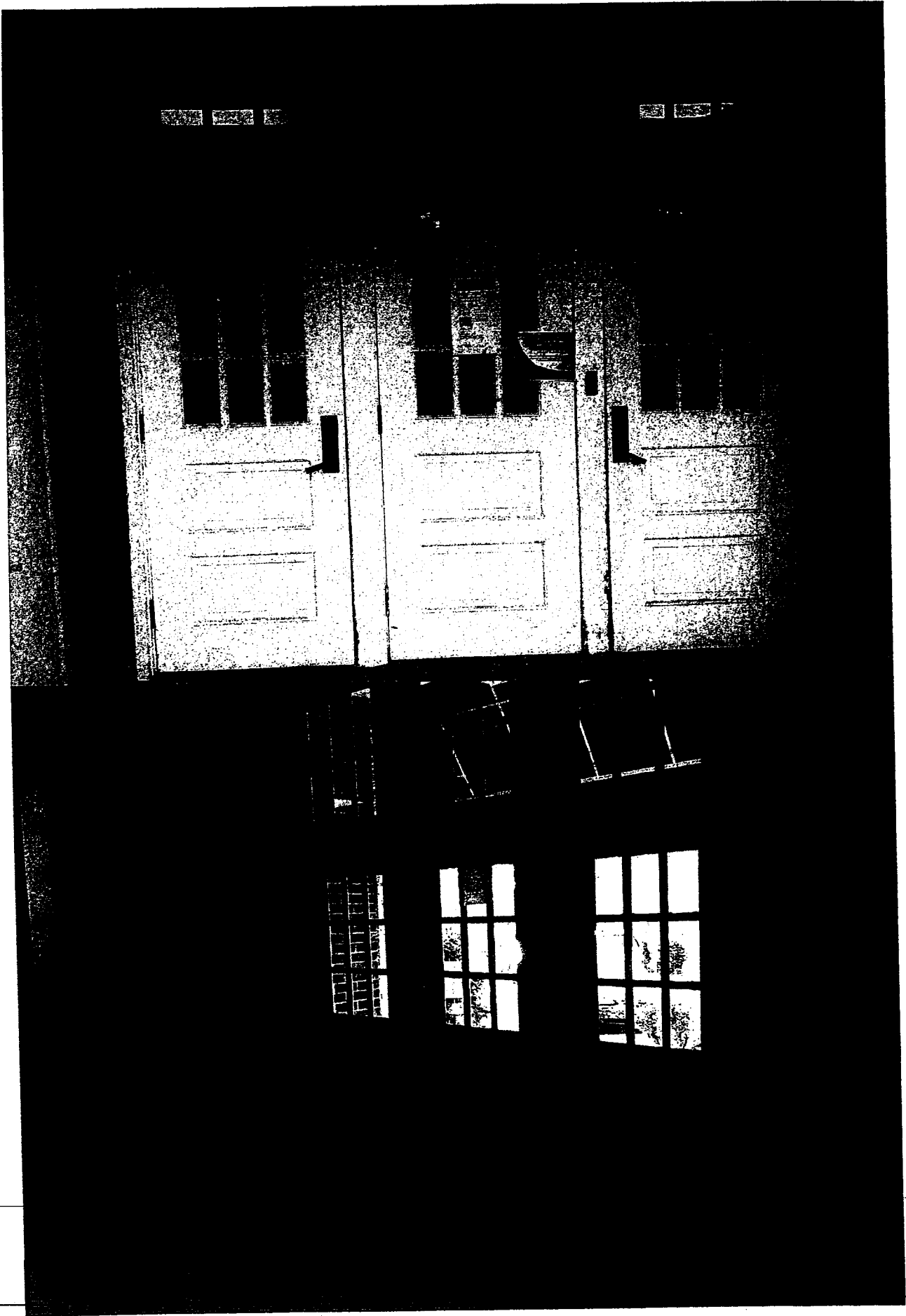
The following is a summary of our findings:

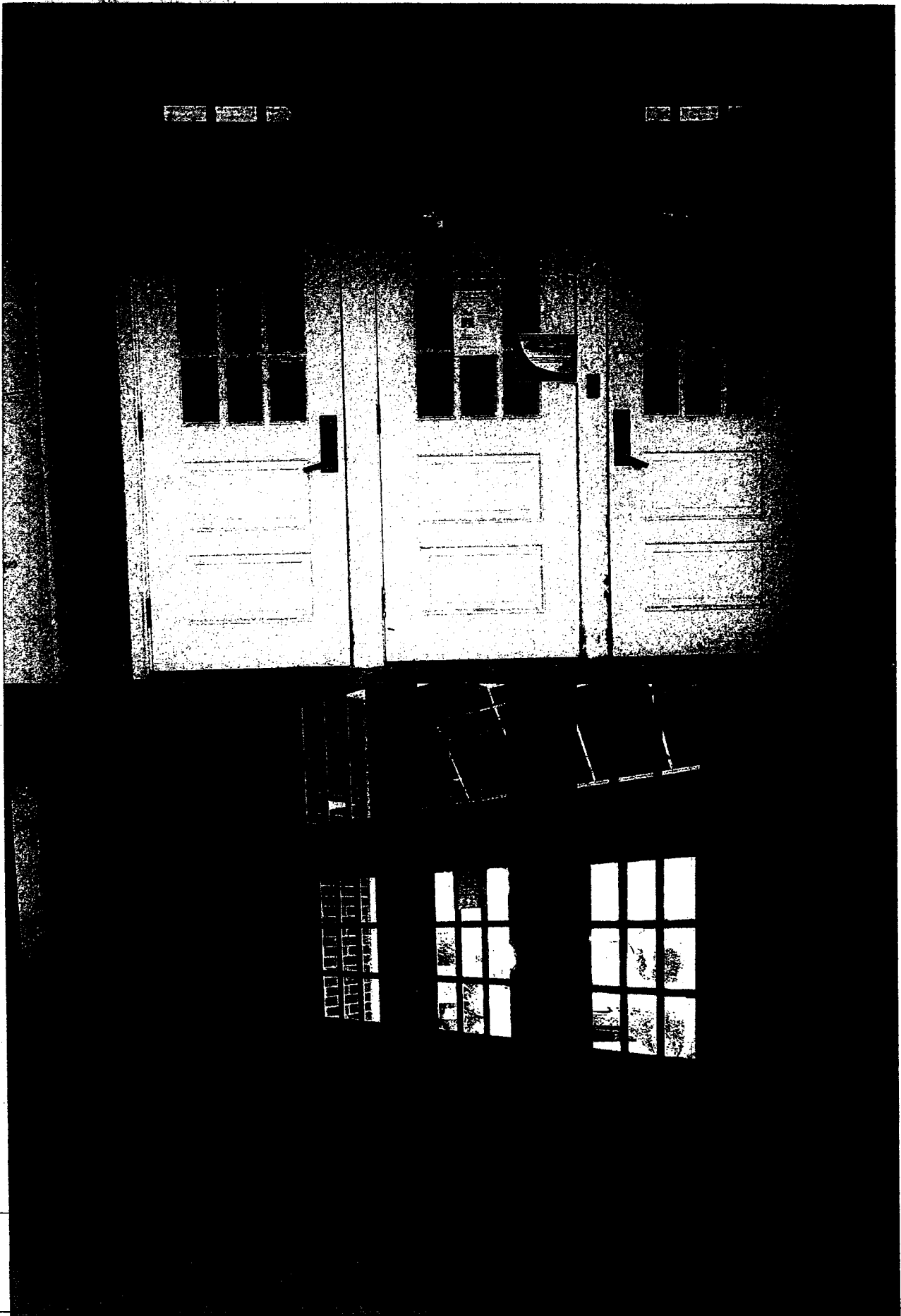
6. We would consider finish improvements as the next priority item to that needs to be addressed. We recommend the following repairs if the budget will allow:
  - Replacing of carpeting in the hallways and stairs. The highest worn area is in the vicinity of the elevator. Lose or badly worn carpeting can be a tripping hazard if not adequately secured to the subfloor.
  - Replace the vinyl flooring in the entry lobby and adjoining hallways with hard tile. The existing faux wood vinyl tile appears to be performing well and should last several years. However a non-slip hard tile will provide a safer, more durable surface which will last 15 years or more.
  
7. We observed two site repairs that need to be addressed. The integrity of the building will not be compromised if they are not addressed however each is a concern. Site repairs include:
  - Re-grading the east courtyard and installing drainage tile is required to correct a standing water issue in this area. The ponding water is not entering the facility nor is it causing problems with the building foundation. If allowed to continue it will make lawn maintenance difficult and cause a severe mosquito problem.
  - A sanitary sewer clean-out is severely damaged in the vicinity of the east courtyard (see photo on page 10). There is a significant hole providing access to the building sanitary sewer where the top of the clean-out is missing. If the clean-out is not secured, the sewer may become stopped up with lawn clipping or site debris. The hole is a hazard to residents or maintenance workers walking in the area. This repair was not addressed in the REACH Work Write. We estimate the repair will cost approximately \$500 to fix properly. We believe this cost to be covered in the re-grading budget.
  
8. The appliances in the units including the stove and refrigerator are old and energy inefficient but appear to be functioning properly. We do not believe they will last another 10 to 15 years therefore if the budget allows we agree with the REACH Work Write that recommends replacement.

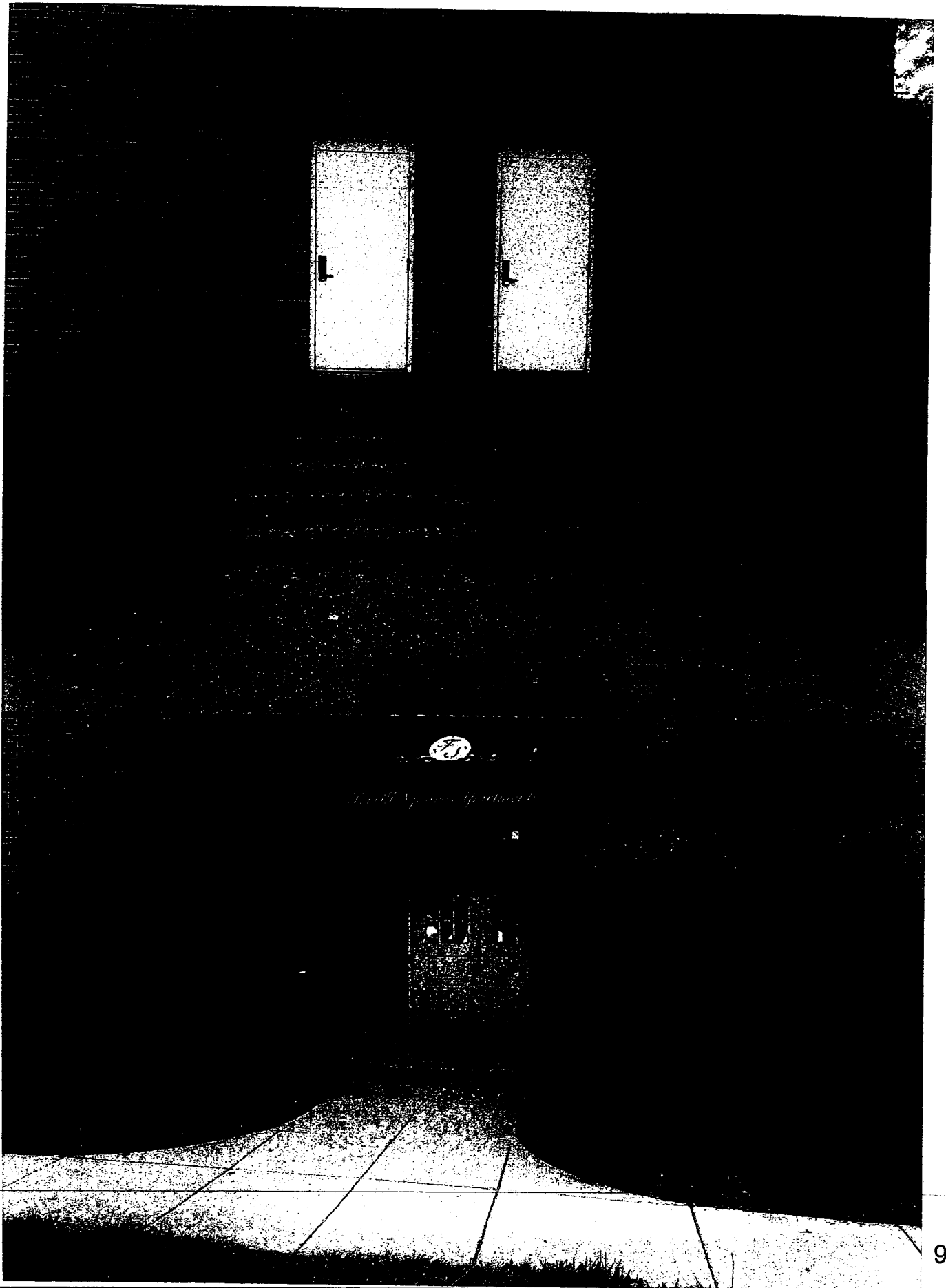
Note - The REACH total budget was \$457,931.37 however this sum did not include the \$14,000 for the new ramps. The total budget per the REACH Work Write should be \$489,931.37.

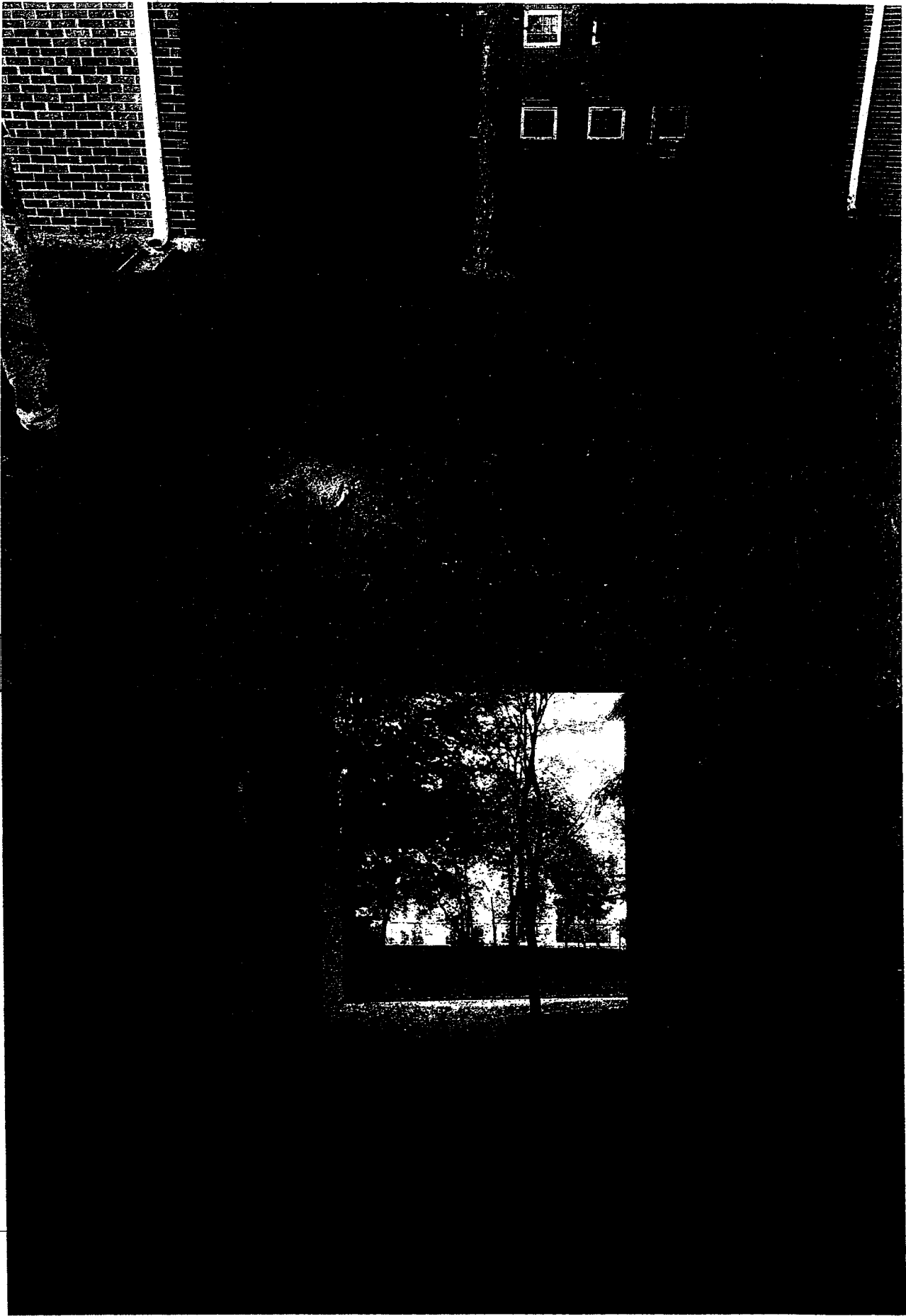
# Site Documentation



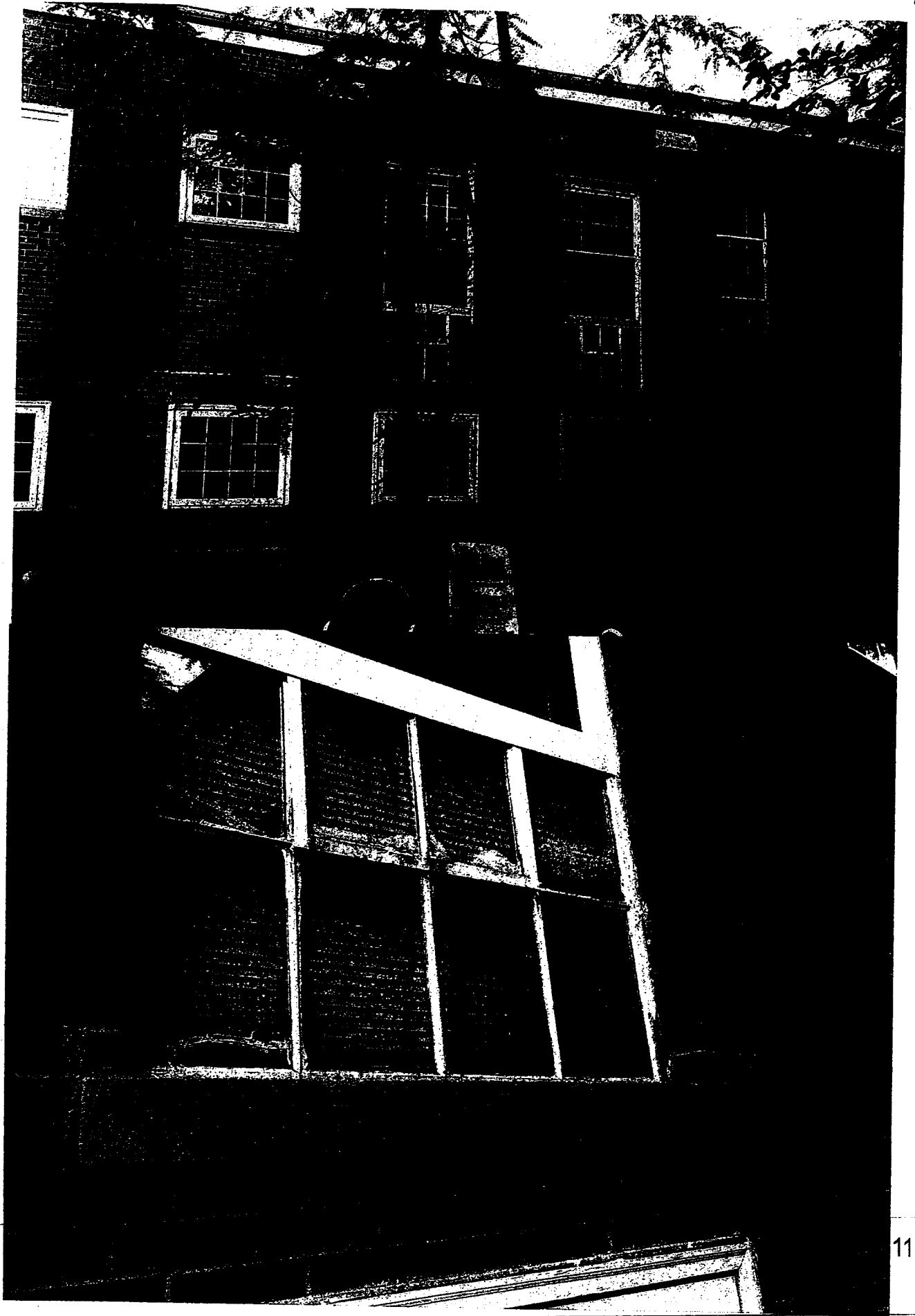


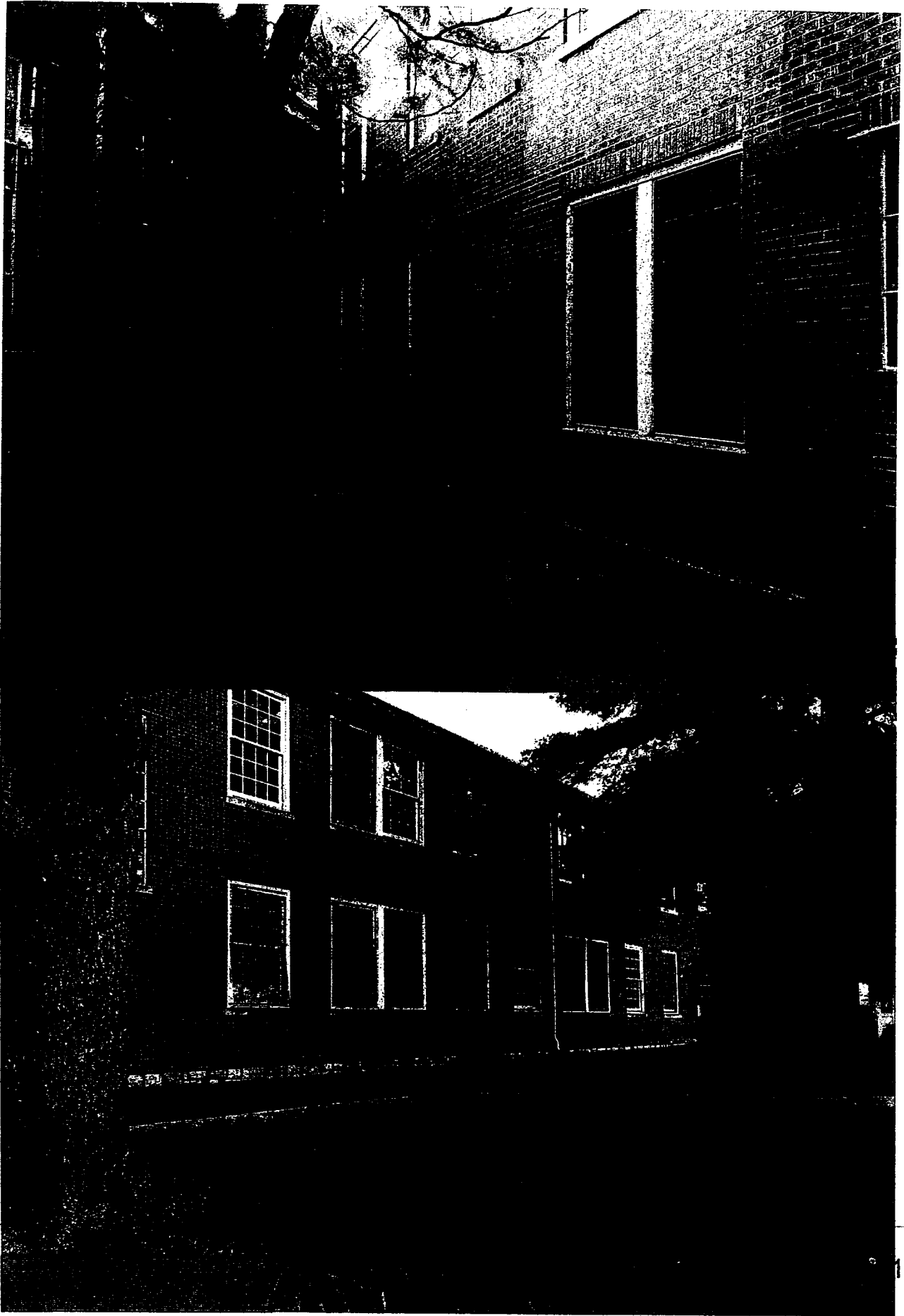




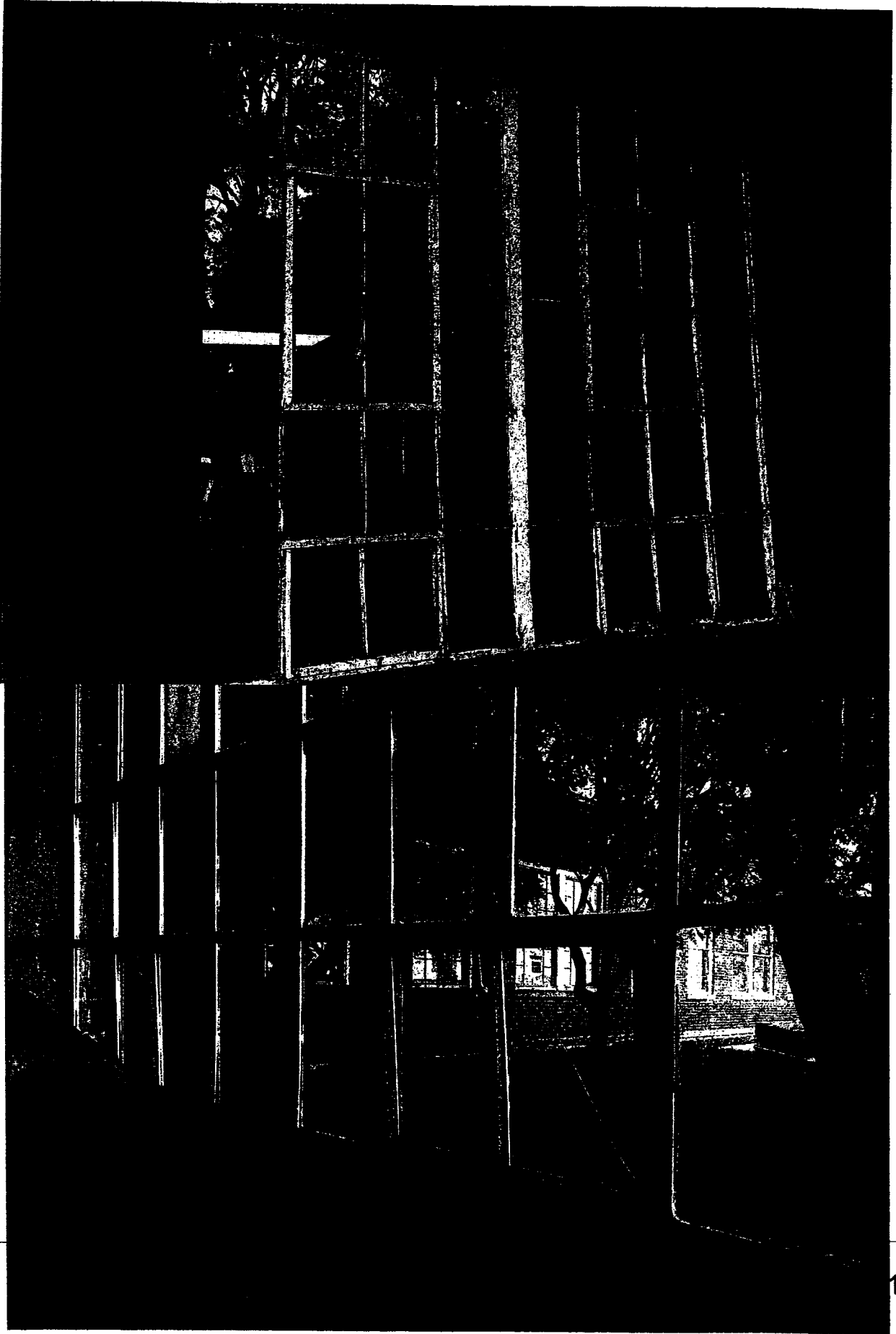


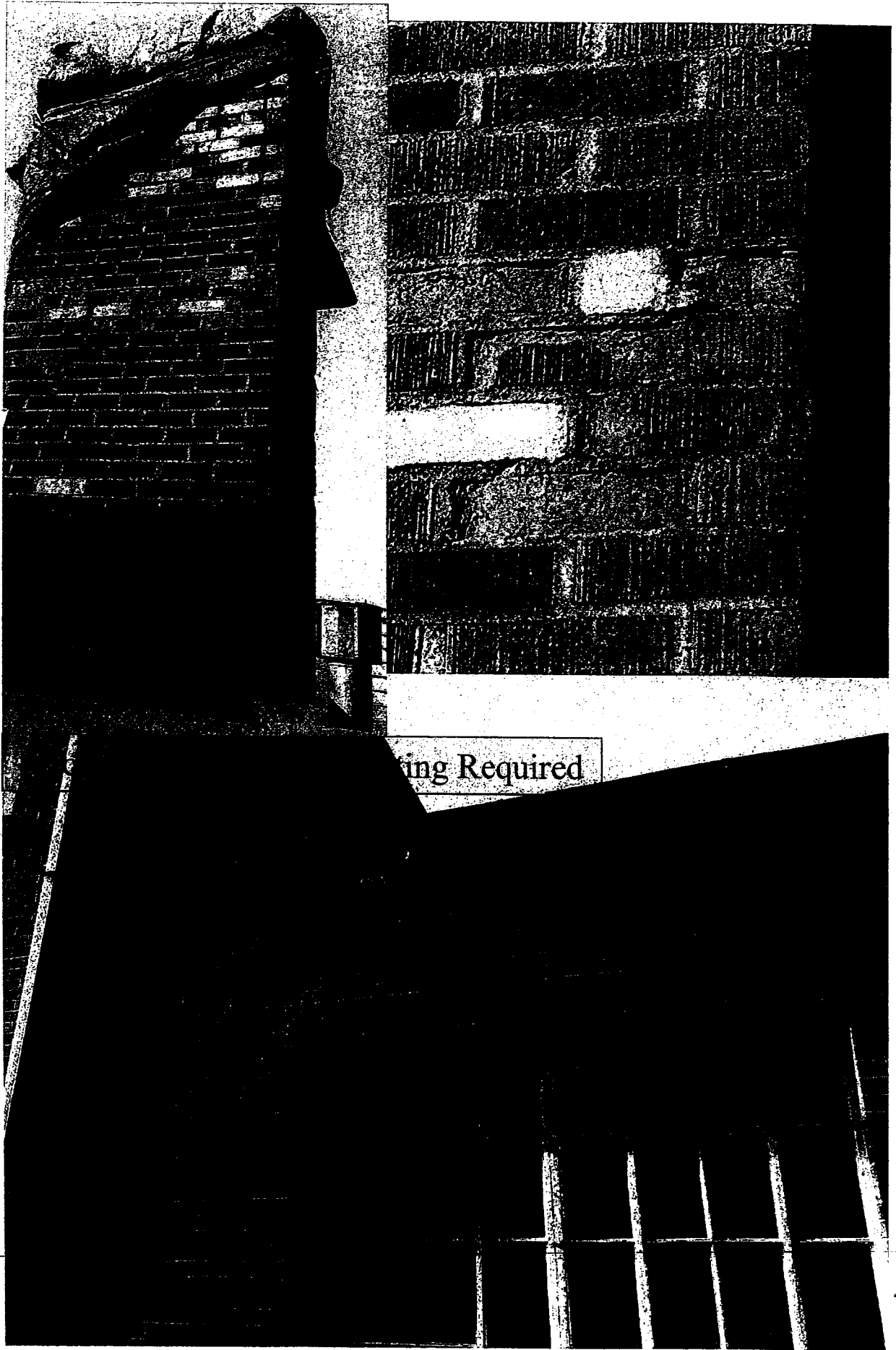






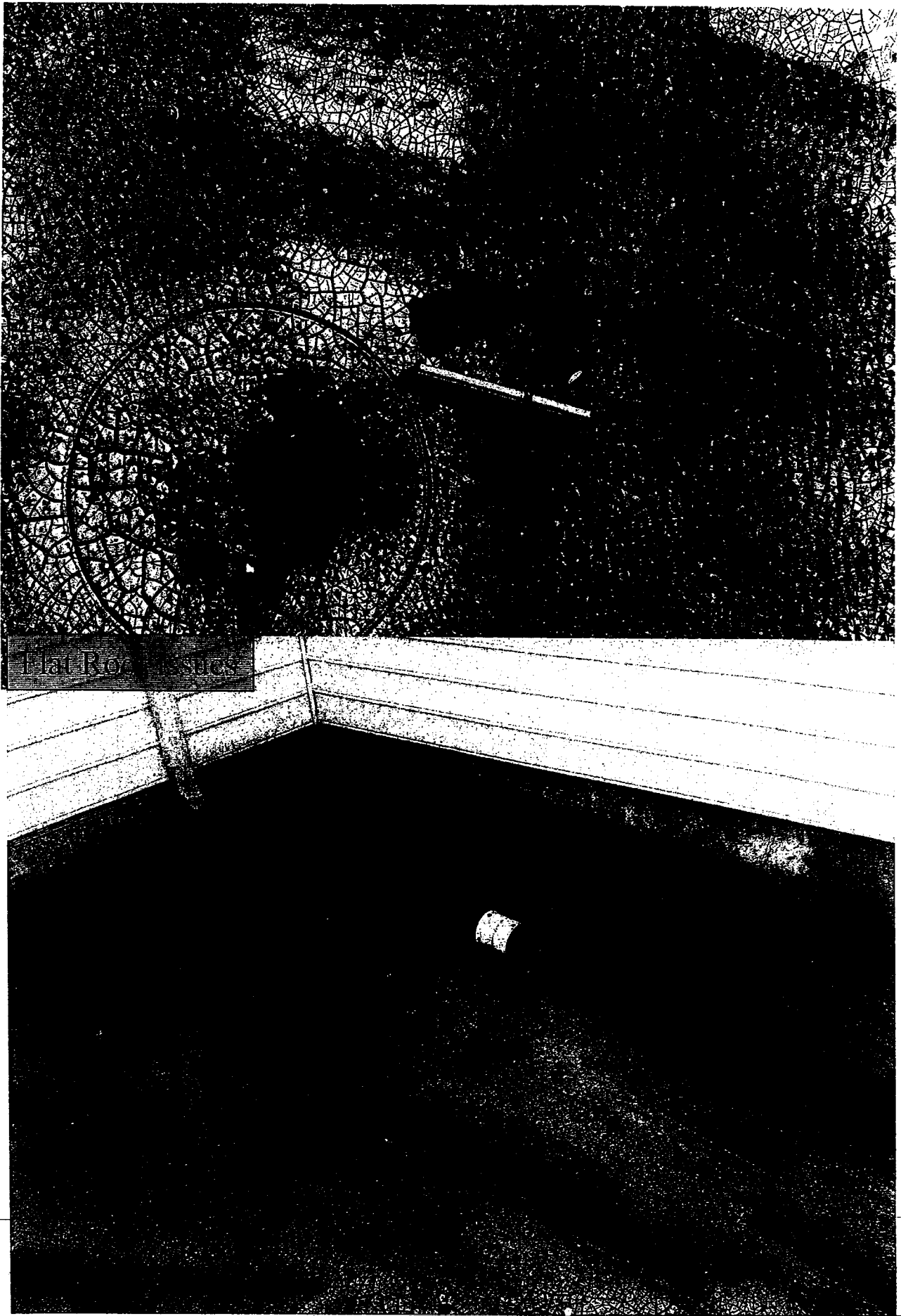




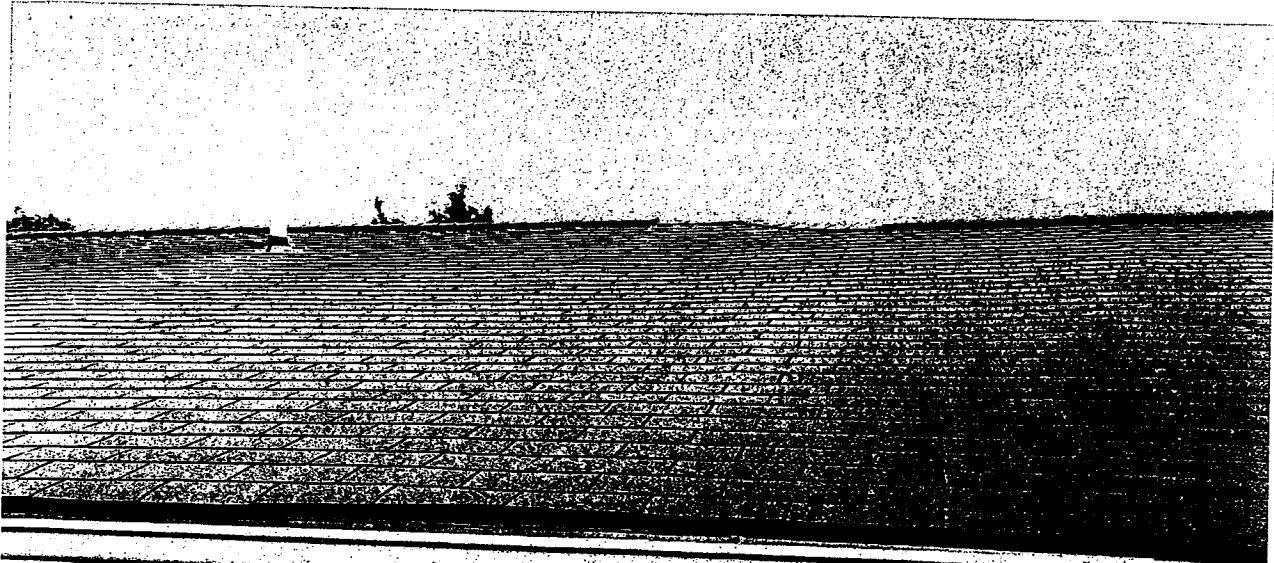


ing Required

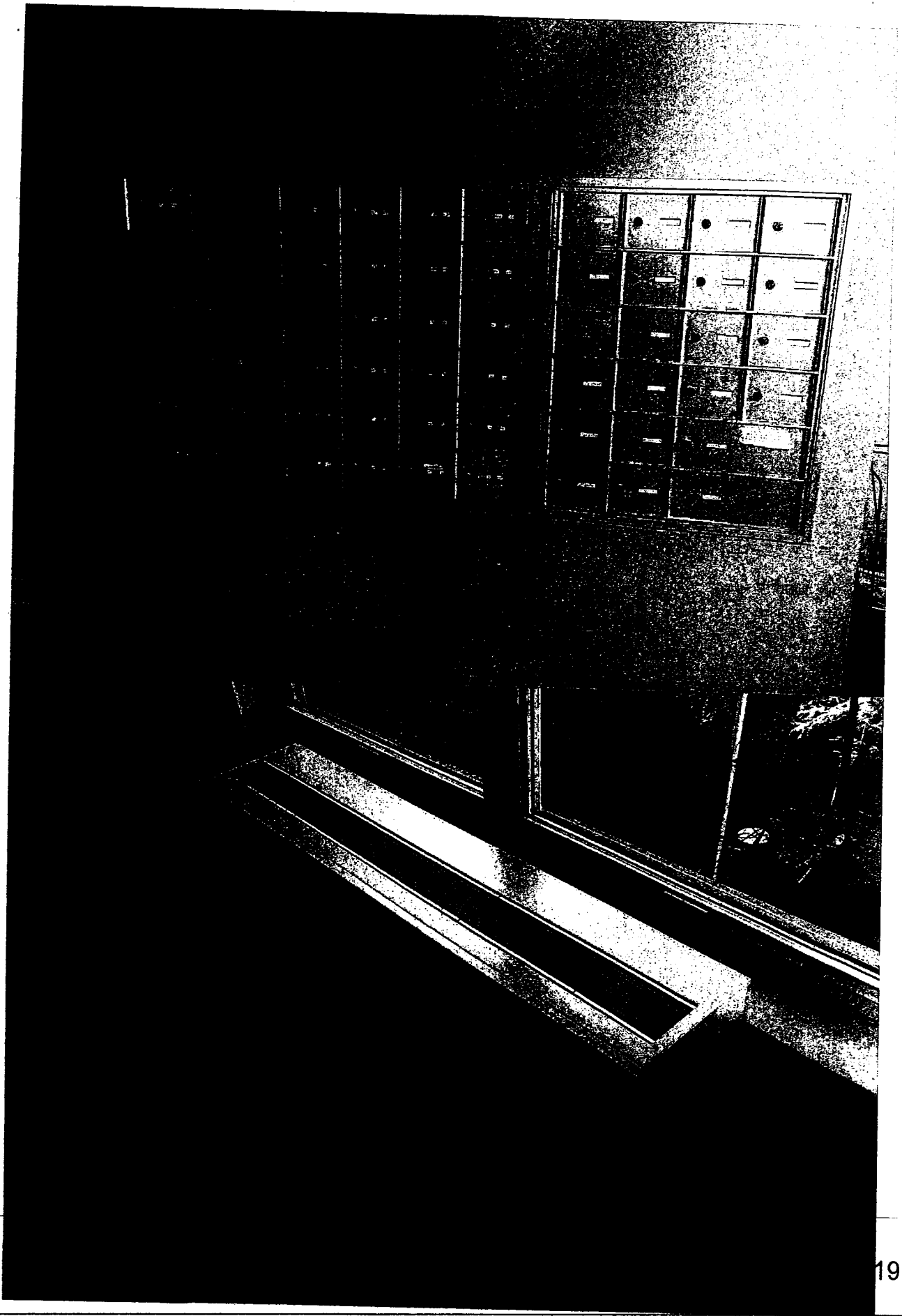




Flat Pro...sues





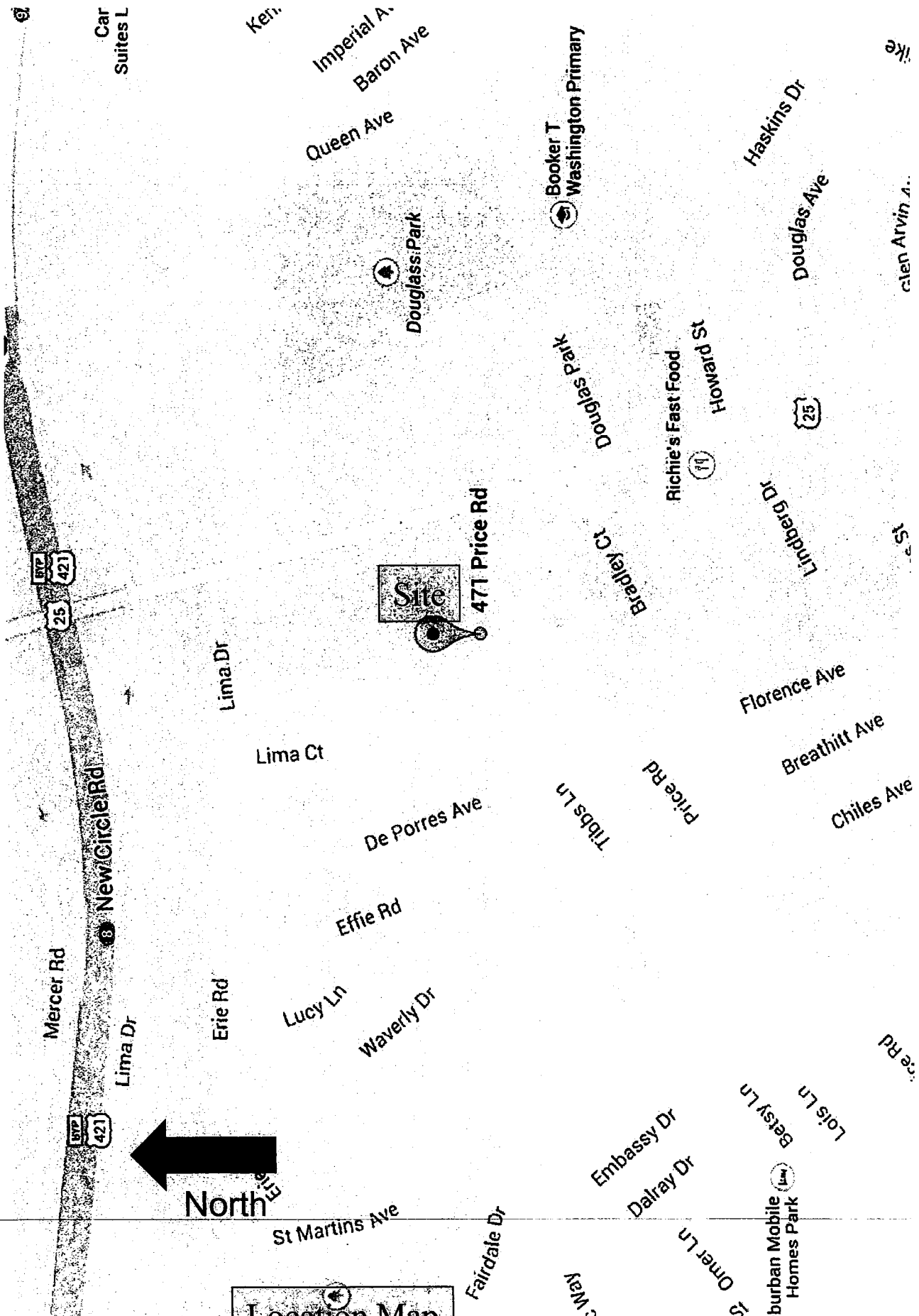








Typical Appliances



Location Map



Aerial Photo

# Site Review

The Ferrill Square site is located in Fayette County Kentucky on the north side of Lexington. It is approximately 2 miles from downtown Lexington with Interstate 71, 2 ½ miles to the north. The building and parking occupy approximately 1.7 acres on the First African Baptist Church campus.

The Building has frontage on Price Road, a local, two lane road with on-street parking on the north side. Across Price Road from the site is a single family residential neighborhood. The first African Baptist Church is to the west, the Booker T Washington Education center is to the north and the First African Mission House is to the east.

The site is located approximately 100 yards from Georgetown Street, also know as State Road 25. Georgetown Street is a two lane road with access to downtown Lexington to the South and New Circle Road the outer belt around the city to the north.

Vehicles access the site in three locations each 24 wide allowing two way traffic. The east property entrance is shared with the Booker T Washington center and the western access is shared with the First African Baptist Church.

The parking areas and sidewalks appear to be sound with no pavement failures or potholes noted. The site lawn and landscaping appear to be mature and well maintained. The property signage including the monument entrance sign is current and stable.

Exterior concrete stairs and stoops around the site appear sound. We did witness an exterior basement stair with hand rail and guardrail leading to a below grade mechanical room. The stairs and railings appear to be in fair condition. The maintenance man reported they have had water in this mechanical room in isolated occasions during very heavy rains. Redirecting roof water when new gutters are installed should mitigate the problem.

It was reported by maintenance there is a standing water issue in the east courtyard. The Work Write provided by REACH includes a budget for Re-grading or the installation of a storm drain to mitigate this problem. It the same area just east of the courtyard is a missing sanitary sewer clean-out. We recommend repairing the sewer when the work is performed on the courtyard.

FEMA mapping indicates the property is not located in a 100 year flood zone.

# Building Review

## **BUILDING DESCRIPTION**

The Ferrell Square building is approximately 47,000 square feet where approximately 18,000 square feet is a three story structure, 28,000 square feet is a two story structure and 1,000 square feet is one story. Further, there is a small basement area which is unfinished. All parts of the building are connected and there are no other structures on the property. The building appears to be very solid and no evidence of settling or unusual wear was evident. Certainly significant maintenance and repairs are in order, but that is simply due to normal wear. The budget review portion of this report further describes the repairs needed at this time.

The building contains 59 one bedroom residential living units and house people with various levels of financial need. The main entry to the building leads to a very spacious corridor as one would expect from the building's original use as a school. From the main entry corridor, you can access the management office, mail boxes and other common amenities. The building contains both stairways and an elevator to access the upper floors. We visited two of the apartments and found them to be very livable and in good repair. The finishes were dated but in good condition. The corridors throughout the building were wide and access thru them was easy.

We asked a few residents how they liked living at the facility and there responses were positive. The building is quiet, clean, there are organized events and the staff is helpful. We left our site visit with the impression that the facility is well run and once the needed repairs occur, the building will serve the residents well for many more years.





733 Red Mile Road  
Lexington, KY 40504

Date: 4/17/2015

**Work Write & Costs Estimate**

Project Name: Ferrell Square

Address: 471 Price Road

Lexington, KY 40508

Description of Services / Work to be Performed	QUANTITY	COST/ UNIT	TOTAL
<b><u>HARD COSTS</u></b>			
<b>Roof</b>			
• Replace roof. Tear off all current roofing and felt. Replace any deteriorated sheathing where necessary.			
Install Ridge Vent. Limited Lifetime warranty.	1	\$50,000.00	\$50,000.00
Includes labor & Material			
• Installation of rubber roofing for flat roof surfaces.			
Includes labor & Material	1	\$70,000.00	\$70,000.00
• Install new gutters	1	\$8,000.00	\$8,000.00
<b><u>Exterior Repairs</u></b>			
• Clean / Up of Current Windows - Paint & Seal	20	\$500.00	\$10,000.00
• Re-Work of Current Windows - Includes cutting out of fogged or broken glass, scrapping rust, grinding & paint	2	\$1,000.00	\$2,000.00
• Storm Windows & Installation			
Regular	15	\$1,100.00	\$16,500.00
Large or Irregular Size	5	\$1,600.00	\$8,000.00
• Drainage Issues - Side of Complex in the common area. Back fill with top soil and install drainage lines to side street and away from building.	1	\$6,000.00	\$6,000.00
• Installation of concrete ramp for the side entrance doors for wheel chair accessibility :			
Side Entrance by common area	0	\$4,000.00	\$0.00
Side entrance by church parking lot	0	\$10,000.00	\$0.00
<b><u>HVAC</u></b>			
• Installation of Vertical WSHP units	40	\$3,755.00	\$150,200.00
• Installation of Console Hallway Units	3	\$4,615.00	\$13,845.00
<b><u>Interior Repairs</u></b>			
• Vertical Community Mailboxes	3	\$750.00	\$2,250.00
labor for installation	1	\$1,000.00	\$1,000.00
• Re-Key of current unit locks (includes master )	59	\$25.00	\$1,475.00
• Installation of Tile in the front entrance, office and corridor by mailboxes. Includes tile, front, membrane sealant and labor. Quantity based on Square footage	2728	\$15.00	\$40,920.00
• Thresholds for tile transitions for front entrance Includes material and labor	1	\$400.00	\$400.00
• Installation of carpet in corridors			
Commercial Carpet	9800	\$2.69	\$26,362.00
Co-Base			\$1,500.00
Installation and materials	9800	\$0.89	\$8,722.00
• Paint Entry & Exit Doors	7	\$100.00	\$700.00
• Installation of automatic opening for front door. 36" door with auto opener / push button panel	1	\$5,000.00	\$5,000.00
• Removal of Center Front Entrance w/ filler panel. Paint and restore current door for second entrance.	1	\$3,000.00	\$3,000.00
• Costs and Installation GE ELC Stove	59	\$359.20	\$21,192.80
• Costs and Installation Cords for Stove	59	\$10.03	\$591.77
• Costs and Installation GE TM Refrigerator	59	\$479.20	\$28,272.80
<b>TOTAL ESTIMATE</b>			<b>\$475,931.37</b>

REACH Budget For Ferrell Square

# Project Budget Review

Earlier in this assessment, we listed priorities for improvement of this building. The following budget review and analysis will flow in the same order.

## 1. BUILDING ENVELOP:

### **Shingle roof \$50,000**

### **Flat roof \$70,000**

The roof is primarily pitched and covered with shingles. However, there is a large area which is flat and currently covered with a built-up roof. Both roofs are in need of replacing. We observed severe cracking in the built-up roof areas and witnessed severe protective aggregate loss from the shingles. The shingle roof would be re-roofed using shingles. The flat roof could utilize a membrane roof system.

Membrane roofs are very reliable and fairly low cost but easily damaged by falling tree branches, foot traffic, etc. Given the lack of trees overhanging the flat roof areas, a membrane roof would be appropriate. Using conservative estimates, we calculate the roof replacement cost as follows:

Shingles - 153 squares x \$220/sq = \$33,660

Flat roof - 9740 Square feet x \$6.00/sf = 58,440

Our estimated numbers include removing the existing roofs but do not include replacement of any rotten wood which would be exposed once the roofs are stripped off. There would typically be some rotten wood given the age of this roof. There is enough room in the budget provided there is a minimal amount of replacement of rotten wood.

We find this budget to be appropriate for the work needed.

### **Gutters \$8,000**

There are a variety of issues with the current gutters and they do need to be replaced. We recommend a seamless aluminum gutter be utilized. Our estimate for guttering is as follows:

New gutters 1,250 feet x \$6.50/ft = 8,125.

We find this budget to be appropriate for the work needed.

### **Masonry tuck pointing, repair \$0**

There are many areas around the building where mortar is missing within the brick veneer and needs to be replaced. Further, the chimney is currently leaking to the point where a tarp has been placed over it. The masonry on the chimney needs tuck pointing and some bricks need replacing. Once repaired, we recommend the chimney be sealed with a high quality sealant. These repairs are labor intensive.

During our site visit, the administrator showed us a proposal from a local company to repair the masonry in the amount of \$13,000.

We recommend tuck pointing be added to the budget.

## Ferrill Square Apartments - Budget Review Continued

### **Window repair, painting, storm windows \$37,200**

There are a variety of issues with the windows. They are:

- Broken glass
- Fogged glass
- Inoperable units
- Missing storm windows
- Deteriorating paint
- Rotten sills and brick molding
- Rust

The areas of need are throughout the building; however, many windows have already been replaced and are in fine working condition and repair. A qualified carpenter can repair these units and could even perform the minimal amount of painting required. Also, all of the exit doors need to be repainted. Given the age of the units, the existence of lead paint could be an issue and the contractor should be certified to deal with same.

Given the amount of need we witnessed, we feel the budget is appropriate for the work required.

## **2. EMERGENCY EGRESS**

### **Ramps \$14,000.**

The proposal includes installation of two egress ramps. One is nearest the entrance to the common area and the second is toward the church parking lot. The ramp to the church parking lot will be lengthy with directional changes due to the limited space available for the code required slope. Our estimate is as follows:

300 square feet of ramp x \$25/sf = \$7,500

Metal railings 120 feet x \$30/ft = \$3,600

Paint railings = \$800

Total estimated = \$11,900

We feel the budget is appropriate for the work required.

## **3. BUILDING SECURITY**

### **Front entry door restoration \$3,000**

We feel the budget is appropriate for the work required.

### **Front door automatic opener and card reader \$5,000**

We feel this budget is a shy by less than \$1,000. Therefore, given the excess of some of the previous budget items, there should be enough funds for any slight overrun on this item.

Ferrill Square Apartments - Budget Review Continued

**Carpeting \$36,584**

The proposal calls for replacing the carpeting in all corridors. The existing carpeting is very worn and stretched, thus very much in need of replacement. Further, all of the cove base will also be replaced.

The proposed budget of \$24.21/sy for the carpeting is sufficient to remove the existing material and install new materials. The cove base budget of \$0.89/sf is also appropriate for this work.

**7. EXTERIOR**

**Drainage issues \$6,000**

The east courtyard area is holding water. The solution is to re-grade the area, bringing in additional soil as needed so the water flows to the eastern most drive lane. More importantly, there is a hole where a sewer clean-out is missing in the east lawn. This hole is somewhat hard to see and could cause injury if stepped in. The Clean-out should be reinstalled and the hole should be filled even if the balance of the grading work is left incomplete.

We feel the budget is appropriate for the work required.

**8. APPLIANCES**

**Stoves \$21,784.57**

**Refrigerators \$28,272.80**

The existing appliances are old and will need replacement soon. Newer appliances will result in less maintenance cost and lower utility usage. There are 59 residential units within the building thus that equates to \$369.23/stove and \$479.20/refrigerator.

It is our understanding that REACH has secured a supplier's bid for this work; therefore, we find the budget appropriate.

**TOTAL \$475,931.37**

The spread sheet prepared by REACH included the \$14,000 for the new ramps but this amount was not included in the total. The total budget should be **\$489,931.37**.

**EXHIBIT E**  
**(Property Description)**

Being all of Lot No. 2 as shown on Final Record Plat of First African Baptist Church Property (Douglass School Subdivision) of record in Plat Cabinet K, Slide 468, in Fayette County Court Clerk's Office, and to which said plat reference is hereby made for a more particular description of said property; and,

Being part of the same property conveyed to first party Board of Education of Fayette County, Kentucky, by deed dated September 9, 1981, and of record in Deed Book 1280, Page 782, in the Fayette County Court Clerk's Office.