

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this ^{14th} day of March 2017 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 NORTH LIMESTONE COMMUNITY DEVELOPMENT CORPORATION (F/K/A NOLI CDC CORPORATION), a Kentucky non-profit corporation, whose principal address is 714 North Limestone, Unit B, 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 September 20, 2016 (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"); and

WHEREAS, in order to assist Borrower in the funding of the Eligible Activity, LFUCG is willing to make funds available to Borrower from the Fund under the terms and conditions of this Agreement; and

WHEREAS, on September 29, 2016, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program which was accepted by Borrower on October 26, 2016 ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

WHEREAS, the project for which Borrower has been approved includes demolition and construction activities.

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

ARTICLE 1 – COMMITMENT

1.1 LFUCG'S COMMITMENT. Pursuant to the Application, the Commitment Letter and this Agreement, LFUCG will make available an amount not to exceed **THREE HUNDRED NINETY THOUSAND TWO HUNDRED AND SIXTY AND 00/100 DOLLARS (\$390,260.00)** 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 Funds will be made available in the form of a **ONE HUNDRED FORTY THOUSAND TWO HUNDRED SIXTY AND 00/100 DOLLARS (140,260.00)** forgiving mortgage loan and a **TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00)** amortizing mortgage loan, which shall accrue interest at the rate of two percent (2%) per annum, until paid in full. All Funds will be evidenced by a promissory note ("Note") in form and substance satisfactory to LFUCG payable to LFUCG and signed by the Borrower. All unpaid principal and accrued interest shall be due upon sale of the housing unit or conversion of the unit to rental property. If neither of these events occur the loan and interest is due in full on September 1, 2018 ("Maturity Date"). In the event of any inconsistency between the Application, the Commitment Letter and this Agreement, this Agreement will control. The Funds will be expended only for the purpose of acquisition, rehabilitation and/or reconstruction of five (5) single-family homes on the Property (defined below) described in the mortgage(s) executed pursuant to Section 1.2 below and in conformity with the other provisions of this Agreement, the Commitment and the Application. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default (as hereinafter defined) has occurred and is continuing.

1.2 MORTGAGE; OTHER SECURITY. The performance of the Borrower's obligations under this Agreement shall be secured by a mortgage lien, or mortgage liens, in favor of LFUCG in the total principal amount of the Funds in form and substance satisfactory to LFUCG. In the sole discretion of LFUCG, the performance of Borrower's obligations under this Agreement may

also be secured by an Assignment of Leases and Rents, Security Agreement, UCC-1 Financing Statement, Fixture Filing, and such other documents as LFUCG may in its sole discretion require (collectively, the Mortgage and the other security documents described in this subsection are referred to as the "Security Documents", and attached hereto as Exhibit C and the terms and conditions of which are incorporated herein).

1.3 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 for acquisition, rehabilitation and/or reconstruction of five (5) single family homes (the "Project") on the real property located at 137, 151, 156, 160, and 168 York Street, Lexington, Kentucky 40508 (the "Property").

1.4 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; and
- (b) All funds disbursed hereunder will be used only for demolition and construction 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 demolition and construction work has been approved by the appropriate local, regional and state agencies, including those concerned with planning and zoning, public works and health.

2.2 Borrower understands and acknowledges that projects assisted with 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 understands that all sales of housing units funded under this Agreement during the period of affordability must adhere to the Affordability provisions provided herein in Section 3.3. Borrower agrees that upon sale of the units, the sales agreement and/or mortgage must require that the Buyer uses the unit as a primary personal residence throughout the term of the agreement and/or mortgage.

2.4 Borrower acknowledges and understands that all sales of property during the affordability period must have the prior written approval of the Office of Affordable Housing. No property sales will be approved that do not maintain income eligibility requirements and restrictions provided by the period of affordability. With the prior written approval of the Office of Affordable Housing, properties may be sold to income-eligible buyers.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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; and
- (c) proof of costs in adherence to LFUCG's requirements for draws and inspections for the Program activity under this Agreement (construction draws); and
- (d) 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 forty (40%) of the Project's developer fee may be disbursed at the initial draw; and
- (b) the remaining sixty (60%) may be drawn based upon the percentage of construction completion.

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 Affordable Housing Funds, the Borrower or Property Owner must maintain all risk, fire and extended coverage, in form and with companies acceptable to LFUCG, for 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 attorneys' fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **THREE THOUSAND NINE HUNDRED TWO AND 60/100 DOLLARS (\$3,902.60).**

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

ARTICLE 4 - CONSTRUCTION LOAN TERMS

4.1 PLANS AND SPECIFICATIONS. Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads, sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing 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 demolition and/or reconstruction 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 demolition and/or reconstruction, 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 NONLIABILITY OF LFUCG. This Agreement will not be construed to make LFUCG liable to materialmen, contractors, craftsmen, laborers or others for goods and services delivered by them to or upon the Property or for debts or claims accruing to said parties against the Borrower. There are no contractual relationships, either express or implied, between LFUCG and any materialman, contractors, craftsmen, laborers or any other persons supplying work, labor or materials on the job, nor will any third person or persons, individual or corporate, be deemed to be beneficiaries of this Agreement or any term, condition or provisions hereof or on account of any actions taken or omitted by LFUCG pursuant hereto.

ARTICLE 5 – BREACH OR DEFAULT

5.1 RECAPTURE OF FUNDS; BREACH OF AGREEMENT. In the event of a breach, LFUCG may suspend Borrower's authority to draw Affordable Housing Funds at any time by giving notice to Borrower. LFUCG has the right, in its sole discretion, to terminate disbursement of funds and/or recapture any remaining portion of 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; or
- (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; or

- (c) Borrower does not submit reports or submits inadequate reports pursuant to Article 6 below; or
- (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; or
- (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; or
- (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; or
- (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; or
- (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; or
- (d) Borrower's violation of the affordability requirements, whether evidenced by recorded Deed Restriction or owner certification of continued compliance; or
- (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; or
- (f) Borrower fails to prosecute Project site development work with diligence so that construction thereof will be completed in a timely manner; or
- (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; or
- (h) Borrower discontinues the demolition/reconstruction work and abandonment continues for a period of ten (10) days; or
- (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; or
- (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; or
- (b) Exercise its rights under the Note or any other Security Document; or
- (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; or
- (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; or
- (e) Have discharged of record any mechanic's and materialmen's lien or other lien against the Project site(s); or
- (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; or
- (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. If applicable, LFUCG requires a Project Capital Needs Assessment (“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: NoLi CDC Corporation
714 North Limestone, Unit B
Lexington, Kentucky 40508
ATTN: Kristofer Nonn, Director of Design and Construction

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

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

EXHIBIT A
(The LFUCG Affordable Housing Fund Application)

HOMEOWNERSHIP PRODUCTION APPLICATION

A. General Information

u Development Information

Project Name: LuigART Makers Spaces Phase 2

Street Address: 137 through 168 York Street Neighborhood: North Limestone

City: Lexington KY Zip: 40508 Census Tract: 3

Total number of Units planned 5 units

 units

Residential Floor Area planned 4,910 gross sq. ft.

Construction Type New Construction

Housing Type Live-Work

u Project Summary Briefly describe your project.

The Makers Spaces program has the mission of designing and building affordable, flexible, durable, inspiring and energy efficient buildings for people in the neighborhood, the city, and beyond. Currently there are no Live/Work areas allowed in Lexington, and NoLi CDC has drafted and implemented into law a Planned Unit Development (PUD) that allows a myriad of permitted uses, from Live/Work space, Artist Studios, Artisan Food and Beverage Production, Artisan Manufacturing, Digital Makerspaces, Urban Agriculture, Visiting Artist Housing, and a wide range of retail, business, and public open space uses. The end goal of the Makers Spaces program is to apply and implement the PUD on all 171 properties on the target city block in North Lexington, to create beautiful, ground-breaking structures, spaces, streetscapes, and community. The next step in the realization of this innovative approach to urban redevelopment is to construct affordable structures which can be put to various uses under the PUD. These structures will be affordable, flexible, durable, resilient, beautiful, energy-efficient, and will embody both the memory and the vision of the neighborhood.

u Assistance Request Information (info comes from another worksheet)

Costs & Funding Request

	Total	Per Unit
Total Project Development Costs (TDC)	\$646,260	\$129,252
Gross Sales Proceeds	\$506,000	\$101,200
LFUCG AHTF Permanent Development Gap Subsidy	\$140,000	\$28,000
LFUCG AHTF Short-Term Construction Loan	\$250,000	\$50,000
TOTAL Subsidy	\$390,000	\$78,000.00

u Developer Information

Entity Name: North Limestone Community Development Corporation Federal I.D. #: 46-2090782

Contact Person: Kristofer Nonn Phone: 859-379-2049 (office)

Address: 714 N. Limestone Unit B Email: kris@nolicdc.com

City: Lexington State: KY Zip: 40508

Legal Form: 501(c)3 non-profit

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

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

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

Community Housing Development Organization (CHDO)? No

Is the CHDO designation from the N. Kentucky HOME Consortium? N/A

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

Developer	<u>X</u>	Marketing	<u>X</u>	Other:
General Contractor	<u> </u>	Carries Liability Insurance	<u>X</u>	
Owner	<u>X</u>	Carries Liability/Property Insurance	<u>X</u>	Designer

B. Development Plan Information

Total number of Buildings planned 9 buildings # of Stories: 1

Age of existing Building(s) 0 years old

Structural System Wood-Framed Basement No Exterior Siding / Panel

Parking On-Street

Is this project targeting special populations? Yes

If yes, indicate which populations: Under 80 AMI Other:

u Energy and Equipment Information

Heating System: Varies Forced Air/Heat Pump Energy Star? Other Green Certification(s)

Air Conditioning System: Yes

Domestic Hot Water:

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

<u>X</u> Microwave	<u>X</u> Refrigerator	<u>X</u> Kitchen Exhaust Duct	Other: <u> </u>
<u>X</u> Range & Oven	<u>X</u> Ceiling Fans	<u> </u> Common On-site Laundry	<u> </u>
<u> </u> Garbage Disposal	<u> </u> Fireplace	<u> </u> Security Alarm	
<u>X</u> Dishwasher	<u> </u> Blinds/Drapes	<u>X</u> Laundry Equipment	

C. Site Information

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

Are any project buildings in a National or local historic district? No

Have you already acquired the project property? Yes

Was the property occupied at the time you obtained ownership? No

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

Did/will you acquire the property with clear title and no debt? Yes

Is this an "Arms-Length" Transaction, meaning the buyer and seller are acting independently and have no relationship to one another? No

If this is not an Arm's Length Transaction, explain the relationship between buyer and seller.

Grifftown LLC purchased many of the properties in anticipation of a grant NoLi received, and when the grant funds were available, NoLi purchased them from Grifftown. Grifftown is a private development corporation owned by Griffin VanMeter, who is the President of the NoLi Board of Directors.

Current Zoning: PUD-2

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

Planned Unit Development-2 (PUD-2) will be implemented prior to commencing with work. NoLi drafted and passed PUD-2 to create this live/work zone.

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

Are the following utilities now located on the site?

- Public Water Supply X
- Public Sewer System X
- Natural Gas Distribution System X
- Electric Power System X
- Cable Television System X
- Telephone System X

Are the following conditions present at the proposed development site?

- | | | | |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| All or part in 100-yr. floodplain | <u> </u> | Standing water | <u> </u> |
| Railroad tracks within 300 feet | <u>X</u> | Creek, lake, river frontage | <u> </u> |
| High tension wires | <u> </u> | Ravines or steep grades | <u> </u> |
| High noise levels | <u> </u> | Industrial sites | <u> </u> |
| Hazardous waste sites | <u> </u> | Commercial sites | <u> </u> |

Describe any unusual site conditions:

The current properties are 6 contiguous lots on the south side of York Street and 3 lots on the north side of York. The proposed designs and solid/void cadence will reflect the character and approximate density of the neighborhood

D. Neighborhood & Market Information

Applicants must submit some form of in-house or 3rd party market analysis demonstrating demand for the proposed project. An appraisal supporting acquisition and sales pricing will be required.

Explain the need/market demand for the proposed project.

Currently, the only home-ownership options in the neighborhood that do not require whole-home renovation are the first phase of our development at 130-146 York. Most structures in the target market area have been neglected and unmaintained for decades, and thus would require a major outlay of funds, effort, and other resources in order to bring up to current standard-of-living condition, and to meet current energy efficiency standards.

Describe what amenities support the project (businesses, other housing development, schools, parks, etc.)

In addition to well-built, energy-efficient structures, the project offers the city's first live/work opportunity. There will be a butterfly garden developed on the adjacent water tank site on the same street. The site is a block from a neighborhood market, as well as several restaurants, drug and convenience stores, gas stations, as well as the monthly Night Market. The project is 2 blocks from an elementary school, as well as several churches.

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

NoLi CDC is coordinating the Makers Spaces with its other neighborhood revitalization efforts, including a Northside Cultural Plan, the WaterWorks Park butterfly garden, the Night Market, the 2016 Sustainability Initiative, MusicWorks, and others. NoLi is also working with Community Ventures, REACH, and United Way, who are providing financial literacy education, downpayment assistance, and other related services. NoLi CDC is working with Habitat for Humanity and Fayette County Public Schools to form partnerships that bring their labor and skills to the project.

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

The Makers Spaces properties are 1/2 block from a LexTran #7 bus stop. The neighborhood has existing sidewalks on all streets. The existing infrastructure is in fair condition, with significant locations where telephone poles and other

elements obstruct the sidewalk, and where curbcuts are absent.

E. Development & Draw Schedule

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

		Month	Year	Est. Draw on LFUCG Funds
<i>IDIS Commitment Date (For LFUCG to input)</i>				
Site Control & Predevelopment	Option			
	Contract			
	Closing			
	Zoning			
	Site Analysis			
	Working Construction Drawings			
Construction Loan Closing				
Construction Start				
Construction 1/2 Completed & Drawn				
Marketing Start-Up				
Construction Complete (Certificate of Occupancy)				
All Units Sold (Must occur within 6 mos. of obtaining CO)				

Total Construction Schedule: _____ months \$0
Total does not match funding requested on Sheet 4.

F. Development Sales Prices (info comes from worksheet 2)

	<u>Street Address</u>	<u>SF</u>	<u>BR</u>	<u>BA</u>	<u>Projected Sale Price</u>
Address 1	137 York St.	1200	2	1	\$108,000
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Address 3	151 York St.	1150	3	1.5	\$112,000
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Address 5	156 York St.	930	2	1	\$100,000
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Address 7	160 York St.	930	2	1	\$100,000
Address 8	166 York St.	700	2	1	\$86,000
#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Explain how you arrived at the projected home sales prices:

These home sales values were arrived at through Market Analysis provided by a neighborhood realtor, as well as PVA analysis of recent home sales of similar home types in the area. Furthermore, this application proposes to create a blended model of how to "internally subsidize" affordable units through the profits of "market rate" units.

Describe how you will pre-sell homes or market them during construction. NOTE: The HOME program requires homes that do not sell within 6 months of receiving a Certificate of Occupancy to convert to rental units.

With the first phase of homes sold, pre-sell is anticipated to be more appealing to prospective buyers. Pre-sell is desired, and NoLi CDC has pursued it with any person who expressed interest in purchasing a property. In this case, certain modifications and customizations can be made to the plan and materials selections to reflect the personal preferences and tastes of the buyer.

u Previous Development Experience

Has the applicant completed other residential development projects? Yes

How many projects has the applicant completed? 7

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

New Construction # units: 6 Rehab # units: 1

List most recently completed projects:

Project Name	Address	Construction Type	Tenure Type	Target Residents	# Units	Total Devel. Costs
LuigART Phase 1	130-146 York	Single Family	Own	80 AMI	6	\$613,096
House Renovation	138 York	Single Family	Rent		1	\$115,000

List current workload of projects (pending, in construction, etc.)

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

Please describe how the proposed project will be staffed. Resumes will be required.

The Makers Spaces program is managed by Kristofer Nonn, Assoc.AIA, LEED AP, whose title is Director of Design & Construction. Kris is supervised by Grant Phelps, NoLi CDC President & CEO. Phelps is former Executive Director of Habitat for Humanity of Lexington (2001-2009). NoLi CDC has a Housing Design & Construction Committee, which is an 8 person committee made up of area professionals who work in some aspect of design, construction, development, and real estate. Members include Johan Graham, Christy Woodward, Becca Hughes, Louis Johnson, Price Bell, Samantha Castro, Matthew Clarke, and Griffin VanMeter.

Describe your experience remaining on-time and on-budget for recent projects. Explain how these problems were addressed.

NoLi CDC completed Phase 1 of the LuigART Makers Spaces in September 2016, coming in on budget and selling all 6 units constructed.

u Affiliated Entities

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

1. Name: _____ Fed. ID #: _____
 Relationship to Applicant: _____

2. Name: _____ Fed. ID #: _____
 Relationship to Applicant: _____

3. Name: _____ Fed. ID #: _____
 Relationship to Applicant: _____

4. Name: _____ Fed. ID #: _____
 Relationship to Applicant: _____

u Properties Currently Owned by Applicant & Affiliate Entities

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

G. Development Team Information

	Name	Address	Phone	Worked Together Previously?
Project Manager	Kristofer Nonn	714 N. Limestone Unit B	608-630-1915	Yes
Contractor:	Chip Crawford	110 Ferndale Pass		Yes
Consultant:				
Attorney:	Bruce Simpson			
Accountant:	Christy Woodward			
Architect:	Kristofer Nonn			
Engineer:				
Realtor:	Kathy Martin			
Other:				

Track record of prime contractor — list the contractor's five most recently completed projects:

1. _____

2. _____

3. _____

4. _____

5. _____

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

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

Is the Developer, Sponsor, or any other Development Team Member related to an elected/appointed official or employee of LFUCG? _____

No

If yes, provide details:

Is the Developer, Sponsor, or any other Development Team Member, including any of their owners, partners, or board members CURRENTLY debarred from Federal contracting opportunities by any agency of the Federal Government? (search at www.sam.gov) No

If yes, provide details:

Has the Developer, Sponsor, or any other Development Team Member listed on the previous page, including any of their owners, partners, or board members EVER been debarred from Federal contracting opportunities by any agency of the Federal Government? No

If yes, provide details:

H. Relocation

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

Was the property occupied at the time you obtained ownership?	Yes
If vacant at purchase, how many months had it been vacant?	Varies
Will your development require any households to move temporarily?	No
# of households to move temporarily:	0
Will your plans require any occupants to move permanently?	Yes
# of households to move permanently:	1
Will your development require any commercial occupants to move?	No
# of commercial occupants to move:	0

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

The tenant of 141 York is in the process of purchasing 174 York from NoLi CDC.

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

- | | |
|---|---|
| 1 Project Area Map & Photos | 8 Detailed Relocation Plan* |
| 2 Proof of Site Control* | 9 Current Letters for Project Funding/Financing |
| 3 Plans, Specs, Drawing, Renderings* | 10 Organizational or Personal Financial Statement |
| 4 Market Study/Needs Assessment | 11 Organization's Annual Operating Budget or Audit (nonprofits) |
| 5 Appraisal Supporting Pricing for Acquisition & Sales* | 12 Current Letters of Support* |
| 6 Evidence of Pre-Sale(s)* | 13 Current Letters of Partnership* |
| 7 Staff Resumes/References | 14 Board Resolution Supporting the Application* |
| | 15 Any info required by a specific Request for Proposals. |

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

J. Applicant Certification

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

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

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

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

Applicant Signatures:

Owner, Developer, Executive Director:

Chief Elected Officer Signature (Board Chair)

Printed Name

Printed Name

Signature

Signature

Title

Title (Board Chair, President, etc.)

Date

Date

Addendum to Application Form
 Lexington Fayette Urban-County Government

Project: LuigART Makers Spaces Phase 2

Project #: 0

u Properties Included in the Project Site(s)

	Street Address	Zip	Parcel #	Form of Site Control	Acquisition Price (actual or anticipated)	Date of Appraisal
1	137 York St.	40508	13948700	Deed	\$10,954	
3	151 York St.	40508	14657100	Deed	\$10,954	
5	156 York St.	40508	38261980	Deed	\$10,954	
7	160 York St.	40508	38262000	Deed	\$10,954	
8	166 York St.	40508	16407400	Deed	\$10,954	
10						
11						
12						
13						
14						
15						
16						
17						
					\$54,770	

u Code Violations and/or Outstanding Taxes

If you are aware of code violations and/or outstanding taxes on properties that are owned by your organization or by affiliates and are located in the LFUCG jurisdiction, please describe such issues below and explain how you are addressing them.

The existing structure on 154 York has been cited by LFUCG Code Enforcement, and the commitment to LFUCG Code Enforcement is that it will be torn down in October 2016, to avoid and civil penalties or other fines or liens.

u Other Properties Currently Owned by Applicant

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

	Street Address	Zip	Parcel #
1	128 York Street	40508	15508900
2	138 York Street	40508	15509900

3	141 York Street	40508	13602600
4	154 York Street	40508	15512200
5	158 York Street	40508	38261990
6	168 York Street	40508	16407250
7	128 Eddie Street	40508	17156225
8	172 York Street (pending)	40508	13096700
9	174 York Street	40508	11335000
10	905 N. Limestone	40505	12792200
11	907 N. Limestone	40505	13074500
12	909 N. Limestone	40505	10040660
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Properties Currently Owned by Affiliate Entities

u	Affiliate Entity 1:	0	Street Address	Zip	Parcel #
1					
2					
3					
4					
5					
6					
7					
8					
9					

**Luigart Makers Spaces Phase 2
PER UNIT HOMEOWNERSHIP DEVELOPMENT COSTS**

UNIT INFORMATION

LOCATION	Address 1	Address 3	Address 5	Address 7	Address 8	PROJECT	Per Unit	Per SF	% TDC
Street Address	137 York St.	151 York St.	156 York St.	160 York St.	166 York St.				
Zip Code	40508	40508	40508	40508	40508				
UNITS(S)	1	1	1	1	1		4,910	982	
Total Square Footage	1,200	1,150	930	930	700				
Construction Type	New Construction	New Construction	New Construction	New Construction	New Construction				
Unit Type	Single Family	Single Family	Single Family	Single Family	Single Family				
Bedrooms	2	3	2	2	2				
Bathrooms	1.0	1.5	1.0	1.0	1.0				
ESTIMATED SALE PRICE (appraised value)	\$108,000	\$112,000	\$100,000	\$100,000	\$86,000		\$506,000	\$101,200	

PER UNIT DEVELOPMENT COSTS

PREDEVELOPMENT COSTS	TOTAL	Per Unit	Per SF	% TDC
Architect & Structural Engineer	\$0	\$0		
Rezoning (PUD-2 conversion)	\$600	\$600		
Environmental Assessment(s)	\$0	\$0		
Market Analysis/Appraisal	\$300	\$300		
Survey & Civil Engineering	\$500	\$500		
Demolition (total divided by 9 properties)	\$4,258	\$4,258		
Replating	\$333	\$67		
Total Predevelopment:	\$5,657	\$5,658	\$5,724	4.4%

BUILDING AND PROPERTY ACQUISITION

Land & Building	\$10,954	\$10,954	\$10,954	\$10,954	\$54,770	\$10,954		
Settlement Costs (Title Ins., Recording Fees)					\$0	\$0		
Relocation					\$0	\$0		
Other					\$0	\$0		
Total Acquisition:	\$10,954	\$10,954	\$10,954	\$10,954	\$54,770	\$10,954	\$11.15	8.5%

CONSTRUCTION COSTS (complete sheet #3)

General Cond. Overhead & Profit	\$9,823	\$9,919	\$9,919	\$9,823	\$8,748	\$48,231	\$9,646		
Construction Contingency	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$5,000		
Construction Hard Costs	\$82,206	\$82,110	\$83,006	\$82,206	\$73,249	\$402,777	\$80,555		
Total Construction:	\$97,029	\$97,029	\$97,925	\$97,029	\$86,996	\$476,008	\$95,202	\$96.95	73.7%

PROFESSIONAL SERVICES

Legal	\$100	\$100	\$100	\$100	\$100	\$500	\$100	
Marketing/Advertising	\$100	\$100	\$100	\$100	\$100	\$500	\$100	
Homebuyer Counseling						\$0	\$0	

5. Metals	Enter PER UNIT Costs					\$23,389	\$4,678	4.76	4.9%
Structural						\$0			
Wrought Iron						\$0			
Other:						\$0	\$0	0.00	0.0%

6. Wood & Composites	Enter PER UNIT Costs					\$62,859	\$16,310	16.61	17.1%
Rough Carpentry	\$13,147	\$13,147	\$13,147	\$13,147	\$10,271	\$15,191			
Finish Carpentry	\$3,168	\$3,168	\$3,168	\$3,168	\$2,519	\$3,500			
Other: Misc. Finish	\$700	\$700	\$700	\$700	\$700	\$81,550	\$16,310	16.61	17.1%

7. Thermal & Moisture Protection	Enter PER UNIT Costs					\$12,696	\$14,698	14.97	15.4%
Roofing	\$2,576	\$2,576	\$2,576	\$2,576	\$2,392	\$9,475			
Insulation	\$2,090	\$2,090	\$2,090	\$2,090	\$1,115	\$37,046			
Exterior Siding	\$7,481	\$7,481	\$7,481	\$7,481	\$7,122	\$8,722			
Exterior Trim	\$1,808	\$1,808	\$1,808	\$1,808	\$1,490	\$5,550			
Gutters and Downspouts	\$1,200	\$1,200	\$1,200	\$1,200	\$750	\$0			
Other:						\$73,489	\$14,698	14.97	15.4%

8. Openings	Enter PER UNIT Costs					\$10,413	\$3,249	3.31	3.4%
Windows	\$2,229	\$2,229	\$2,229	\$2,229	\$1,497	\$3,180			
Exterior Doors	\$636	\$636	\$636	\$636	\$636	\$0			
Interior Doors						\$0			
Garage Door						\$2,650			
Door Hardware	\$530	\$530	\$530	\$530	\$530	\$0			
Other:						\$16,243	\$3,249	3.31	3.4%

9. Finishes	Enter PER UNIT Costs					\$14,991	\$11,423	11.63	12.0%
Gypsum Wallboard	\$3,200	\$3,200	\$3,200	\$3,200	\$2,191	\$0			
Ceramic Tile						\$18,644			
Flooring (wood, vinyl, carpet, etc.)	\$3,936	\$3,936	\$3,936	\$3,936	\$2,900	\$22,252			
Painting	\$4,688	\$4,688	\$4,688	\$4,688	\$3,500	\$1,230			
Other: Final clean	\$246	\$246	\$246	\$246	\$246	\$57,117	\$11,423	11.63	12.0%

Rough / Finish Electrical	\$4,130	\$4,130	\$4,130	\$4,130	\$4,130	\$3,790	\$20,310		
Fixtures	\$500	\$500	\$500	\$500	\$500	\$500	\$2,500		
Finish Electrical							\$0		
Other:							\$0		
Total							\$22,810	\$4,562	4.65 4.8%

27. Communications

Security & Alarm Systems							\$0		
Other:							\$0		
Total							\$0	\$0	0.00 0.0%

31. Earthwork

Excavation	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500		
Trenching							\$0		
Backfilling							\$0		
Site Grading							\$0		
Driveway							\$0		
Other: Rock	\$1,449	\$1,449	\$1,449	\$1,449	\$1,449	\$1,449	\$7,245		
Total							\$14,745	\$2,949	3.00 3.1%

32. Exterior Improvements

Paving							\$0		
Fencing							\$0		
Final grade and seeding							\$0		
Landscaping							\$0		
Other: Deck						\$3,030	\$3,030	\$606	0.62 0.6%
Total							\$3,030	\$606	0.62 0.6%

33. Utilities

Utility Connections	\$75	\$75	\$75	\$75	\$75	\$75	\$375		
Other:							\$0		
Total							\$375	\$75	0.08 0.1%

Total Construction: \$97,029 \$97,029 \$97,925 \$97,029 \$86,996 \$476,008 \$95,202 96.95 100.0%

Source of Estimate: Contractor(s) Estimates \$9,822.72 \$9,822.72 \$9,918.76 \$9,822.72 \$8,747.83 Raw Construction Costs

Person completing estimate: Contractor Fee at 12%

Printed Name

Date

Title

**LuigART Makers Spaces Phase 2
SOURCES & USES**

Last date modified:

Project & #:	LuigART Makers Spaces Phase 2	Construction:	New Construction
Dev/Owner/Sponsor:	North Limestone Community Developme	Unit Type:	Live-Work
Total Units:	5	AvgSqFt:	982
Average Sale Price:	\$101,200	Total SqFt:	4,910

SUMMARY SOURCES & USES

Uses (Development Costs)	Total	Per Unit	% of Total	
Predevelopment:	\$28,622	\$5,724	4.4%	<i>Construction Cost/SqFt:</i>
Acquisition:	\$54,770	\$10,954	8.5%	\$96.95
Construction/Rehab:	\$476,008	\$95,202	73.7%	<i>Total Cost/SqFt:</i>
Professional Fees:	\$1,000	\$200	0.2%	\$131.62
Finance & Carrying Costs:	\$10,680	\$2,136	1.7%	<i>Dev Fee as % TDC</i>
Seller's Closing Costs	\$15,180	\$3,036	2.3%	<i>excluding the fee itself:</i>
Developer Fee	\$60,000	\$12,000	9.3%	10.2%
Total Development Costs	\$646,260	\$129,252	100.0%	

Permanent Sources	Total	Per Unit	% of Total	Status of Funding
Home Sales Proceeds (Based on Appraised Value)	\$506,000	\$101,200	78.3%	
LFUCG AHTF Development Gap Subsidy	\$140,000	\$28,000	21.7%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
Other:		\$0	0.0%	
State (KHC) HOME Funds		\$0	0.0%	
Total Sources	\$646,000	\$129,200	99.96%	

Development Surplus/(Gap)?	(\$260)	(\$52)	-0.04%	Recouping Land Costs
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Interim Development Financing	Total	% of Total	Const. Loan Interest Rate	Status of Funding
Conventional Bank Construction Loan		0.0%	4.0%	Application Pending
Developer Equity		0.0%		
Program Related Investment - Knight Foundation	\$200,000	33.9%	0.0%	Secured
LFUCG AHTF Short Term Construction Loan	\$250,000	42.4%		Application Not Yet Submitted
Other:		0.0%		
LFUCG AHTF Development Gap Subsidy	\$140,000	23.7%		
Total Interim Sources	\$590,000	100.0%		

Costs Not Incurred Until Sales	\$15,180	<i>Realtor Commission</i>		
	\$60,000	<i>Developer Fee</i>		
Construction Financing Surplus/(Gap)?	\$18,920	3.2%		

TOTAL LFUCG FUNDING REQUEST	Total	Per Unit	%TDC	%LFUCG Money
AHTF Permanent Development Gap Subsidy	\$140,000	\$28,000	21.7%	35.90%
AHTF Short Term Construction Loan	\$250,000	\$50,000	38.7%	64.1%
Total AHTF Funds to Project	\$390,000	\$78,000	60.3%	

Developer Notes

LFUCG Underwriting & Subsidy Layering Summary

1. General Justification for Funding:

a. How does the project fit with the PJ's ConPlan, housing strategies, etc?

2. Why is the project needed?

3. Examine the sources & uses above.

a. Are costs reasonable (necessary & sufficient)?

b. How was this determined?

c. Has adequate funding been secured?

d. What is the status of other funding sources?

4. Assess neighborhood market conditions:

a. What supports proposed home prices?

b. How will homes be sold within 6 months?

c. Concerns & Other info:

5. Assess the capacity of the developer.

a. Completed similar projects successfully?

b. Any problem projects current or past?

c. Concerns & Other info:

6. Assess project risks.

a. Is project like to be completed in a timely manner?

b. Any foreseeable obstacles to completion?

c. How will LFUCG mitigate risk?

d. Concerns & Other info:

7. What contingencies should be placed on funding?

8. CURRENT RECOMMENDATION FOR FUNDING:

Underwriting performed by:

Name

Title

Date

Underwriting Notes

EXHIBIT B
(Executed Commitment Letter)



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

Jim Gray
Mayor

Derek J. Paulsen, Ph.D.
Commissioner

September 29, 2016

Mr. Kris Nonn, Director of Design and Construction
North limestone CDC
714 North Limestone Street, Unit B
Lexington, KY 40508

Dear Mr. Nonn,

This letter serves as a contingent commitment of \$390,260 in funding from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the acquisition and rehabilitation/reconstruction of 5 single-family homes. The homes are located at 137, 151, 156, 160 and 166 York Street in Lexington. The allocation of \$390,260 will serve as a construction loan for the homes and \$250,000 will be in the form of a first mortgage loan at an interest rate of 2% and the remaining \$140,260 will be repayable only if funds are available upon a future sale of the newly constructed home by the household purchasing the unit after rehabilitation/reconstruction.

The \$250,000 will be repaid upon sale of the homes. If one or more of the homes is not sold 6 months after the respective unit is completed, the unit will be converted to rental housing and the outstanding loan balance will be repaid.

This commitment is contingent upon the following:

1. North Limestone CDC remits to the Affordable Housing Fund all funds due on its current construction loan.
2. North Limestone CDC agrees to a 15 year deed restriction on the units ensuring they are available for households at or below 80% of area median income.
3. Submission of a board resolution accepting this agreement.

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

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

4. North Limestone CDC agrees that upon initial sale of the single family home the mortgage will include a statement that the home is to be used as the buyer's primary personal residence.

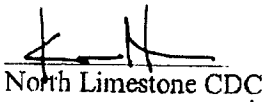
Please indicate below your acceptance of this contingent commitment letter. Upon acceptance LFUCG will work to close the transaction. I look forward to working with you in providing affordable housing opportunities for residents of Fayette County.

Sincerely,



Richard L. McQuady
Affordable Housing Manager

Accepted by:


North Limestone CDC

10/26/2016

KRISTOFER NANN

DIR. OF DESIGN & CONSTRUCTION

EXHIBIT C
(Executed Promissory Notes and Mortgages)