

THIS INSTRUMENT PREPARED BY:

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RETURN TO:

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

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

THIS DECLARATION OF COVENANTS AND RESTRICTIONS ("Declaration") is made this _____ day of _____, 2026, by **MEADOWSWEET APARTMENTS LLC**, a Kentucky limited liability company, whose address is 159 Old Georgetown Street, Lexington, Kentucky 40508 ("Borrower") and **TATES CREEK DEVELOPMENT, LLC**, a Kentucky limited liability company, whose address is 4459 Tangle Hurst Lane, Lexington, Kentucky 40515 ("Owner"). Owner is the holder of a general warranty deed interest, and Borrower is the holder of a leasehold interest, in that certain real estate located in Fayette County, Kentucky, more particularly described in **Exhibit A**, attached hereto and incorporated herein by reference (the "Property"), by virtue of that certain Lease Agreement dated as of August 4, 2025, by and between Owner and Borrower (the "Ground Lease") which Ground Lease is further evidenced by that certain Memorandum of Lease dated as of December 31, 2025, of record in Deed Book 4171, Page 423-427 in the Office of the Clerk of Fayette County, Kentucky. Borrower is to construct on the Property a twenty-four (24) unit rental housing development known or to be known as **Meadowsweet Apartments** ("Project"). To facilitate the construction of the Project, Borrower has been awarded funds in the amount of **EIGHT HUNDRED FORTY THOUSAND DOLLARS AND 00/00 CENTS (\$840,000.00)** from the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky, 40507 ("Government"), through the Government's Division of Grants and Special Programs' HOME Program.

WITNESSETH:

WHEREAS, the Owner is the owner of certain real property known and designated as 2760 Meadowsweet Lane, Lexington, Fayette County, Kentucky 40511 and more particularly described in **Exhibit A**, which is attached hereto and incorporated herein by reference ("Site"); and

WHEREAS, the Government, through its HOME Program, works to increase the supply of affordable, standard residential rental units to low and very low income households by providing loans to property owners; and

WHEREAS, said Government, through its HOME Program, has loaned funds in the amount of **EIGHT HUNDRED FORTY THOUSAND DOLLARS AND 00/00 CENTS (\$840,000.00)** to Borrower for the construction of a twenty-four-unit (24) apartment complex for low-income households;

WHEREAS, Borrower and Owner have agreed that four (4) units are HOME-assisted and that only these four (4) units are subject to the herein described affordability restrictions;

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

WHEREAS, the Borrower has borrowed the sum of **EIGHT HUNDRED FORTY THOUSAND DOLLARS AND 00/00 CENTS (\$840,000.00)** pursuant to the Government's HOME Program and HUD's HOME Investment Partnerships Program for the construction of four (4) affordable rental units on the herein described Site, and in consideration of such loan, Owner intends to establish covenants, conditions and restrictions running with the land to comply with the requirements of the HOME program;

WHEREAS, the Government holds a leasehold mortgage lien interest in the site and is required by HUD regulations relating to the HOME Investment Partnerships Program to require the establishment of covenants, conditions and restrictions running with the land and to enforce such covenants, conditions and restrictions;

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

1. RESTRICTED USES:

(a) The site shall be maintained solely as residential property. Owner and its assigns, subsequent purchasers, lessees and successors in interest agree that the four (4) HOME-assisted units shall be rented to low income and very low households. Low income households are those households with gross incomes at or below sixty percent (60%) of the median income for the community. Very low income households are those households with adjusted gross incomes at or below fifty percent (50%) of the median income for the community. During the duration of these covenants, there is no minimum of the number of the HOME-assisted units that shall be rented to very low income households except as provided elsewhere herein.

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

(c) The family size and the gross income for all tenants must be determined at the time of initial occupancy and annually for the duration of these covenants. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain and verify income and family size information from each tenant upon initial rent up and annually during the duration of these covenants. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall provide information on family size, gross income and rent charged for all tenants to the Government within sixty (60) days after the initial rent up and the annual review date. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain any necessary releases from tenant to allow Government to independently verify the information provided.

(d) The Owner and its assigns, subsequent purchasers, lessees and successors in interest shall, on an annual basis, for the duration of these covenants, review the income, family size and exclusions of all tenants and determine if any are over-income. An over-income tenant is a household with a gross income exceeding eighty percent (80%) of the median for the community. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall not evict over-income tenants based on income. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall increase the rent of the site to not less than thirty percent (30%) of the households adjusted gross income, except tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by Section 42. Units vacated by an over-income tenant must be rented to an income-eligible tenant for the duration of these covenants.

(e) Should the adjusted gross income of a very low income tenant renting a unit at the low HOME rate increase to greater than fifty percent (50%) of the median for the community but less than eighty percent (80%) of the median for the community during the term of the tenancy and for the duration of these covenants, the Owner and its assigns, subsequent purchasers, lessees and successors in interest may increase the rent for such tenant up to the high HOME rate for the duration of the tenancy. Owner and its assigns, subsequent purchasers, lessees and successors in interest shall not evict such a tenant on the basis of the increase of the adjusted gross income. The next vacancy shall be rented to a very low income tenant whose income is at or below fifty percent (50%) of the area median income at a rent no higher than the established low HOME rent.

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

2. **DURATION.** The covenants and restrictions herein established shall be a covenant running with the land and shall be effective from the date of project completion, established as the date the HUD's Integrated Disbursement and Information System (IDIS) accepts and records the Completion report showing that ten units assisted by this loan have been rented to low-income and very low-income households, for a period of twenty (20) years and shall be binding upon the Owner, its assigns, subsequent purchasers, lessees and successors in interest and all parties and persons claiming under them during the term hereof.

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

3. **PURCHASER AT FORECLOSURE.** During the term hereof, should any mortgage or deed of trust be foreclosed on the Site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment by any Superior Mortgage(s) to the U.S. Department of Housing and Urban Development (HUD), all restrictions relating to affordable housing programs provided for in this Deed and Declaration of Restrictive Covenants or provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of the property.

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

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

IN WITNESS WHEREOF, Owner, Borrower, and Government have executed this deed/no deed and Declaration of Restrictive Covenants effective as of the day and year first above written.

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SIGNATURE PAGES TO FOLLOW

EXHIBIT A

2760 Meadowsweet Lane, Lexington, Fayette County, Kentucky 40511

All that tract or parcel of land situated on the east side of Meadowsweet Lane and south of Kearney Ridge Boulevard, in Lexington, Fayette County, Kentucky being more fully described and bounded as follows, to wit:

BEGINNING at the common corner of The Oasis at Kearney Creek, LLLP (2750 Meadowsweet Lane, DB 3698, PG 484) and RJDM, LLC (2550 Kearney Ridge Boulevard, DB 4028, PG 638), having NAD 83 Kentucky State Plane North Zone (2011) coordinates of North 222,079.90 and East 1,562,603.10, said point being in the Meadowsweet Lane east right of way and being referenced by a found rebar and cap (PLS 2937) at North 88°23'19" East, 0.41 feet;

Thence leaving said Meadowsweet Lane and with said RJDM, LLC, North 69°24'30" East, 231.59 feet to the common corner with GBP Properties, LLC (2530 Kearney Ridge Boulevard, DB 4060, PG 512) to a point being referenced by a found rebar and cap (PLS 2937) at North 84°28'44" East, 0.32 feet;

Thence leaving said RJDM, LLC and with said GBP Properties, LLC, South 13°23'07" East, 178.06 feet to a set 5/8" rebar with blue survey cap (PLS 3185);

Thence leaving said GBP Properties, LLC for a new line through the lands of said Oasis at Kearney Creek, LLLP, South 76°33'07" West, 247.67 feet to a set 5/8" rebar with blue survey cap (PLS 3185) in said Meadowsweet Lane;

Thence with said Meadowsweet Lane for two (2) lines:

1. Along a curve to the right having a radius of 475.00 feet, an arc distance of 95.73 feet and a chord North 08°39'00" West, 95.56 feet to a set 5/8" rebar with blue survey cap (PLS 3185),
2. North 02°52'36" West, 54.97 feet to the **POINT OF BEGINNING**, containing 39,357 square feet or 0.90 acre, more or less.

This legal description was prepared by James M. Chambliss, PLS 3185 on May 22, 2024 and is based on a boundary retracement survey performed by Integrated Engineering (NKA Prime AE Group, Inc.) of the Anabasis, LLC, property of record in DB 2913, PG 475 on May 16, 2019 in the Clerk's records of Fayette County, Kentucky.

Being the same property conveyed to Tates Creek Development, LLC, a Kentucky limited liability company, from The Oasis at Kearney Creek LLLP, a Kentucky limited liability limited partnership, by deed recorded in DB 4171, PG 423-427 of the Clerk's Records of Fayette County, Kentucky.