

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 5th day of July 2018 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (hereinafter referred to as the "Borrower").

WITNESSETH:

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

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

WHEREAS, Borrower by application dated November 9, 2016 (hereinafter referred to as the "Application"), attached hereto and incorporated herein as Exhibit A, has applied for and has received approval for funds for a specific housing related project described below (hereinafter referred to as the "Eligible Activity"); and

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

WHEREAS, on May 31, 2018, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (hereinafter referred to as the "Program") which was accepted by Borrower ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

WHEREAS, the project for which Borrower has been approved includes new 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 **EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-EIGHT AND 00/100 DOLLARS (\$83,248.00)** ("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 deferred forgivable loan, which shall accrue interest at the rate of zero percent (0%) per annum. The Loan will be evidenced by one or more promissory notes ("Notes") in form and substance satisfactory to LFUCG payable to LFUCG and signed by Borrower. Principal and interest (if any) of the Loan shall be amortized in equal,

consecutive installments of principal and accrued but unpaid interest, commencing as set forth in the Notes and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due January 1, 2034 (“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 new construction 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 Loan in form and substance satisfactory to LFUCG. In the sole discretion of LFUCG, the performance of Borrower’s obligations under this Agreement may also be secured by an Assignment of Leases and Rents, Security Agreement, UCC-1 Financing Statement, Fixture Filing, and such other documents as LFUCG may in its sole discretion require (collectively, the mortgage(s) and the other security documents described in this subsection are referred to as the “Security Documents”, as attached hereto as Exhibit C, the terms and conditions of which are incorporated herein).

1.3 ELIGIBLE ACTIVITY. The Loan has been made available based upon the information provided by Borrower in the Application. The sole purpose of this allocation is to construct two (2) duplexes, located at 466-468 Ash Street, Lexington, Kentucky ("Project" or "Property").

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

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, except for the valid First Mortgage, with Cumberland Valley National Bank and Trust (“First Mortgage Lender”), in the amount of **THREE HUNDRED TWENTY SEVEN THOUSAND TWO HUNDRED SIXTY THREE AND 00/XX DOLLARS (\$327,263.00)**, shall be recorded except easements, restrictions, stipulations and rights-of-way of record, applicable zoning rules and regulations and taxes which may be due and payable or which have been assessed and become a lien against the property whether or not yet due and payable;

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

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

2.2 Borrower understands and acknowledges that projects assisted with LFUCG

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

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

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

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

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

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

may be bound or affected.

ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT

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

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

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

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

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

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

3.3 AFFORDABILITY PERIOD. The Property must remain affordable to persons at or below eighty percent (80%) of the area median income pursuant to the guidelines of the United States Department of Housing and Urban Development (HUD) for a minimum of fifteen (15) years from date the Loan proceeds are first expended on each unit in the Project. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds.

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

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

3.6 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorneys' fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **EIGHT HUNDRED THIRTY-TWO AND 42/100 DOLLARS (\$832.48)**.

3.7 RESERVE FUND FOR REPLACEMENT. Borrower will deposit the amount of **\$325.00** per unit annually into a Reserve Fund for Replacements Account ("Reserve Fund") or an amount equal to **ONE THOUSAND THREE HUNDRED AND 00/100 DOLLARS (\$1,300.00)**; commencing at the date of construction completion and continuing annually throughout the term of the loan. All funds will be deposited into an account maintained by Borrower, and will be monitored by LFUCG during the compliance period. Reserve Fund disbursements will be only for the purposes of making necessary repairs to the Premises or replacement of furniture or fixtures.

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

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

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

ARTICLE 4 - CONSTRUCTION LOAN TERMS

4.1 PLANS AND SPECIFICATIONS. Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads, sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing Program requirements. Said plans and specifications may be subject to minor changes as required to comply with state and local building codes and to conform to the Property, provided such changes are approved by LFUCG. In addition to said

plans and specifications, Borrower will prepare or cause to be prepared from time to time such additional plans and drawings, including working drawings, shop drawings and supplemental specifications, as may be necessary or desirable to facilitate expeditious construction of the improvements in accordance with the approved plans and specifications and will cause copies of all such additional items to be delivered to LFUCG. All of said plans and specifications and any such additional items so approved are hereinafter collectively referred to as the "Plans and Specifications." Borrower will not deviate nor permit any such deviation from the Plans and Specifications without the prior written consent of LFUCG.

4.2 NO LIENS. Borrower will cause all work to be performed, including all labor, materials, supervision, supplies, equipment, architectural, and engineering services necessary to complete the improvements, in accordance with the Plans and Specifications. The Borrower will complete the improvements free from all materialmen's liens and all mechanic's liens and claims. All contracts with subcontractors and materialmen will contain, upon the request of LFUCG, a provision for not less than ten percent (10%) retainage to ensure adequate and complete performance in connection with interim or progress payments hereunder. Advances of the Affordable Housing Funds by LFUCG will not be made until a representative of LFUCG has inspected the improvements, certified their completion and received from the general contractor and all subcontractors affidavits, in form and substance satisfactory to LFUCG, stating that payment will constitute payment in full of all amounts due and owing to them and their suppliers.

4.3 DEADLINE ON PROPERTY DEVELOPMENT. Borrower will begin development of the Property within 30 days after an advance is made hereunder for the Property and will cause all development work to be pursued with diligence and without delay. Borrower will cause the improvements to be constructed in a good and workmanlike manner in substantial compliance with the Plans and Specifications and in all respects in full compliance with all laws, rules, permits, requirements and regulations of any governmental agency or authorities having jurisdiction over the Property.

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

4.5 RIGHT OF INSPECTION. Borrower will permit access by LFUCG to the books and records of Borrower and to the Property and all improvements at reasonable times. In the event LFUCG determines that any work or materials are not substantially in conformance with the Plans and Specifications, or are not in conformance with any applicable laws, regulations, permits, requirements or rules of any governmental authority having or exercising jurisdiction thereover or are not otherwise in conformity with sound building practices, LFUCG may stop the work and order replacement or correction of any such work or materials. Such inspection will not be construed as a representation or warranty by LFUCG to any third party that the improvements are, or will be, free of faulty materials or workmanship.

4.6 UNDERTAKING. If required by LFUCG prior to disbursement of Affordable Housing Funds hereunder and thereafter as LFUCG may require, Borrower will deliver to

LFUCG (a) an agreement between Borrower and the architect who has prepared the Plans and Specifications whereby such architect agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (b) an agreement between Borrower and Borrower's contractor whereby Borrower's contractor agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (c) copies of all subcontracts and material purchase orders between Borrower's contractor and any persons, firms, or corporations with whom it has contracted to provide labor, materials or services with respect to the construction of the improvements, where any such contract exceeds a minimum price of Five Thousand Dollars (\$5,000.00); and (d) if requested in writing by LFUCG, a list of all persons, firms and corporations who have provided or proposed to provide labor, materials or services in connection with construction of the improvements.

4.7 NONLIABILITY OF LFUCG. This Agreement will not be construed to make LFUCG liable to materialmen, contractors, craftsmen, laborers or others for goods and services delivered by them to or upon the Property or for debts or claims accruing to said parties against the Borrower. There are no contractual relationships, either express or implied, between LFUCG and any materialman, contractors, craftsmen, laborers or any other persons supplying work, labor or materials on the job, nor will any third person or persons, individual or corporate, be deemed to be beneficiaries of this Agreement or any term, condition or provisions hereof or on account of any actions taken or omitted by LFUCG pursuant hereto.

ARTICLE 5 – BREACH OR DEFAULT

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

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

(b) Borrower violates any of the terms of this Agreement, the Affordable Housing Program statutes, the Note evidencing the Affordable Housing Funds under this Agreement or any other Security Document entered into pursuant to this Agreement;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Borrower (A) becomes bankrupt, or ceases, becomes unable, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, creditors; (B) applies for, or consents (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Borrower or of a substantial portion of its assets, or authorizes such application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against it and continue un-dismissed and unstayed for a

period of fifteen (15) days; (C) authorizes or files a voluntary petition in bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or authorizes such application or consent; or proceedings to such end are instituted against the Borrower without such authorization, application or consent and are approved as properly instituted, remain undismissed for fifteen (15) days, or result in adjudication of bankruptcy or insolvency; or

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

5.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not cured within thirty (30) days from the date LFUCG notifies Borrower and Borrower's limited partner of the breach or default in writing, LFUCG may continue suspension of disbursements. However, any limited partner of the Borrower shall have the right, but not the obligation, to cure any default on the same terms and conditions as Borrower, and such cure shall be accepted or rejected by LFUCG, as if such cure was made by Borrower. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower. 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 ten (10) days prior written notice (or other notice required by applicable default provisions in other LFUCG loan documents) to Borrower, except for a default in payment, in which case no notice is required, and thereafter, LFUCG may exercise any one or more of the following remedies:

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

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

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

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

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

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

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

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

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

ARTICLE 6 – RECORDS; REPORTING

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

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

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

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

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

ARTICLE 7 - MISCELLANEOUS

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

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

LFUCG: Lexington-Fayette Urban County Government
101 East Vine Street, Suite 400
Lexington, Kentucky 40507
ATTN: Richard McQuady, Affordable Housing Manager

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

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

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

7.4 SUSPENSION AND DEBARMENT. Borrower certifies by submission of its application and execution of this Agreement that to the best of its knowledge and belief after reasonable investigation, that it and/or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any

transaction under this Agreement by any federal department or agency, or under LFUCG's Suspension and Debarment Policy. Borrower further agrees that any future principal will meet the requirements of this section.

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

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

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

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

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

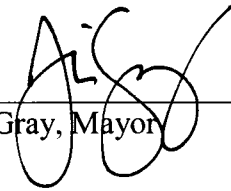
7.10 WAIVER. LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed as a waiver of any other term or condition of this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

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

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

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


LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Jim Gray, Mayor

ATTEST:

Clerk, Urban County Council

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: 
Norman Franklin, Vice President and
Development Manager

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 28th day of June 2018, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

 #545656
Notary Public

RECEIVED

NOV 15 2016

Lexington-Fayette Urban County Government
Grants and Special Programs

GRANTS & SPECIAL PROGRAMS

Lexington-Fayette Urban County Government
200 East Main St., 6th Floor, Lexington, KY 40507
Ph (859) 258-3070 Fax (859) 258-3081



HOME APPLICATION
2017 Consolidated Plan – Annual Action Plan
July 1, 2017 through June 30, 2018

1. Project Information

Project Title: Ash Street Townhouse Duplexes

Project Address: 466 -468 Ash Street Zip: 40508

Project Census Tract(s): Census Tract 11

2. Applicant Information

Legal Name of Agency Requesting Funding: The Fayette County Local Development Corp

Mailing Address of Agency: 148 DeWeese Street Zip: 40507

Year incorporated: 1981 501c(3)? Yes No Other _____

Taxpayer Identification Number: 61-1057380 DUNS Number: 621081087

Major Sources of Agency Funding: CHDO development funds, Affordable Housing Trust
Funds, Commercial financing

3. Project Contact Person (This is who will correspond with the Grants Manager.)

Name: Norman P. Franklin Title: V.P/Development Manger

Phone: (859) 233-1561 Email: norman@ullexfay.org

4. Agency's Authorized Signee and Signature (This is the person who has legal authority to sign the application such as the President of the organization.)

Name: Porter G. Peoples, Sr. Title: President

Phone: (859) 233-1561 Email: pg@ullexfay.org

Signature Date 11/9/16

5. Amount of Funds Requested *(Please round numbers to the nearest dollar)*

LFUCG HOME Grant Request: \$ 314,539 MATCH: _____ TOTAL: \$ 314,539

Number of Proposed Beneficiaries: 20 Number of Units: 4

6. Timeline

Projected Starting Date: Sept 2017 Expected Date of Completion: May 2018

(Remember that Urban County Council must approve applications and a contract must be signed by the applicant and the Mayor before the project can begin.)

7. Agency Mission - Describe the Agency's mission. Use the space provided below.

The specific and primary purpose of the FCLDC is the furtherance of economic development in Fayette County and its surrounding area. The scope of our mission and its resolve converge in our objective to alleviate poverty within the community by developing employment opportunities; our initiatives promote, the through the development of affordable, safe and sanitary housing, pride and ownership in the quality of life in declining neighborhoods and improves the conditions under which people live and learn and work.

8. Eligible Project Activities - Check the eligible activity(ies) to be undertaken by this project:

- Acquisition of property
- New Construction of Rental Units
- Rehabilitation/Conversion of Rental Units
- Rehabilitation of Existing Low-Income Rental Units
- New Construction of Units for Homeownership
- Rehabilitation of Units for Homeownership
- Downpayment/Principal Reduction Assistance for Homeownership
- Tenant-Based Rental Assistance
- Other - Specify: _____

9. Project Description- Describe your project. Be specific about the activities (above). Describe the number of units to be produced by type (multi, single family), size (number of bedrooms), rental or homeownership, and discuss if housing is transitional or permanent.

The Ash Street Townhouse Duplex Project will result in 4 new, efficient and affordable, single-family detached rental units. We have purchased two vacant lots in this RCAP/ECAP neighborhood in census tract 11. These two wide and deep lots will be consolidated, and then subdivided into four lots suited for the revised townhouse model with driveways. Each will be a three-bedroom unit of permanent, affordable rental units.

10. Target Population - Describe the client target population in terms of income levels for the project, and state the number of persons who will directly benefit from this project in a year's time.

Income levels are:

- 30% AMI and below
- >30% - <=50% AMI
- >50% - <=60% AMI
- >60% - <=80% AMI

Number of Units 1

Number of Units 2

Number of Units 1

Number of Units _____

Describe other features of the client population. EXAMPLE: Populations with special needs.

Generally, low-wealth clients residing in census tracts designated as RCAP/ECAP are encumbered with both internal (personal) and external (neighborhood environment) challenges. There is an interconnectedness between the two. Lack of job market skills, lack of motivation and self-worth, and the sense of hopelessness may derive from the long-term exposure to a neighborhood environment that offer few inroads to labor opportunities, positive social engagement, and access to viable shopping amenities. These prolonged conditions preconditions their expectations to accept that substandard housing and a depressed quality of life is the best they can do; thus these generational poverty patterns become inherent.

11. Need and Relationship to the 2015 five-year strategic plan - Describe the need for this project and how this project meets the priority of *Affordable Housing* in the 2015 Strategic Plan. Refer to page 98 in 2015 consolidated Plan located at:

https://www.lexingtonky.gov/sites/default/files/2016-09/Final%20Consolidated%20Plan%202015%20%209.16_1.pdf

The increase of housing choices, and inventory of housing available to the low income market is a high priority of the 2015 five-year plan, and particular families with children. Lexington has ascribed a high priority to the development of affordable rental units. One of the goals of the Consolidated Plan is to engage neighborhood revitalization in low-income neighborhoods. The FCLDC housing development initiatives have trained in on revitalizing the housing stock of declining neighborhoods in the core East End census tract. At the completion of the proposed developments, FCLDC will have placed in service fifty-eight (58) safe, decent and affordable units into the inner-city rental market. On Corral Street, one block east of Main Street, fifteen new affordable rental units have been built over a ten year period; on Chestnut Street, once the heart of the Black Middle Class during the era of forced segregation, at the completion of the projects under development and pending setup, sixteen new rental unit will have been added to the housing choices on this inner-city street rich with heritage.

12. Capacity and Experience - Please describe the organization's experience in designing and successfully implementing similar projects as proposed in this application.

The Fayette County Local Development Corporation has been building infill, affordable housing since 1981. During this more than a quarter century of experience, several urban core neighborhoods have been enhanced with new and/or renovated housing for low-wealth, first home owners and low-income renters. Norman P. Franklin, VP/CFO & Development Manager, completed the four part study course for housing development. He was certified as a Housing Development Finance Professional. The development team-Norman Franklin, Dev. Mgr, V & D Construction LLC, General Contractor, Thomas Lett, Architect and Norman Drury, Survey Engineer, has demonstrated experience in their given discipline. Other than delays typically associated with any construction project, e.g., weather, bureaucratic processes, we see no challenges with implementation.

Please list the person(s) who will be administering the project and include the qualifications and experience in managing similar projects. Include the number of years of experience of each person.

Norman P. Franklin - Development Manager, certified housing development finance professional; experience in housing development and project management since 1986.

Derek Thomas, V & D Construction LLC - 15 years experience in the building and construction trades

Please complete the following table.

Experience and Capacity	Response	Explanation
Has your organization or one of its staff persons administered one or more federally funded programs in the last 3 years?	Yes	Norman Franklin, Dev. Mgr., has managed the CHDO development since 1993.
Has there been staff turnover or reorganization that has negatively or positively impacted your capacity?	No	
Does your organization have effective procedures and controls for program/project management?	Yes	Project budgets are monitored to ensure project costs are met and to minimize cost overruns.
Have your audits identified any issues in the last 3 years?	No	
If previously funded by LFUCG, have you been timely in your response to requests for documentation?	Yes	
Does your organization have a system in place to accurately track receipts, expenditures, and budgets? Please note that applicants must have capacity on their own without the use of a fiscal agent.	Yes	The organization employs the use of Financial Edge accounting software. We are able to track receipts, expenditures and budgets on a project by project basis.

13. Previously Funded – If you have previously received federal funding from LFUCG, please describe the status of your most recently funded project and whether or not you have expended all of your funding.

The 816 Charles Avenue project is completed. The June 2016 agreement for funding of \$235,000 to develop two duplexes is underway. We are developing plans for the development of two units on the lot of 458 Ash Street. This project will commit the funding award of \$100,000 for the 2015 grant year.

14. Track Record - History with federally funded projects

List the two (2) most recent federally funded projects sponsored by your agency that are similar to the project for which you are requesting funding. Please attach an additional page if necessary to explain your previous performance—label it as **Attachment 6: Track Record**. If your organization has not received any federal funds, please indicate that you have not.

#1 - Project Name: Chestnut Street Duplexes
Project Address(es): 517 - 521 Chestnut Street
Project Activities: develop two 3-bedroom affordable rental units
Total Cost of Development: \$ 322,265
Date Completed: March 2016
Number of Units: 2

LIST SOURCES OF FUNDS	AMOUNTS OF FUNDS	STATUS OF PROJECT (completed on time, fully expended, etc)
Bank construction to perm	\$ 196,000	completed on time, fully expended
CHDO Development funds	\$ 125,018	completed on time, fully expended
FCLDC	\$ 1,247	completed on time, fully expended

#2 - Project Name: 569 Chestnut Single - Family
Project Address(es): 569 Chestnut Street
Project Activities: Develop a one-bedroom affordable rental unit
Total Cost of Development: \$ 102,238
Date Completed: June 2016
Number of Units: 1

LIST SOURCES OF FUNDS	AMOUNTS OF FUNDS	STATUS OF PROJECT (completed on time, fully expended, etc)
Bank construction to perm	\$ 56,833	completed on time, fully expended
CHDO Development funds	\$ 45,094	completed on time, underspend \$158
FCLDC	\$ 311	completed on time, fully expended

15. Barriers - State barriers to be overcome in the implementation of the project. Describe any state licensure requirements, facility locations, building permits, zoning, etc.

We do not anticipate encountering any major barriers to the implementation of this project.

16. Single-Family Program Plan - Please answer the following questions, as applicable to your project:

NEW CONSTRUCTION: Does your project involve new construction? If yes, answer the following questions:

a) If the purpose of this project is to develop units (acquisition and new construction), describe your plan for acquiring properties.

We have deed to the properties - vacant lots at 466 and 468 Ash Street

b) Describe your plan for financing construction.

We will complete and Affordable Housing Trust Fund application for funding. An application for CHDO Development funds will be submitted.

c) Describe how you will market your units.

Our greatest marketing tool is 'word of mouth' testimonies from current and former tenants. There is a waiting list of prospective tenants. For rent signs are placed in the yard of the vacant units. Available units are posted on Rentlinx.com.

REHABILITATION: Does your project involve rehabilitation of existing units? If yes, answer the following questions:

- a) **If the purpose of this project is to rehab existing units for homeownership, describe your plan for acquiring properties.**

This project does not involve rehabbing of existing properties.

- b) **Describe your plan for financing construction.**

- c) **Describe how you will market your units.**

If applicable, include the reports from Code Enforcement, Engineers and/or Architects that demonstrate code violations/structural damage/mechanical failures. Label these as **Attachment 11 – Rehab Reports**.

DOWNPAYMENT/PRINCIPAL REDUCTION ASSISTANCE: Does your project include homeownership assistance project (downpayment assistance/principal reduction)? If yes, answer the questions below.

a) HOMEBUYER EDUCATION – Provide the details of your pre-purchase counseling, financial education, homeowners' education, and post-purchase counseling program.

This is not a homebuyer downpayment assistance project

b) Discuss how you will market your program.

17. Multi-Family Program Plan - Please answer the following questions, as applicable to your project:

a) Explain status of site control and provide documentation in Attachment 14.

This is not a multi-family project

b) Discuss how you will market your program.

c) If applicable, describe any supportive services that you will provide and how these services will be supported. Services cannot be supported with HOME funds.

If applicable, include the reports from Code Enforcement, Engineers and/or Architects that demonstrate code violations/structural damage/mechanical failures. Label these as Attachment 11 – Rehab Reports.

18. Tenant-Based Rental Assistance Program (TBRA) - If your project is a TBRA project, answer the questions below.

a) Provide details of how you will assist your clients with attaining self-sufficiency.

This is not a tenant-based rental assistance program

b) Demonstrate how this project will complement existing rental assistance programs.

19. Project Budget

Project Title: The Ash Street Townhouse Duplex Project

List cost components in the appropriate columns below.

Cost Components	HOME REQUEST	OTHER:	OTHER:	TOTAL
Purchase of Land		\$ 40,000.00	\$ 40,000.00	\$ 80,000
Relocation Costs				\$ 0
Construction	\$ 314,539.00	\$ 287,338.00	\$ 601,877.00	\$ 1,203,754
Architecture and Engineering		\$ 4,300.00	\$ 4,300.00	\$ 8,600
On-Site Improvements		\$ 26,000.00	\$ 26,000.00	\$ 52,000
Legal Fees				\$ 0
Organizational Fees				\$ 0
Developer's Fee				\$ 0
Homeownership Assistance				\$ 0
Tenant-Based Rental Assistance				\$ 0
Other: Appliances		\$ 11,200.00	\$ 11,200.00	\$ 22,400
Other: Permits		\$ 10,000.00	\$ 10,000.00	\$ 20,000
TOTALS	\$ 314,539	\$ 378,838	\$ 693,377	\$ 1,386,754

*Administrative costs and indirect costs will not be supported with HOME funding.

Additionally, please provide the following budgets:

If your project involves development of rental housing units, please complete the HOME Rental Housing Production spreadsheet (available at <https://www.lexingtonky.gov/consolidated-plan>). If this is a project for the development of new construction rental property, provide a 20-year proforma for operating the project. If the project is a rehabilitation project, provide a 10-year proforma. If the project is a rehab tax credit project, provide a 15-year proforma.

If your project involves development of units for homeownership, please complete the HOME Homeownership Housing Production spreadsheet and return as part of application (available at <https://www.lexingtonky.gov/consolidated-plan>).

20. BUDGET NARRATIVE - Please itemize costs for each category indicated on the budget.

- a. For **Construction/Rehabilitation and/or Purchase of Land**, provide address and proof of site control (deed, purchase contract, or option), legal description, present zoning, and written indication that proposed use is permitted.
- For **Rehabilitation**, provide complete description of work and estimates made by a contractor, engineer, or architect, or attach the estimates/work-write ups.
- For **Professional Services**, identify all consultants by name of firm or individual and provide a description of their services. Include cost of work.

Attach additional pages as necessary and Label "Attachment 7 – Budget Narrative."

See "Attachment 7 - Budget Narrative"

21. Source of Other Funds - To complete the chart, list all sources of project funds below. Indicate whether they are firmly committed or tentative. All non-HOME project funds require written verification submitted with the proposal. Unverified sources will not be counted as committed.

The total HOME funds and non-HOME funds must be adequate, as determined by LFUCG staff to complete the project. Projects that are financially infeasible will not be considered for funding. Attach the letters of financial commitment to the proposal and label as **Attachment 8 - Commitment Letters**.

Source	Cash Resources	In-Kind Contribution	Status of Commitment	Date Available
HOME CHDO DEV	\$ 314,539		Submit Appl	7/1/2018
Affordable Hse Fund	\$ 378,838		Submit Appl	7/1/2018
TOTAL	\$ 693,377	\$ 0		

HOME funds represent 45.4 % of the total project

List the resources you have requested and the status of these requests. EXAMPLE: You have made application for additional funds from an additional source, but have not been informed of approval of funds.

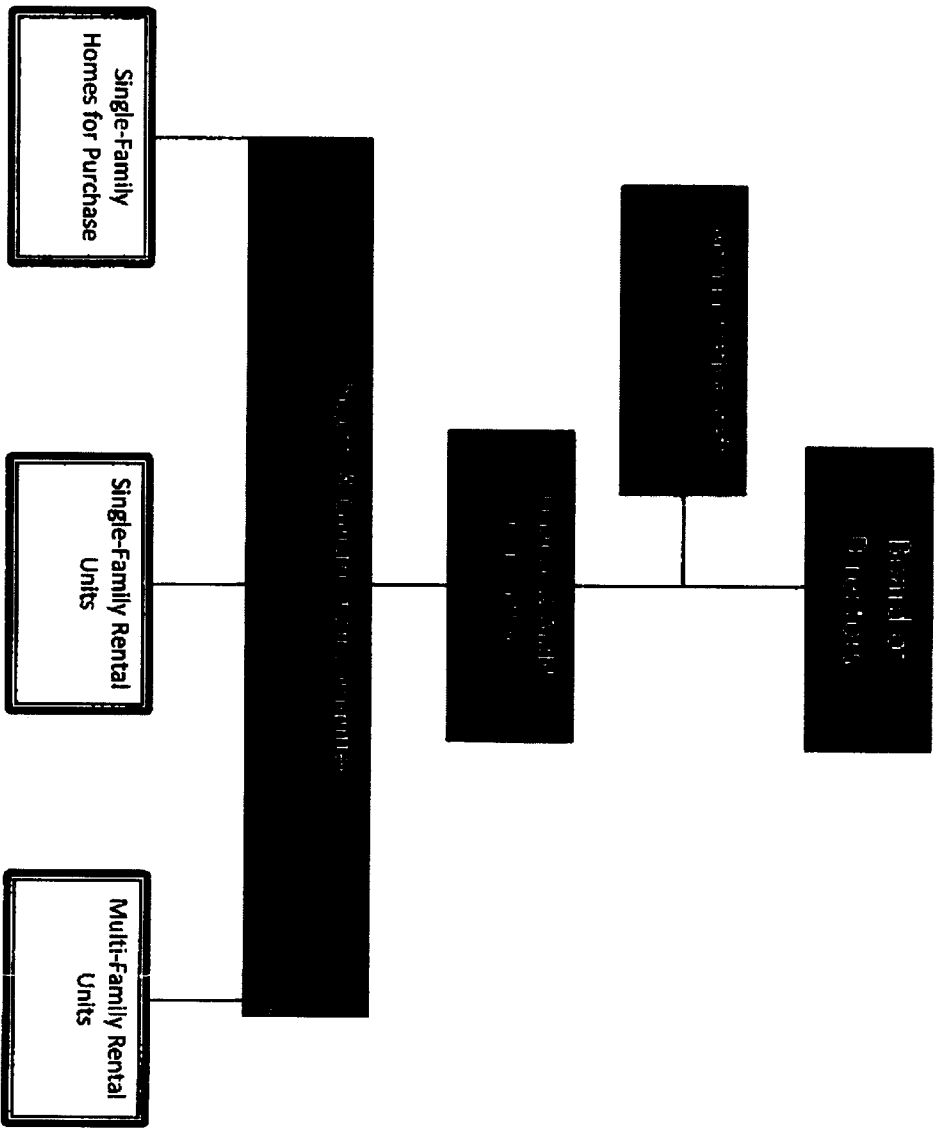
Will submit application for funding to the Affordable Housing Trust Fund

HOME APPLICATION CHECKLIST

The following items must be included in this application for funding unless noted otherwise.

<u>ITEM</u>	<u>ATTACHED</u>
Attachment 1: Organization's most recent financial audit (If not available, attach most recent year-end financial statement)	<input type="checkbox"/>
Attachment 2: Articles of Incorporation	<input type="checkbox"/>
Attachment 3: Bylaws	<input type="checkbox"/>
Attachment 4: IRS 501c (3) letter	<input type="checkbox"/>
Attachment 5: Organizational Chart and List of Board of Directors	<input checked="" type="checkbox"/>
Attachment 6: Track Record, if applicable	<input type="checkbox"/>
Attachment 7: Budget Narrative, if applicable	<input type="checkbox"/>
Attachment 8: Commitment Letters	<input type="checkbox"/>
Attachment 9: HOME Rental Housing Production Spreadsheet	<input checked="" type="checkbox"/>
Attachment 10: HOME Ownership Housing Production Spreadsheet	<input type="checkbox"/>
Attachment 11: Rehab Reports, if applicable	<input type="checkbox"/>
Attachment 12: Cost Estimates/Work-Write Ups	<input checked="" type="checkbox"/>
Attachment 13: Photos	<input type="checkbox"/>
Attachment 14: Evidence of site control (deed, contract, etc)	<input checked="" type="checkbox"/>

Fayette County Local Development Corporation 2012



Fayette County Local Development Corporation Board of Directors- 2016

Name	Appt	Work Address	Home Address	Email Address
Ball, Don	March 2009	P. O. Box 12950 * Lexington, KY 40583 (mailing address) Office:859- 233-3824 * Fax 859-255-8020	4151 Old Frankfort Pike Lexington, KY 40510 Home 254-0735	dkeener@bhallhomes.com
Darnus, Kenneth	March 2011	Resident Davis Bottom, Newtown Pike Project Area	1824 Whitmer Way Lexington, KY 40508 Home: 859,608,0536	Bugwee438@aol.com
Franklin, Norman P.	March 1997 *recorded as member/hot staff	Urban League of Lexington 148 DeWeese Street * Lexington, KY 40507 254-6212(w) 233-7260(f)	1204 Morning Side Drive Lexington, KY 40509 263-3319	Norman@ullexfay.org
Sewell, Brittany	June 2015	FCPS 701 E. Main Street Lexington, KY 40502	315 E. 2nd Street Lexington, KY 40508	Brittanysewell0@gmail.com
Holoubek, Phil	May 2005	Steelhead Enterprises 333 W. Vine Street, Suite 300 * Lexington, KY 40507 859.225-3476; 859.254,8639 (f) Low-Income Neighborhood	1823 Glenhill Drive Lexington, KY 40502	Chadqott@aol.com
Jones, Keith	March 2011	Low-Income Neighborhood	561 Douglas Ave. Lexington, KY 40513 Home: 859,224,8181	kbjnguit@aol.com
Muhammad, Abdul	March 2009	Fifth Third Bank, VP of Mortgage 900 Beasley Street, Ste 200, Lexington, KY 40509 (w) 293-4719, (f) 293-4750; cell 859512-8689	3308 Higgins Court Lexington, KY 40513 859-224-8181	arnuhammad@primelending.com
Peeples, Porter G. Sr. CHAIRMAN		Urban League of Lexington 148 DeWeese Street * Lexington, KY 40507 233-1561(w) 233-7260(f)	809 Forest Lake Drive Lexington, KY 40515 271-8337	PG@ullexfay.org
Ross, Nekisha	March 2012	FCPS 701 E. Main Street. Lexington, KY 40502	224 Rand Ave. #102 Lexington, KY 40508 859-368-2303	Nkoss915@gmail.com
Smith, Raymond	March 2007	Pastor, Broadway Christian Church 130 Broadway St. Winchester Ky 40391-1938	4629 Springs Creek Dr. Lexington, KY 40515	RaymondSmithBroadwayChristian@gmail.com
Sturdivant, Ty Wellman, Maryann Consultant	March 2002	Community involved citizen Former Wall Street Executive	344 Albany Road Lexington, KY 40503 278-9676	tyrone.sturdivant@kctcs.edu m.wellman1@mc.cpm

ATTACHMENT # 9

Addendum to Application Form

Project: 0

Project #: 0

◆ **Properties Included in the Project Site(s)**

	Street Address	Zip	Parcel #	Form of Site Control	Acquisition Price <i>(actual or anticipated)</i>	Date of Appraisal
1	466 Ash Street	40508		Deed	\$20,000	
2	468 Ash Street	40508		Deed	\$20,000	
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
					\$40,000	

◆ **Code Violations and/or Outstanding Taxes**

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

◆ **Other Properties Currently Owned by Applicant**

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

	Street Address	Zip	Parcel #
1	359 Chestnut Street	40508	
2	417 Chestnut Street	40508	
3	421 Chestnut Street	40508	
4	440 Chestnut Street	40508	
5	445 Chestnut Street	40508	
6	513 Chestnut Street	40508	
7	517 Chestnut Street	40508	
8	521 Chestnut Street	40508	
9	522 Chestnut Street	40508	
10	548 Chestnut Street	40508	
11	565 Chestnut Street	40508	
12	313 Corral Street	40508	
13	314 Corral Street	40508	
14	318 Corral Street	40508	
15	319 Corral Street	40508	

◆ **Properties Currently Owned by Affiliate Entities**

Affiliate Entity 1: 0

	Street Address	Zip	Parcel #
1	320 Corral Street	40508	
2	321 Corral Street	40508	
3	322 Corral Street	40508	
4	327 Corral Street	40508	
5	334 Corral Street	40508	
6	363 Corral Street	40508	
7	365 Corral Street	40508	
8	367 Corral Street	40508	
9	368 Corral Street	40508	
10	369 Corral Street	40508	
11	374 Corral Street	40508	
12	315 E. Second Street	40508	
13	319 E. Second Street	40508	
14	348 E. Second Street	40508	
15	316 Gunn Street		

Affiliate Entity 2: 0

	Street Address	Zip	Parcel #
1	320 Gunn Street	40508	
2	365 Ohio Street	40508	
3	438 Ohio Street	40508	
4	212 Rand Avenue	40508	
5	224 Rand Avenue #101	40508	
6	224 Rand Avenue # 102	40508	
7	224 Rand Avenue # 103	40508	
8	317 Robertson Street	40508	
9	321 Robertson Street	40508	
10	433 Georgetown Street	40508	
11	442 Georgetown Street	40508	
12	448 Georgetown Street	40508	
13	916 Georgetown Street	40511	
14	230 Eastern Avenue	40508	
15	471 N. Upper Street	40508	

Affiliate Entity 3: 0

	Street Address	Zip	Parcel #
1	209 Eastern Ave	40508	
2	211 Eastern Ave	40508	
3	814 Charles Ave	40508	
4	434 Chestnut	40508	
5	436 Chestnut	40508	
6	569 Chestnut	40508	
7	500 Rain Garden Way	40511	
8	458 Ash Street	40508	
9	460 Ash Street **address to be assigned by bldg inspection	40508	
10			
11			
12			
13			
14			
15			

Affiliate Entity 4: 0

	Street Address	Zip	Parcel #
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Underwriting Criteria & HOME Limits

PJ Guidelines Min Max Notes Applicant's \$ Guideline # Compare to

Vacancy Rates	Min	Max	Notes	Applicant's \$	Guideline #	Compare to
Vacancy Rate for 11 Units or Less	10.0%					
Vacancy Rate Year 1-3	7.0%		Can increase with justification.	10.0%	Matches	Matches
Vacancy Rate Year 4-15	7.0%		Default is 7%, applicant may modify with justification	7.0%	Matches	Matches
				7.0%	Matches	Matches
Rent Inflation						
	Minimum					
Rent Inflation Rate Years 1-3	2.0%		Default is 2%, applicant may modify with justification	2.0%	Matches	Matches
Rent Inflation Rate Years 4+	2.0%			2.0%	Matches	Matches
Operating Cost Inflation Rates						
	Minimum					
Administrative	3.0%			3.0%	Matches	Matches
Operating/Maintenance	3.0%		Default is 3%, applicant may modify with justification	3.0%	Matches	Matches
Utilities	3.0%			3.0%	Matches	Matches
Taxes/Insurance	3.0%			3.0%	Matches	Matches
Reserve For Replacement						
	Minimum					
Rehabilitation	\$325		Minimum per unit per year based on construction, applicant may increase	\$325	Matches	Matches
New Construction	\$275			\$275	Matches	Matches
Operating Costs						
	Minimum	Maximum				
Management Fee		6.5%				
Annual Operating Costs Per Unit	\$2,600	\$4,500	% of Effective Gross Income	0.0%	Lower	Lower
Property Insurance (Per Unit Per Year)	\$250		Guideline only	\$813	Out of Range	Lower
			Guideline only	\$0	Lower	Lower
Development & Construction Costs						
	Minimum	Maximum				
Construction Contingency		12.0%	If over 12%, MUST justify	0.00%	Lower	Lower
Operating Deficit Reserve	\$13,699		6 mo operating + 6 mo debt service	\$0	Lower	Lower
Developer Fee		15.0%	% of TDC, excluding Dev/Con Fees	0.00%	Lower	Lower
Developer Fee - Habitat for Humanity		0.0%	No fee currently allowed for HPH	0.00%	Matches	Matches
Debt Coverage Ratio						
	Minimum					
Debt Coverage Ratio Year 1	1.20		Required DCR cannot be modified by applicant	1.273	Higher	Higher
Lowest Allowed DCR for all 15 Years	1.00			1.27	Higher	Higher
Deferred Developer Fee Repayment						
Deferred fee repaid within 10 years (if applicable)?			Required for LIHTC Projects	Yes	Yes	Yes

HOME Rent & Subsidy Limits

(Published Annually by HUD)

HOME GROSS Rent Limits		HOME 221(d)(3) Per Unit Subsidy Limits		HOME Income Limits			
Bedroom Type	Low-HOME	High-HOME	FMR	Bedroom Type	Per Unit Subsidy Limit	Household Size (persons)	HOME 60% HUD AMI Income Limit
0 BR	\$533	\$533	\$533	0 BR	\$123,408	1	\$27,780
1 BR	\$617	\$617	\$617	1 BR	\$141,467	2	\$31,740
2 BR	\$767	\$766	\$766	2 BR	\$172,022	3	\$35,700
3 BR	\$886	\$1,143	\$1,143	3 BR	\$222,541	4	\$39,660
4 BR	\$980	\$1,279	\$1,377	4 BR	\$244,281	5	\$42,840
				5 BR		6	\$46,020

Last Updated: April 1, 2019

Last Updated: January 1, 2012

Last Updated: 04/19/16

0

PROJECT SUMMARY

Developer:	0	Project #:	0
Project Name:	0	Address:	0
Total Units:	10	Construction Type:	0
Primary Unit Type:	0	Target Population:	0
Additional Unit Type:	0	Group Home?	0
Total Residential Square Feet:	6,000		
Avg Sq Ft/Unit:	600	Is Project Requesting KHC Tax Credits?	0

Unit Mix	Efficiency	1-BR	2-BR	3-BR	4-BR	Total
# of Units	0	0	0	3	1	10
Average Rent	-	-	-	\$825	\$850	

Operating Budget	Annual	Per Unit
Adjusted Gross Income	\$39,900	\$3,990
Other Income/Subsidies	\$0	\$0
Vacancy 10%	\$3,990	\$399
Effective Gross Income	\$35,910	\$3,591
Operating Expenses	\$8,130	\$813
Replacement Reserve	\$3,250	\$325
Net Operating Income	\$24,530	\$2,453
Debt Service	\$19,269	\$1,927
Cash Flow Year 1	\$5,261	\$526

Operating Cash Flow	DCR	Cash Flow Per Unit
Year 1	1.27	\$628
Year 5	1.35	\$679
Year 10	1.46	\$880
Year 15	1.57	\$1,090

Development Costs	Total	Per Unit	% of Total
Acquisition	\$40,000	\$4,000	5.8%
Hard Costs	\$635,827	\$63,583	91.7%
Construction Contingency	\$0	\$0	0.0%
Soft Costs	\$17,550	\$1,755	2.5%
Developer Fee	\$0	\$0	0.0%
Total	\$693,377	\$69,338	100.0%
Const per SF	\$105.97		
TDC per SF	\$115.56		
Soft costs per S	\$2.93		

Key Assumptions

Vacancy Rate Year 1-3:	10.0%
Vacancy Rate: Year 4+	10.0%
Rent Inflation Year 1-3:	2.0%
Rent Inflation Year 4+:	2.0%
Expense Inflation:	
Administrative	3.00%
Operating/Maintenance	3.00%
Utilities	3.00%
Taxes/Insurance	3.00%

Permanent Sources	Total	Per Unit	% of Total
Debt Sources			
HOME	\$0	\$0	0.0%
AHTF	\$0	\$0	0.0%
SMAL	\$0	\$0	0.0%
Risk Sharing	\$0	\$0	0.0%
LFUCG	\$314,538	\$31,454	29.3%
Affordable Housing Trust Fi	\$378,838	\$37,884	35.3%
Other Loans	\$378,838	\$37,884	35.3%
Equity Sources			
Deferred Dev Fee	\$0	\$0	0.0%
MTM Cash Flow Loan	\$0	\$0	0.0%
LIHTC Equity	\$0	\$0	0.0%
Other Equity/Grants	\$0	\$0	0.0%
Total	\$1,072,215	\$107,222	100.0%
(Gap) or Surplus	\$378,838	\$37,884	54.6%

LFUCG Funding Detail

HOME Permanent Subsidy	\$314,538
Other Permanent Subsidy	\$0
Total Permanent Subsidy	\$314,538
LFUCG Perm Funding as % TDC:	0.0%

Applicant Notes

PJ Subsidy Layering & Underwriting Summary

1. General Justification for Funding:

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

2. Why is the project needed?

3. Examine the sources & uses and operating proforma.

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?

e. Describe the evidence that the project can operate sustainably through the compliance period?

f. Concerns & Other info:

4. Assess neighborhood market conditions:

a. What supports proposed rents?

b. What supports lease up within 18 months?

c. Concerns & Other info:

5. Assess the capacity of the development team:

a. Completed similar projects successfully?

b. Any problem projects current or past?

c. Describe the evidence that developer(s) are financially stable:

d. Describe the evidence that team staff is sufficient & qualified:

e. Concerns & Other info:

6. Assess the capacity of ongoing management:

a. Is there evidence they are managing similar properties successfully?

b. Any problem properties current or past?

c. Concerns & Other info:

7. Assess project risks.

a. Is project likely to be completed in a timely manner? Why?

b. Any foreseeable obstacles to completion?

c. How will LFUCG mitigate risk?

d. Concerns & Other info:

8. What contingencies should be placed on LFUCG funding?

9. CURRENT RECOMMENDATION FOR FUNDING:

Underwriting performed by:

<i>Printed Name</i>	<i>Title</i>	<i>Date</i>

Underwriting Notes

	<i>Date Entered</i>

0
Sources & Uses

Total Units: 10
Construction: 0
LIHTCs? 0

Primary Unit Type: 0
Applcmt: 0
Project #: 0

SOURCES OF FUNDING

Permanent Debt Sources:	Amount	Per Unit	Interest Rate	Amortization	Lien Position	Estimated Annual Pmt	Actual Annual Pmt	Funding Status
KHC HOME, amortizing		\$0						
KHC HOME, deferred, due at maturity		\$0						
KHC HOME, forgiven at maturity (excluded from basis)		\$0						
AHTF, amortizing		\$0						
AHTF, forgiven or deferred		\$0						
SMAL		\$0						
Risk Sharing		\$0						
LFUCG HOME Development Subsidy	\$314,538	\$31,454						
Other LFUCG Development Subsidy		\$0						
Affordable Housing Trust Fund	\$378,838	\$37,884	2.00%	25	First	\$19,269		
Bank Loan (Bond Program)		\$0						
Non-KHC loan (Identify):		\$0						
Total Debt Sources:	\$693,377	\$69,338				\$19,269	\$0	

Permanent Equity Sources:	Federal Grant?	Amount	Per Unit	Affordability Period	Describe repayment of cash flow loan:	Funding Status
Deferred Developer Fee			\$0			
Cash Flow Loan (Mark-to-Market or Other Cash Flow Loan)			\$0			
Federal Historic Tax Credit Equity (deducted from basis)			\$0			
4% equity investment			\$0			
Other equity grant (Identify):			\$0			
Other equity grant (Identify):			\$0			
Other equity grant (Identify):			\$0			
Other equity grant (Identify):			\$0			
Volunteer labor			\$0			
Donated materials			\$0			
LIHTC Anticipated Net Syndication Proceeds (4% / 0%)			\$0	15 years		
Total Equity Sources:		\$0	\$0		Estimated Credit Pricing: _____ cents on the dollar	

TOTAL PERMANENT SOURCES: \$693,377 \$69,338
Total Development Costs: \$693,377 \$69,338
Permanent Funding Sources out of balance by: \$0 \$0

Construction Financing Sources:	Amount Available During Construction	% TDC	Developer Notes	Funding Status
Bank Construction Loan		0.0%		
Developer Equity (Self-Financing)		0.0%		
Deferred Developer Fee		0.0%		
Housing Credit Equity Available During Construction		0.0%		
LFUCG HOME Development Subsidy	\$314,538	45.4%		
Other LFUCG Development Subsidy		0.0%		
Other Affordable Housing Trust Fund	\$378,838	54.6%		
Other:		0.0%		
Costs Not Paid During Construction (Must Identify)				
Total Construction Sources:	\$693,377	100.0%		

Construction Financing Sources out of balance by: \$0 0.0% Construction sources must equal Total Development Costs.

USES OF FUNDING

	TOTAL COST	Per Unit Cost	Tax Credit Project Eligible Costs		Non-Tax Credit Project OR Excluded from Tax Credit Basis
			70% Present Value Credit	30% Present Value Credit	
ACQUISITION					
Building Acquisition	\$0	\$0			
Land Acquisition	\$40,000	\$4,000			\$40,000
TOTAL ACQUISITION	\$40,000		\$0	\$0	\$40,000

HARD COSTS					
Appliances	\$11,200	\$1,120			\$11,200
Building - New Construction Costs	\$478,800	\$47,880			\$478,800
Building - Rehabilitation Construction Costs	\$0	\$0			
Lead-based paint controls at abatement	\$0	\$0			
Demolition	\$0	\$0			
Earth Work	\$8,000	\$800			\$8,000
Lawn/Plantings	\$20,000	\$2,000			\$20,000
Off Site Work	\$0	\$0			
Roads/Walks	\$0	\$0			
Site Utilities	\$4,000	\$400			\$4,000
Unusual Site Conditions	\$0	\$0			
Payment and Performance Bond	\$0	\$0			
General Requirements	\$8,244	\$824			\$8,244
Builder's Overhead	\$29,529	\$2,953			\$29,529
Builder's Profit	\$80,264	\$8,026			\$80,264
Construction Manager's Fee	\$0	\$0			
Builder's Risk Insurance	\$0	\$0			
Builder's Liability Insurance	\$0	\$0			
Worker's Compensation Insurance	\$0	\$0			
Other	\$0	\$0			
Other	\$0	\$0			
Other	\$0	\$0			
TOTAL HARD COSTS	\$635,827		\$0	\$0	\$635,827

1.30% of Hard Costs
4.64% of Hard Costs
12.62% of Hard Costs

Construction Contingency	\$0	\$0			\$0
--------------------------	-----	-----	--	--	-----

0.00% of Hard Costs

SOFT COSTS

Bridge Loan Fees	\$0	\$0			
Bridge Loan Legal Fees	\$0	\$0			
Building Permits/Fees	\$10,000	\$1,000			\$10,000
Construction Credit Enhancement	\$0	\$0			
Construction Financing Fees	\$0	\$0			
Construction Hazard Insurance	\$0	\$0			
Construction Interest	\$0	\$0			
Construction Legal Fees	\$0	\$0			
Construction Liability Insurance	\$0	\$0			
Construction Loan Points	\$0	\$0			
Construction Title and Recording	\$0	\$0			
Other Construction Finance Fees	\$0	\$0			
Permanent Credit Enhancement	\$0	\$0			
Permanent Financing Fees	\$0	\$0			
Permanent Legal Fee	\$0	\$0			
Permanent Loan Points	\$0	\$0			
Permanent Title and Recording	\$0	\$0			
KHC SMALL Loan Origination Fee (1% of loan amount)	\$0	\$0			
Other Permanent Loan Financing Fees	\$0	\$0			
Accounting Fees	\$0	\$0			
Architect Fees	\$0	\$0			
Engineering Fees	\$0	\$0			
Business	\$0	\$0			
Operating Deficit Reserve (MUST identify source)	\$0	\$0			\$13,500 Minimum
Rent Up Reserves	\$0	\$0			Source of Operating Deficit Reserve:
Replacement Reserves Deposit	\$3,250	\$325			\$3,250
Other	\$0	\$0			
Other	\$0	\$0			
Other	\$0	\$0			
Syndicator Legal Fees	\$0	\$0			
Syndicator Organization Expenses	\$0	\$0			
Other Syndication Expenses	\$0	\$0			
Relocation	\$0	\$0			
Appraisal	\$1,300	\$120			\$1,300
Market Study	\$0	\$0			
Environmental Study	\$0	\$0			
Lead-Based Paint Assessment and Testing	\$0	\$0			
Survey	\$3,000	\$300			\$3,000
Capital Needs Assessment	\$0	\$0			
Marketing	\$0	\$0			
Property Taxes	\$0	\$0			
Cost Certification	\$0	\$0			
Asset Management Fee	\$0	\$0			
KHC Tax Credit Application Fees	\$0	\$0			
KHC Tax Credit Reservation Fees (7% of HC allocation)	\$0	\$0			
KHC Tax Credit Inspection Fee (0.2% of HC allocation)	\$0	\$0			
Non-KHC Tax Credit Fees	\$0	\$0			
Other	\$0	\$0			
Other	\$0	\$0			
Other	\$0	\$0			
Consulting Fee	\$0	\$0			Total Dev. & Consulting Fees:
Developer Fee	\$0	\$0			0.00% of TDC
AHTF-Paid Developer Fee (Limit 5% of AHTF request)	\$0	\$0			
TOTAL SOFT COSTS	\$17,550	\$1,755	\$0	\$0	\$17,550 2.53% of TDC
TOTAL DEVELOPMENT COSTS	\$693,377	\$69,338	\$0	\$0	\$693,377
Reductions to Eligible Basis:					
HOME forgiven at maturity	\$0				
Federal Historic Tax Credits, enter at right -->	\$0				
Other Federal Grants & Subsidies	\$0				
Excess Cost Units					
Other					
Unpaid Developer Fee (after 10 Years)	\$0				
ELIGIBLE BASIS	\$0				
High Cost Adjustment (Basis Boost)	100%		100%	100%	
ADJUSTED ELIGIBLE BASIS	\$0		\$0	\$0	
Applicable Fraction:					
QUALIFIED BASIS	\$0		\$0	\$0	
Tax Credit Rate			9%	4%	
MAXIMUM ANNUAL TAX CREDIT	\$0		\$0	\$0	

**0
UNITS & INCOME**

Project #: 0

Utility Allowances

Amenities Included in Units:

Yes	Garbage Disposal	Yes
Yes	Washer/Dryer	Yes
No	W/D Hookup	Yes
Yes		

Heating System

Heating Fuel:	Electric
System Type:	Forced Air

Utility Allowance Calculation

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

Utility	Utility Fuel Source (electric, gas, oil, etc.)	Utilities Paid By	0 BR	1 BR	2 BR	3 BR	4 BR
Cooking	Electric	Tenant		\$0	\$8	\$8	\$12
Other Lighting	Electric	Tenant		\$28	\$38	\$38	\$46
Hot Water	Electric	Tenant		\$16	\$21	\$25	\$32
Water		Tenant		\$28	\$43	\$58	\$72
Heating	Electric	Tenant		\$40	\$61	\$82	\$78
Air Conditioning	Electric	Tenant		\$5	\$6	\$7	\$8
Sewer		Tenant		\$20	\$31	\$47	\$62
Trash Collection		Tenant		\$15	\$15	\$15	\$15
TOTAL			\$0	\$158	\$208	\$269	\$326

Allowance for Utilities Paid by Tenant Only

Rent Limits

HOME GROSS Rent Limits
As published by HUD

	Low-HOME	High-HOME	FMR	Low-HOME	High-HOME	FMR
0 Bedrooms	\$533	\$833	\$533	\$633	\$833	\$833
1 Bedroom	\$617	\$917	\$617	\$717	\$917	\$917
2 Bedrooms	\$787	\$1,087	\$787	\$887	\$1,087	\$1,087
3 Bedrooms	\$898	\$1,198	\$898	\$998	\$1,198	\$1,198
4 Bedrooms	\$980	\$1,279	\$980	\$1,084	\$983	\$1,081

HOME CONTRACT Rent Limits
HUD Limit Minus Utility Allowance

	Low-HOME	High-HOME	FMR	Low-HOME	High-HOME	FMR
0 Bedrooms	\$533	\$833	\$533	\$633	\$833	\$833
1 Bedroom	\$617	\$917	\$617	\$717	\$917	\$917
2 Bedrooms	\$787	\$1,087	\$787	\$887	\$1,087	\$1,087
3 Bedrooms	\$898	\$1,198	\$898	\$998	\$1,198	\$1,198
4 Bedrooms	\$980	\$1,279	\$980	\$1,084	\$983	\$1,081

Last Updated: April 1, 2018

Unit Distribution

Minimum HOME Units Required	HOME Units	Low HOME Units
# Entered Below:	5	7
	4	0

Too Few HOME Units

0 Bedroom Units

# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage Per Unit	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
0								\$0	\$0
0								\$0	\$0
0								\$0	\$0
0								\$0	\$0
0								\$0	\$0
0								\$0	\$0
Subtotal								\$0	\$0

1 Bedroom Units

# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
	Low HOME Rents			50% AMI (LH)				\$0	\$0
	High HOME Rents			80% AMI (PH)				\$0	\$0
								\$0	\$0
								\$0	\$0
								\$0	\$0
								\$0	\$0
Subtotal								\$0	\$0

# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
0	Low HOME Rents			50% AMI (LH)			\$0	\$0	\$0
	High HOME Rents			80% AMI (HH)			\$0	\$0	\$0
	High HOME Rents			80% AMI (HH)			\$0	\$0	\$0
Subtotal		0					\$0	\$0	\$0

# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
3	High HOME Rents			80% AMI (HH)	2.5	1,500	\$825	\$2,475	\$29,700
	Low HOME Rents			50% AMI (LH)			\$0	\$0	\$0
	High HOME Rents			80% AMI (HH)			\$0	\$0	\$0
	High HOME Rents			80% AMI (HH)			\$0	\$0	\$0
Subtotal		0					\$2,475	\$2,475	\$29,700

# of Units	Rent Restriction Program	Housing Credit Unit(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
1	High HOME Rents			80% AMI (HH)	2.5	1,500	\$850	\$850	\$10,200
							\$0	\$0	\$0
							\$0	\$0	\$0
							\$0	\$0	\$0
Subtotal		0					\$850	\$850	\$10,200

Project Totals ATTENTION: Total Units Entered Above Do Not Match # on Application!

Residential Units:	4	Gross Rent Potential (Excluding Utilities)	Monthly	Annual
Square Footage of Residential Unit	6,000	Per Unit Average Rent	\$3,325	\$39,900
Commercial Square Footage:	0	# Housing Credit Units	\$333	\$3,990
Common Area(s) Square Footage	0	Square Footage of Housing Credit Units	0	
Total Square Footage:	6,000			

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

Other Income (These will be funded at the same rate as rents on the Operating Proforma)

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

Annual Operating Subsidies

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

0
ANNUAL OPERATING EXPENSES

0
0

Units:
Target population:

10
0

Administrative	Total	Per Unit	% of Total	% EGI
Accounting Services		\$0	0.0%	
Administrative Rent Free Unit(s)		\$0	0.0%	
Advertising		\$0	0.0%	
KHC Compliance Monitoring Fees		\$0	0.0%	
Compliance Fees (Other)		\$0	0.0%	
Asset Management Fee		\$0	0.0%	
Legal Auditing		\$0	0.0%	
Management Fee		\$0	0.0%	0.0%
Manager(s) Salaries	\$3,946	\$395	48.5%	
Office Salaries	\$2,034	\$203	25.0%	
Office Supplies	\$800	\$80	9.8%	
Telephone	\$300	\$30	3.7%	
Other. Please identify		\$0	0.0%	
Total Administrative	\$7,080	\$708	87.1%	
Operating/Maintenance				
Elevator Maintenance/Contract		\$0	0.0%	
Exterminating Contract	\$1,050	\$105	12.9%	
Grounds Expense		\$0	0.0%	
Janitorial Services		\$0	0.0%	
Repairs/Maintenance		\$0	0.0%	
Security Payroll/Contract		\$0	0.0%	
Waste Collection		\$0	0.0%	
Other Please identify		\$0	0.0%	
Total Operating/Maintenance	\$1,050	\$105	12.9%	
Utilities				
Electricity		\$0	0.0%	
Gas		\$0	0.0%	
Sewer		\$0	0.0%	
Water		\$0	0.0%	
Other Please identify		\$0	0.0%	
Total Utilities	\$0	\$0	0.0%	
Taxes/Insurance				
Property Insurance		\$0	0.0%	
Other Insurance		\$0	0.0%	
Payroll Taxes		\$0	0.0%	
Real Estate Taxes		\$0	0.0%	
Workmen's Comp.		\$0	0.0%	
Other: Please identify		\$0	0.0%	
Total Taxes/Insurance	\$0	\$0	0.0%	
Total Operating Expenses	\$8,130	\$813	100.0%	

Annual Replacement Reserve Contribution:

\$3,250

\$325

(From Sheet "0") Underwriting Criteria)

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

0

Operating Proforma

Project: 0
 Project #: 0
 Compliance Period: 15 years

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE										
Gross Rent Potential	\$39,900	\$40,988	\$41,512	\$42,342	\$43,189	\$44,053	\$44,934	\$45,833	\$46,749	\$47,684
Vacancy Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Adjusted Gross Income	\$38,910	\$39,828	\$40,381	\$41,248	\$42,106	\$42,970	\$43,848	\$44,739	\$45,644	\$46,564
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)	\$38,910	\$39,828	\$40,381	\$41,248	\$42,106	\$42,970	\$43,848	\$44,739	\$45,644	\$46,564
<i>Per Unit</i>	\$3,591	\$3,663	\$3,736	\$3,811	\$3,887	\$3,965	\$4,044	\$4,125	\$4,207	\$4,292
OPERATING EXPENSES										
Administrative	\$7,080	\$7,282	\$7,511	\$7,737	\$7,989	\$8,268	\$8,554	\$8,848	\$9,149	\$9,456
Operating/Maintenance	\$1,050	\$1,082	\$1,114	\$1,147	\$1,182	\$1,217	\$1,254	\$1,291	\$1,330	\$1,370
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes/Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$8,130	\$8,374	\$8,626	\$8,884	\$9,150	\$9,426	\$9,708	\$9,999	\$10,290	\$10,608
<i>Per Unit</i>	\$873	\$837	\$863	\$898	\$915	\$942	\$971	\$1,000	\$1,030	\$1,061
Reserve For Replacement	\$3,250	\$3,348	\$3,448	\$3,551	\$3,658	\$3,768	\$3,881	\$3,997	\$4,117	\$4,241
Net Operating Income (NOI)	\$24,530	\$24,907	\$25,288	\$25,673	\$26,062	\$26,455	\$26,852	\$27,253	\$27,658	\$28,067
<i>Per Unit</i>	\$2,453	\$2,491	\$2,629	\$2,667	\$2,606	\$2,646	\$2,685	\$2,725	\$2,766	\$2,807
DEBT SERVICE										
KHC HOME, amortizing										
AHTF, amortizing										
SMAL										
Risk Sharing										
LFUGG HOME Development Subsidy										
Other LFUGG Development Subsidy										
Affordable Housing Trust Fund										
Bank Loan (Bond Program)										
Total Debt Service	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289
<i>Non-KHC loan (Identify):</i>										
Debt Coverage Ratio (DCR)	1.27	1.26	1.31	1.33	1.35	1.37	1.39	1.41	1.44	1.46
CASH FLOW	\$5,261	\$5,638	\$6,019	\$6,404	\$6,793	\$7,186	\$7,584	\$7,985	\$8,390	\$8,799
<i>Per Unit</i>	\$526	\$564	\$602	\$640	\$679	\$719	\$758	\$798	\$839	\$880
Please Manually Input:										
Expenses Subject to Available Cash Flow (Identify below)										
Cash Flow Loan or M2M Repayment										
Remaining Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Developer Fee Repayment										
Balance of Deferred Dev. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow	\$5,261	\$5,638	\$6,019	\$6,404	\$6,793	\$7,186	\$7,584	\$7,985	\$8,390	\$8,799
<i>Per Unit</i>	\$526	\$564	\$602	\$640	\$679	\$719	\$758	\$798	\$839	\$880
Unpaid Developer Fee after Year 10:	\$0									
Unpaid Cash Flow Loan after Year 15:	\$0									

Expenses Subject to Available Cash Flow:
 (Asset Mgt. Fee, Investor Fees, etc.)

Operating Proforma

	Inflation Factor		Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year							
	Yr 1-3	Yr 4+	11	12	13	14	15	16	17	18	19	20	11	12	13	14	15	16	17	18	19	20	
REVENUE																							
Gross Rent Potential	2.0%	2.0%	\$49,636	\$49,811	\$50,003	\$51,615	\$52,847	\$53,700	\$54,774	\$55,870	\$56,987	\$58,127	\$49,636	\$49,811	\$50,003	\$51,615	\$52,847	\$53,700	\$54,774	\$55,870	\$56,987	\$58,127	
Vacancy Rate	10.0%	10.0%	\$4,894	\$4,981	\$5,080	\$5,181	\$5,285	\$5,370	\$5,477	\$5,587	\$5,698	\$5,813	\$4,894	\$4,981	\$5,080	\$5,181	\$5,285	\$5,370	\$5,477	\$5,587	\$5,698	\$5,813	
Adjusted Gross Income			\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	
Other Income			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating Subsidies or Draw from Reserve			\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	
Effective Gross Income (Net Income)			\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	\$43,774	\$44,830	\$44,923	\$46,433	\$47,562	\$48,330	\$49,297	\$50,283	\$51,289	\$52,314	
Per Unit			\$4,377	\$4,465	\$4,554	\$4,645	\$4,738	\$4,833	\$4,930	\$5,028	\$5,129	\$5,231	\$4,377	\$4,465	\$4,554	\$4,645	\$4,738	\$4,833	\$4,930	\$5,028	\$5,129	\$5,231	
OPERATING EXPENSES																							
Administrative	3.00%	Inflation Factor	\$9,515	\$9,800	\$10,094	\$10,397	\$10,708	\$11,030	\$11,361	\$11,702	\$12,053	\$12,415	\$9,515	\$9,800	\$10,094	\$10,397	\$10,708	\$11,030	\$11,361	\$11,702	\$12,053	\$12,415	
Operating/Maintenance	3.00%		\$1,411	\$1,453	\$1,497	\$1,542	\$1,588	\$1,636	\$1,685	\$1,735	\$1,788	\$1,841	\$1,411	\$1,453	\$1,497	\$1,542	\$1,588	\$1,636	\$1,685	\$1,735	\$1,788	\$1,841	
Utilities	3.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes/Insurance	3.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Operating Expenses			\$10,926	\$11,254	\$11,591	\$11,939	\$12,297	\$12,666	\$13,046	\$13,438	\$13,841	\$14,256	\$10,926	\$11,254	\$11,591	\$11,939	\$12,297	\$12,666	\$13,046	\$13,438	\$13,841	\$14,256	
Per Unit			\$1,093	\$1,125	\$1,158	\$1,194	\$1,230	\$1,267	\$1,305	\$1,344	\$1,384	\$1,426	\$1,093	\$1,125	\$1,158	\$1,194	\$1,230	\$1,267	\$1,305	\$1,344	\$1,384	\$1,426	
Reserve For Replacement		Per Unit Per Year	\$4,398	\$4,498	\$4,604	\$4,713	\$4,818	\$4,929	\$5,035	\$5,142	\$5,253	\$5,369	\$4,398	\$4,498	\$4,604	\$4,713	\$4,818	\$4,929	\$5,035	\$5,142	\$5,253	\$5,369	
Net Operating Income (NOI)			\$29,480	\$29,897	\$29,317	\$29,742	\$30,169	\$30,600	\$31,035	\$31,473	\$31,915	\$32,359	\$29,480	\$29,897	\$29,317	\$29,742	\$30,169	\$30,600	\$31,035	\$31,473	\$31,915	\$32,359	
Per Unit			\$2,848	\$2,890	\$2,832	\$2,914	\$2,977	\$3,040	\$3,104	\$3,167	\$3,231	\$3,296	\$2,848	\$2,890	\$2,832	\$2,914	\$2,977	\$3,040	\$3,104	\$3,167	\$3,231	\$3,296	
DEBT SERVICE																							
KHC HOME, amortizing			\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	
AHTF, amortizing																							
SMAL																							
Risk Sharing																							
LFUCG HOME Development Subsidy																							
Other LFUCG Development Subsidy																							
Affordable Housing Trust Fund																							
Bank Loan (Bond Program)																							
Non-KHC loan (Identify):																							
Total Debt Service			\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	\$19,289	
Debt Coverage Ratio (DCR)			1.48	1.50	1.62	1.64	1.67	1.68	1.61	1.63	1.66	1.68	1.48	1.50	1.62	1.64	1.67	1.68	1.61	1.63	1.66	1.68	
CASH FLOW																							
Per Unit			\$9,212	\$9,628	\$10,048	\$10,473	\$10,901	\$11,332	\$11,767	\$12,205	\$12,646	\$13,091	\$9,212	\$9,628	\$10,048	\$10,473	\$10,901	\$11,332	\$11,767	\$12,205	\$12,646	\$13,091	
<i>Please Identify Inflow:</i>																							
Expenses Subject to Available Cash Flow (Identify below)																							
Cash Flow Loan or M2M Repayment																							
Remaining Cash Flow																							
Deferred Developer Fee Repayment																							
Balance of Deferred Dev. Fee																							
Net Final Cash Flow																							
Per Unit			\$9,212	\$9,628	\$10,048	\$10,473	\$10,901	\$11,332	\$11,767	\$12,205	\$12,646	\$13,091	\$9,212	\$9,628	\$10,048	\$10,473	\$10,901	\$11,332	\$11,767	\$12,205	\$12,646	\$13,091	
Unpaid Developer Fee after			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Year 10:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Unpaid Cash Flow Loan after			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Year 16:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

0

HOME Compliance Checks & Cost Allocation

HOME Compliance	Total	Per Unit
HOME Permanent Subsidy Requested	\$314,539	\$31,454
HOME from KHC	\$0	\$0
Total HOME Funds Requested (Local & State)	\$314,539	\$31,454
HOME Subsidy as % of Total Development Costs	45.4%	
Total Units	10	

Required HOME Units	HOME Requirement	<u># of HOME Units Entered on Sheet "3)Income"</u>
# of HOME-Assisted Units	5	4
# of Low HOME Units Required	1	0
HOME Subsidy Per Unit	\$62,908	\$78,635

Minimum HOME Affordability Period 0 **15 years**

Breakdown of HOME Units Required by Bedroom Type:			Required HOME Units (Estimated)
Bedrooms	# of Units	HOME as % TDC	
0 Bedroom	0	45.4%	0.0
1 Bedroom	0	45.4%	0.0
2 Bedroom	0	45.4%	0.0
3 Bedroom	3	45.4%	1.4
4 Bedroom	1	45.4%	0.5

Total **4** **Rounded Total:** **2.0**

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

HOME Subsidy Limits:		HUD HOME 221(d)(3)	Gross Maximum per
Bedroom Type	# Units	Subsidy Limit	Unit Limit
0 Bedroom	0	\$123,406	\$0
1 Bedroom	0	\$141,467	\$0
2 Bedroom	0	\$172,022	\$0
3 Bedroom	3	\$222,541	\$667,623
4 Bedroom	1	\$244,281	\$244,281
	4	Max HOME Allowed	\$911,904
		HOME Funds Requested	\$314,539
		Within Limits?	Yes

ATTACHMENT # 12

Project Estimate

Address: Ash St townhouse Duplex

Square Footage: approx. 1,400

Specs: 3 bdrm, 2.5 bath

Acquisition:	\$	10,000.00
		<u>Costs</u>
Demolition		
Equipment Rental	\$	1,500.00
Site Work	\$	1,500.00
Excavate & Form Footer	\$	7,500.00
Dumpster	\$	250.00
Masonry	\$	8,000.00
Framing	\$	25,500.00
Concrete	\$	8,500.00
Siding/Columns	\$	5,600.00
Windows/ Energy Star Upgrade *	\$	2,500.00
Electric - 2009 Code	\$	8,700.00
Roof Shingles	\$	4,500.00
Plumbing	\$	7,500.00
Insulation (walls & attic)	\$	2,100.00
HVAC	\$	7,500.00
DryWall - hang & finish	\$	6,500.00
Trim/Doors	\$	4,300.00
Interior Painting	\$	2,800.00
Gutters	\$	1,200.00
Cabinets/Countertops/Vanities & Tops	\$	3,500.00
Flooring - Carpet/vinyl	\$	4,800.00
Accessories	\$	1,500.00
Lighting **	\$	1,200.00
Landscaping	\$	5,000.00
Decks - 10 X 10	\$	1,800.00
Appliances	\$	2,800.00
Cleaning	\$	300.00
Utilities	\$	1,000.00
Permits & Fees	\$	2,500.00
Street Cut		
Subtotal 1	\$	130,350.00
4% Contingency	\$	5,214.00
Subtotal 2	\$	135,564.00
Overhead & Profit	\$	27,112.80
Total Building Costs	\$	162,676.80
Total Project cost:	\$	172,676.80

Project Estimate

Address: Ash St townhouse Duplex

Square Footage: approx. 1,400

Specs: 3 bdrm, 2.5 bath

Acquisition:	\$	10,000.00
		<u>Costs</u>
Demolition		
Equipment Rental	\$	1,500.00
Site Work	\$	1,500.00
Excavate & Form Footer	\$	7,500.00
Dumpster	\$	250.00
Masonry	\$	8,000.00
Framing	\$	25,500.00
Concrete	\$	8,500.00
Siding/Columns	\$	5,600.00
Windows/ Energy Star Upgrade *	\$	2,500.00
Electric - 2009 Code	\$	8,700.00
Roof Shingles	\$	4,500.00
Plumbing	\$	7,500.00
Insulation (walls & attic)	\$	2,100.00
HVAC	\$	7,500.00
DryWall - hang & finish	\$	6,500.00
Trim/Doors	\$	4,300.00
Interior Painting	\$	2,800.00
Gutters	\$	1,200.00
Cabinets/Countertops/Vanities & Tops	\$	3,500.00
Flooring - Carpet/vinyl	\$	4,800.00
Accessories	\$	1,500.00
Lighting **	\$	1,200.00
Landscaping	\$	5,000.00
Decks - 10 X 10	\$	1,800.00
Appliances	\$	2,800.00
Cleaning	\$	300.00
Utilities	\$	1,000.00
Permits & Fees	\$	2,500.00
Street Cut		
Subtotal 1	\$	130,350.00
4% Contingency	\$	5,214.00
Subtotal 2	\$	135,564.00
Overhead & Profit	\$	27,112.80
Total Building Costs	\$	162,676.80
Total Project cost:	\$	172,676.80

Project Estimate

Address: Ash St townhouse Duplex

Square Footage: approx. 1,400

Specs: 3 bdrm, 2.5 bath

Acquisition:	\$	10,000.00
		<u>Costs</u>
Demolition		
Equipment Rental	\$	1,500.00
Site Work	\$	1,500.00
Excavate & Form Footer	\$	7,500.00
Dumpster	\$	250.00
Masonry	\$	8,000.00
Framing	\$	25,500.00
Concrete	\$	8,500.00
Siding/Columns	\$	5,600.00
Windows/ Energy Star Upgrade *	\$	2,500.00
Electric - 2009 Code	\$	8,700.00
Roof Shingles	\$	4,500.00
Plumbing	\$	7,500.00
Insulation (walls & attic)	\$	2,100.00
HVAC	\$	7,500.00
DryWall - hang & finish	\$	6,500.00
Trim/Doors	\$	4,300.00
Interior Painting	\$	2,800.00
Gutters	\$	1,200.00
Cabinets/Countertops/Vanities & Tops	\$	3,500.00
Flooring - Carpet/vinyl	\$	4,800.00
Accessories	\$	1,500.00
Lighting **	\$	1,200.00
Landscaping	\$	5,000.00
Decks - 10 X 10	\$	1,800.00
Appliances	\$	2,800.00
Cleaning	\$	300.00
Utilities	\$	1,000.00
Permits & Fees	\$	2,500.00
Street Cut		
Subtotal 1	\$	130,350.00
4% Contingency	\$	5,214.00
Subtotal 2	\$	135,564.00
Overhead & Profit	\$	27,112.80
Total Building Costs	\$	162,676.80
Total Project cost:	\$	172,676.80

Project Estimate

Ash Street Townhouse Dupex
 Square Footage: approx. 1,500
 Specs: 4 bdrm, 2.5 bath

Acquisition	\$	10,000.00
		<u>Costs</u>
Demolition		
Equipment Rental	\$	1,500.00
Site Work	\$	1,500.00
Excavate & Form Footer	\$	7,500.00
Dumpster	\$	250.00
Masonry	\$	8,000.00
Framing	\$	29,500.00
Concrete	\$	8,500.00
Siding/Columns	\$	6,600.00
Windows/ Energy Star Upgrade *	\$	2,500.00
Electric - 2009 Code	\$	8,900.00
Roof Shingles	\$	4,500.00
Plumbing	\$	7,500.00
Insulation (walls & attic)	\$	2,200.00
HVAC	\$	7,500.00
DryWall - hang & finish	\$	6,800.00
Trim/Doors	\$	4,500.00
Interior Painting	\$	3,000.00
Gutters	\$	1,400.00
Cabinets/Countertops/Vanities & Tops	\$	3,500.00
Flooring - Carpet/vinyl	\$	5,000.00
Accessories	\$	1,500.00
Lighting **	\$	1,200.00
Landscaping	\$	5,000.00
Decks - 10 X 10	\$	1,800.00
Appliances	\$	2,800.00
Cleaning	\$	300.00
Utilities	\$	1,000.00
Permits & Fees	\$	2,500.00
Street Cut		
<hr/>		
Subtotal 1	\$	136,750.00
4% Contingency	\$	5,470.00
<hr/>		
Subtotal 2	\$	142,220.00
Overhead & Profit	\$	28,444.00
<hr/>		
Total Building Costs	\$	170,664.00
<hr/>		
Total Project Cost:	\$	180,664.00

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN:				
	1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.
	6. FILE NUMBER: CASH.FAYETTE.468ASH			7. LOAN NUMBER:	
8. MORTGAGE INS CASE NUMBER:					

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME AND ADDRESS OF BORROWER: Fayette County Local Development Corporation 148 Dewees Street Lexington, Kentucky 40507	E. NAME AND ADDRESS OF SELLER: David C. Covington 17717 Mary Beth Way Alexandria, VA 22315	F. NAME AND ADDRESS OF LENDER:
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G. PROPERTY LOCATION: 468 Ash Street Lexington, KY 40508 Fayette County, Kentucky	H. SETTLEMENT AGENT: 61-1050158 McBrayer, McGinnis, Leslie & Kirkland, PLLC PLACE OF SETTLEMENT 201 East Main Street, Ste 900 Lexington, Kentucky 40507	I. SETTLEMENT DATE: October 28, 2016
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J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	20,000.00
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	367.00
104.	
105.	
<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes	to
107. County Taxes	10/28/16 to 07/01/17 96.53
108. Assessments	to
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	20,463.53
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	500.00
202. Principal Amount of New Loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes	to
211. County Taxes	to
212. Assessments	to
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	500.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	20,463.53
302. Less Amount Paid By/For Borrower (Line 220)	(500.00)
303. CASH (X FROM) (TO) BORROWER	19,963.53

K. SUMMARY OF SELLER'S TRANSACTION	
400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	20,000.00
402. Personal Property	
403.	
404.	
405.	
<i>Adjustments For Items Paid By Seller in advance</i>	
406. City/Town Taxes	to
407. County Taxes	10/28/16 to 07/01/17 96.53
408. Assessments	to
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	20,096.53
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See Instructions)	
502. Settlement Charges to Seller (Line 1400)	1,500.23
503. Existing loan(s) taken subject to	
504. Payoff of first Mortgage	
505. Payoff of second Mortgage	
506.	
507. (Deposit disb. as proceeds)	
508.	
509.	
<i>Adjustments For Items Unpaid By Seller</i>	
510. City/Town Taxes	to
511. County Taxes	to
512. Assessments	to
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	1,500.23
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	20,096.53
602. Less Reductions Due Seller (Line 520)	(1,500.23)
603. CASH (X TO) (FROM) SELLER	18,596.30

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

Borrower Fayette County Local Development Corporation

Seller *David C Covington, by Adam Q. Greene AE*

L. SETTLEMENT CHARGES

		PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price	\$ 20,000.00 @ 6.0000 % 1,200.00		
<i>Division of Commission (line 700) as Follows:</i>			
701. \$ 1,200.00	to Keller Williams Greater Lex		
702. \$	to		
703. Commission Paid at Settlement			1,200.00
704.	to		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN			
801. Loan Origination Fee	% to		
802. Loan Discount	% to		
803. Appraisal Fee	to		
804. Credit Report	to		
805. Lender's Inspection Fee	to		
806. Mortgage Ins. App. Fee	to		
807. Assumption Fee	to		
808.			
809.			
810.			
811.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			
901. Interest From	to @ \$ /day (days %)		
902. Mortgage Insurance Premium for	months to		
903. Hazard Insurance Premium for	years to		
904.			
905.			
1000. RESERVES DEPOSITED WITH LENDER			
1001. Hazard Insurance	@ \$ per		
1002. Mortgage Insurance	@ \$ per		
1003. City/Town Taxes	@ \$ per		
1004. County Taxes	@ \$ per		
1005. Assessments	@ \$ per		
1006.	@ \$ per		
1007.	@ \$ per		
1008.	@ \$ per		
1100. TITLE CHARGES			
1101. Settlement or Closing Fee	to		
1102. Abstract or Title Search	to		
1103. Title Examination	to		
1104. Title Insurance Binder	to		
1105. Document Preparation	to McBrayer, McGinnis, Leslie & Kirkland, PLLC		100.00
1106. Express Mail Fee(s)	to McBrayer, McGinnis, Leslie & Kirkland, PLLC		20.00
1107. Attorney's Fees	to McBrayer, McGinnis, Leslie & Kirkland, PLLC	350.00	
<i>(includes above item numbers:)</i>			
1108. Title Insurance	to		
<i>(includes above item numbers:)</i>			
1109. Lender's Coverage	\$		
1110. Owner's Coverage	\$		
1111.			
1112.			
1113.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201. Recording Fees: Deed \$ 17.00; Mortgage \$; Releases \$		17.00	
1202. City/County Tax/Stamps: Deed ; Mortgage			
1203. State Tax/Stamps: Revenue Stamps 20.00; Mortgage			20.00
1204. Record Power of Attorney to Fayette County Clerk			17.00
1205.			
1300. ADDITIONAL SETTLEMENT CHARGES			
1301. Survey	to		
1302. Pest Inspection	to		
1303. 2016-17 County Taxes	to Fayette County Sheriff		143.23
1304.			
1305.			
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)		367.00	1,500.23

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

McBrayer, McGinnis, Leslie & Kirkland, PLLC, Settlement Agent

Certified to be a true copy.

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN:				
	1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.
	6. FILE NUMBER: CASH.FAYETTE.458ASH			7. LOAN NUMBER:	
	8. MORTGAGE INS CASE NUMBER:				

C. NOTE: *This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.*

D. NAME AND ADDRESS OF BORROWER: Fayette County Local Development Corporation 148 Deweese Street Lexington, Kentucky 40507	E. NAME AND ADDRESS OF SELLER: Carolyn A. Greene 1092 Mountain Laurel Way Lexington, Kentucky 40511	F. NAME AND ADDRESS OF LENDER: (Empty)
--	---	--

G. PROPERTY LOCATION: 458 Ash Street Lexington, KY 40508 Fayette County, Kentucky	H. SETTLEMENT AGENT: 61-1050158 McBrayer, McGinnis, Leslie & Kirkland, PLLC PLACE OF SETTLEMENT 201 East Main Street, Ste 900 Lexington, Kentucky 40507	I. SETTLEMENT DATE: October 28, 2016
---	---	--

J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	20,000.00
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	367.00
104.	
105.	
<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes to	
107. County Taxes 10/28/16 to 07/01/17	96.53
108. Assessments to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	20,463.53
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	500.00
202. Principal Amount of New Loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes to	
211. County Taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	500.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	20,463.53
302. Less Amount Paid By/For Borrower (Line 220)	(500.00)
303. CASH (X FROM) (TO) BORROWER	19,963.53

K. SUMMARY OF SELLER'S TRANSACTION	
400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	20,000.00
402. Personal Property	
403.	
404.	
405.	
<i>Adjustments For Items Paid By Seller in advance</i>	
406. City/Town Taxes to	
407. County Taxes 10/28/16 to 07/01/17	96.53
408. Assessments to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	20,096.53
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See instructions)	
502. Settlement Charges to Seller (Line 1400)	1,463.23
503. Existing loan(s) taken subject to	
504. Payoff of first Mortgage	
505. Payoff of second Mortgage	
506.	
507. (Deposit disb. as proceeds)	
508.	
509.	
<i>Adjustments For Items Unpaid By Seller</i>	
510. City/Town Taxes to	
511. County Taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	1,463.23
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	20,096.53
602. Less Reductions Due Seller (Line 520)	(1,463.23)
603. CASH (X TO) (FROM) SELLER	18,633.30

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

Borrower Fayette County Local Development Corporation

Seller



L. SETTLEMENT CHARGES

700. TOTAL COMMISSION Based on Price		\$ 20,000.00 @ 6.0000 %	1,200.00		
<i>Division of Commission (line 700) as Follows:</i>					
701.	\$ 1,200.00	to Keller Williams Greater Lex			
702.	\$	to			
703.	Commission Paid at Settlement				1,200.00
704.		to			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN					
801.	Loan Origination Fee	% to			
802.	Loan Discount	% to			
803.	Appraisal Fee	to			
804.	Credit Report	to			
805.	Lender's Inspection Fee	to			
806.	Mortgage Ins. App. Fee	to			
807.	Assumption Fee	to			
808.					
809.					
810.					
811.					
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901.	Interest From	to @ \$	/day (days %)		
902.	Mortgage Insurance Premium for	months to			
903.	Hazard Insurance Premium for	years to			
904.					
905.					
1000. RESERVES DEPOSITED WITH LENDER					
1001.	Hazard Insurance	@ \$	per		
1002.	Mortgage Insurance	@ \$	per		
1003.	City/Town Taxes	@ \$	per		
1004.	County Taxes	@ \$	per		
1005.	Assessments	@ \$	per		
1006.		@ \$	per		
1007.		@ \$	per		
1008.		@ \$	per		
1100. TITLE CHARGES					
1101.	Settlement or Closing Fee	to			
1102.	Abstract or Title Search	to			
1103.	Title Examination	to			
1104.	Title Insurance Binder	to			
1105.	Document Preparation	to McBrayer, McGinnis, Leslie & Kirkland, PLLC			100.00
1106.	Notary Fees	to			
1107.	Attorney's Fees	to McBrayer, McGinnis, Leslie & Kirkland, PLLC		350.00	
	<i>(includes above item numbers:)</i>				
1108.	Title Insurance	to			
	<i>(includes above item numbers:)</i>				
1109.	Lender's Coverage	\$			
1110.	Owner's Coverage	\$			
1111.					
1112.					
1113.					
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201.	Recording Fees: Deed \$ 17.00; Mortgage \$		Releases \$	17.00	
1202.	City/County Tax/Stamps: Deed		Mortgage		
1203.	State Tax/Stamps: Revenue Stamps 20.00; Mortgage				20.00
1204.					
1205.					
1300. ADDITIONAL SETTLEMENT CHARGES					
1301.	Survey	to			
1302.	Pest Inspection	to			
1303.	2016-17 County Taxes	to Fayette County Sheriff			143.23
1304.					
1305.					
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)				367.00	1,463.23

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

McBrayer, McGinnis, Leslie & Kirkland, PLLC, Settlement Agent

Certified to be a true copy.

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN:				
	1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.
	6. FILE NUMBER: CASH.FAYETTE.466ASH			7. LOAN NUMBER:	
	8. MORTGAGE INS CASE NUMBER:				

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603. CASH (X TO) (FROM) SELLER	18,633.30

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Borrower Fayette County Local Development Corporation

Seller 

L. SETTLEMENT CHARGES

700. TOTAL COMMISSION Based on Price			\$ 20,000.00 @ 6.0000 %	1,200.00	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
<i>Division of Commission (line 700) as Follows:</i>						
701.	\$ 1,200.00	to Keller Williams Greater Lex				
702.	\$	to				
703.	Commission Paid at Settlement					1,200.00
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809.						
810.						
811.						
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE						
901.	Interest From	to @ \$	/day (days %)			
902.	Mortgage Insurance Premium for	months to				
903.	Hazard Insurance Premium for	years to				
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1000. RESERVES DEPOSITED WITH LENDER						
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1006.		@ \$	per			
1007.		@ \$	per			
1008.		@ \$	per			
1100. TITLE CHARGES						
1101.	Settlement or Closing Fee	to				
1102.	Abstract or Title Search	to				
1103.	Title Examination	to				
1104.	Title Insurance Binder	to				
1105.	Document Preparation	to McBrayer, McGinnis, Leslie & Kirkland, PLLC				100.00
1106.	Notary Fees	to				
1107.	Attorney's Fees	to McBrayer, McGinnis, Leslie & Kirkland, PLLC			350.00	
	<i>(includes above item numbers:)</i>					
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1109.	Lender's Coverage	\$				
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1111.						
1112.						
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1200. GOVERNMENT RECORDING AND TRANSFER CHARGES						
1201.	Recording Fees: Deed \$ 17.00; Mortgage \$; Releases \$				17.00	
1202.	City/County Tax/Stamps: Deed ; Mortgage					
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 McBrayer, McGinnis, Leslie & Kirkland, PLLC, Settlement Agent

Certified to be a true copy.

MAYOR JIM GRAY



LEXINGTON

RICHARD MCQUADY
DIRECTOR
AFFORDABLE HOUSING

May 31, 2018

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

Dear Mr. Franklin,

This letter serves as a firm commitment of \$83,248 from the Affordable Housing Fund of Lexington-Fayette Urban County Government (LFUCG) for the construction of 2 duplexes (4 units) at 466-468 Ash Street. The funding will be in the form of a 15 year deferred, forgivable loan with no payments due as long as the new units remain in compliance with Affordable Housing Fund guidelines and Fayette County Local Development Corporation agrees to a 15 year deed restriction on the property. A 1% fee totaling \$832.48 will be due at closing.

Please indicate your acceptance of this commitment and upon acceptance LFUCG will work to close the transaction.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. McQuady".

Richard L. McQuady
Affordable Housing Manager

Accepted by:

A handwritten signature in black ink, appearing to read "Norman Franklin".

Norman Franklin



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

This **MORTGAGE** ("Mortgage"), is made and entered into this ^{5th} day of July 2018 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (herein "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 Dewese Street, Lexington, KY 40507 (herein "Mortgagor").

WITNESSETH:

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

WHEREAS, Mortgagor is indebted to LFUCG for monies loaned or to be loaned to Mortgagor under the terms of a commitment letter dated May 31, 2018, and accepted by Mortgagor and an Affordable Housing Fund Loan Agreement (the "Loan Agreement") of even date herewith, between Mortgagor and LFUCG providing for an Affordable Housing Fund Mortgage Loan in the amount of **EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-EIGHT AND 00/100 DOLLARS (\$83,248.00)**, (the "Mortgage Loan "); and

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

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

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

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

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

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

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

THIS MORTGAGE is given to secure: (a) Payment of the Mortgage Loan , same being evidenced by a promissory note (hereafter the "Note") of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to LFUCG, in the principal amount of **EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-EIGHT AND 00/100 DOLLARS (\$83,248.00)**, and payment of interest thereon at the rate(s) and in the manner provided therein; the entire principal amount advanced and all interest thereon, if not sooner paid, being due and payable by Mortgagor on January 1, 2034, as more particularly described in the Note; and (b) payment by Mortgagor of its obligations to LFUCG of all sums expended or advanced by LFUCG pursuant to any provisions and performance of each and every of LFUCG's and Mortgagor's respective covenants, conditions and agreements contained in this Mortgage, the Note, the Mortgage Loan Agreement and any other instrument or agreement evidencing, securing or otherwise pertaining to the Mortgage Loan (hereafter collectively, the "Mortgage Loan Documents"). (Hereafter all references to the "Mortgage Loan" where appropriate shall include all advances made and expenses incurred by LFUCG pursuant to this Mortgage for the protection of the Premises and all other security for the Mortgage Loan).

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

1. Mortgagor agrees to pay the principal of and interest on the Mortgage Loan evidenced by the Note and secured hereby, to be paid at the times and in the manner provided in the Note.

2. Mortgagor will pay or will have paid all taxes, assessments, and other similar charges levied upon the Premises before the same become delinquent, and will promptly deliver to LFUCG, if requested, receipts of the proper officers therefor; Mortgagor's failure to pay or to have paid any such charges shall at LFUCG's election constitute a default hereunder. Or, at LFUCG's sole option in the event of delinquency, LFUCG may pay such delinquent taxes, assessments, and charges, including any penalties or interest thereon (of which payment, amount and validity thereof, the receipt of the proper officer shall be conclusive evidence) and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor, shall be secured by this Mortgage and shall bear interest from date of advance until paid at an annual rate equal to twelve percent percent (12%).

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

4. Mortgagor, at its own expense will maintain with admitted insurers authorized to do business in the Commonwealth of Kentucky against claims for bodily injury, personal injury, death or property damage occurring on, in or about the Premises or as a result of ownership of the improvements located on the Premises in amounts not less than as set forth in the Mortgage Loan Agreement. Mortgagor further covenants to keep the improvements now existing or hereafter erected on or in the Premises insured against loss or damage by, or abatement of rental income, resulting from fire and "all risk" perils. Mortgagor covenants to maintain flood insurance as required by the Flood Disaster Protection Act of 1973, as amended and any additional flood insurance required by LFUCG. All perils insured, with the exception of flood, shall be in an amount not less than the full replacement value of the property. Mortgagor agrees to promptly pay or have paid when due all premiums on such insurance and further agrees, if requested by LFUCG, to furnish a certificate from the company carrying such insurance acknowledging that such insurance is adequate in an amount to prevent the operation of any

coinsurance provision contained therein. All such insurance shall be carried by companies approved by LFUCG in its reasonable discretion and, the policies and renewals thereof shall be deposited with and held by LFUCG. All policies of insurance required to be maintained by Mortgagor pursuant to this paragraph 4 shall name as the insured parties Mortgagor and LFUCG, shall be reasonably satisfactory to LFUCG and shall: (a) provide for the benefit of such holder or holders, that thirty (30) days' prior written notice of suspension, cancellation, termination, modification, non-renewal or lapse or material change of coverage shall be given to all insured parties and that such insurance shall be given to all insured parties and that such insurance shall not be invalidated by any act or neglect of Mortgagor or LFUCG or any owner of the Premises, nor by any foreclosure or other proceedings or notices thereof relating to the Premises or any interest therein, nor by occupation of the Premises for purposes more hazardous than are permitted by such policy and (b) not contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Premises against the peril involved, whether collectible or not.

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

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

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

6. Except for a mortgage granted by Mortgagor in favor of the Cumberland Valley National Bank and Trust ("Cumberland") in the amount of **THREE HUNDRED TWENTY SEVEN THOUSAND TWO HUNDRED SIXTY THREE AND 00/XX DOLLARS (\$327,263.00)** ("Senior Mortgage") and a mortgage granted by Mortgagor in favor of Lexington-Fayette Urban County Government, by and through its Division of Grants and Special Programs ("Grants") in the amount of **TWO HUNDRED EIGHTY FIVE THOUSAND TWO HUNDRED EIGHTY SIX AND 00/100 DOLLARS (\$285,286.00)** ("HOME Mortgage"), which Senior Mortgage is superior and Home Mortgage is inferior to the within Mortgage, (the "Permitted Encumbrance"), Mortgagor will not create, suffer or allow any charge, lien or encumbrance, except for the superior lien upon the Premises or any part thereof, leases as have been approved by LFUCG and the lien of general and special taxes duly levied and assessed but not yet -due and payable, without prior written consent of LFUCG by its duly authorized officer. Mortgagor will pay or will have paid promptly when due any charges for utilities or services including but not limited to electricity, gas and water; should Mortgagor or any tenant fail to pay such charges, LFUCG may pay the same, and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor with interest at the rate specified in numerical paragraph (2) hereof until paid, and same shall be secured by this Mortgage.

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

see to the application of any amounts so released to Mortgagor. In the event of a material and adverse effect upon the value of the Premises by reason of any such damage, taking or acquisition, and should the proceeds or award payable therefor not satisfy in full the Mortgage Loan , same shall constitute an event of default hereunder and on the Mortgage Loan and Note.

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

9. Mortgagor will not hereafter lease the Premises, except leases executed in Mortgagor's ordinary course of business, nor will Mortgagor assign, alter, terminate or otherwise materially modify the terms of any lease affecting the Premises to which Mortgagor is a party, nor further encumber or assign (in whole or in part) the rents, revenues, income, or profits arising from the Premises or any portion thereof (except in connection with the Permitted Encumbrances) without the prior written consent of LFUCG by its duly authorized officer, or in any other manner impair the value of the Premises or the security of this Mortgage for the payment of the Mortgage Loan .

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

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

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

13. Mortgagor will not hereafter make or permit, without the prior written consent of LFUCG by its duly authorized officer (a) any sale of the Premises, or the execution of any contract for deed relative to the Premises, or any assumption of the Mortgage Loan, any condominium conversion or any use of the Premises or any part thereof for any purpose other than that presently contemplated by the parties hereto; (b) after completion of the renovations contemplated by the Plans and Specifications, any material alteration, removal or demolition of any buildings, improvements, fixtures, apparatus, machinery, and equipment now or hereafter located or erected upon the Premises except in the ordinary course of business; (c) any purchase or conditional sale, lease or agreement under which title is reserved in the vendor of any fixtures, apparatus, machinery, equipment or personal property in or upon any of the buildings or improvements comprising a part of the Premises; (d) except in connection with the Permitted Encumbrances, any assignment of the revenues, rents, income or profits from the Premises; (e) except for the Permitted Encumbrances, any mortgage, lien or encumbrance upon the Premises, or any part thereof (whether prior or inferior to the lien of this Mortgage) affecting or adverse to the lien hereof, general and special taxes duly levied and assessed and not yet due and payable and any lease now or hereafter affecting any portion of the Premises. Any of the foregoing without LFUCG's prior written consent shall be and constitute a default by Mortgagor on this Mortgage and on the Mortgage Loan .

14. In the event of Mortgagor's default in the performance of any of the covenants and conditions contained in this Mortgage or in the event of Mortgagor's default in payment of the Mortgage Loan or any part thereof, or in the Note or under any other Mortgage Loan Document and (absent an express contrary grace or curative period) shall such failure, omission or default not have been fully corrected by Mortgagor, as applicable, to the complete satisfaction of LFUCG within thirty (30) days after LFUCG gives Mortgagor and Mortgagor's limited partners , written notice of the occurrence of any such default, at the address set forth in Section 7.1 of the Loan Agreement; or any of them and shall such default remain uncured beyond any applicable grace or curative period; or in the event any representation or warranty of the Mortgagor herein contained, or in the event any representation or warranty of the Mortgagor contained in any other Mortgage Loan Document shall prove to be untrue or misleading in any material respect; or in the event of any petition in bankruptcy, receivership, or reorganization filed by or against Mortgagor and shall same not be vacated within sixty (60) days), any assignment or composition for the benefit of creditors made or entered into by Mortgagor, or in the event of any judgment or proceeding entered or brought against Mortgagor or the Premises or to foreclose any lien thereon

or on any part thereof; or in the event of a substantial adverse change in financial position of Mortgagor; or in the event of an unauthorized encumbrance or change in ownership of the Premises or of any other security for the Mortgage Loan ; or if in the opinion of LFUCG there is any material decline in the value of the Premises or any other security for the Mortgage Loan ; or should Mortgagor default on any other indebtedness now or hereafter owing LFUCG by Mortgagor beyond any applicable grace or curative period; then, and in such event, at LFUCG's sole option, without further notice or demand, the same being hereby expressly waived by Mortgagor as evidenced by Mortgagor's execution of this Mortgage, the Mortgage Loan shall become due, payable and collectible. Upon the happening of any such event (hereinafter an "Event of Default"), in addition to any other right of remedy which LFUCG may now or hereafter have at law or in equity, and not by way of limitation, LFUCG shall have the right and power to exercise any or all or any combination of the following remedies: (a) to declare the Mortgage Loan due and payable (and same shall thereupon be due and payable and to foreclose upon this Mortgage and the lien hereof; (b) to sell the Premises according to law as an entirety or in separate parcels; (c) to apply without notice (same being hereby expressly waived by Mortgagor) for the appointment of a receiver to collect the revenues and profits of the Premises and to preserve the security hereof as a matter of right, either before or after any foreclosure sale, without regard to the value of the Premises or any other property as security for the amount due LFUCG, or the solvency of any entity liable for the payment of such amounts; (d) to enter upon and take possession of the Premises without application to any court, with the irrevocable consent of Mortgagor as evidenced by Mortgagor's execution of this Mortgage, and collect the revenues, issues and profits thereof, and, without the appointment of any receiver or application being made therefor, to manage, promote and/or operate the Premises, either in LFUCG's name or Mortgagor's name, by whatever means LFUCG may elect, and receive all the revenues, issues and profits therefrom, and apply the same, after payment of all necessary charges and expenses deemed by LFUCG to be necessary, to payment of the Mortgage Loan . All the foregoing rights and powers are effective and may be enforced by LFUCG either in conjunction with or without any action to foreclose this Mortgage, and without applying at any time for a receiver for the Premises. The foregoing rights and remedies are independent of and in addition to any statutory right to appointment of a receiver. Written notices required by the foregoing paragraph shall be sent by certified mail to the addresses provided in the Mortgage Loan Agreement.

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

16. Mortgagor represents and warrants, to its knowledge and belief, that no hazardous substances are present on the Premises. Furthermore, Mortgagor represents, warrants, and agrees that Mortgagor will not use, generate, treat, store, dispose of or otherwise introduce any such hazardous substances into or on the Premises. Mortgagor represents, warrants and agrees that there is no current and will be no future unlawful physical (including environmental, natural, artificial, structural or chemical) hazard or potential hazard (including, without limitation, the presence, accumulation or storage of any toxin, toxic waste, toxic affluent or discharge) or condition in or on or affecting the Premises or affecting the health of any person in or on the Premises. The Mortgagor shall pay immediately when due the cost of removal of any such wastes or substances, and shall keep the Premises free of any lien imposed pursuant to laws,

rules, regulations and orders pertaining to hazardous wastes or substances and the removal thereof; in the event Mortgagor fails to do so, it shall be deemed an Event of Default. The Mortgagor shall indemnify LFUCG and hold LFUCG harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and cost incurred in the investigation, defense and/or settlement of claims) that LFUCG may incur as a result of or in connection with the assertion against LFUCG of any claim relating to the presence or removal of any hazardous waste or substance referred to in this paragraph, or compliance with any federal, state or local laws, rules, regulations or orders relating thereto. The obligations of Mortgagor under this paragraph to indemnify LFUCG and hold LFUCG harmless shall survive payment of the Mortgage Loan and Note and shall survive release of this Mortgage and shall extend to the representatives, successors and assigns of LFUCG.

17. Whenever used in this Mortgage, unless the context shall otherwise clearly require, the term "Mortgagor" shall include the heirs, representatives, successors and assigns, as the case may be, of Mortgagor and all persons claiming by, through, or under Mortgagor; the term "Mortgagor" shall include the successors and assigns, as the case may be, of Mortgagor and all persons claiming by, through, or under Mortgagor; the term "person" shall include any individual, partnership, corporation, trustee, or unincorporated association. The singular shall include the plural and the plural, the singular; the gender used shall include the other genders. The invalidity or unenforceability of any one (1) or more phrases, sentences, clauses or paragraphs of this Mortgage shall not affect the validity or enforceability of the remaining portions of this Mortgage or of any part hereof. If this Mortgage is invalid or unenforceable as to any part of the Mortgage Loan , or if this Mortgage is invalid or unenforceable as to any part of the Premises, the unsecured or partially unsecured portion of the Mortgage Loan shall be

[PLEASE NOTE – THIS PORTION HAS BEEN INTENTIONALLY LEFT BLANK]

completely paid prior to the payment of the remaining secured or partially secured portion of the Mortgage Loan ; and all payments made on the Mortgage Loan , whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Mortgage Loan which is riot secured or fully secured by this Mortgage.

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

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

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

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

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

IN TESTIMONY WHEREOF, LFUCG and the Mortgagor have caused this instrument to be executed by LFUCG and the Mortgagor's duly authorized officers this day and date first hereinabove appearing.

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: 
Norman Franklin, Vice President and
Development Manager

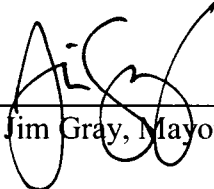
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 23rd day of June 2018, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

Walter J. Cook #545656
Notary Public

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Jim Gray, Mayor

ATTEST:

Clerk, Urban County Council

THIS INSTRUMENT PREPARED BY:



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

EXHIBIT A

The Property being all of ...

Being all of Parcels 1 & 2 of the Consolidation Minor Subdivision Plat of Forest Hill Subdivision to the City of Lexington, Fayette County, Kentucky, as shown by map or plat thereof of record in Plat Cabinet R, Slide 748, in the Fayette County Clerk's Office; the improvements thereon being known and designated as 468 Ash Street, Lexington, Kentucky; and

Being a portion of the property conveyed to Fayette County Local Development Corporation, a Kentucky non-profit corporation, by deed dated October 28, 2016, of record in Deed Book 3442, Page 389, in the Fayette County Clerk's Office;

AND

Being all of Parcels 3, 4 & 5 of the Consolidation Minor Subdivision Plat of Forest Hill Subdivision to the City of Lexington, Fayette County, Kentucky, as shown by map or plat thereof of record in Plat Cabinet R, Slide 748, in the Fayette County Clerk's Office; the improvements thereon being known and designated as 466 Ash Street, Lexington, Kentucky; and

Being a portion of the property conveyed to Fayette County Local Development Corporation, a Kentucky non-profit corporation, by deed dated October 28, 2016, of record in Deed Book 3442, Page 378; and a portion of the property conveyed to Fayette County Local Development Corporation, a Kentucky non-profit corporation, by deed dated October 28, 2016, of record in Deed Book 3442, Page 389, in the Fayette County Clerk's Office.

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

\$83,248.00

July 5th, 2018

FOR VALUE RECEIVED, FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (the "Maker") promises to pay to LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT ("LFUCG"), an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-EIGHT AND 00/100 DOLLARS (\$83,248.00)** or lesser amount as may be endorsed on this Forgivable Promissory Note on behalf of LFUCG, at the rate of two percent (0%) per annum.

A. Payments shall be required as follows:

1. Interest on the outstanding principal *calculated in the manner set forth below* shall be due and payable in arrears on the 1st day of each month beginning on January 1, 2019 and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
2. Unless otherwise agreed to in writing, or otherwise required by applicable law, payments shall be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid costs or charges, provided however, upon an Event of Default, LFUCG reserves the right to apply payments in its sole discretion;
3. Any payment due under this Note on a day which is not a business day shall be made on the succeeding business day and any resulting extension of time shall be included in the computation of the interest payment amount.
4. All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed.
5. Subject to Paragraph B below, the entire principal balance, together with all interest accrued and unpaid thereon and all other sums due under this Note shall be due and payable on January 1, 2034, (the "Maturity Date").

B. However, so long as the Maker does not commit or participate in any event of breach or default as defined in Sections 5.1 and 5.2 of the Loan Agreement, and if such event of breach or default has occurred without cure or continues to occur without cure under the Maker's ownership, the Maker's obligation to pay the principal of this Forgivable Loan Promissory Note shall be forgiven. The Loan shall be forgiven as follows:

1. 1/15th of the above-stated principal sum shall be forgiven beginning on January 2020 and each year thereafter for each full year during the Affordability Period.

2. The entire principal sum shall be forgiven in full on January 1, 2034, as long as all terms and conditions of all Loan Documents have been satisfactorily complied and fulfilled.

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

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Commitment Letter (the "Commitment Letter") dated May 31, 2018, and a Loan Agreement between the undersigned and LFUCG ("Loan Agreement"), of even date herewith, providing a Forgivable loan of **EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-EIGHT AND 00/100 DOLLARS (\$83,248.00)** and this Note is expressly subject to and will be bound by the terms and conditions set forth in such Commitment and Loan Agreement as if all of such terms and conditions were expressly set forth herein. Terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement, Mortgage and any other agreement related to the Loan (collectively, "Loan Documents").

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

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

This Note is also secured by and is the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the undersigned for the real estate located at 466-468 Ash Street, Lexington, Kentucky, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of such terms and conditions were expressly set forth herein. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and shall be evidenced by this Note, shall be secured by the

Mortgage and the other Loan Documents.

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

(a) agree to remain and continue to be responsible for the payment of the principal of and interest on this note notwithstanding any extension or extensions of time of the payment of the principal or interest, or any change or changes by way of release or surrender of any collateral, real or personal, held as security for the payment of this Note, and waive all and every kind of notice of such extension or extensions, change or changes and agree that the same may be made without the joinder of any such persons;

(b) waive presentment, notice of dishonor, protest, notice of protest and diligence in collection and all exemptions, whether homestead or otherwise, to which they or any of them may now or hereafter be entitled under the laws of Kentucky or any other state; and

(c) agree, upon default, to pay all costs of collection, securing or attempting to collect or secure this Note, including a reasonable attorney's fee, whether same be collected or secured by suit or otherwise, providing the collection of such costs and fees is permitted by applicable law.

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

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

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

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

The undersigned shall have no personal liability under this note or any other Loan Document for the repayment of the indebtedness evidenced by this note or for the performance of any other obligations of the undersigned under the Loan Documents (collectively, the "Indebtedness"), and LFUCG's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LFUCG's exercise of its rights and remedies under the Loan Documents with respect to the Premises (as defined in the Mortgage) and any other collateral held by LFUCG as security for the Indebtedness. This limitation on the undersigned's liability shall not limit or impair LFUCG's enforcement of its rights against any indemnitor or guarantor pursuant to any agreement of indemnity or guaranty. Notwithstanding the foregoing provisions, the undersigned shall be fully and personally liable for damages to LFUCG resulting from (i) the undersigned's fraud or misrepresentation, whether affirmative or by omission; (ii) the misapplication of (a) proceeds of insurance covering any portion of the Premises, or (b) proceeds of condemnation of any portion of the Premises or proceeds from the sale or conveyance of any portion of the Premises in lieu of condemnation; (iii) all reasonable costs and expenses including court costs and reasonable attorney's fees incurred in collecting any of the foregoing.

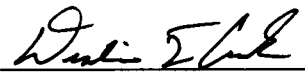
FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: 
Norman Franklin, Vice President and
Development Manager


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 25th day of June 2018, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

 #545656
Notary Public

THIS INSTRUMENT PREPARED BY:


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