

THIS INSTRUMENT PREPARED BY:

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Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
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RETURN TO:

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
DIVISION OF GRANTS AND SPECIAL PROGRAMS
SUBORDINATE MORTGAGE**

THIS SUBORDINATE MORTGAGE is made this _____ day of July, 2024, by and between **QURESHI DEVELOPMENT GROUP, LLC**, a Kentucky limited liability company, 991 Star Shoot Parkway, Lexington, Kentucky 40509 (“Mortgagor”), and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507, through its Division of Grants and Special Programs (“Lender”).

WITNESSETH:

WHEREAS, Mortgagor is the holder of an interest in that certain real estate located in Fayette County, Kentucky (more particularly described in **Exhibit A**, attached hereto and incorporated herein by reference) (the “Property”);

WHEREAS, the Lender, through its Division of Grants and Special Programs, has provided Mortgagor a loan for the rehabilitation of an existing church building on the property described herein as part of its HOME/HOME-ARP Program conducted pursuant to the HOME Investment Partnerships Program of the United States Department of Housing and Urban Development, and the Mortgagor is thereby justly indebted to the Lender for borrowed money in the principal sum of **One Million Four Hundred Thirteen Thousand Five Hundred Fourteen Dollars and 00/100 Cents (\$1,413,514.00)** (“Loan”), to secure the payment of which Mortgagor has executed two (2) promissory notes (“Note(s)”) of even date herewith, bearing interest at the rate of zero percent (0%) per annum, wherein the entire indebtedness evidenced by said Note(s), which if not sooner paid, is due and payable on **August 1, 2044** (“Maturity Date”).

WHEREAS, Mortgagor and Owner have determined that it is to Mortgagor's and Owner's direct and indirect economic benefit that LFUCG make the Deferred Promissory Note(s) Mortgage

Loan to Mortgagor, and therefore have agreed to execute and deliver this Mortgage in order to secure repayment of the Loan.

NOW, THEREFORE, in consideration of the promises and to secure to the Lender the payment of the indebtedness evidenced by the Note(s) or so much thereof as may be advanced by the Lender, according to the terms of the Note(s), with interest thereon, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and the faithful performance of all covenants, stipulations, and agreements set out herein and in the HOME-ARP and HOME Loan Agreements of even date herewith ("Agreement(s)"), and the Note(s) and the Declaration of Restrictive Covenants, Mortgagor does hereby mortgage, grant, assign and convey to Lender, forever, its rights, title and interest in the following described real property, situated and located in Fayette County, Kentucky, to wit:

See Legal Description in **Exhibit A**, attached hereto and incorporated by reference (hereinafter "Premises"), together with all rents, issues and profits therefrom (provided, however, that the Mortgagor shall be entitled to collect and retain the said rents, issues and profits until default hereunder), and all fixtures now or hereafter attached to or used in connection with the premises herein described (hereinafter "Mortgaged Property");

TO HAVE AND TO HOLD the Premises with the privileges and appurtenances thereunto belonging, and all rents, revenues, issues and profits therefrom, unto Lender, 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 Lender 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 (meaning those encumbrances defined in the HOME-ARP and HOME Agreements executed by the Mortgagor and Lender on even date herewith); 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 Lender, its successors and assigns forever, against all claims and demands whatsoever adverse to the interest of Lender, at Mortgagor's sole expense.

THIS MORTGAGE is given to secure: (a) payment of the Loan, same being evidenced by the Note(s) of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to Lender, and payment of interest thereon at the rate(s) and in the manner provided therein; the entire principal amount advanced and all interest thereon, if not sooner paid, being due and payable by Mortgagor on **August 1, 2044**, as more particularly described in the Note(s); and (b) payment by Mortgagor of its obligations to Lender of all sums expended or advanced by Lender pursuant to any provisions and performance of each and every of Lender's and Mortgagor's respective covenants, conditions and agreements contained in this Mortgage, the Note(s), the HOME and HOME-ARP Agreements, the Declaration of Restrictive Covenants, and any other instrument or agreement evidencing, securing or otherwise pertaining to the Loan (hereafter collectively, the "Loan Documents"). (Hereafter all references to the "Loan"

where appropriate shall include all advances made and expenses incurred by Lender pursuant to this Mortgage for the protection of the Premises and all other security for the Loan.)

AND MORTGAGOR HEREBY COVENANTS AND AGREES THAT:

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

2. Mortgagor will pay or will have paid all taxes, assessments, liens, judgments and other similar charges now or hereafter levied upon the Premises before the same become delinquent, and will promptly deliver to Lender, if requested, receipts of the proper officers therefor; Mortgagor's failure to pay or to have paid any such charges shall at Lender's election constitute an Event of Default hereunder. Or, at Lender's sole option in the event of delinquency, Lender 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 Lender 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 (12%).

3. Mortgagor hereby assigns to Lender all leases and rents, revenues, issues and profits of the Premises (whether or not payable under a lease) as further security for the payment of all amounts by Mortgagor and performance of all Mortgagor's obligations under the Loan Documents, and grants Lender 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 Lender 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 the occurrence and continuance of an Event of Default (as such term is defined in the Loan Documents). While this is a present assignment, Lender will not exercise its rights hereunder unless and until an Event of Default occurs and is continuing. Mortgagor shall, and hereby agrees that it will, indemnify Lender, 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 Lender, its officers, agents or employees by reason of any actual or alleged undertakings or obligations on Lender'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 Lender's reasonable costs and attorney's fees incurred by reason of any of the foregoing. Provided, that said obligation to indemnify Lender shall not apply to any loss, injury or damage caused by the gross negligence or willful misconduct of Lender, its officers, agents or employees.

4. Mortgagor, at its own expense, will maintain insurance coverage 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 HOME-ARP 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 Lender. 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 Lender, 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 Lender in its reasonable discretion and, the policies and renewals thereof shall be deposited with and held by Lender. All policies of insurance required to be maintained by Mortgagor pursuant to this paragraph shall be reasonably satisfactory to the Lender, shall name as the insured parties Mortgagor and Lender, with a loss payable clause in favor of the Lender as a beneficiary 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 Lender or any owner of the Premises, including Ground Lessor, 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.

Copies of all such policies shall be delivered to Lender. In the event of Mortgagor's failure to comply with any of the requirements of this paragraph, same shall at Lender's option constitute an Event of Default hereunder. Or, Lender may, in its discretion, upon a default in payment of the premium for any such policy by the Mortgagor and the expiration of any cure period for such default, obtain any insurance required hereunder and pay the premiums due therefor, and any amounts so paid by Lender shall become immediately due and payable by Mortgagor with interest thereon at the rate of twelve percent (12 %), 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 Lender, and Lender may thereupon make proof of claim relative to such loss or damage, if same is not promptly made by Mortgagor. Mortgagor hereby authorizes Lender (should Lender 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 Lender 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 Lender will exercise its rights under this sentence only if an Event of Default as defined herein and in any of the Loan Documents occurs and is continuing. All such proceeds of fire and extended coverage insurance, to the full extent of the Loan, are hereby assigned to Lender and shall be payable to Lender if Lender should so elect, and Mortgagor hereby authorizes and directs any affected insurance company to make payment thereof directly to Lender. 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 Lender of any such policies or certificates of insurance, or renewals thereof, shall constitute an assignment to Lender

of all unearned premiums thereon as further security for the payment of the Loan. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the Loan, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to Lender.

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 herein. 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 Lender by its duly authorized officer, Lender, and any person authorized by Lender, may enter upon and inspect the Premises at all reasonable times.

6. Except for the Permitted Encumbrances as defined in the Loan Documents, Mortgagor will not create, suffer or allow any charge, lien or encumbrance (whether superior or inferior to the lien of this Mortgage) upon the Premises or any part thereof, without the prior written consent of Lender by its duly authorized officer, which consent shall not be unreasonably withheld, conditioned or delayed. 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, Lender may pay the same, and any amount so paid by Lender shall become immediately due and payable by Mortgagor with interest at the rate of twelve percent (12 %) hereof until paid, and same shall be secured by this Mortgage.

7. If all or any part of the Premises are damaged, taken, or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, or by the alteration of the grade of any street affecting the Premises, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the Loan then remaining unpaid, is hereby assigned by Mortgagor to Lender, 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 Lender. To such end, Mortgagor hereby grants to Lender 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 Lender during the occurrence and continuation of any Event of Default may, at the sole option of Lender, be retained and applied, in whole or in part, to the Loan (whether or not then due and payable), in such manner as Lender 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 occurrence and continuation of an Event of Default, Lender will release said sums to Mortgagor, to be applied to restoration of the Premises. Lender shall not be obligated to see to the application of any amounts so released to Mortgagor. In the event of a material and adverse effect upon the value of the Premises by reason of any such damage, taking or acquisition, and should the proceeds or award payable therefor not

satisfy in full the Loan, same shall constitute an Event of Default.

8. If Lender 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 Lenders rights hereunder or under any other Loan Document, to protect the Premises as collateral for the Loan, or to recover any portion of the Loan, all such sums shall become immediately due and payable by Mortgagor with interest thereon at the rate of twelve percent (12%) 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, except residential leases, 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 Lender by its duly authorized officer, or in any other manner impair the value of the Premises or the security of this Mortgage for the payment of the Loan.

10. Mortgagor will observe and perform all covenants, conditions, and agreements imposed on it by any lease or leases now or hereafter affecting the Premises, or any portion thereof. If Mortgagor shall default in its performance of any of the terms, covenants, conditions, or obligations imposed upon it by any such lease or leases, which default would give the other party or parties thereto the right to terminate or cancel said lease or leases and if same may have a material adverse effect on the value of the Premises as security or the Loan if such default is not cured within thirty (30) days of written notice to Mortgagor, then such default is considered an Event of Default at the sole option of Lender and the entire Loan shall become immediately payable and collectible by foreclosure or otherwise, without notice or demand. Provided, that in the event of any such default by Mortgagor (whether as lessor, lessee, sub lessee or otherwise), after the expiration of all applicable cure periods, Lender shall have the right but not the obligation to cure any such default of Mortgagor, in such manner and to the extent Lender may deem advisable to protect its interest in the Premises. In the event that Lender should so elect, then any and all sums so expended by Lender relative to effecting any such cure shall become immediately due and owing Lender by Mortgagor, shall be secured hereby and shall bear interest at the rate of twelve percent (12%) until paid.

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. Lender shall have the right to examine said books of record and account at such reasonable times and intervals as Lender may elect.

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

Mortgagor any of the terms and provisions hereof or of the Note(s); 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(s), under any covenant of this Mortgage, the Note(s) or other Loan Documents, nor preclude Lender 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. Further, no delay or omission on the part of Lender in exercising any right or remedy hereunder or under any other Loan Documents shall operate as a waiver of such right or remedy or any other right or remedy. A waiver by Lender on any one occasion shall not be a bar to or waiver of any right or remedy on any further occasion. The rights and remedies provided herein and in the other Loan Documents are cumulative, and Lender may resort to any other right or remedy or any combination thereof available under the other Loan Documents or at law or in equity without first exhausting and without affecting or impairing the security of or any right or remedy afforded by this Mortgage. No waiver shall be effective as to Lender unless same shall be in writing by its duly authorized officer; any such waiver shall be construed strictly according to its terms.

12. Mortgagor will not hereafter make or permit, without the prior written consent of Lender by its duly authorized officer (a) any sale of the Premises, or the execution of any contract for deed relative to the Premises, or any assumption of the Loan, any condominium conversion or any use of the Premises or any part thereof for any purpose other than that presently contemplated by the parties hereto; (b) after completion of the renovations contemplated by the Plans and Specifications referenced in the HOME and/or HOME-ARP Agreement(s), 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; (f) a default under any document or agreement executed in connection with the Permitted Encumbrances; or a (g) any proceeding filed in any applicable court in order to foreclose the Premises. Any of the foregoing without Lender's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, shall be and constitute an Event of Default by Mortgagor on this Mortgage and on the Loan. Further, it is expressly understood that a default on either of the Senior Mortgages or any initiation of a foreclosure based on any lien shall be an Event of Default under this Mortgage and the principal amount of this Loan shall immediately become due and payable and Lender shall be entitled to recover the cost of collection, including reasonable attorney fees.

13. Upon the occurrence and continuance of an Event of Default, then, and in such event, at Lender's sole option, without further notice or demand, the same being hereby expressly waived by Mortgagor as evidenced by Mortgagor's execution of this Mortgage, the Loan shall become due, payable and collectible. Upon the occurrence and continuance of an Event of Default,

in addition to any other right of remedy which Lender may now or hereafter have at law or in equity, and not by way of limitation, Lender shall have the right and power to exercise any or all or any combination of the following remedies: (a) to declare the Loan due and payable (and same shall thereupon be due and payable and to foreclose upon this Mortgage and the lien hereof; (b) to sell the Premises according to law as an entirety or in separate parcels; (c) to apply without notice (same being hereby expressly waived by Mortgagor) for the appointment of a receiver to collect the revenues and profits of the Premises and to preserve the security hereof as a matter of right, either before or after any foreclosure sale, without regard to the value of the Premises or any other property as security for the amount due Lender, 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 Lender's name or Mortgagor's name, by whatever means Lender 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 Lender to be necessary, to payment of the Loan. All the foregoing rights and powers are effective and may be enforced by Lender 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 herein. 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; and 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.

Notwithstanding Lender's right to invoke any remedies under the Loan Documents, the Lender agrees as follows:

(a) Lender shall, upon serving Mortgagor with any notice of default pursuant to Lender's Loan Documents, simultaneously serve a copy of such notice upon the Senior Lenders who hold the Permitted Encumbrances defined in the HOME-ARP Agreement. Such notice shall outline in detail the default(s) under the Lender's Loan Documents. The Senior Lenders shall thereupon have 60 days after service of such notice upon it to remedy or cause to be remedied the defaults.

(b) Lender will not proceed to enforce any of its rights and remedies under the Lender's Loan Documents, including without limitation the right to accelerate the indebtedness under the Mortgage Note(s) or initiate foreclosure proceedings to enforce the lien of this Mortgage until it has given Senior Lenders at least 60 days prior written notice as set forth above.

(c) The Owner's understand that the Lender's rights are subject to the terms and conditions specified in the Lender's HOME-ARP Agreement, entered contemporaneously herewith.

14. All Notices required by this Mortgage to be sent to the Mortgagor and/or the Lender shall be sent to the following addresses:

For the Mortgagor:
Qureshi Development Group, LLC
991 Star Shoot Parkway
Lexington, KY 40509
Attn: Hera Qureshi, Managing Member

For the Lender:
LFUCG, Division of Grants & Special Programs
200 E. Main Street, 6th Floor
Lexington, KY 40507
Attn: Theresa Reynolds

15. Mortgagor represents and warrants that no hazardous substances are present on the Premises, except in compliance with all applicable state and federal laws and regulations relating thereto (collectively, “Environmental Laws”). 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 except in compliance with all applicable Environmental Laws. 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, except in compliance with all applicable Environmental Laws. 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 Lender and hold Lender 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 Lender may incur as a result of or in connection with the assertion against Lender 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 Lender and hold Lender harmless shall survive payment of the Loan and Note(s) and shall survive release of this Mortgage and shall extend to the representatives, successors and assigns of Lender.

16. 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 “Lender” shall include the legal representatives, successors and assigns of Lender; the term “person” shall include any individual, partnership, corporation, trustee, or unincorporated association. The singular shall include the plural and the plural, the singular; the gender used shall include the other genders. The invalidity or unenforceability of any one (1) or more phrases, sentences, clauses or paragraphs of this Mortgage shall not affect the validity or enforceability of the remaining portions of this Mortgage

or of any part hereof. If this Mortgage is invalid or unenforceable as to any part of the Loan, or if this Mortgage is invalid or unenforceable as to any part of the Premises, the unsecured or partially unsecured portion of the Loan shall be completely paid prior to the payment of the remaining secured or partially secured portion of the Loan; and all payments made on the Loan, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Loan which is not secured or fully secured by this Mortgage.

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.

17. In the event any existing lender discontinues the collection of funds to pay annual premiums for insurance and taxes and immediately upon the delivery of a written request, but subject to the terms of the Permitted Encumbrances, Mortgagor will pay or will have paid to Lender for the term of this Mortgage, on the same dates as payments of principal and/or interest are required to be made by Mortgagor, an amount equal to one-twelfth (1/12) of the annual premiums for insurance as may be required by Lender relative to the Premises, and one-twelfth (1/12) of the annual taxes and assessments assessed against the Premises. Lender shall hold all such sums so received for, and shall apply same to, payment of such taxes, assessments and insurance. Mortgagor shall receive no interest on any such sums received and held by Lender for the benefit of Mortgagor.

18. In the event of any inconsistency, in the terms and provisions of this Mortgage or any other Loan Document as to the rights and remedies of Lender, or in the event of any such inconsistency as between or among any two (2) or more Loan Documents, then in any such event Lender shall have the right at its sole option to elect which of such provisions shall govern.

19. 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.

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

21. Notwithstanding any provision in any of the Loan Documents to the contrary, Lender acknowledges and agrees that (a) the Premises is or will be subject to a Declaration of Restrictive Covenants (“Declaration”); (b) the recordation of the Declaration against the Premises is permitted under the terms of the Loan Documents; and (c) this Mortgage, and the terms and provision thereof, shall be subordinate to the Declaration, regardless of the order of recording of either document. “Declaration of Restrictive Covenants” means the extended low-income housing commitment, regulatory agreement or restrictive covenants executed or to be executed by Mortgagor setting forth certain terms and conditions under which the Premises is to be operated and which shall meet the requirements of Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended, and the requirements of the HOME Investment Partnerships Program at 24 CFR Part 92.252.

22. The Lender consents to any agreement or arrangement in which a Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Mortgage including any provisions requiring the payment of money.

23. Notwithstanding the foregoing, the Mortgagor shall have no personal liability under this Mortgage, the Note(s), or any other Loan Document for the payment of the indebtedness evidenced by the Note(s) and the performance of any other obligations of the Mortgagor under the Loan Documents (collectively, the "Indebtedness") except as otherwise provided in this Mortgage or any other Loan Document, and the Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be the Lender's exercise of its rights and remedies under the Loan Documents with respect to the Mortgaged Property.

24. Invalidation of any one of the provisions of this Mortgage by judgment or Court order shall not affect any other provisions, which shall remain in effect.

PROVIDED, HOWEVER, that if Mortgagor shall pay the Note(s) according to the terms thereof and the interest thereon, in the manner and at the times mentioned in the Note(s) or otherwise in connection with the Loan, and shall pay Lender any and all sums due from Mortgagor to Lender under this Mortgage, and shall fully keep and perform all of the terms, covenants, conditions, stipulations, and agreements set out in any Loan Document or herein contained, then this Mortgage shall cease and be void, and the Lender shall, at Mortgagor's cost and request, release the same.

IN TESTIMONY WHEREOF, witness the signature of Mortgagor.

THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

SIGNATURE PAGE TO FOLLOW

EXHIBIT A

530 North Martin Luther King Boulevard, Lexington, KY 40508

All that tract or parcel of land with improvements thereon known as 530 Martin Luther King Blvd, formerly known as 530 Walnut Street, in the City of Lexington, Fayette County, Kentucky and fronting 70 feet, more or less, on the east side of Martin Luther King Blvd, formerly Walnut Street; thence extending southeasterly between and bounded by Rand Avenue on the North and Engman Avenue on the South, a distance of about 129 feet, more or less, to the property belonging to Arnspiger.

Being the same property conveyed to PHILIP D. NEEDHAM, by deed dated April 30, 2019 of record in Deed Book 3664, Page 120, in the Fayette County Clerk's Office.