

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

THIS PRE-DEVELOPMENT LOAN AGREEMENT ("Agreement") is made and entered into this 21st day of July, 2015 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 ("LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **EZEKIEL FOUNDATION, INC.** whose principal address is 3245 Lochness Drive, Lexington, Kentucky 40517 ("Borrower").

WITNESSETH:

WHEREAS, pursuant to Chapter 2, Article XXXXV, Section 2-482 of the Lexington-Fayette 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 ("the Board") oversees and manages the administration of the Fund; and

WHEREAS, Borrower by application dated December 1, 2014 (the "Application"), attached hereto as Exhibit A, has applied for and has received approval by the Board for funds for a specific housing related project described below (the "Eligible Activity"); and

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

WHEREAS, the project for which Borrower has been approved includes pre-construction or pre-development activities.

NOW, THEREFORE, in consideration of the covenants set out herein, the parties agree as follows:

ARTICLE 1 - COMMITMENT

1.1 LFUCG'S COMMITMENT. Pursuant to the Application and this Agreement, LFUCG agrees to loan an amount not to exceed **ONE HUNDRED AND FIFTY-NINE THOUSAND THREE HUNDRED AND SEVENTY-FOUR DOLLARS (\$159,374.00)** to Borrower from the Fund. Funds will be disbursed by LFUCG to Borrower in accordance with the requirements set forth in this Agreement and conditioned upon Borrower's continued satisfactory performance under the terms of this Agreement. The Funds will be in the form of a repayable loan for the term of **eighteen (18) months** from the date of this Agreement. The Loan shall be at two percent (2%) interest for the eighteen-month period and shall be repaid in full at the end of the eighteen (18) months or at the closing of the bond transaction to fund the rehabilitation of 180 units located at 431 Rogers Road, known as Parkway Plaza, whichever occurs first. The funds will be expended only for the purpose of pre-construction and pre-development costs and expenses, described below in Section 1.3 – Eligible Activity and in conformity with the other provisions of this Agreement. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default, as defined by Article 4, 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 personal guaranty signed by Fred Worsham and Carol Worsham and as evidenced by a signed Personal Guaranty ("the Guaranty"), attached hereto as Exhibit B.

1.3 ELIGIBLE ACTIVITY. The Funds have been made available based upon

the information provided by Borrower in the Application. The sole purpose of this allocation of funds is and will be for pre-construction and/or pre-development expenses incurred during the acquisition and rehabilitation of the real property located at 431 Rogers Road, Lexington, Kentucky (more particularly described in Exhibit C attached hereto and incorporated herein by reference) (the "Property") specified as follows:

- (a) Architect Design
- (b) Appraisal
- (c) Market Study and Rental Comp
- (d) Engineering
- (e) ALTA Survey
- (f) Phase Environmental
- (g) Impact Fees
- (h) Investor 3rd Party
- (i) FHA Exam Fee
- (j) Red Capital Permanent Loan Fee
- (k) Kentucky Housing Corporation Fees

1.4 SITES. In the event the Project includes new pre-construction activities and/or pre-development activities, Borrower must identify those activities. Once identified, the eligible activity may not be changed, removed or substituted without prior written approval of LFUCG's Office of Affordable Housing.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower understands and acknowledges that projects assisted with LFUCG Affordable Housing 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.

2.2 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.

2.3 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.

2.4 There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting it or the Project 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.

2.5 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.

2.6 Borrower warrants and acknowledges that at the time the Borrower obtains ownership of the property a Five (5) year Deed Restriction will be placed on the property. If the Borrower is unable to complete the necessary process to obtain ownership in the property and rehabilitation is complete, Don K Poole and James L. Jefferson, d/b/a Parkway Plaza Apartments, the Current Owners, have knowledge and agree to submit property to a Five (5) year Deed Restriction as a condition of use of LFUCG Affordable Housing Funds.

ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT

3.1 DISBURSEMENT OF FUNDS. Funds will be disbursed to Borrower upon receipt by LFUCG of the following:

- (a) An executed original of the Authorized Signature form; and
- (b) Evidence that the Project will remain affordable as provided below; and
- (c) Proof of costs and expenses incurred in adherence to LFUCG's requirements for draws and inspections for the Program activity under this Agreement (expense reimbursement); and
- (d) Execution of the Personal Guaranty by Fred Worsham and Carol Worsham 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 AFFORDABILITY PERIOD. Property assisted with LFUCG Affordable Housing Funds must be restricted to remain affordable to households 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), upon completion of all rehabilitation work. The affordability period shall be a minimum of five (5) years from date LFUCG Affordable Housing Funds are first expended on each unit in the Project. If additional LFUCG Affordable Housing Fund dollars are requested, approved and used for rehabilitation or construction work, the affordability period shall be a minimum of fifteen (15) years. Affordability may be ensured by recorded deed restrictions.

3.3 SECTION 8 RENTAL ASSISTANCE. If LFUCG Affordable Housing Funds are used for pre-construction and/or pre-development of 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 LFUCG Affordable Housing Funds.

3.4 INSURANCE. For all properties assisted with LFUCG 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 rehabilitated and constructed thereon in an amount of not less than the LFUCG 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.

3.5 RESERVE FUND FOR RENTAL SUBSIDY. Upon completion of the rehabilitation, Borrower will establish a reserve account with a total sum of **ONE HUNDRED AND NINE THOUSAND, FIVE HUNDRED AND SIXTY DOLLARS (\$109,560.00)**. This Reserve fund will be established to subsidize rents for one (1) year for residents in the two (2) and three (3) bedroom units upon completion of all rehabilitation work. All funds will be deposited by Borrower into an account maintained in a separate institution, ("Bank"), as approved by LFUCG in its sole discretion, and will be monitored by LFUCG during the compliance period. The Bank shall maintain the Reserve Fund for the benefit of Borrower and will disburse the amounts deposited therein only for the purposes of rental subsidy.

3.6 CLOSING COSTS. Regardless of whether or not LFUCG Affordable Housing Funds are disbursed under this Agreement, 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.

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

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

ARTICLE 4 – BREACH OR DEFAULT

4.1 RECAPTURE OF FUNDS; BREACH OF AGREEMENT. In the event of a breach, LFUCG may suspend Borrower's authority to draw LFUCG 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 LFUCG Affordable Housing Funds and/or require repayment of LFUCG Affordable Housing Funds already disbursed upon the occurrence of one or more of the following events ("Breach"):

- (a) Borrower does not diligently pursue the activity detailed in Borrower's Application and for which LFUCG Affordable Housing Funds have been awarded;
- (b) Borrower violates any of the terms of this Agreement, the LFUCG Affordable Housing Governing Board guidelines and policies, 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 5 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) 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
- (f) LFUCG determines in its sole discretion that it would be inadvisable to disburse LFUCG Affordable Housing Funds to Borrower because of a

material and adverse change in Borrower's condition.

4.2 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 LFUCG 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) Borrower discontinues the pre-construction and/or pre-development activities and this discontinuance of activities continues for a period of ten (60) days;
- (f) 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;
- (g) Borrower
 - i. 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;
 - ii. 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;
 - iii. 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
- (h) Borrower is found to have violated any law or regulation, whether federal or state.

4.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not cured within thirty (30) days from the date LFUCG notifies Borrower of the breach or default, LFUCG may continue suspension of disbursements. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower. In the event of a termination, Borrower's authority to draw LFUCG 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 LFUCG Affordable Housing Funds.

4.4 MISAPPROPRIATION OF FUNDS. Borrower will be liable for any and all misappropriation of LFUCG 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 LFUCG Affordable Housing Funds drawn by Borrower in cases of breach involving misappropriation of funds or

fraudulent uses of funds.

4.5 RIGHTS UPON DEFAULT. If one or more of the events of default described above occur, LFUCG may declare Borrower to be in default under this Agreement by giving not less than then (10) days prior written notice (or other notice required by applicable default provisions in other LFUCG loan documents) to Borrower, except for a default in payment, in which case no notice is required, and thereafter, LFUCG may exercise any one or more of the following remedies:

- (a) Terminate the credit hereby extended, declare the entire unpaid balance and all accrued but unpaid interest under the Note due and payable and institute proceedings for collection thereof. Provided, however, LFUCG may make advances under the occurrence of an event of default without waiving any of its rights hereunder;
- (b) Exercise its rights under the Note or any other Security Document;
- (c) Enter upon the Project site(s), expel and eject Borrower and all persons claiming through or under Borrower and collect the rents and profits therefrom;
- (d) Complete the Project site development work at the cost and expense of Borrower and add such cost to the debt evidenced by the loan and/or grant and this Agreement and secured by the Security Documents;
- (e) Have discharged of record any mechanic's and materialmen's lien or other lien against the Project site(s);
- (f) Institute such legal proceedings or other proceedings in the name of Borrower or LFUCG as LFUCG may deem appropriate for the purpose of protecting the Project site(s) and LFUCG's interests therein; or
- (g) Do and perform all acts and deeds in the name of Borrower or LFUCG as LFUCG deems necessary or desirable to protect the Project site(s) and LFUCG's interests therein.
- (h) All of the rights and remedies of LFUCG under this Agreement shall be cumulative and to the fullest extent permitted by law and shall be in addition to all those rights and remedies afforded LFUCG at law or in equity or in bankruptcy.

4.6 PAYMENTS DUE TO DEFAULT. Borrower shall 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 5 – RECORDS; REPORTING

5.1 RECORDS; ACCESS. Borrower agrees to keep adequate records pertaining to the Project and the uses of LFUCG 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 loan 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.

5.2 REPORTING REQUIREMENTS. Borrower agrees that all program and financial reports must be submitted as requested by LFUCG, on the forms provided by LFUCG, on annual basis. Beginning the first calendar quarter after Recipient receives a disbursement of LFUCG Affordable Housing Funds and every year thereafter.

5.3 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.

5.4 WARRANTY AS TO INFORMATION. Borrower acknowledges that its award of LFUCG 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.

5.5 PROGRAM COMPLIANCE. Borrower agrees to comply with LFUCG Affordable Housing Fund program guidelines, policies and criteria.

ARTICLE 6 - MISCELLANEOUS

6.1 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.

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

Borrower: Ezekiel Foundation, Inc.
3245 Lochness Drive
Lexington, Kentucky 40517
ATTN: Lisa Von Halle

LFUCG: Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
ATTN: Richard McQuady, Affordable Housing Manager

6.3 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.

6.4 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 Lexington-Fayette County, Code of Ordinances

6.5 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 or state 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.

6.6 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.

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

6.8 ASSIGNABILITY. Borrower may not assign this Agreement or any part hereof without the prior written consent of LFUCG. Subject to the foregoing restriction, this Agreement will inure to the benefit of LFUCG, its successors and assigns and will bind Borrower, Borrower's successors, assigns and representatives.

6.9 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.

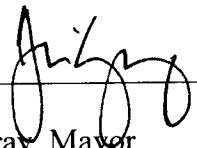
6.10 EXHIBITS. Any exhibits attached to this Agreement and the matters contained therein are incorporated herein and deemed to be a part hereof as if fully recited in this Agreement prior to the date of execution hereof.

6.11 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.

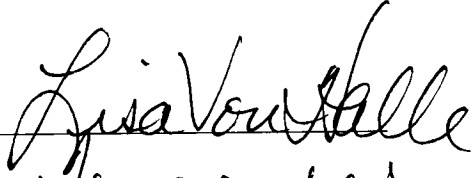
6.12 INVALID PROVISIONS. The invalidity or unenforceability of a particular provision of this Agreement will not affect the other provisions hereof, and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

IN WITNESS WHEREOF, this Agreement is executed as of the day first written above.

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

BY: 
Jim Gray, Mayor

EZEKIEL FOUNDATION, INC.

BY: 
Title: Treasurer

ATTEST:

Clerk, Urban County Council

EXHIBIT A
(The LFUCG Affordable Housing Fund Application)

Parkway Plaza Apartments

431 Rogers Road Lexington KY 40505

Affordable Housing Fund of Fayette County

**Parkway Plaza Apartment Rehab
Affordable Housing Fund Application**

PROJECT HISTORY
PARKWAY PLAZA RENOVATION
SEPTEMBER 23, 2014

The project:

The apartment community consists of a 180-unit affordable property known as Parkway Plaza Apartments (Subject). The property includes 36 one-bedroom units; 108 two-bedroom units; and 36 three-bedroom units. The property was constructed in 1975 by Don K. Poole and James L. Jefferson, A Partnership and financed with a mortgage note that was insured and subsidized under Section 236(j) (3) of the National Housing Act, as amended.

The community successfully operated as an affordable housing community through 2006 at which time the property was sold and refinanced. Under the sale agreement and mortgage payoff, HUD required an extend use agreement for 20% of the units out of the 180 unit property for a total of 36 units to continue to be occupied by Rent Supplement Tenants. That extended use agreement has now expired.

Currently, the property is in need of repair and renovation as shown by the scope of work. Furthermore, the affordability period has expired and the community faces the loss of 180 affordable units. The refinancing and renovation of the property utilizing bonds will guarantee the continued affordability of the property.

**Parkway Plaza Rehab
Pre-Development Expenses**

Architect Design	\$30,000
Appraisal	\$ 7,500
Market Study and Rent Comp	\$ 8,000
Engineering	\$15,000
ALTA Survey	\$15,000
Phase I Environmental	\$ 5,000
Impact Fees	\$ 1,000
Investor 3 rd Party	\$15,000
FHA Exam Fee	\$22,741
Red Capital Perm Loan Fee	\$ 5,000
KHC Fees	<u>\$35,133</u>
Total Costs Prior To Initial Closing	<u>\$159,374</u>

As evidenced by the above list of items, the developer will have to make a significant investment prior to the initial closing for the development. A \$100,000 - \$150,000 low interest predevelopment loan will help us pay for these items.

We propose to repay the loan over 18 months. We are requesting a low interest rate of 1%.

**AFFORDABLE HOUSING FUND
APPLICATION**

I. GENERAL INFORMATION

APPLICANT'S NAME	Parkway Manor, LLC
APPLICANT IS A	<input type="checkbox"/> MINORITY <input type="checkbox"/> WOMEN-OWNED ENTERPRISE
TAX STATUS OF APPLICANT	<input type="checkbox"/> NON-PROFIT (CHDO) <input type="checkbox"/> NON-PROFIT (NON-CHDO) <input checked="" type="checkbox"/> FOR-PROFIT
TYPE OF ENTITY	<input type="checkbox"/> GENERAL PARTNERSHIP <input type="checkbox"/> LIMITED PARTNERSHIP <input checked="" type="checkbox"/> LIMITED LIABILITY COMPANY <input type="checkbox"/> CORPORATION <input type="checkbox"/> INDIVIDUAL
DEVELOPMENT NAME	Parkway Plaza Apartments
DEVELOPMENT LOCATION	431 Rogers Road, Lexington, KY 40505
CONTACT PERSON	Bryan Lloyd or Lisa Von Halle
CONTACT TITLE	Director of Development and CFO
MAILING ADDRESS	PO Box 23860
CITY, STATE, ZIP	Lexington, KY 40523
PHONE NUMBER	(859) 276-5388
FAX NUMBER	
EMAIL ADDRESS	Bllloyd@winterwoodonline.com
FUNDS REQUESTED	\$100,000.00 - \$150,000.00 low interest pre development loan
OTHER FUNDING (SPECIFY ON PRO FORMA)	\$11,890,107
TOTAL DEVELOPMENT COST	\$11,890,107

II. DEVELOPMENT INFORMATION

DEVELOPMENT TYPE (CHECK ALL THAT APPLY)

NEW CONSTRUCTION
 REHABILITATION X
 ADAPTIVE RE-USE
 RENTAL (11 UNITS OR LESS)
 RENTAL (12 OR MORE UNITS)
 SINGLE SITE
 SCATTERED SITE
 HISTORIC PROPERTY

DEVELOPMENT DESCRIPTION

TOTAL NUMBER OF UNITS 180
 TOTAL NUMBER OF BUILDINGS 15 plus an OLM Building
 SQUARE FEET OF UNITS BY BEDROOM SIZE
 601 766 936
 MONTHLY RENTS BY BEDROOM SIZE
 \$500 \$530 \$555
 TARGET AMI 50% and 60%

AMENITIES (CHECK ALL THAT APPLY)

STOVE X
 REFRIGERATOR X
 WASHER/DRYER HOOK-UP
 GARBAGE DISPOSAL
 DISHWASHER X
 PLAYGROUND X
 HELP/CALL SYSTEM
 COMMUNITY ROOM X
 OTHER (PLEASE DESCRIBE) X central laundry, fitness center

LOCATION AMENITIES (DESCRIBE PROXIMITY TO DEVELOPMENT)

PUBLIC TRANSPORTATION	On bus route
SHOPPING	2 miles
RESTAURANTS	2 miles
MEDICAL FACILITIES	2 miles
BANKS	2 miles
OTHER	

SPECIAL NEEDS POPULATIONS TO BE SERVED (CHECK ALL THAT APPLY)

ELDERLY
SINGLE PARENT
HOMELESS
VICTIMS OF DOMESTIC VIOLENCE
PHYSICALLY DISABLED
ACQUIRED TRAUMATIC BRAIN INJURY
AGING OUT OF FOSTER CARE
VETERANS
SEVERE MENTAL ILLNESS
ADDICTION TO DRUGS/ALCOHOL

DESCRIPTION OF SERVICES TO BE PROVIDED, SERVICE PROVIDERS AND HOW SERVICES WILL BE PAID

Parkway Manor Apartments (Formerly Parkway Plaza)

PROJECT SUMMARY

Developer: Parkway Manor c/o Winterwood
Contact Person: Bryan Lloyd
Phone: 859-977-693(**Email:** _____
Project Name: Parkway Manor Apartments (Formerly Parkway Plaza)
Street Address: 431 Rogers Road
City: Lexington **County:** Fayette
Zip Code: 40505

Total Units: 180 **Construction Type:** Rehabilitation
Primary Unit Type: Walk-up **Target Population:** Family
Additional Unit Type: _____ **Group Home?** No
Total Residential Square Feet: 131,400
Avg Sq Ft/Unit: 730 **Is Project Requesting KHC Tax Credits?** Yes
If Tax Credits, is project located in a DDA and/or QCT? DDA QCT
Census Tract(s): 31.08
Tax Credit Set-Aside Election: 40/60

Unit Mix	Efficiency	1-BR	2-BR	3-BR	4-BR	Totals
30% AMI	0	0	0	0	0	0
50% AMI	0	0	0	0	0	0
60% AMI	0	36	108	36	0	180
80% AMI	0	0	0	0	0	0
Unrestricted	0	0	0	0	0	0
Totals	0	36	108	36	0	180

Operating Budget	Annual	Per Unit
Adjusted Gross Income	\$1,343,520	\$7,464
Other Income/Subsidies	\$20,700	\$115
Vacancy	7% \$94,046	\$522
Effective Gross Income	\$1,270,174	\$7,057
Operating Expenses	\$652,500	\$3,625
Replacement Reserve	\$58,500	\$325
Net Operating Income	\$559,174	\$3,107
Debt Service	\$434,232	\$2,412
Cash Flow Year 1	\$124,942	\$694

Operating Cash Flow	DCR	Cash Flow Per Unit
Year 1	1.29	\$694
Year 5	1.32	\$780
Year 10	1.36	\$867
Year 15	1.38	\$924

Key Assumptions	
Vacancy Rate Year 1-3:	7.0%
Vacancy Rate: Year 4+	7.0%
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%

Development Costs	Total	Per Unit	% of Total
Acquisition	\$2,400,000	\$13,333	20.2%
Hard Costs	\$4,434,400	\$24,636	37.3%
Construction Contingency	\$270,000	\$1,500	2.3%
Soft Costs	\$2,810,707	\$15,615	23.6%
Developer Fee	\$1,975,000	\$10,972	16.6%
Total	*****	\$66,056	

Housing Credit Allowed	
Annual Credit Allowed:	\$256,089
Per Unit:	\$1,423
LIHTC Applicable Fraction:	100.0%

Sources	Total	Per Unit	% of Total
Debt Sources			
HOME	\$500,000	\$2,778	4.2%
AHTF	\$0	\$0	0.0%
SMAL	\$0	\$0	0.0%
Risk-Sharing	\$0	\$0	0.0%
Other KHC loan (identify):	\$0	\$0	0.0%
Non-KHC Loans	\$8,353,400	\$46,408	70.3%
Equity Sources			
Deferred Dev Fee	\$252,234	\$1,401	2.1%
M2M/Cash Flow Loan	\$0	\$0	0.0%
LIHTC Equity	\$2,406,999	\$13,372	20.2%
Other Equity/Grants	\$377,474	\$2,097	3.2%
Total	*****	\$66,056	100.0%

KHC Sources	
Total KHC Sources:	\$500,000
KHC Cost Per Unit:	\$2,778
KHC Costs as % of TDC:	4.2%

(Gap) or Surplus \$0 \$0 0.0%

Parkway Manor Apartments (Formerly Parkway Plaza) Underwriting Criteria

KHC Guidelines

Vacancy Rates	Minimum	Maximum	KHC Notes	Applicant's #	Within Limits?	If outside limits, briefly explain.
Vacancy Rate for 11 Units or Less	10.0%		Can increase with justification.	N/A	Yes	
Vacancy Rate Year 1-3	7.0%		Default is 7%; applicant may modify with justification.	7.0%	Yes	
Vacancy Rate Year 4-15	7.0%			7.0%	Yes	
Rent Inflation						
Rent Inflation Rate Years 1-3	2.0%		Default is 2%; applicant may modify with justification.	2.0%	Yes	
Rent Inflation Rate Years 4+	2.0%			2.0%	Yes	
Operating Cost Inflation Rates						
Administrative	3.0%		Default is 3%; applicant may modify with justification.	3.0%	Yes	
Operating/Maintenance	3.0%			3.0%	Yes	
Utilities	3.0%			3.0%	Yes	
Taxes/Insurance	3.0%			3.0%	Yes	
Reserve For Replacement						
Rehabilitation	\$325		Minimum per unit per year based on construction; applicant may increase.	\$325	Yes	
New Construction	\$275			na	Yes	
Operating Costs & Inflation Factors						
Management Fee		8.5%	% of Effective Gross Income	8.4%	Yes	
Annual Operating Costs Per Unit	\$2,500	\$4,500		Guideline only	\$3,625	Yes
Property Insurance (Per Unit Per Year)	\$250		Guideline only	\$255	Yes	
Development & Construction Costs						
Construction Contingency		10.0%	Capped at 10% of hard costs	6.09%	Yes	
Operating Deficit Reserve	\$543,366		6 mo. operating + 6 mo. debt service	\$545,027		
Developer Fee		15.0%	% of TDC, excluding Dev/Con Fees	19.92%		
Development Costs/SF for Group		\$150		N/A		
Debt Coverage Ratio						
Debt Coverage Ratio Year 1	1.20		1.20 DCR for all projects, except Risk Sharing, which requires 1.25 DCR.	1.29		
Lowest Allowed DCR for all 15 Years	1.00			1.29		
Deferred Developer Fee Repayment						
Deferred Fee repaid within 10 years?					Yes	

KHC Underwriting Notes

(Applicant May Provide Notes to KHC in Yellow Shaded Section Below)

1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Applicant Underwriting Notes to KHC

1	KHC's Expense PU spreadsheet would not download. 9.23.14 4:30 pm
2	? → The building is not eligible for credits because the current owner has owned it for less than 10 years.
3	Applicant would like to increase the reserve for replacement to \$400 per unit instead of \$325 per unit.
4	OK → Current mortgage is \$2,763,707.87. The sales price is \$2,400,000. The mortgage payoff will be paid from the Developer Fee.
5	The Equity Bridge loan will be paid in 7 equal yearly payments. The yearly interest for the EBL is shown on the Operating Proforma. <i>Let AAP too!</i>
6	HOME funds are listed as KHC so the Compliance Check would work on the model. However, the HOME funds are coming from Lexington-Fayette Urban County Government NOT KHC.
7	Perm processing fee (\$169,821) = RCM Mort. Pro fee: 80,534 + GNMA Fees (inc legal) 41,900 + FHA Application Fee 24,160
8	
9	
10	

Parkway Plaza Apartments

Lexington KY

Affordable Housing Fund of Fayette County

Attachment A

CAPACITY REVIEW (Attachment A)

1. List and provide resumes for each member of the development team followed by a brief narrative describing their experience with affordable housing developments. The development team includes:

- A. Developer
- B. Development owner (legal entity that will own the property)
- C. Consultant
- D. Application preparer
- E. General Partner
- F. Architect
- G. Contractor
- H. Attorney
- I. Management company
- J. Service provider
- K. Guarantor
- L. Equity provider/syndicator

2. Describe what experience each member of the development team has had with affordable housing over the last 5 years. Include name and location of developments.

Detail lists of properties owned, managed and developed are attached.

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

No member of the development team has ever been disbarred by the U.S. Department of Housing and Urban Development (HUD) or a state housing finance agency.

4. Has any member of the development team ever had any violations that resulted in the issuance of an 8823 or other citations by a state housing finance agency. If yes, please explain.

We have one open 8823 for a unit that just had a fire. Any previously issued 8823's have been cured with the state housing finance agency.

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

No member of the development team or a related entity has ever returned awarded credits.

6. Have any members of the development team ever been charged with or convicted of any criminal offenses, other than a minor motor vehicle violation?

If YES, furnish details in a separate attachment. **No member of the development team has been convicted of any criminal offense other than a minor motor vehicle violation.**

7. Have any members of the development team been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body?

If YES, furnish details in a separate attachment. **No member of the development team has been subject to any disciplinary action by any administrative, governmental or regulatory body.**

8. Has any member of the development team been informed of any current or ongoing investigation of the applicant with respect to possible violations of state or federal laws?

If YES, furnish details in a separate attachment. **No member of the development team has been informed of any current or ongoing investigation of the applicant with respect to possible violations of state or federal laws.**

9. Has any member of the development team been a party to a bankruptcy, been in receivership or adjudicated as bankrupt?

If YES, furnish details in a separate attachment. **No member of the development team has been party to a bankruptcy, been in receivership or adjudicated as bankrupt.**

10. Has any member of the development team been denied a business-related license or had it suspended or revoked by any administrative, governmental, or regulatory agency?

If YES, furnish details in a separate attachment. **No member of the development team has been denied a business-related license or had it suspended or revoked by any administrative, governmental, or regulatory agency.**

11. Is any member of the development team currently debarred, suspended, or disqualified from contracting with any federal, state, or municipal agency?

If YES, furnish details in a separate attachment. **No member of the development team is currently debarred, suspended, or disqualified from contracting with any federal, state, or municipal agency.**

Include with application the financial statements and organization chart of the developer, consultant, general partner, management company, guarantor, and service provider.

Signature: Lisa Vonzelle Date: 12-1-14
Title: CEO, Winterwood Inc

PARKWAY MANOR, LLC
RENOVATION OF EXISTING PARKWAY PLAZA APARTMENTS
CAPACITY REVIEW (ATTACHMENT A)

- A. Developer – Winterwood, Inc. Winterwood, Inc. has been the developer on 12 projects using KHC tax credits, including some TCAP and EXCHANGE funds along with KHC Affordable Housing Trust Funds and HOME funds. Of these 12 projects, 11 are rehabilitations of RD properties and one is new construction. The 11 rehab projects have been successfully completed and the new construction project is at approximately 90% completion. Winterwood, Inc., owned by Carol & Fred Worsham manages approximately 8500 units of housing with 98% of it being RD, HUD or tax credit or a combination of the three programs.
- B. Development Owner – Parkway Manor will be owned by The Ezekiel Foundation, Inc. and Carol and Fred Worsham. A property Ownership Structure is attached. Parkway Manor is a to be formed entity that will own the 180 units known as Parkway Plaza.
- C. Consultant – The consultant will be Thomas Fielder.
- D. We will prepare the application in house, no outside preparer will be used.
- E. General Partners -- The General Partners will be The Ezekiel Foundation, Inc. and Carol and Fred Worsham. The Ezekiel Foundations functions as both a management agent and a general partner for properties listed on the resume. The Ezekiel Foundation is a nonprofit entity that also assists people in need with rent payments, medical/utility bills and other needs.
- F. Architect – The Architect will be Thomas Fielder.
- G. Contractor -- Contractor has not been engaged yet.
- H. Attorney -- The Attorney is Lewis Diaz of Dinsmore & Shohl, LLP.
- I. Management Company – The Management Company is currently and will continue to be Winterwood, Inc. Winterwood, Inc. manages over 8500 units of housing, most of which is affordable.
- J. Service Provider – n/a
- K. Guarantor – The Guarantor will be Fred and Carol Worsham
- L. Equity Provider/Syndicator – has not been chosen yet

EXHIBIT B

(Executed Personal Guaranty by Fred Worsham and Carol Worsham)

GUARANTY AGREEMENT

This Guaranty Agreement ("Guaranty") is made this 30th day of June, 2015 by the undersigned, FRED AND CAROL WORSHAM (collectively and jointly, as Guarantors and individually as a Guarantor) for the benefit of LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government created pursuant to KRS Chapter 67A , whose principal address is 200 East Main Street, Lexington, Kentucky 40507 ("LFUCG") on behalf of its OFFICE OF AFFORDABLE HOUSING.

RECITALS

WHEREAS, Ezekiel Foundation, Inc., whose principal address is 3245 Lochness Drive, Lexington, Kentucky 40517 (the "Borrower") has requested LFUCG make a loan to the Borrower in the amount of \$159,374.00 (the "Loan").

WHEREAS, LFUCG and Ezekiel Foundation, Inc. have entered into a loan agreement (the "Agreement"), attached hereto as Exhibit A, for the provision of the Loan from the Affordable Housing Fund.

WHEREAS, the Guarantors, as General Partners with the Borrower of Parkway Manor MM, LLC, has an economic interest in Borrower or will otherwise obtain a material financial benefit from the Loan.

WHEREAS, as a condition to making the Loan to Borrower, LFUCG requires that the Guarantors execute this Guaranty.

NOW, THEREFORE, in order to induce LFUCG to make the Loan to Borrower, and in consideration thereof, the Guarantors agree as follows:

1. The Guarantors hereby absolutely, unconditionally and irrevocably guarantees to LFUCG the full and prompt payment when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, of all amounts for which Borrower is personally liable under Paragraph 1.1 of the Agreement.
-

2. The obligations of Guarantors under this Guaranty shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the Security Instrument.

3. The Guarantor's obligations under this Guaranty constitute an unconditional guaranty of payment and not merely a guaranty of collection.

4. The obligations of Guarantors under this Guaranty shall be performed without demand by LFUCG and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability of the Note, the Security Instrument, or any other Loan Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. Guarantors hereby waive the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that the Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. The Guarantors hereby waive the benefits of any right of discharge under any and all statutes or other laws relating to guarantors or sureties and any other rights of sureties and guarantors thereunder. Without limiting the generality of the foregoing, The Guarantors hereby waive, to the fullest extent permitted by law, diligence in collecting the Indebtedness, presentment, demand for payment, protest, all notices with respect to the Note and this Guaranty which may be required by statute, rule of law or otherwise to preserve LFUCG's rights against the Guarantor under this Guaranty, including notice of acceptance, notice of any amendment of the Loan Documents, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Borrower of any obligation or indebtedness. The Guarantors also waive, to the fullest extent permitted by law, all rights to require LFUCG to (a) proceed against Borrower or any other guarantor of Borrower's payment or performance with respect to the Indebtedness (an "Other Guarantor"), (b) if Borrower or any guarantor is a partnership, proceed against any general partner of Borrower or the guarantor, (c) proceed against or

exhaust any collateral held by LFUCG to secure the repayment of the Indebtedness, or (d) pursue any other remedy it may now or hereafter have against Borrower, or, if Borrower is a partnership, any general partner of Borrower.

5. At any time or from time to time and any number of times, without notice to Guarantors and without affecting the liability of Guarantors, (a) the time for payment of the principal of or interest on the Indebtedness may be extended or the Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Agreement, the Security Instrument or any other Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Indebtedness may be accelerated as provided in the Agreement, the Security Instrument, or any other Loan Document; (d) the Agreement, the Security instrument, or any other Loan Document may be modified or amended by LFUCG and Borrower in any respect, including an increase in the principal amount; and (e) any security for the Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the indebtedness.

6. If more than one person executes this Guaranty, the obligations of those persons under this Guaranty shall be joint and several. LFUCG, in its discretion, may (a) bring suit against the Guarantors, or any one or more of the Persons constituting the Guarantors, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the Persons constituting the Guarantors or any Other Guarantor, for such consideration as LFUCG may deem proper; (c) release one or more of the Persons constituting the Guarantors, or any Other Guarantor, from liability; and (d) otherwise deal with the Guarantors and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of LFUCG to collect from the Guarantors any amount guaranteed by the Guarantors under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of the Guarantors with respect to any Other Guarantor. Any indebtedness of Borrower held by the Guarantors now or in the future is

and shall be subordinated to the Indebtedness and any such indebtedness of Borrower shall be collected, enforced and received by Guarantors, as trustee for LFUCG, but without reducing or affecting in any manner the liability of the Guarantors under the other provisions of this Guaranty.

7. The Guarantors shall have no right of, and hereby waives any claim for, subrogation or reimbursement against Borrower or any general partner of Borrower by reason of any payment by the Guarantors under this Guaranty, whether such right or claim arises at law or in equity or under any contract or statute, until the Indebtedness has been paid in full and there has expired the maximum possible period thereafter during which any payment made by Borrower to LFUCG with respect to the Indebtedness could be deemed a preference under the United States Bankruptcy Code.

8. If any payment by Borrower is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason LFUCG is required to refund any sums to Borrower, such refund shall not constitute a release of any liability of the Guarantors under this Guaranty. It is the intention of LFUCG and the Guarantors that the Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

9. The Guarantors shall from time to time, upon request by Lender, deliver to Lender such financial statements as LFUCG may reasonably require.

10. LFUCG may assign its rights under this Guaranty in whole or in part and, upon any such assignment, all the terms and provisions of this Guaranty shall inure to the benefit of such assignee to the extent so assigned. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors and assigns of such parties.

11. This Guaranty and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between the parties. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Guaranty and the other Loan Documents. The Guarantors acknowledges that it has received a copy of the Agreement and all other Loan Documents. Neither this Guaranty nor any of its provisions may be waived, modified, amended, discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement.

12. The Guarantors agree that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the jurisdiction where the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty, the Agreement, the Security Instrument or any other Loan Document. The Guarantors irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

13. The Guarantors agree to notify LFUCG (in the manner for giving notices provided in the Agreement) of any change in the Guarantor's address from,

4197 John Alden Lane
Lexington, Kentucky 40504

within 10 Business Days after such change of address occurs.

14. The Guarantors and LFUCG each (A) agrees not to elect a trial by jury with respect to any issue arising of this Guaranty or the relationship between the parties as Guarantors and LFUCG that is triable of right by jury and (B) waive any right to trial by jury with respect to such issue to the extent that any such right exists now or in the future. This waiver of right to trial by jury is separately given by each party, knowingly, voluntarily, with the benefit of competent legal counsel.

IN WITNESS WHEREOF, the Guarantors have signed and delivered this Guaranty or has caused this Guaranty to be signed and delivered by its duly authorized representative.

GUARANTOR

GUARANTOR

Fred Worsham

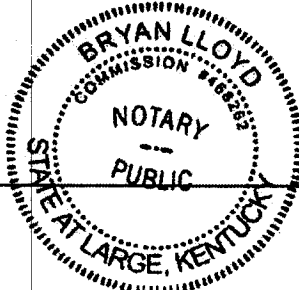
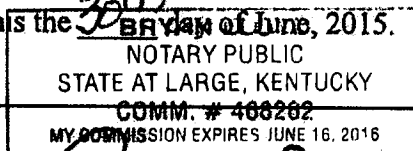
Carol Worsham

Fred Worsham

Carol Worsham

The foregoing instrument was subscribed and acknowledged before me by Fred Worsham and Carol Worsham, on this the 30th day of June, 2015.

My commission expires: _____



Bryan Lloyd
Notary Public, Commonwealth of Kentucky

EXHIBIT C

(Property Description)

Being all of Tract 3, Block A; Tract 4, Block A; and Lot 2, Block B, all of which containing 10,045 acres as depicted on the final record plat of Parkway Plaza as shown by Plat of record in Plat Book 25, Page 50, in Fayette County Clerk's Office.

Being the same property conveyed to Don K. Poole and James L. Jefferson, a partnership, by deed dated December 20, 1972, of record in Deed Book 1066, Page 522 in the Fayette County Clerk's Office.