

SUBORDINATION AGREEMENT

CENTRAL BANK & TRUST CO., a Kentucky state bank ("Lender"), and **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government ("Subordinated Creditor") hereby agree as follows:

1. Recitals.

- 1.1 Lender contemplates making loans and extending credit or other financial accommodations to Hope Center Permanent Housing, LLLP, a Kentucky limited partnership ("Borrower").
- 1.2 For good and valuable consideration, receipt of which is hereby acknowledged by Subordinated Creditor, and in order to induce Lender, now or from time to time hereafter, to make loans or extend credit or other financial accommodations to Borrower, or to grant such renewals or extensions thereof as Lender may deem advisable in its discretion, Subordinated Creditor agrees with Lender as follows.

2. Definitions.

- 2.1 "Borrower" will mean Borrower and its successors and assigns, including but not limited to any receiver, custodian, and trustee or debtor-in-possession.
- 2.2 "Closing Date" will mean the date on which this Agreement is executed.
- 2.3 "Collateral" will mean any collateral now or in the future securing the Obligations including but not limited to claims against any guarantors of the Obligations and any Collateral securing such guarantees.
- 2.4 "Default" will mean any event or condition that with the passage of time or giving of notice, or both, would constitute a Senior Event of Default.
- 2.5 "Junior Event of Default" will mean: (a) an Event of Default (as defined therein) under any of the documents evidencing any of the Subordinated Indebtedness, or (b) a default under any of such documents that do not have a defined set of Events of Default.
- 2.6 "Lender's Affiliate" will mean any person, partnership, joint venture, company or business entity under common control or having similar equity holders owning at least ten percent (10%) thereof with Lender, whether such common control is direct or indirect. All of Lender's direct or indirect parent corporations, sister corporations, and subsidiaries will be deemed to be a Lender's Affiliate for purposes of this Agreement.
- 2.7 "Obligations" will mean and include all loans, advances, debts, liabilities, obligations, covenants and duties owing to Lender from Borrower of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, including but not limited to those arising under: (i) this Agreement,

(ii) the Note(s), (iii) under any other agreement, instrument or document, whether or not for the payment of money, whether arising by reason of an extension of credit, opening of a letter of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment, participation, purchase, negotiation, discount or otherwise), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising and whether or not contemplated by Borrower or Lender on the Closing Date; and as to all of the foregoing, including any amendments, modifications, or superceding documents to each of the foregoing; and all charges, expenses, fees, including but not limited to reasonable Attorneys' Fees, and any other sums chargeable to Borrower under any of the Obligations.

- 2.8 "Permitted Payments" means those payments on the Subordinated Indebtedness listed on Exhibit A attached hereto.
- 2.9 "Senior Event of Default" will mean: (a) an Event of Default (as defined therein) under any of the documents evidencing any of the Obligations, or (b) a default under any of such documents that do not have a defined set of Events of Default.
- 2.10 "Subordinated Indebtedness" will mean any and all existing and future indebtedness, liabilities and obligations of Borrower to Subordinated Creditor of every kind and nature whatsoever, including, without limitation, such indebtedness, liabilities, and obligations of Borrower to Subordinated Creditor which are direct, indirect, contingent, primary, secondary, alone, jointly with others, unsecured, secured, future advances, principal, interest, expense payments, indemnities, liquidation costs, post-petition interest due on any of the above, and reasonable Attorneys' Fees and expenses, all whether arising under contract, by tort, at law, in equity or otherwise, and all guarantees, indemnifications and other undertakings of persons other than Borrower with respect to the foregoing. The entire Subordinated Indebtedness existing on the date of this Agreement is described in Exhibit A attached hereto and made a part hereof.

3. Subordination.

- 3.1 **Subordination of Subordinated Indebtedness.** Except for Permitted Payments made by Borrower to Subordinated Creditor where no Default or Senior Event of Default exists under any of the Obligations, Subordinated Creditor hereby subordinates and postpones the payment and the time of payment of all of the Subordinated Indebtedness to and in favor of the payment and the time of payment of all of the Obligations.
- 3.2 **Terms of Payment.** Until the Obligations have been indefeasibly paid in full and all financing arrangements relating to the Obligations have been terminated:
- 3.2.1 **No Prepayments.** Subordinated Creditor will not accept from or on behalf of Borrower any prepayment, in cash or other property or in any other manner, on any of the Subordinated Indebtedness;

- 3.2.2 Permitted Payments.** Subordinated Creditor will not set off, accept, take or receive, directly or indirectly, in cash or other property or in any other manner, any payment of any kind of all or any part of the Subordinated Indebtedness other than Permitted Payments, whether for principal, interest or otherwise; provided that if a Senior Event of Default has occurred, the Subordinated Creditor will not set off, take, accept or receive, directly or indirectly, in cash or property or in any other manner, any payment of any kind whatsoever on any of the Subordinated Indebtedness;
- 3.2.3 Standstill.** If a Junior Event of Default occurs, Subordinated Creditor will not ask, demand, accelerate, declare a default under, sue for, set off, accept, take or receive, directly or indirectly, in cash or other property or in any other manner, any payment of all or any part of the Subordinated Indebtedness; provided, however, that if while such Junior Event of Default remains uncured Lender accelerates the indebtedness under the Obligations and exercises its rights as a secured party to the Collateral, then, in either such event, Subordinated Creditor may, upon notice to Lender, accelerate and otherwise pursue its remedies with respect to the Subordinated Indebtedness, subject and subordinate in all respects to Lender's rights under the Obligations and Lender's rights in the Collateral, and subject to the other terms and conditions of this Agreement;
- 3.2.4 Notice of Default.** Subordinated Creditor will give prompt notice to Lender of any Junior Event of Default that Subordinated Creditor declares or gives notice of to Borrower together with a copy of any notice given to Borrower relating to such default;
- 3.2.5 No Right to Possession of Assets.** Notwithstanding any right to ask, demand, sue for, or exercise any other right or remedy with respect to the Subordinated Indebtedness, Subordinated Creditor will have no right to possession of any assets of Borrower or any Collateral or to foreclose or execute upon any such assets or the Collateral, by judicial action or otherwise except as provided in Section 3.2.3, above; and
- 3.2.6 No Amendments to Subordinated Indebtedness.** Subordinated Creditor will not amend or modify all or any part of the Subordinated Indebtedness.
- 3.3 Security for Subordinated Indebtedness.** Subordinated Creditor agrees, represents and warrants that except for the collateral listed on the attached Exhibit A ("Permitted Collateral"), the Subordinated Indebtedness is not and will not be secured in any way directly or indirectly.
- 3.4 Subordination of Lien.** Subordinated Creditor hereby subordinates the lien and priority of any claim, security interest, lien or encumbrance and other interests now or hereafter acquired by Subordinated Creditor in and to the Collateral to Lender's existing and future interest in the Collateral.

3.5 No Assignment of Subordinated Indebtedness. Subordinated Creditor agrees not to subordinate, sell, assign, pledge, encumber, transfer or otherwise dispose of all or any part of the Subordinated Indebtedness or any Collateral therefor to any other person.

3.6 Subordination Legend on Evidence of Subordinated Indebtedness. Subordinated Creditor agrees (a) that each note described in Exhibit A and all other instruments or documents now or hereafter evidencing all or any portion of the Subordinated Indebtedness will bear on their face a clear legend that it is subject to the terms of this Agreement, (b) that it will mark its books of account in such a manner as will be effective to give proper notice of the effect of this Agreement and (c) that it will execute such further documents and acknowledgments and take such further actions as Lender may reasonably require to confirm or evidence its obligations under this Agreement.

4. Distributions, Etc.

4.1 Insolvency of Borrower. In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of Borrower or the proceeds thereof to creditors of Borrower or to any indebtedness, liabilities and obligations of Borrower, or upon any liquidation, dissolution or other winding up of Borrower or Borrower's business, or in the event of any sale (singly or in the aggregate) of all or any substantial part of the assets of Borrower, or in the event of any receivership, insolvency or bankruptcy proceeding, or assignment for the benefit of creditors, or any proceeding by or against Borrower for any relief under any bankruptcy or insolvency law or other laws relating to the relief of debtors, readjustment of indebtedness, reorganization, compositions or extensions, then and in any such event any payment or distribution of any kind or character, either in cash, securities or other property, whether or not on account of any Collateral, which will be payable or deliverable upon or with respect to all or any part of the Subordinated Indebtedness or the Collateral will be paid or delivered directly to Lender for application to the Obligations (whether due or not due and in such order and manner as Lender may elect) until the Obligations will have been fully paid and satisfied.

4.2 [Intentionally Omitted].

5. Receipt of Payments by Subordinated Creditor. Should any payment or distribution not permitted by the provisions of this Agreement or the Collateral or proceeds thereof be received by Subordinated Creditor upon or with respect to all or any part of the Subordinated Indebtedness and/or the Collateral prior to the full payment and satisfaction of the Obligations and the termination of all financing arrangements between Lender and Borrower, Subordinated Creditor will deliver the same to Lender in precisely the form received (with the endorsement or assignment of Subordinated Creditor where necessary), for application to the Obligations (whether due or not due and in such order and manner as Lender may elect), and, until so delivered, the same will be held in trust by

Subordinated Creditor as property of Lender. In the event of the failure of Subordinated Creditor to make any such endorsement or assignment, Lender, or any of its officers or employees on behalf of Lender, is hereby irrevocably authorized in its own name or in the name of Subordinated Creditor to make the same, and is hereby appointed Subordinated Creditor's attorney-in-fact for those purposes, that appointment being coupled with an interest and irrevocable.

6. **Consents, Waivers, Etc.** Subordinated Creditor hereby consents that at any time and from time to time and with or without consideration, without further consent of Subordinated Creditor and without in any manner affecting, impairing, lessening or releasing any of the provisions of this Subordination Agreement, Lender may extend credit or other financial accommodation or benefit and loan monies to or for the account of Borrower, and may renew, extend, change the manner, time, place and terms of payment of, otherwise alter the terms of, sell, exchange, release, substitute, surrender, realize upon, modify, waive, grant indulgences with respect to and otherwise deal with in any manner: (a) all or any part of the Obligations; (b) all or any of the agreements, documents or instruments evidencing, securing, guaranteeing or otherwise relating to all or any of the Obligations; (c) all or any part of the Collateral; and (d) any person at any time primarily or secondarily liable for all or any part of the Obligations and/or any Collateral, all as if this Subordination Agreement did not exist. This Subordination Agreement will not be affected, impaired or released by any delay or failure of Lender to exercise any of its rights and remedies against Borrower or any guarantor or under any of the Obligations or against any collateral or security for any of the Obligations, by any failure of Lender to take steps to perfect or maintain its lien on, or to preserve any rights to, any Collateral by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof or any security or guarantee therefor, or by any other event or circumstance which otherwise might constitute a defense available to, or a discharge of, Borrower or a subordinated creditor. Subordinated Creditor hereby agrees that all payments received by Lender may be applied and reapplied, in whole or in part, to any of the Obligations, as Lender, in its sole discretion, deems appropriate. Subordinated Creditor hereby waives demand, presentment for performance, protest, notice of dishonor and of protest with respect to the Obligations and/or the Collateral, notice of acceptance of this Subordination Agreement, notice of the making of any of the Obligations and notice of default under any of the Obligations.

7. **Representations and Warranties.** Subordinated Creditor represents and warrants that:

- 7.1 **No Prior Assignment or Transfer.** It is the sole holder and owner of the Subordinated Indebtedness and has not made any sale, assignment, pledge, encumbrance or other disposition of all or any part of the Subordinated Indebtedness, and the same is free from all encumbrances of any kind.
- 7.2 **Legal, Valid and Binding Agreement.** This Agreement is the legal, valid and binding obligation of Subordinated Creditor, enforceable in accordance with its terms.

- 7.3 **No Violation of Other Agreements.** This Agreement does not violate and is not in contravention of any other agreement to which Subordinated Creditor is a party.
8. **Continuing Agreement.** This is a continuing Subordination Agreement and will remain in full force and effect until all of Borrower's Obligations and Subordinated Creditor's obligations to Lender have been fully performed and satisfied and until all financing agreements between Lender and Borrower have been terminated.
9. **Transfer or Assignment of Obligations; New Senior Lender.** If any of the Obligations should be transferred or assigned by Lender, this Subordination Agreement will inure to the benefit of Lender's transferee or assignee to the extent of such transfer or assignment, provided that Lender will continue to have the unimpaired right to enforce this Subordination Agreement as to any of the Obligations not so transferred or assigned. In addition, if the Obligations are paid in full by a loan from the proceeds of one or more other financings by Borrower, regardless of whether or not this Agreement is assigned to the persons or entities providing such financing(s), the obligations under the Subordinated Indebtedness will be subordinate to such financings to the same extent as provided in this Agreement and Subordinated Creditor on the request of the persons or entities providing such financing(s) will enter into a subordination agreement with such persons or entities substantially similar to this Agreement to confirm such subordination.
10. **Notices.** All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect, and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Lender: Central Bank & Trust Co.
300 West Vine Street
Lexington, Kentucky 40507
Attn: Megan Barlow

To Subordinated Creditor: Lexington-Fayette Urban County Government
101 East Vine Street, Suite 400
Lexington, Kentucky 40507
Attn: Richard McQuady, Affordable Housing
Manager

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered; if given by mail, on the fourth business day after such communication is deposited in the mail with first-class postage prepaid, return receipt requested; or if sent by overnight courier service, on the day after deposit thereof with such service; or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

11. **Further Agreements.**

- 11.1 **Suit by Subordinated Creditor.** If Subordinated Creditor, contrary to this Agreement, commences or participates in any action or proceeding against Borrower or the Collateral, Borrower may interpose as a defense or dilatory plea the making of this Agreement, and Lender may intervene and interpose such defense or plea in Lender's name or in the name of Borrower. Should Subordinated Creditor, contrary to this Agreement, in any way attempt to enforce payment of the Subordinated Indebtedness or any part thereof, either Lender, in its own name or in the name of Borrower, Borrower itself or both Lender and Borrower, may restrain Subordinated Creditor from so doing, it being understood and agreed by Subordinated Creditor that (i) Lender's and/or Borrower's damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) Subordinated Creditor waives any defense of Borrower that Lender cannot demonstrate damage and/or can be made whole by the awarding of damages and/or any other defense based on the adequacy of a remedy at law which might be asserted as a bar to the remedy of specific performance.
- 11.2 **Improper Payment by Borrower to Subordinated Creditor.** If Subordinated Creditor, Borrower or both, contrary to this Agreement, make, attempt to or threaten to make any payment or take any action contrary to this Agreement, Lender may restrain Subordinated Creditor and Borrower from so doing, it being understood and agreed by Subordinated Creditor and Borrower that (i) Lender's damages from their actions may at that time be difficult to ascertain and may be irreparable and (ii) Subordinated Creditor and Borrower waive any defense or claim that Borrower and/or Lender cannot demonstrate damage and/or can be made whole by the awarding of damages.
- 11.3 **Subrogation of Lender.** Subordinated Creditor also hereby agrees that, regardless of whether the Obligations are secured or unsecured, Lender will be subrogated for Subordinated Creditor with respect to Subordinated Creditor's claims against Borrower and Subordinated Creditor's rights, liens and security interests, if any, in any of Borrower's assets and the proceeds thereof until all of the Obligations will have been fully paid and satisfied and all financing arrangements between Borrower and Lender have been terminated. Subordinated Creditor agrees that no payment or distribution to Lender pursuant to this Agreement will entitle Subordinated Creditor to exercise any rights of subrogation in respect thereof until all of the Obligations have been fully paid and all financing arrangements between Lender and Borrower terminated.
- 11.4 **Effectiveness of Agreement.** This Agreement will continue to be effective or will be reinstated, as the case may be, if at any time any payment of the Obligations is rescinded or must otherwise be returned by Lender upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, all as though such payment had not been made.

- 11.5 Indemnification of Lender.** To the extent permitted by law, Subordinated Creditor agrees to indemnify Lender and to hold Lender harmless for any and all expenses and obligations, including reasonable attorney's fees, as they arise, relating to actions of Subordinated Creditor taken contrary to this Agreement.
- 11.6 No Obligation of Lender to Borrower.** Nothing herein contained will obligate Lender to grant credit to, or continue financing arrangements with, Borrower.
- 11.7 Joint and Several Liability, Binding Nature of Agreement.** If this Subordination Agreement is executed by more than one person or entity as the "Subordinated Creditor," the obligations of such persons or entities hereunder will be joint and several. Unless otherwise specified herein, any reference to "Subordinated Creditor" will mean each such person or entity executing this Note individually and all of such persons or entities collectively. This Subordination Agreement will bind Subordinated Creditor and the heirs, administrators, successors and assigns of Subordinated Creditor, and the benefits hereof will inure to the benefit of Lender and its successors and assigns. All references herein to the "Subordinated Creditor" and "Lender" will be deemed to apply to Subordinated Creditor and Lender and their respective heirs, administrators, successors and assigns.
- 11.8 Gender, Etc.** As used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders, as the context may require, and the term "person" will include an individual, a corporation, an association, a partnership, a trust, an organization or any other entity.
- 11.9 Headings.** The Section headings of this Agreement are for convenience only, and will not limit or otherwise affect any of the terms hereof.
- 11.10 No Third Party Beneficiaries.** This Agreement is solely for the benefit of Lender and will not give Borrower or any other person any right or remedy hereunder or by reason hereof.
- 11.11 No Waiver.** No delay or failure on the part of Lender to exercise any of its rights or remedies hereunder or now or hereafter existing at law or in equity or by statute or otherwise, or any partial or single exercise thereof, will constitute a waiver thereof. All such rights and remedies are cumulative and may be exercised singly or concurrently and the exercise of any one or more of them will not be a waiver of any other. No waiver of any of its rights and remedies hereunder, and no modification or amendment of this Subordination Agreement, will be deemed to be made by Lender unless the same will be in writing, duly signed on behalf of Lender, and each such waiver, if any, will apply only with respect to the specific instance involved and will in no way impair the rights and remedies of Lender hereunder in any other respect at any other time.

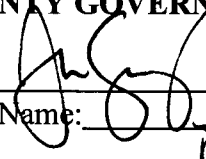
- 11.12 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.
- 11.13 **Governing Law.** This Agreement has been delivered and accepted at and will be deemed to have been made at Lexington, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.
- 11.14 **Jurisdiction.** *Subordinated Creditor hereby irrevocably agrees and submits to the exclusive jurisdiction of any state or federal court located within Fayette County, Kentucky; provided that nothing contained in this Agreement will prevent Lender from bringing any action, enforcing any award or judgment or exercising any rights against Subordinated Creditor individually, against any security or against any property of Subordinated Creditor within any other county, state, or other foreign or domestic jurisdiction. Lender and Subordinated Creditor agree that the venue provided above is the most convenient forum for both Lender and Subordinated Creditor. Subordinated Creditor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.*
- 11.15 **Waiver of Jury Trial.** *THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. SUBORDINATED CREDITOR AND LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.*

Subordinated Creditor acknowledges that Subordinated Creditor has read and understood all the provisions of this Agreement, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

Signed on March 16, 2018.

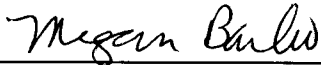
SUBORDINATED CREDITOR:

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

By: 
Print Name: Jim Gray
Title: Mayor

LENDER:

CENTRAL BANK & TRUST CO.

By: 
Print Name: Megan Barlow
Title: V.P.

NEW COMMERCIAL LOAN – CENTRAL BANK & TRUST– SUBORDINATION AGREEMENT

ACKNOWLEDGMENT OF BORROWER

HOPE CENTER PERMANENT HOUSING, LLLP, Borrower referred to in the foregoing Subordination Agreement, hereby accepts and acknowledges receipt of a copy of the foregoing Subordination Agreement this 16th day of March, 2018, and agrees that it will not pay any of the Subordinated Indebtedness (as defined in the foregoing Agreement) owing by it to Subordinated Creditor, except as the foregoing Agreement provides, or take any other action in contravention of the provisions of the foregoing Agreement and that all other terms, covenants and provisions of the foregoing Agreement will be duly performed and observed. In the event of a breach by Borrower or Subordinated Creditor of any of the terms, covenants or provisions herein or of the foregoing Agreement, then, in addition to and not in lieu of any other right or remedy of Lender, all of the Obligations (as defined in the foregoing Agreement) will, at the option of Lender, and without presentment, demand, protest or notice of any kind, become immediately due and payable.

BORROWER:

**HOPE CENTER PERMANENT
HOUSING, LLLP**, a Kentucky limited
partnership

By: HOPE CENTER, INC., a Kentucky
non-profit corporation, its General
Partner

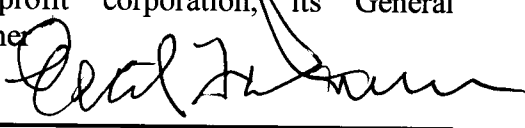
By: 
Print Name: Cecil F. Dunn
Title: Executive Director

EXHIBIT A

1. Description of Subordinated Indebtedness: A deferred loan in the principal amount of \$400,000 accruing interest at 0% per annum.
2. Permitted Payments on Subordinated Indebtedness: \$0
3. Permitted Collateral for Subordinated Indebtedness: All of Borrower's right, title and interest in and to certain real estate located at 298 West Loudon Avenue, Lexington, Kentucky in Fayette County, Kentucky.

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 16th day of March 2018 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **HOPE CENTER PERMANENT HOUSING, LLLP**, a Kentucky limited partnership, whose principal address is P.O. Box 6, Lexington, Kentucky 40588 (hereinafter referred to as the "Borrower").

WITNESSETH:

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

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

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

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

WHEREAS, on July 17, 2017 and August 9, 2017, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (hereinafter referred to as the "Program") which was accepted by Borrower on August 9, 2017 ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

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

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

Article 1 - Commitment

1.1 LFUCG'S COMMITMENT. Pursuant to the Application, the Commitment Letter and this Agreement, LFUCG will make available an amount not to exceed **FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$400,000.00)** ("Loan") to Borrower from the Fund. Affordable Housing Funds will be disbursed by LFUCG to Borrower in accordance with the requirements set forth in this Agreement and conditioned upon Borrower's continued satisfactory performance under the terms of this Agreement. The Loan will be made available in the form of a **FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$400,000.00)** 15-year deferred loan, which shall accrue interest at the rate of zero percent (0%) per annum. The Loan will be evidenced by one or more promissory notes ("Notes") in form and substance satisfactory to LFUCG payable to LFUCG and signed by Borrower. Principal and interest (if any) of the Loan shall be amortized in

equal, consecutive installments of principal and accrued but unpaid interest, commencing as set forth in the Notes and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due April 1, 2033 (“Maturity Date”). In the event of any inconsistency between the Application, the Commitment Letter and this Agreement, this Agreement will control. The Loan will be expended only for the purpose of construction of the Property (defined below) described in the mortgage(s) executed pursuant to Section 1.2 below and in conformity with the other provisions of this Agreement, the Commitment and the Application. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default (as hereinafter defined) has occurred and is continuing.

1.2 MORTGAGE; OTHER SECURITY. The performance of the Borrower’s obligations under this Agreement shall be secured by a mortgage lien, or mortgage liens, in favor of LFUCG in the total principal amount of the Loan in form and substance satisfactory to LFUCG. In the sole discretion of LFUCG and with permission of Senior Lender, the performance of Borrower’s obligations under this Agreement may also be secured by an Assignment of Leases and Rents, Security Agreement, UCC-1 Financing Statement, Fixture Filing, and such other documents as LFUCG may in its sole discretion require (collectively, the mortgage(s) and the other security documents described in this subsection are referred to as the “Security Documents”, as attached hereto as Exhibit C, the terms and conditions of which are incorporated herein).

1.3 ELIGIBLE ACTIVITY. The Loan has been made available based upon the information provided by Borrower in the Application. The sole purpose of this allocation is to construct permanent residential housing known as Hope Center Permanent Housing, located at 298 West Loudon Avenue, Lexington, Kentucky, (“Project” or “Property”).

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

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, until the first date of construction at which time a valid Senior Mortgage, with Central Bank & Trust Company, a Kentucky banking corporation (“Senior Lender”), in the amount of \$5,800,000, shall be recorded except easements, restrictions, stipulations and rights-of-way of record, applicable zoning rules and regulations and taxes which may be due and payable or which have been assessed and become a lien against the property whether or not yet due and payable;

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

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

2.2 Borrower understands and acknowledges that projects assisted with LFUCG

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

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

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

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

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

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

may be bound or affected.

ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT

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

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

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

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

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

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

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

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

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

3.6 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorneys' fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **FOUR THOUSAND AND 00/100 DOLLARS (\$4,000.00)**.

3.7 RESERVE FUND FOR REPLACEMENT. Borrower will deposit the amount of \$400 per unit annually into a Reserve Fund for Replacements Account ("Reserve Fund") or an amount equal to \$19,200; commencing at the date of construction completion and continuing annually throughout the term of the loan. All funds will be deposited into an account maintained by Borrower, and will be monitored by LFUCG during the compliance period. Reserve Fund disbursements will be only for the purposes of making necessary repairs to the Premises or replacement of furniture or fixtures, upon written request of Borrower and with the approval of LFUCG, which approval will not be unreasonably withheld.

The Reserve Fund will be maintained in accordance with LFUCG policy including minimum balances that must be maintained, frequency of requests for disbursements, as well as eligible disbursements.

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

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

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

ARTICLE 4 - CONSTRUCTION LOAN TERMS

4.1 PLANS AND SPECIFICATIONS. Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads,

sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing Program requirements. Said plans and specifications may be subject to minor changes as required to comply with state and local building codes and to conform to the Property, provided such changes are approved by LFUCG. In addition to said plans and specifications, Borrower will prepare or cause to be prepared from time to time such additional plans and drawings, including working drawings, shop drawings and supplemental specifications, as may be necessary or desirable to facilitate expeditious construction of the improvements in accordance with the approved plans and specifications and will cause copies of all such additional items to be delivered to LFUCG. All of said plans and specifications and any such additional items so approved are hereinafter collectively referred to as the "Plans and Specifications." Borrower will not deviate nor permit any such deviation from the Plans and Specifications without the prior written consent of LFUCG.

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

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

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

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

improvements are, or will be, free of faulty materials or workmanship.

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

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

ARTICLE 5 – BREACH OR DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Borrower (A) becomes bankrupt, or ceases, becomes unable, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, creditors; (B) applies for, or consents (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Borrower or of a substantial portion of its assets, or authorizes such

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

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

5.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not cured within thirty (30) days from the date LFUCG notifies Borrower and Borrower's limited partner of the breach or default in writing, LFUCG may continue suspension of disbursements. However, any limited partner of the Borrower shall have the right, but not the obligation, to cure any default on the same terms and conditions as Borrower, and such cure shall be accepted or rejected by LFUCG, as if such cure was made by Borrower. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower. In the event of a termination, Borrower's authority to draw Affordable Housing Funds will terminate as of the date of the notice of termination and Borrower will have no right, title or interest in or to any remaining Affordable Housing Funds.

5.4 MISAPPROPRIATION OF FUNDS. Borrower will be liable for any and all misappropriation of Affordable Housing Funds, audit exceptions by state or federal agencies, and violations of the terms of this Agreement. LFUCG also has the right to require Borrower to repay to LFUCG a portion of or all Affordable Housing Funds drawn by Borrower in cases of breach involving misappropriation of funds or fraudulent uses of funds.

5.5 RIGHTS UPON DEFAULT. If one or more of the events of default described above occur, LFUCG may declare Borrower to be in default under this Agreement by giving not less than 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.

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

ARTICLE 6 – RECORDS; REPORTING

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

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

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

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

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

ARTICLE 7 - MISCELLANEOUS

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

Borrower: Hope Center
P.O. Box 6
Lexington, Kentucky 40588
ATTN: Cecil Dunn, Executive Director

With a copy to the Senior Lender: Central Bank & Trust Company
300 West Vine Street
Lexington, Kentucky 40507
ATTN: Megan Barlow

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

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

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

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

Nondiscrimination and Equal Opportunity requirements [24 CFR §5.105(a)]
Chapter 2, Article 2, §§2-26 – 2-46 of the Code

7.4 SUSPENSION AND DEBARMENT. Borrower certifies by submission of its application and execution of this Agreement that to the best of its knowledge and belief after reasonable investigation, that it and/or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any transaction under this Agreement by any federal department or agency, or under LFUCG's Suspension and Debarment Policy. Borrower further agrees that any future principal will meet the requirements of this section.

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

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

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

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

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

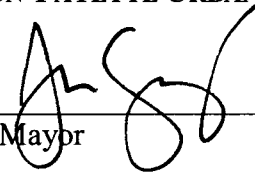
7.10 WAIVER. LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed as a waiver of any other term or condition of this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

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


7.12 SUBORDINATION TO SENIOR CONSTRUCTION LOAN. This Agreement, and all documents executed in connection with this Agreement, are subject to a Subordination Agreement between Central Bank & Trust Co. and LFUCG, dated March 16, 2018.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Jim Gray, Mayor

ATTEST:


Clerk, Urban County Council

HOPE CENTER PERMANENT HOUSING, LLLP,
A KENTUCKY LIMITED PARTNERSHIP

BY: HOPE CENTER, INC.,
A KENTUCKY NON-PROFIT, ITS GENERAL PARTNER

BY: 
CECIL DUNN, EXECUTIVE DIRECTOR

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this 16th day of March 2018, by Cecil Dunn as Executive Director of Hope Center, Inc., a Kentucky non-profit corporation, as General Partner of Hope Center Permanent Housing, LLLP.



Notary Public

My commission expires: Jana Syrele
Notary ID: 528545
Expiration: 3/23/19

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

\$400,000.00

March 16, 2018

FOR VALUE RECEIVED, HOPE CENTER PERMANENT HOUSING, LLLP, a Kentucky limited partnership, whose principal address is 360 W. Loudon Avenue, Lexington, KY 40508 (the "Maker") promises to pay to LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT ("LFUCG"), an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **FOUR HUNDRED THOUSAND AND 00/100 (\$400,000.00)** or lesser amount as may be endorsed on this Deferred Promissory Note on behalf of LFUCG, at the rate of zero percent (0%) per annum

A. Payments shall be required as follows:

1. Interest on the outstanding principal *calculated in the manner set forth below* shall be due and payable in arrears on the 1st day of each month beginning on April 1, 2018 and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
2. Unless otherwise agreed to in writing, or otherwise required by applicable law, payments shall be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid costs or charges, provided however, upon an Event of Default, LFUCG reserves the right to apply payments in its sole discretion;
3. Any payment due under this Note on a day which is not a business day shall be made on the succeeding business day and any resulting extension of time shall be included in the computation of the interest payment amount.
4. All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed.
5. Subject to Paragraph B below, the entire principal balance, together with all interest accrued and unpaid thereon and all other sums due under this Note shall be due and payable on April 1, 2033, (the "Maturity Date").

B. However, so long as the Maker does not commit or participate in any event of breach or default as defined in Sections 5.1 and 5.2 of the Loan Agreement, and if such event of breach or default has occurred without cure or continues to occur without cure under the Maker's ownership, the Maker's obligation to pay, if requested by LFUCG, the principal of this Deferred Loan Promissory Note shall be deferred until April 1, 2033.

If any payment required under this Note is not paid within ten (10) days after such payment is due, the undersigned will pay to LFUCG or the subsequent holder of this Note a late charge equal to five percent (5%) of the amount of such payment or Twenty-five Dollars (\$25.00), whichever is

greater, up to a maximum of One Thousand Five Hundred Dollars (\$1,500.00) per late charge to compensate LFUCG for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to LFUCG.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Commitment Letter (the "Commitment Letter") dated July 17, 2017 and August 9, 2017, and a Loan Agreement between the undersigned and LFUCG ("Loan Agreement"), of even date herewith, providing a Deferred loan of **FOUR HUNDRED THOUSAND AND 00/100 (\$400,000.00)** and this Note is expressly subject to and will be bound by the terms and conditions set forth in such Commitment and Loan Agreement as if all of such terms and conditions were expressly set forth herein. Terms used herein and not otherwise defined shall have the meaning set forth in the Loan Agreement, Mortgage and any other agreement related to the Loan (collectively, "Loan Documents").

If (1) any installment of interest or the payment of principal required by this Note remains unpaid for more than 10 days after the due date thereof, (2) the undersigned or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding that is not dismissed within 90 days of the filing or initiation of the proceeding (3) the undersigned fails to observe or perform any of the terms of this Note or (4) there is any default by undersigned under the Loan Agreement, the Mortgage or any other document, instrument or agreement providing any security for this Note, then, in any of those events, LFUCG or the holder of this Note may declare the remaining principal balance of this Note (or so much thereof as may have been advanced) to be immediately due and payable. In the event of default under this Promissory Note, interest shall accrue on the entire unpaid balance at a rate of twelve percent (12%) per annum from the date the default is declared until the default has been cured.

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

This Note is also secured by and is the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the undersigned for the real estate located at 298 W. Loudon Avenue, Lexington, Kentucky, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of such terms and conditions were expressly set forth herein. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and shall be evidenced by this Note, shall be secured by the Mortgage and the other Loan Documents.

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

(a) agree to remain and continue to be responsible for the payment of the principal of and interest on this note notwithstanding any extension or extensions of time of the payment of

the principal or interest, or any change or changes by way of release or surrender of any collateral, real or personal, held as security for the payment of this Note, and waive all and every kind of notice of such extension or extensions, change or changes and agree that the same may be made without the joinder of any such persons;

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

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

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

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

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

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

Neither, the undersigned, nor any of the partners (or their respective officers or directors) shall have any personal liability under this note or any other Loan Document for the repayment of the indebtedness evidenced by this note or for the performance of any other obligations of the undersigned under the Loan Documents (collectively, the "Indebtedness"), and LFUCG's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LFUCG's exercise of its rights and remedies under the Loan Documents with respect to the Premises (as defined in the Mortgage) and any other collateral held by LFUCG as security for the Indebtedness. This limitation on the undersigned's liability shall not limit or impair LFUCG's enforcement of its rights against any indemnitor or guarantor pursuant to any agreement of indemnity or guaranty. Notwithstanding the foregoing provisions, the undersigned shall be fully and personally liable for damages to LFUCG resulting from (i) the undersigned's fraud or misrepresentation, whether affirmative or by omission; (ii) the misapplication of (a) proceeds of insurance covering any portion of the Premises, or (b) proceeds of condemnation of any portion of the Premises or proceeds from the sale or conveyance of any portion of the Premises in lieu of condemnation; (iii) all reasonable costs and expenses including court costs and reasonable attorney's fees incurred in collecting any of the foregoing.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

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

This **MORTGAGE** ("Mortgage"), is made and entered into this ^{16th} day of March 2018 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (herein "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **HOPE CENTER PERMANENT HOUSING, LLLP**, a Kentucky limited partnership, whose principal address is P.O. Box 6, Lexington, Kentucky 40588 (herein "Mortgagor").

WITNESSETH:

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

WHEREAS, Mortgagor is indebted to LFUCG for monies loaned or to be loaned to Mortgagor under the terms of an Affordable Housing Fund Loan Agreement (the "Loan Agreement") of even date herewith, between Mortgagor and LFUCG providing for an Affordable Housing Fund loan in the amount of **FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$400,000.00)** (the "Loan"); and

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

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

NOW, THEREFORE, MORTGAGOR, in consideration of the Loan, hereby conveys to LFUCG, with covenant of general warranty all of Mortgagor's right, title and interest in and to certain real estate located at 298 West Loudon Avenue, Lexington, Kentucky in Fayette County, Kentucky (more particularly described in Exhibit A attached hereto and incorporated herein by reference) (the "Property");

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

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

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

LFUCG, its successors and assigns forever, against all claims and demands whatsoever adverse to the interest of LFUCG, at Mortgagor's sole expense. "Permitted Encumbrances" means the exceptions noted in the title policy obtained by Borrower in connection with the Premises.

THIS MORTGAGE is given to secure: (a) Payment of the Loan, if required, same being evidenced by a promissory note of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to LFUCG, in the principal amount of **FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$400,000.00)** (hereafter the "Note"), 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 April 1, 2033, as more particularly described in the Note; and (b) payment by Mortgagor of its obligations to LFUCG of all sums expended or advanced by LFUCG pursuant to any provisions and performance of each and every of LFUCG's and Mortgagor's respective covenants, conditions and agreements contained in this Mortgage, the Note, the Loan Agreement 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 LFUCG pursuant to this Mortgage for the protection of the Premises and all other security for the Loan.)

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

1. Mortgagor agrees to pay the principal of and interest on the Loan evidenced by the Note and secured hereby, to be paid at the times and in the manner provided in the Note.
2. Mortgagor will pay or will have paid all taxes, assessments, and other similar charges levied upon the Premises before the same become delinquent, and will promptly deliver to LFUCG, if requested, receipts of the proper officers therefor; Mortgagor's failure to pay or to have paid any such charges shall at LFUCG's election constitute a default hereunder. Or, at LFUCG's sole option in the event of delinquency, LFUCG may pay such delinquent taxes, assessments, and charges, including any penalties or interest thereon (of which payment, amount and validity thereof, the receipt of the proper officer shall be conclusive evidence) and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor, shall be secured by this Mortgage and shall bear interest from date of advance until paid at an annual rate equal to twelve percent (12%).
3. Subject to the interest of any senior lender, Mortgagor hereby assigns to LFUCG all leases and rents, revenues, issues and profits of the Premises (whether or not payable under a lease) as further security for the payment of all amounts by Mortgagor and performance of all Mortgagor's obligations under the Loan Documents, and grants LFUCG the right to enter on the Premises for the purpose of collecting same, and to promote, manage and/or operate the Premises or any part thereof in such manner as LFUCG may elect, and to apply the revenues received therefrom, after payment of all necessary charges and expenses, to the obligations secured by this Mortgage, upon Mortgagor's default under any covenants, conditions, or agreements contained in the Note, herein or in any other Loan Document. While this is a present assignment, LFUCG will not exercise its rights hereunder unless and until Mortgagor shall be in default hereunder or Mortgagor shall be in default under any other Loan Document. Mortgagor shall, and hereby agrees that it will, indemnify LFUCG, its officers, agents and employees for and hold each of them harmless from any and all claims and demands whatsoever which may be asserted against LFUCG, its officers, agents or employees by reason of any actual or alleged undertakings or obligations on LFUCG's part to perform or discharge any terms, covenants or agreements relative to use or occupancy of the Premises or any part thereof or for waste committed or permitted on the Premises, or by reason of any actual or allegedly dangerous or defective condition or conditions of the Premises resulting in loss or injury to any lessee or to any other person, including LFUCG's reasonable costs and attorney's fees incurred by reason of any of the foregoing. Provided, that said obligation to indemnify LFUCG shall not apply to any loss, injury or damage caused by the gross negligence or willful misconduct of LFUCG, its officers, agents or employees.
4. Mortgagor, at its own expense will maintain with admitted insurers authorized to do business in the Commonwealth of Kentucky against claims for bodily injury, personal injury, death or property damage occurring on, in or about the Premises or as a result of ownership of the improvements located on the Premises in amounts not less than as set forth in the Loan Agreement. Mortgagor further covenants to keep the improvements now existing or hereafter

erected on or in the Premises insured against loss or damage by, or abatement of rental income, resulting from fire and "all risk" perils. Mortgagor covenants to maintain flood insurance as required by the Flood Disaster Protection Act of 1973, as amended and any additional flood insurance required by LFUCG. All perils insured, with the exception of flood, shall be in an amount not less than the full replacement value of the property. Mortgagor agrees to promptly pay or have paid when due all premiums on such insurance and further agrees, if requested by LFUCG, to furnish a certificate from the company carrying such insurance acknowledging that such insurance is adequate in an amount to prevent the operation of any coinsurance provision contained therein. All such insurance shall be carried by companies approved by LFUCG in its reasonable discretion and, the policies and renewals thereof shall be deposited with and held by LFUCG. All policies of insurance required to be maintained by Mortgagor pursuant to this paragraph 4 shall name as the insured parties Mortgagor and LFUCG, shall be reasonably satisfactory to LFUCG and shall: (a) provide for the benefit of such holder or holders, that thirty (30) days' prior written notice of suspension, cancellation, termination, modification, non-renewal or lapse or material change of coverage shall be given to all insured parties and that such insurance shall be given to all insured parties and that such insurance shall not be invalidated by any act or neglect of Mortgagor or LFUCG or any owner of the Premises, nor by any foreclosure or other proceedings or notices thereof relating to the Premises or any interest therein, nor by occupation of the Premises for purposes more hazardous than are permitted by such policy and (b) not contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Premises against the peril involved, whether collectible or not.

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

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

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

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

6. 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, leases as have been approved by LFUCG and the lien of general and special taxes duly levied and assessed but not yet -due and payable, without prior written consent of LFUCG by its duly authorized officer (except for any charge, lien or encumbrance evidencing a senior construction loan made by Central Bank & Trust Company. Mortgagor will pay or will have paid promptly when due any charges for utilities or services including but not limited to electricity, gas and water; should Mortgagor or any tenant fail to pay such charges, LFUCG may pay the same, and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor with interest at the rate specified in numerical paragraph (2) hereof until paid, and same shall be secured by this Mortgage.

7. Subject to the rights of any senior lender, 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 LFUCG, who may collect and receive the same and give proper receipts therefor in the name of Mortgagor, and the same shall be paid forthwith to LFUCG. To such end, subject to the rights of any senior lender, Mortgagor hereby grants to LFUCG the Mortgagor's power of attorney (which power of attorney is a power coupled with an interest and shall be irrevocable for the term of this Mortgage). Any award or payment so received by LFUCG during the continuation of any default or threatened default may, at the sole option of LFUCG, be retained and applied, in whole or in part, to the Loan (whether or not then due and payable), in such manner as LFUCG may determine and/or released, in whole or in part, to Mortgagor for the purpose of altering, restoring, or rebuilding any part of the Premises which may have been affected by such taking, alteration, or proceeding. Provided that absent the continuation of default or threatened default LFUCG will release said sums to Mortgagor, to be applied to restoration of the Premises. LFUCG shall not be obligated to see to the application of any amounts so released to Mortgagor. In the event of a material and adverse effect upon the value of the Premises by reason of any such damage, taking or acquisition, and should the proceeds or award payable therefor not satisfy in full the Loan, same shall constitute an event of default hereunder and on the Loan and Note.

8. If LFUCG shall incur or expend any sums, including reasonable attorneys' fees, to sustain the lien of this Mortgage or its priority, or to protect or enforce any of LFUCG's rights hereunder or under any other 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 specified in numerical paragraph (2) hereof until paid. All such sums shall be secured by this Mortgage and shall be a lien on the Premises prior to any right, title, interest, or claim, in, to or upon the Premises attaching or accruing subsequent to the lien of this Mortgage.

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

extent LFUCG may deem advisable to protect its interest in the Premises. In the event that LFUCG should so elect, then any and all sums so expended by LFUCG relative to effecting any such cure shall become immediately due and owing LFUCG by Mortgagor, shall be secured hereby and shall bear interest at the rate specified in numerical paragraph (2) hereof until paid.

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

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

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

14. Subject to Section 5.3 of the Loan Agreement, in the event of Mortgagor's default in the performance of any of the covenants and conditions contained in this Mortgage or in the event of Mortgagor's default in payment of the Loan or any part thereof, or in the Note or under any other Loan Document and (absent an express contrary grace or curative period) shall such failure, omission or default not have been fully corrected by Mortgagor, as applicable, to the complete satisfaction of LFUCG within thirty (30) days after LFUCG gives Mortgagor and Mortgagor's limited partner written notice of the occurrence of any such default; or any of them and shall such default remain uncured beyond any applicable grace or curative period; or in the event any representation or warranty of the Mortgagor herein contained, or in the event any representation or warranty of the Mortgagor contained in any other Loan Document shall prove to be untrue or misleading in any material respect; or in the event of any petition in bankruptcy, receivership, or reorganization filed by or against Mortgagor and shall same not be vacated within sixty (60) days), any assignment or composition for the benefit of creditors made or entered into by Mortgagor, or in the event of any judgment or proceeding entered or brought against Mortgagor or the Premises or to foreclose any lien thereon or on any part thereof; or in the event of a substantial adverse change in financial position of Mortgagor; or in the event of an unauthorized encumbrance or change in direct ownership of the Premises by Borrower or of any other security for the Loan; or if in the opinion of LFUCG there is any material decline in the value of the Premises or any other security for the Loan; or should Mortgagor default on any other indebtedness now or hereafter owing LFUCG by Mortgagor beyond any applicable grace or curative period; then, and in such event, at LFUCG's sole option, without further notice or

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

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

16. Mortgagor represents and warrants that no hazardous substances are present on the Premises. Furthermore, Mortgagor represents, warrants and agrees that Mortgagor will not use, generate, treat, store, dispose of or otherwise introduce any such hazardous substances into or on the Premises. Mortgagor represents, warrants and agrees that there is no current and will be no future unlawful physical (including environmental, natural, artificial, structural or chemical) hazard or potential hazard (including, without limitation, the presence, accumulation or storage of any toxin, toxic waste, toxic affluent or discharge) or condition in or on or affecting the Premises or affecting the health of any person in or on the Premises. The Mortgagor shall pay immediately when due the cost of removal of any such wastes or substances, and shall keep the Premises free of any lien imposed pursuant to laws, rules, regulations and orders pertaining to hazardous wastes or substances and the removal thereof; in the event Mortgagor fails to do so, it shall be deemed an Event of Default. The Mortgagor shall indemnify LFUCG and hold LFUCG harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and cost incurred in the investigation, defense and/or settlement of claims) that LFUCG may incur as a result of or in connection with the assertion against LFUCG of any claim relating to the presence or removal of any hazardous waste or substance referred to in this paragraph, or compliance with any federal, state or local laws, rules, regulations or orders relating thereto. The obligations of Mortgagor under this paragraph to indemnify LFUCG and hold LFUCG harmless shall survive payment of the Loan and Note and shall survive release of this Mortgage and shall extend to the representatives, successors and assigns of LFUCG.

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

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

19. No delay or omission on the part of LFUCG in exercising any right or remedy hereunder or under any other Loan Documents shall operate as a waiver of such right or remedy or any other right or remedy. A waiver by LFUCG on any one occasion shall not be a bar to or waiver of any right or remedy on any further occasion. The rights and remedies provided herein and in the other Loan Documents are cumulative, and LFUCG 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 LFUCG unless same shall be in writing by its duly authorized officer; any such waiver shall be construed strictly according to its terms.

20. For avoidance of doubt, notwithstanding anything to the contrary contained in the Loan Documents, neither the Borrower nor any of its partners (or their respective officers) shall have any personal liability under the Loan Documents for the repayment of the indebtedness evidenced by the Note or for the performance of any other obligations of the undersigned under the Loan Documents (collectively, the "Indebtedness"), and LFUCG's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be LFUCG's exercise of its rights and remedies under the Loan Documents with respect to the Premises (as defined in this Mortgage) and any other collateral held by LFUCG as security for the Indebtedness. Additionally, any partner of the Borrower may make unsecured loans to the Borrower in accordance with the terms of the Borrower's Amended and Restated Limited Partnership Agreement (the "Partnership Agreement"). Additionally, the limited partner of the Borrower shall have the right to remove the general partner in accordance with the terms of the Partnership Agreement. Finally, the limited partner of the Borrower may transfer its interest in the Borrower in accordance with the Partnership Agreement without the consent of or notice to LFUCG.

21. Subject to Section 20 of this Mortgage, 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 LFUCG, or in the event of any such inconsistency as between or among any two (2) or more Loan Documents, then in any such event LFUCG shall have the right at its sole option to elect which of such provisions shall govern.

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


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

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

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

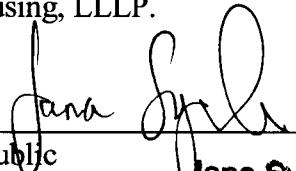
**HOPE CENTER PERMANENT HOUSING, LLLP,
A KENTUCKY LIMITED PARTNERSHIP**

**BY: HOPE CENTER, INC.,
A KENTUCKY NON-PROFIT, ITS GENERAL PARTNER**

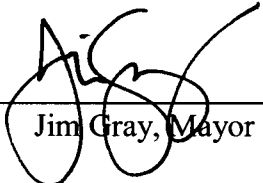
BY: 
CECIL DUNN, EXECUTIVE DIRECTOR

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this 16th day of March 2018, by Cecil Dunn as Executive Director of Hope Center, Inc., a Kentucky non-profit corporation, as General Partner of Hope Center Permanent Housing, LLLP.



Notary Public
Jana Syrcle
Notary ID: 528545
Expiration: 3/23/19
My commission expires: _____

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Jim Gray, Mayor

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 15 day of March, 2018, by Jim Gray, as Mayor of Lexington-Fayette Urban County Government, for and on behalf of said Lexington-Fayette Urban County Government.

My commission expires: 28-Dec-2019

Notary Public #547793

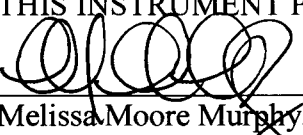
THIS INSTRUMENT PREPARED BY:

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

EXHIBIT "A"

The Property:

Tract 1:

Being all of Lot 1A as shown on the Amended Final Record Plat of Palumbo Property Lots 1 & 14, of record in Plat Cabinet N, Slide 312, in the Fayette County Clerk's Office; said property being known and designated as 298 West Loudon Avenue;

LESS AND EXCEPT the 0.10 acre parcel shown on the Public Acquisition Minor Plat of the Hope Center Trail right of way for the Lexington-Fayette Urban County Government, of record in Plat Cabinet R, Slide 455, in the Fayette County Clerk's Office.

Tract 2:

Being that certain Access Easement dated March 1, 2018 in favor of Hope Center, Inc., its successors and assigns, of record in Deed Book 3564, Page 203, in the Fayette County Clerk's Office.

Source of Title:

Being a part of the same property conveyed to the Hope Center, Inc., a Kentucky non-profit corporation, by deed dated April 11, 2005, of record in Deed Book 2542, Page 453, in the Fayette County Clerk's Office.