

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 18th day of July 2016 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (hereinafter referred to as the "Borrower").

WITNESSETH:

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

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

WHEREAS, Borrower by application dated December 10, 2015 (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 the 22nd of May, 2016, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (hereinafter referred to as the "Program") which was accepted by Borrower ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

WHEREAS, the project for which Borrower has been approved includes construction activities and/or rehabilitation 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 **THREE HUNDRED SIXTY-THREE THOUSAND ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)** ("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 25-year amortizing mortgage loan, which shall accrue interest at the rate of two percent (2%) per annum from the date of the completion of the construction and/or renovation or July 1, 2017, whichever date occurs first, until paid in full. The Loan will be evidenced by a promissory note ("Note") 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 monthly installments of principal and accrued but unpaid interest, commencing as set forth in the Note and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due August 1, 2032 ("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, renovation and/or rehabilitation 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, 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 of funds is and will be to construct and renovate two (2) rental duplex units. ("Project"). The Project shall be constructed at 434 - 436 Chestnut Street and 209 - 211 Eastern Avenue ("Site").

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

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, except 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 construction, rehabilitation, 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, construction, or rehabilitation 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 **AFFORDABILITY PERIOD.** 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.

3.3 **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.

3.4 **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.

3.5 **RESERVE FUND FOR REPLACEMENT.** Borrower will deposit the amount of **ONE THOUSAND THREE HUNDRED AND 00/100 DOLLARS (\$1,300.00)** annually into a Reserve Fund for Replacements Account ("Reserve Fund"). All funds will be deposited into a separate account approved by LFUCG in its sole discretion ("Bank") by Borrower, and will be monitored by

LFUCG during the compliance period. The Bank shall maintain the Reserve Fund for the benefit of Borrower and will disburse the amounts deposited therein only for the purposes of 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.

3.6 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.

3.7 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorney's fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **THREE THOUSAND SIX HUNDRED THIRTY-TWO AND 00/100 DOLLARS (\$3,632.00)** payable to LFUCG at the date of the closing.

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

3.9 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 construction, acquisition, rehabilitation 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 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), 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 un-dismissed 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 of the breach or default, LFUCG may continue suspension of disbursements. Additionally, LFUCG may declare the loan

and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower. In the event of a termination, Borrower's authority to draw Affordable Housing Funds will terminate as of the date of the notice of termination and Borrower will have no right, title or interest in or to any remaining Affordable Housing Funds.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6 – RECORDS; REPORTING

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

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

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

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

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

ARTICLE 7 - MISCELLANEOUS

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

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

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

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

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

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

7.4 SUSPENSION AND DEBARMENT. Borrower certifies by submission of its application and execution of this Agreement that to the best of its knowledge and belief after

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

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

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

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

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

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

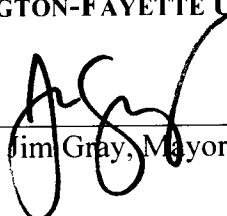
7.10 WAIVER. LFUCG may waive Borrower's performance of any of the terms of this Agreement or Borrower's default hereunder; provided, however, such waiver must be in writing, signed by LFUCG, and any such written waiver hereunder will not be construed as a waiver of any other term or condition of this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

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

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

EXHIBIT A
(Application)

RENTAL PRODUCTION APPLICATION

LFUCG HOME Program

Last Date Modified: _____

Project/IDIS #: _____

A. General Information

Development Information

Project Name: Fayette County Local Development Corp. CHDO Operations
 Street Address: 148 DeWeese Street Neighborhood: East End
 Lexington, KY Zip: 40507 Council District: 1 Census Tract: _____

Total Rental Units: 4 Construction Type: Rehab & New Const.
 # of HOME Units: 4 Fixed or Floating HOME Units? Fixed
 Low Income Housing Tax Credit Project? No Type of LIHTCs: _____

Project Summary *Briefly describe your project.*

FCLDC, at the completion of the projects pending, will have 50 affordable housing units in its inventory, 48 of those properties are located in the East End. These properties are made available to, and increase the housing choices for those low-income renters whose household income is at or below 60% of the AMI for Lexington-Fayette County. These units are self-managed by the FCLDC.

Assistance Requested *(info comes from other worksheets)*

Total Project Development Costs (TDC)	\$598,187	\$149,547
HOME Permanent Subsidy	\$220,000	\$55,000
Other Permanent Subsidy	\$0	\$0
Total Permanent Subsidy	\$220,000	\$55,000

Developer Information

Entity Name: Fayette County Local Development Corp Federal I.D. #: 61-1057380
 Contact Person: Norman P. Franklin Phone: 859-254-6212
 Address: 148 DeWeese Street Email: norman@ullexfay.org
 City: Lexington State: KY Zip: 40507-1921

Legal Form: Non-Profit Corp
 If non-profit, registered with the State of KY? Yes
 Non-profit determination been made by the Internal Revenue Service? Yes
 If yes, indicate IRS designation: 501(c)(3)
 Community Housing Development Organization (CHDO)? Yes
 Is the CHDO designation from LFUCG? Yes

Explain the role and activities of the non-profit sponsor in the development. Check which apply

Developer: Marketing Other: _____
 General Contractor: Carries Liability Insurance
 Owner: Carries Liability/Property

Describe the ownership structure of the project and explain the role of any non-profits in the project

The properties are owned by FCLDC, with commercial mortgages that require monthly debt service, and CHDO development fund that require a 20 year period of affordability. There is no repayment requirements unless FCLDC fails to maintain as income restricted for renters at or below 60% of the AMI for Lexington-Fayette County.

General Partner/Corporate Officer Information (if applicable)

(List Managing General Partner on first line.)

Ownership %

Name: _____ Fed. ID/Soc. Sec. # _____
 Name: _____ Fed. ID/Soc. Sec. # _____
 Name: _____ Fed. ID/Soc. Sec. # _____

B. Development Plan Information

Primary Unit Type: Duplex Target Population: Family
 Additional Unit Type: _____ Group Home? _____
 Total Residential Square Feet: 4.174 Avg Square Feet Per Unit: 1044
 Total number of Buildings planned 2 Buildings
 Year Oldest Existing Building Constructed 1960

Structural System Frame Basement Crawlspace Exterior Other
 Parking _____

Energy and Equipment Information

Energy Star? Yes Other Green Certification(s) _____

Heating System: Electric Yes
 Air Conditioning System: Central Forced Air Yes
 Domestic Hot Water: Electric Yes

Equipment included with Income Restricted Units (check those that apply)

<input type="checkbox"/> Microwave	<input checked="" type="checkbox"/> Refrigerator	<input checked="" type="checkbox"/> Kitchen Exhaust Duct	Other: _____
<input checked="" type="checkbox"/> Range & Oven	<input checked="" type="checkbox"/> Ceiling Fans	<input type="checkbox"/> Common On-site Laundry	_____
<input checked="" type="checkbox"/> Garbage Disposal	<input type="checkbox"/> Fireplace	<input type="checkbox"/> Security Alarm	_____
<input checked="" type="checkbox"/> Dishwasher	<input checked="" type="checkbox"/> Blinds/Drapes	<input type="checkbox"/> Laundry Equipment	_____

C. Site Information

On the worksheet "1a)Properties" enter all properties included in the project site(s)

Project Site Area (utilized for proposed development): _____
 Are any project buildings in a National or local historic district? No
 Have you already acquired the project property? Yes
 Was the property occupied at the time you obtained ownership? No
 If vacant at purchase, how many months had it been vacant? 24
 Did/will you acquire the property with clear title and no debt? Yes
 Is this an "Arms-Length" transaction, meaning the buyer and seller are acting independently and have no relationship to one another? Yes
 If this is not an Arm's Length Transaction, explain the relationship between buyer and seller

Current Zoning: R-3, Planned Neighborhood Residential Intent

If the project requires a zoning change/waiver, explain where you are in this process.

Will the current site(s) require lots to be subdivided? No

Are the following utilities now located on the site?

Public Water Supply	<u> X </u>
Public Sewer System	<u> X </u>
Natural Gas Distribution System	<u> </u>
Electric Power System	<u> X </u>

Are the following conditions present at the proposed development site?

All or part in 100-yr. floodplain	<u> No </u>	Standing water	<u> No </u>
Railroad tracks within 300 feet	<u> No </u>	Creek, lake, river frontage	<u> No </u>
High tension wires	<u>Unknown</u>	Ravines or steep grades	<u> No </u>
High noise levels	<u>Unknown</u>	Industrial sites	<u> No </u>
Hazardous waste sites	<u> No </u>	Commercial sites	<u> No </u>
Proximity to an airport	<u> No </u>		

Describe any unusual site conditions:

D. Neighborhood & Market Information

Applicants must submit some form of in-house or 3rd party market analysis demonstrating demand for the proposed project. KHC needs/market analyses are acceptable. An appraisal supporting acquisition price will be required.

Explain the need/market demand for the proposed project that insures units will lease up within program deadlines:

As stated in the 2015 Consolidated plan

Explain how you arrived at the projected rents:

Use of HOME rents table

How will you insure lease-up to eligible tenants within 18 months?

We have a waiting list and we implement ongoing marketing

Describe how this project builds on existing and emerging neighborhood anchors (hospital, university, park, school, retail amenities, etc.).

Project increases housing choices for low - income renters

Describe how this project has been coordinated with other neighborhood projects, investments or redevelopment initiatives

The East End Tif developments and private developers investing in the core East End neighborhoods complement the neighborhood and community at large.

Describe the project's proximity to existing transportation & infrastructure assets (sidewalks, bus routes, etc.).

Bus routes are within one block ofm the properties.

E. Development & Draw Schedule

In the chart below, enter the date the item was accomplished, or when it is expected to be accomplished. If an item does not apply to your development, enter N/A or leave blank. NOTE: This or a revised schedule will be included in your written agreement with LFUCG should you be funded.

IDIS Commitment Date (For LFUCG to input)		Month	Year	Est. Draw on LFUCG Funds
Site Control & Predevelopment	Option			
	Contract			
	Closing			
	Zoning			
	Site Analysis			
	Working Construction Drawings			
Construction Loan Closing				
Construction Start				
Construction 1/2 Completed & Drawn				
Marketing Start-Up				
Construction Complete (Certificate of Occupancy)				
All Units Leased				

Total Development Schedule: _____ months \$0

F. Experience & Affiliates

Total does not match funding requested on Summary.

Previous Development Experience

Has the developer completed other residential development projects? Yes

How many housing development projects has the developer completed? 46

How many rental units has the developer been responsible for producing?

New Construction # units: 44 Rehab # units: 2

How many full-time equivalent staff does developer employ? 0

List most recently completed projects.

Project Name	Address	Construction Type	Tenure Type	Target Residents	# Units	Total Devel. Costs

If developer has been involved in residential development projects in some other capacity, please specify:

[Empty box for specifying other residential development projects]

Ongoing Management Experience, Structure & Capacity

Who will perform property management? Developer/Owner will manage in-house

Name of management staff/company: _____

How many units is your staff or 3rd party mgt company currently managing? 50

How many HUD income-restricted units is your staff/mgt company currently managing? 48

Describe staff/mgt company's experience managing HUD income-restricted rental units.

FDLDC in-house property management has facilitated compliance with HUD requirements of income-restricted rental properties since the inception of our affordable rental developments; we are familiar with the required compliance reporting, period of affordability, income caps and rent cost to income ratios.

Describe how the roles of property management, asset management & ongoing compliance will be delegated

FCIDC has a property manager who screens applicants for eligibility; a tenant service coordinator works with the tenants to monitor compliance and documentation for lease renewals.

Affiliated Entities

List any legally affiliated entities (parent organization, subsidiaries, partnerships, etc.).

- 1. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
2. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
3. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____
4. Name: _____ Fed. ID #: _____
Relationship to Applicant: _____

Properties Currently Owned by Applicant & Affiliate Entities

On the worksheet "1a)Properties" enter all properties owned by the applicant and its affiliated entities. LFUCG will check each address for outstanding taxes, code violations, etc.

G. Development Team Information

	Name	Address	Phone	Worked together previously?
Project Mgr.				
Contractor:				
Consultant:				
Attorney:				
Tax Accountant:				
Architect:				
Engineer:				
Property Mgr.:				
Other:				

List subcontractors:	MBE or WBE?
1.	
2.	
3.	
4.	
5.	

Are there any identities of interest between team members? *(An identity of interest is a legal, financial, business, or familial relationship that may make it difficult for parties to act independently or "at arm's length" from one another.)* _____

If yes, provide details of the relationship(s)

Is the Developer, Sponsor, or any other Development Team Member related to an Lexington Urban County Government elected official or employee? _____

If yes, provide details:

Is the Developer, Sponsor, or any other Development Team Member, including any of their owners, partners, or board members CURRENTLY debarred from Federal contracting opportunities by any agency of the Federal Government? (search at www.sam.gov) _____

If yes, provide details:

Has the Developer, Sponsor, or any other Development Team Member listed on the previous page, including any of their owners, partners, or board members EVER been debarred from Federal contracting opportunities by any agency of the Federal Government? _____

If yes, provide details:

H. Supportive Services Information

If you plan to provide supportive services to your tenants, please provide the following:

Description of the population to be served.

Will participation in supportive services be mandatory? _____

Description of the services to be provided and how they will be provided.

I. Relocation

Relocation is the moving of existing residential or commercial occupants from their current space.

Was the property occupied at the time you obtained ownership? No

If vacant at purchase, how many months had it been vacant? 24

Will your development require any households to move temporarily? _____

of households to move temporarily: _____

Will your plans require any occupants to move permanently? _____

of households to move permanently: _____

Will your development require any commercial occupants to move? _____

of commercial occupants to move: _____

If you answered yes to any of the above questions, describe your relocation plan.

J. Required Application Attachments *(in addition to this Excel file)*

- | | |
|---|--|
| 1 Project Area Map | Marketing Plan for Lease Up* |
| 2 Proof of Site Control* | Current Letters for Project Funding/Financing |
| 3 Plans, Specs, Drawing, Renderings* | Organizational or Personal Financial Statement |
| 4 Market Study/Needs Assessment | Organization's Annual Operating Budget or Audit (nonprofits) |
| 5 Appraisal Supporting Pricing for Acquisition* | Plan/Description of Tenant Services* |
| 6 Staff Resumes/References | Any info required by the LFUCG application or RFP |
| 7 Detailed Relocation Plan* | |

**If Applicable. Some documents listed above may be submitted later in the funding process*

K. Applicant Certification

I certify that submission of this application has been duly authorized by the governing body of the applicant and that all information contained in this application and its attachments is complete, true, and accurate to the best of my knowledge.

I certify that all forms of governmental assistance sought or already secured for this project are listed on the Sources & Uses section of this application. The applicant also certifies that should other governmental assistance be sought/secured in the future, applicant shall notify LFUCG promptly (within 5 business days).

I understand that awards will be made on a competitive basis and LFUCG may award an amount less than requested. I understand that LFUCG has no obligation to make a grant or loan to the applicant. I am aware that incomplete or late applications may not be accepted or considered for funding.

I further understand that submission of this application renders it a public document subject to the Freedom of Information Act.

Applicant Signatures:

Owner, Developer, Executive Director:


Chief Elected Officer Signature (Board Chair)

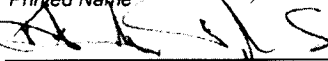
Norman P. Franklin

Porter G. Peeples, Sr.

Printed Name

Printed Name





Signature

Signature

VP/Dev. Mgr.

Board Chair

Title

Title (Board Chair, President, etc.)

2/11/16

2/14/16

Date

Date

⊕ **Other Properties Currently Owned by Applicant**

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

Street Address	Zip	Parcel #
359 Chestnut Street	40508	
417 Chestnut Street	40508	
421 Chestnut Street	40508	
440 Chestnut Street	40508	
445 Chestnut Street	40508	
513 Chestnut Street	40508	
517 Chestnut Street	40508	
521 Chestnut Street	40508	
522 Chestnut Street	40508	
548 Chestnut Street	40508	
565 Chestnut Street	40508	
313 Corral Street	40508	
314 Corral Street	40508	
318 Corral Street	40508	
319 Corral Street	40508	

⊕ **Properties Currently Owned by Affiliate Entities**

Affiliate Entity 1: 0

Street Address	Zip	Parcel #
320 Corral Street	40508	
321 Corral Street	40508	
322 Corral Street	40508	
327 Corral Street	40508	
334 Corral Street	40508	
363 Corral Street	40508	
365 Corral Street	40508	
367 Corral Street	40508	
368 Corral Street	40508	
369 Corral Street	40508	
374 Corral Street	40508	
315 E. Second Street	40508	
319 E. Second Street	40508	
348 E. Second Street	40508	
316 Gunn Street	40508	

Fayette County LocalDevelopment Corp.CHDO Operations Underwriting Criteria & HOME Limits

P1 Guidelines

Compare to

If outside of guidelines, briefly explain

Vacancy Rates	Min	Max	Notes	Applicants #	Guideline	Matches
Vacancy Rate for 11 Units or Less	10.0%	15.0%	Can increase with justification	7.0%	Lower	Matches
Vacancy Rate Year 1-3	7.0%	10.0%	Default is 7%, applicant may modify with justification	7.0%	Matches	Matches
Vacancy Rate Year 4-15	7.0%	10.0%	Default is 7%, applicant may modify with justification	7.0%	Matches	Matches

Rent Inflation	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Rent Inflation Rate Years 1-3	2.0%	3.0%	Default is 2%, applicant may modify with justification	2.0%	Matches	Matches
Rent Inflation Rate Years 4+	2.0%	3.0%	Default is 2%, applicant may modify with justification	2.0%	Matches	Matches

Operating Cost Inflation Rates	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Administrative	3.0%	3.0%	Default is 3%, applicant may modify with justification	3.0%	Matches	Matches
Operating/Maintenance	3.0%	3.0%		3.0%	Matches	Matches
Utilities	3.0%	3.0%		3.0%	Matches	Matches
Taxes/Insurance	3.0%	3.0%		3.0%	Matches	Matches

Reserve For Replacement	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Rehabilitation	\$325	\$325	Minimum per unit per year based on construction, applicant may increase	\$325	Matches	Matches
New Construction	\$275	\$275		\$275	Matches	Matches

Operating Costs	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Management Fee	\$2,500	\$4,500	% of Effective Gross Income	0.0%	Lower	
Annual Operating Costs Per Unit	\$2,500	\$4,500	Guideline only	\$1,871	Out of Range	
Property Insurance (Per Unit Per Year)	\$250	\$250	Guideline only	\$871	Higher	

Development & Construction Costs	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Construction Contingency	\$14,936	12.0%	If over 12%, MUST justify	3.52%	Lower	
Operating Deficit Reserve	\$14,936	15.0%	6 mo operating + 6 mo debt service % of TDC, excluding Dev/Con Fees	\$15,000	Higher	
Developer Fee		0.0%	No fee currently allowed for HH	0.00%	Lower	
Developer Fee - Habitat for Humanity		0.0%		0.00%	Matches	

Debt Coverage Ratio	Minimum	Maximum	Notes	Applicants #	Guideline	Matches
Debt Coverage Ratio Year 1	1.20	1.00	Required DCR cannot be modified by applicant	1.020	Lower	
Lowest Allowed DCR for all 15 Years	1.00	1.00		1.02	Higher	

Deferred Developer Fee Repayment	Required to for LIHTC Projects	Yes	Matches
Deferred fee repaid within 10 years (if applicable)?	Required to for LIHTC Projects	Yes	Matches

HOME Rent & Subsidy Limits

(Published Annually by HUD)

HOME GROSS Rent Limits			HOME 221(d)(3) Per Unit Subsidy Limits			HOME Income Limits	
Bedroom Type	Low-HOME	High-HOME	FMR	Bedroom Type	Per Unit Subsidy Limit	Household Size (persons)	HOME 60% HUD AMI Income Limit
0 BR	\$508	\$508	\$508	0 BR	\$123,406	2	\$32,760
1 BR	\$593	\$593	\$593	1 BR	\$141,467	3	\$36,840
2 BR	\$767	\$776	\$776	2 BR	\$172,022	4	\$40,920
3 BR	\$886	\$1,105	\$1,105	3 BR	\$222,541	5	\$44,220
4 BR	\$990	\$1,237	\$1,237	4 BR	\$244,281	6	\$47,520

Last Updated: March 3, 2015

Last Updated: January 1, 2012

Last Updated: March 25, 2015

**Fayette County Local Development Corp. CHDO Operations
Sources & Uses**

Total Units: 4 Primary Unit Type: Duplex
 Construction: Rehab & New Const Applicant: Fayette County Local Development Corp
 LIHTCs? No Project #: 0

SOURCES OF FUNDING

Permanent Debt Sources:	Amount	Per Unit	Interest Rate	Amortization	Lien Position	Estimated Annual Pmt	Actual Annual Pmt	Funding Status
KHC HOME amortizing		\$0						
KHC HOME deferred due at maturity		\$0						
KHC HOME forgiven at maturity (excluded from basis)		\$0						
AHTF amortizing		\$0						
AHTF forgiven or deferred		\$0						
SMAL		\$0						
Risk Sharing		\$0						
LFUCG HOME Development Subsidy	\$220,000	\$55,000						
Other LFUCG Development Subsidy	\$15,000	\$3,750						
Other KHC loan (identify)		\$0						
Bank Loan	\$138,187	\$34,547	5.00%	20		\$10,013		
Non-KHC loan (identify) Bank Construction loan	\$225,000	\$56,250	2.00%	25		\$11,444		
Total Debt Sources:	\$598,187	\$149,547				\$22,368	\$0	

Permanent Equity Sources:	Federal Grant?	Amount	Per Unit	Affordability Period	Estimated Credit Pricing	Funding Status
Deferred Developer Fee			\$0			
Cash Flow Loan (Mark to Market or Other Cash Flow Loan)			\$0			
Federal Historic Tax Credit Equity (deducted from basis)			\$0			
4% equity investment			\$0			
Other equity/grant (identify)			\$0			
Other equity/grant (identify)			\$0			
Other equity/grant (identify)			\$0			
Other equity/grant (identify)			\$0			
volunteer labor			\$0			
Donated materials			\$0			
LIHTC Anticipated Net Syndication Proceeds (4% / 9%)			\$0	15 years		
Total Equity Sources:		\$0	\$0			

Describe repayment of cash flow loan:

Estimated Credit Pricing: cents on the dollar

TOTAL PERMANENT SOURCES:	\$598,187	\$149,547
Total Development Costs	\$598,187	\$149,547
Permanent Funding Sources out of balance by:	\$0	\$0

Construction Financing Sources	Amount Available During Construction	% TDC	Developer Notes	Funding Status
Bank Construction Loan	\$138,187	23.1%		
Developer Equity (Self Financing)		0.0%		
Deferred Developer Fee		0.0%		
Housing Credit Equity Available During Construction		0.0%		
LFUCG HOME Development Subsidy	\$220,000	36.8%		
Other LFUCG Development Subsidy		0.0%		
Other Affordable Hse Fund	\$225,000	37.6%		
Other CHDO Operating Reserve Funds	\$15,000	2.5%		
Costs Not Paid During Construction (Must Identify)		0.0%		
Total Construction Sources:	\$598,187	100.0%		

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

USES OF FUNDING

USES OF FUNDING	TOTAL COST	Per Unit Cost	Non-Tax Credit Project OR Excluded from Tax Credit Basis
ACQUISITION			
Building Acquisition	\$20,000	\$5,000	\$20,000
Land Acquisition	\$33,100	\$8,275	\$33,100
TOTAL ACQUISITION	\$53,100		\$53,100
HARD COSTS			
Building Costs			
Appliances	\$12,000	\$3,000	\$12,000
Building - New Construction Costs	\$226,475	\$56,619	\$226,475
Building - Rehabilitation Construction Costs	\$146,245	\$36,561	\$146,245
Lead based paint controls or abatement	\$0	\$0	
Site Work			
Demolition	\$0	\$0	
Earth Work	\$21,500	\$5,375	\$21,500
Lawn/Plantings	\$10,300	\$2,575	\$10,300
Off Site Work	\$0	\$0	
Roads/Walks	\$0	\$0	
Site Utilities	\$5,300	\$1,325	\$5,300
Unusual Site Conditions	\$0	\$0	
Construction Fees			
Payment and Performance Bond	\$0	\$0	
General Requirements	\$8,584	\$2,146	\$8,584
Builder's Overhead	\$30,000	\$7,500	\$30,000
Builder's Profit	\$24,334	\$6,084	\$24,334
Construction Manager's Fee	\$0	\$0	
Builder's Risk Insurance	\$1,366	\$342	\$1,366
Builder's Liability Insurance	\$0	\$0	
Worker's Compensation Insurance	\$0	\$0	
Construction Contingency			
Other - dumpster	\$8,500	\$2,125	\$8,500
Other	\$0	\$0	
Other	\$0	\$0	
TOTAL HARD COSTS	\$494,604		\$494,604
CONSTRUCTION CONTINGENCY			
Construction Contingency	\$17,415	\$4,354	\$17,415

1.74% of Hard Costs
 6.07% of Hard Costs
 4.92% of Hard Costs

SOFT COSTS

Bridge Loan Fees	\$0	\$0	
Bridge Loan Legal Fees	\$0	\$0	
Building Permits/Fees	\$5,050	\$1,283	\$5,050
Construction Credit Enhancement	\$0	\$0	
Construction Financing Fees	\$0	\$0	
Construction Hazard Insurance	\$0	\$0	
Construction Interest	\$9,768	\$2,442	\$9,768
Construction Legal Fees	\$0	\$0	
Construction Liability Insurance	\$0	\$0	
Construction Loan Points	\$0	\$0	
Construction Title and Recording	\$0	\$0	
Other Construction Finance Fees	\$0	\$0	
Permanent Financing			
Permanent Credit Enhancement	\$0	\$0	
Permanent Financing Fees	\$0	\$0	
Permanent Legal Fee	\$0	\$0	
Permanent Loan Points	\$0	\$0	
Permanent Title and Recording	\$0	\$0	
KHC SMAL Loan Origination Fee (1% of loan amount)	\$0	\$0	
Other Permanent Loan Financing Fees	\$0	\$0	
Accounting Fees			
Accounting Fees	\$0	\$0	
Architect Fees	\$0	\$0	
Engineering Fees	\$0	\$0	
Reserves			
Equity	\$0	\$0	
Operating Deficit Reserve (Minimum Equity Source)	\$15,000	\$3,750	\$15,000
Rent Up Reserves	\$0	\$0	
Replacement Reserve Deposit	\$0	\$0	
Other	\$0	\$0	
Other	\$0	\$0	
Other	\$0	\$0	
Syndication Fees			
Syndication Legal Fees	\$0	\$0	
Syndication Organization Expenses	\$0	\$0	
Other Syndication Expenses	\$0	\$0	
Other			
Relocation	\$0	\$0	
Appraisal	\$750	\$188	\$750
Market Study	\$0	\$0	
Environmental Study	\$0	\$0	
Lead-Based Paint Assessment and Testing	\$0	\$0	
Survey	\$2,500	\$625	\$2,500
Capital Needs Assessment	\$0	\$0	
Marketing	\$0	\$0	
Property Taxes	\$0	\$0	
Cost Certification	\$0	\$0	
Asset Management Fee	\$0	\$0	
KHC Tax Credit Application Fees	\$0	\$0	
KHC Tax Credit Reservation Fees (7% of HC allocation)	\$0	\$0	
KHC Tax Credit Inspection Fee (6.2% of HC allocation)	\$0	\$0	
Non-KHC Tax Credit Fees	\$0	\$0	
Other Existing Permanent mortgages	\$0	\$0	
Other Existing CHDO Loans	\$0	\$0	
Other	\$0	\$0	
Consulting Fees			
Consulting Fee	\$0	\$0	
Developer Fee	\$0	\$0	
AHTF-Paid Developer Fee (1.00% of AHTF request)	\$0	\$0	
TOTAL SOFT COSTS	\$33,068	\$8,267	\$33,068
TOTAL DEVELOPMENT COSTS	\$598,187	\$149,547	\$598,187

\$14,936 Minimum
Source of Operating Deficit Reserve
CHDO Funds

Total Dev. & Consulting Fees
0.00% of TDC
5.53% of TDC

Fayette County LocalDevelopment Corp CHDO Operations
UNITS & INCOME

Project #: 0

Utility Allowances

Amenities Included in Units:

Over/Range	Yes	Garbage Disposal	Yes	Heating System	Electric
Refrigerator	Yes	Washer/Dryer	Yes	Heating Fuel System Type	Other
Microwave	No	W/D Hookup	Yes		
Dishwasher	Yes				

Utility Allowance Calculation

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

Utility	Utility Fuel Source (electric, gas, oil, etc.)	Allowance for Utilities Paid by Tenant Only					
		0 BR	1 BR	2 BR	3 BR		
Cooking	Electric	Tenant	\$6	\$8	\$9	\$12	
Other Lighting	Electric	Tenant	\$28	\$33	\$38	\$46	
Hot Water	Electric	Tenant	\$16	\$21	\$25	\$32	
Water	Electric	Tenant	\$28	\$43	\$56	\$72	
Heating	Electric	Tenant	\$40	\$51	\$62	\$79	
Air Conditioning	Electric	Tenant	\$5	\$6	\$7	\$8	
Sewer	Electric	Tenant	\$20	\$31	\$47	\$62	
Trash Collection	Electric	Tenant	\$15	\$15	\$15	\$15	
TOTAL			\$0	\$158	\$208	\$259	\$326

Rent Limits

	HOME GROSS Rent Limits As published by HUD				HOME CONTRACT Rent Limits HUD Limit Minus Utility Allowance			
	Low-HOME	High-HOME	FMR	Low-HOME	High-HOME	FMR	Low-HOME	High-HOME
0 Bedrooms	\$508	\$508	\$508	\$508	\$508	\$508	\$508	\$508
1 Bedroom	\$593	\$593	\$593	\$435	\$435	\$435	\$435	\$435
2 Bedrooms	\$767	\$776	\$776	\$559	\$568	\$568	\$568	\$568
3 Bedrooms	\$886	\$1,105	\$1,105	\$627	\$846	\$846	\$846	\$846
4 Bedrooms	\$990	\$1,237	\$1,237	\$684	\$911	\$911	\$811	\$911

LA March 3, 2015

Unit Distribution

Minimum HOME Units Required	HOME Units	Low HOME Units
# Entered Below	2	4
	0	1

0 Bedroom Units

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

1 Bedroom Units

# of Units	Rent Restriction Program	Housing Credit Units(s)?	Project Based Rental Assistance # applicable	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility allowance)	Monthly Rent	Annual Rent
1	Low HOME Rents	NO		60% AMI (HH)	1	672	\$593	\$593	\$7,116
Subtotal		0						\$593	\$7,116

2 Bedroom Units		Project Based Rental Assistance	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility advances)	Monthly Rent	Annual Rent
# of Units	1	High HOME Rents Program	60% AMI (HH)	2	1,090	\$590	\$590	\$7,080
							\$0	\$0
							\$0	\$0
							\$0	\$0
Subtotal	1						\$590	\$7,080

3 Bedroom Units		Project Based Rental Assistance	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility advances)	Monthly Rent	Annual Rent
# of Units	2	High HOME Rents Program	60% AMI (HH)	2	1,206	\$825	\$1,650	\$19,800
			60% AMI (HH)				\$0	\$0
			60% AMI (HH)				\$0	\$0
			60% AMI (HH)				\$0	\$0
Subtotal	2						\$1,650	\$19,800

4 Bedroom Units		Project Based Rental Assistance	Income Restriction	# of Baths	Square Footage	Proposed Contract Rent (excludes utility advances)	Monthly Rent	Annual Rent
# of Units	0	High HOME Rents Program	60% AMI (HH)				\$0	\$0
			60% AMI (HH)				\$0	\$0
			Unrestricted				\$0	\$0
							\$0	\$0
Subtotal	0						\$0	\$0

Project Totals			Monthly	Annual
Residential Units	4		\$2,833	\$33,996
Square Footage of Residential	4,174	Gross Rent Potential (Excluding Utilities)	\$708	\$8,499
Commercial Square Footage	0	Per Unit Average Rent		
Common Area(s) Square Footage	0	# Housing Credit Units	0	
Total Square Footage:	4,174	Square Footage of Housing Credit Units		

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

Other Income	(These will be trended at the same rate as rents on the Operating Proforma)					Monthly	Annually
Rent from Commercial Space						\$0	\$0
Interest						\$0	\$0
Laundry						\$0	\$0
Parking						\$0	\$0
Tenant Charges (late fees, insufficient funds fees, etc.)						\$0	\$0
Other (Item)						\$0	\$0
Total Other Income:						\$0	\$0

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

Fayette County LocalDevelopment Corp.CHDO Operations ANNUAL OPERATING EXPENSES

Fayette County LocalDevelopment Corp.CHDO Operations
0

Units: 4
Target population: Family

Administrative	Total	Per Unit	% of Total	% EGI
Accounting Services		\$0	0.0%	
Administrative Rent Free Unit(s)		\$0	0.0%	
Advertising		\$0	0.0%	
KHC Compliance Monitoring Fees		\$0	0.0%	
Compliance Fees (Other)		\$0	0.0%	
Asset Management Fee		\$0	0.0%	
Legal Auditing		\$0	0.0%	
Management Fee		\$0	0.0%	0.0%
Manager(s) Salaries	\$634	\$159	8.5%	
Office Salaries		\$0	0.0%	
Office Supplies		\$0	0.0%	
Telephone		\$0	0.0%	
Other: Please identify: Audit	\$756	\$189	10.1%	
Total Administrative	\$1,390	\$348	18.6%	
Operating/Maintenance				
Elevator Maintenance/Contract		\$0	0.0%	
Exterminating Contract	\$325	\$81	4.3%	
Grounds Expense		\$0	0.0%	
Janitorial Services		\$0	0.0%	
Repairs/Maintenance	\$1,736	\$434	23.2%	
Security Payroll/Contract		\$0	0.0%	
Waste Collection		\$0	0.0%	
Other: Please identify: Maintenance Contract	\$317	\$79	4.2%	
Total Operating/Maintenance	\$2,378	\$595	31.8%	
Utilities				
Electricity		\$0	0.0%	
Gas		\$0	0.0%	
Sewer		\$0	0.0%	
Water		\$0	0.0%	
Other: Please identify:		\$0	0.0%	
Total Utilities	\$0	\$0	0.0%	
Taxes/Insurance				
Property Insurance	\$3,484	\$871	46.6%	
Other Insurance	\$232	\$58	3.1%	
Payroll Taxes		\$0	0.0%	
Real Estate Taxes		\$0	0.0%	
Workmen's Comp.		\$0	0.0%	
Other: Please identify:		\$0	0.0%	
Total Taxes/Insurance	\$3,716	\$929	49.7%	
Total Operating Expenses	\$7,484	\$1,871	100.0%	

Annual Replacement Reserve Contribution: \$1,300 \$325

(From Sheet "0:Underwriting Criteria")

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

Operating Proforma

Compliance Period 15 years

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE										
Gross Rent Potential	\$33,996	\$34,676	\$35,369	\$36,077	\$36,798	\$37,534	\$38,285	\$39,051	\$39,832	\$40,628
Vacancy Rate	\$2,380	\$2,427	\$2,476	\$2,525	\$2,575	\$2,627	\$2,680	\$2,734	\$2,786	\$2,844
Adjusted Gross Income	\$31,616	\$32,249	\$32,894	\$33,551	\$34,222	\$34,907	\$35,605	\$36,317	\$37,044	\$37,784
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)	\$31,616	\$32,249	\$32,894	\$33,551	\$34,222	\$34,907	\$35,605	\$36,317	\$37,044	\$37,784
<i>Per Unit</i>	\$7,904	\$8,062	\$8,223	\$8,388	\$8,556	\$8,727	\$8,901	\$9,079	\$9,261	\$9,446
OPERATING EXPENSES										
Administrative	\$1,390	\$1,432	\$1,475	\$1,519	\$1,564	\$1,611	\$1,660	\$1,710	\$1,761	\$1,814
Operating/Maintenance	\$2,378	\$2,449	\$2,523	\$2,599	\$2,676	\$2,757	\$2,839	\$2,925	\$3,012	\$3,103
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax/Insurance	\$3,716	\$3,827	\$3,942	\$4,061	\$4,182	\$4,308	\$4,437	\$4,570	\$4,707	\$4,849
Total Operating Expenses	\$7,484	\$7,709	\$7,940	\$8,178	\$8,423	\$8,676	\$8,936	\$9,204	\$9,481	\$9,765
<i>Per Unit</i>	\$1,871	\$1,927	\$1,985	\$2,044	\$2,106	\$2,169	\$2,234	\$2,301	\$2,370	\$2,441
Reserve For Replacement	\$1,300	\$1,339	\$1,379	\$1,421	\$1,463	\$1,507	\$1,552	\$1,599	\$1,647	\$1,696
Net Operating Income (NOI)	\$22,832	\$23,201	\$23,575	\$23,953	\$24,338	\$24,724	\$25,117	\$25,514	\$25,916	\$26,323
<i>Per Unit</i>	\$5,708	\$5,800	\$5,894	\$5,988	\$6,084	\$6,181	\$6,279	\$6,378	\$6,479	\$6,581
DEBT SERVICE										
KHC HOME: amortizing										
AHTF: amortizing										
SMAL										
Risk Sharing										
LFUGG HOME Development Subsidy										
Other LFUGG Development Subsidy										
Other KHC loan (Identify):										
Bank Loan	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944
Non-KHC loan (Identify): Bank Construction loan	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444
Total Debt Service	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388
Debt Coverage Ratio (DCR)	1.02	1.04	1.05	1.07	1.09	1.10	1.12	1.14	1.16	1.18
CASH FLOW										
<i>Per Unit</i>	\$1,111	\$203	\$297	\$397	\$487	\$584	\$682	\$782	\$882	\$984
Release of Property (MVA)										
Expenses Subject to Available Cash Flow (Identify below)										
Cash Flow Loan or M2M Repayment										
Remaining Cash Flow	\$445	\$913	\$1,187	\$1,565	\$1,948	\$2,336	\$2,729	\$3,126	\$3,528	\$3,936
Deferred Developer Fee Repayment										
Balance of Deferred Dev. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow	\$445	\$913	\$1,187	\$1,565	\$1,948	\$2,336	\$2,729	\$3,126	\$3,528	\$3,936
<i>Per Unit</i>	\$1,111	\$203	\$297	\$397	\$487	\$584	\$682	\$782	\$882	\$984
Unpaid Developer Fee after Year 10	\$0									
Unpaid Cash Flow Loan after Year 15	\$0									

Expenses Subject to Available Cash Flow (Identify below)

Operating Proforma

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUE										
Gross Rent Potential	\$41,441	\$42,270	\$43,115	\$43,977	\$44,857	\$45,754	\$46,669	\$47,603	\$48,555	\$49,526
Vacancy Rate	\$2,901	\$2,959	\$3,018	\$3,078	\$3,140	\$3,205	\$3,267	\$3,332	\$3,399	\$3,467
Adjusted Gross Income	\$38,540	\$39,311	\$40,097	\$40,899	\$41,717	\$42,551	\$43,402	\$44,270	\$45,156	\$46,059
Operating Subsidies or Draw from Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)	\$38,540	\$39,311	\$40,097	\$40,899	\$41,717	\$42,551	\$43,402	\$44,270	\$45,156	\$46,059
<i>Per Unit</i>	\$9,635	\$9,628	\$10,024	\$10,225	\$10,429	\$10,638	\$10,851	\$11,069	\$11,289	\$11,515
OPERATING EXPENSES										
Administrative	\$1,868	\$1,924	\$1,982	\$2,041	\$2,102	\$2,166	\$2,231	\$2,297	\$2,366	\$2,437
Operating/Maintenance	\$3,196	\$3,292	\$3,390	\$3,492	\$3,597	\$3,705	\$3,816	\$3,930	\$4,048	\$4,170
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes/Insurance	\$4,954	\$5,144	\$5,298	\$5,457	\$5,621	\$5,789	\$5,963	\$6,142	\$6,326	\$6,516
Total Operating Expenses	\$10,058	\$10,360	\$10,670	\$10,991	\$11,320	\$11,660	\$12,010	\$12,370	\$12,741	\$13,123
<i>Per Unit</i>	\$2,514	\$2,590	\$2,666	\$2,748	\$2,830	\$2,915	\$3,002	\$3,092	\$3,185	\$3,287
Reserve For Replacement	\$1,747	\$1,800	\$1,853	\$1,909	\$1,966	\$2,025	\$2,086	\$2,149	\$2,213	\$2,280
Net Operating Income (NOI)	\$28,735	\$27,152	\$27,573	\$27,989	\$28,430	\$28,866	\$29,307	\$29,752	\$30,202	\$30,656
<i>Per Unit</i>	\$6,684	\$6,788	\$6,893	\$7,000	\$7,108	\$7,217	\$7,327	\$7,438	\$7,550	\$7,664
DEBT SERVICE										
KHC HOME, amortizing										
AHTF, amortizing										
SMAL										
Risk Sharing										
LFUCG HOME Development Subsidy										
Other LFUCG Development Subsidy										
Other KHC loan (Identify):										
Bank Loan	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944	\$10,944
Non-KHC loan, (Identify): Bank Construction loan	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444	\$11,444
Total Debt Service	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388	\$22,388
Debt Coverage Ratio (DCR)	1.19	1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37
CASH FLOW	\$4,347	\$4,764	\$5,185	\$5,612	\$6,043	\$6,478	\$6,919	\$7,364	\$7,814	\$8,268
<i>Per Unit</i>	\$1,087	\$1,191	\$1,296	\$1,403	\$1,511	\$1,620	\$1,730	\$1,841	\$1,953	\$2,067
<i>Please, Manually Input</i>										
Expenses Subject to Available Cash Flow (Identify below)										
Cash Flow Loan or M2M Repayment										
Remaining Cash Flow	\$4,347	\$4,764	\$5,185	\$5,612	\$6,043	\$6,478	\$6,919	\$7,364	\$7,814	\$8,268
Deferred Developer Fee Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance of Deferred Dev. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow	\$4,347	\$4,764	\$5,185	\$5,612	\$6,043	\$6,478	\$6,919	\$7,364	\$7,814	\$8,268
<i>Per Unit</i>	\$1,087	\$1,191	\$1,296	\$1,403	\$1,511	\$1,620	\$1,730	\$1,841	\$1,953	\$2,067
Unpaid Developer Fee after Year 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unpaid Cash Flow Loan after Year 15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Fayette County LocalDevelopment Corp.CHDO Operations HOME Compliance Checks & Cost Allocation

HOME Compliance	Total	Per Unit
HOME Permanent Subsidy Requested	\$220,000	\$55,000
HOME from KHC	\$0	\$0
Total HOME Funds Requested (Local & State)	\$220,000	\$55,000
HOME Subsidy as % of Total Development Costs	36.8%	
Total Units	4	

Required HOME Units	HOME Requirement	<i># of HOME Units Entered on Sheet "3)Income"</i>
# of HOME-Assisted Units	2	4
# of Low HOME Units Required	0	1
HOME Subsidy Per Unit	\$110,000	\$55,000

Minimum HOME Affordability Period *Rehab & New Const.* **15 years**

Breakdown of HOME Units Required by Bedroom Type:			Required HOME Units (Estimated)
Bedrooms	# of Units	HOME as % TDC	
0 Bedroom	0	36.8%	0.0
1 Bedroom	1	36.8%	0.4
2 Bedroom	1	36.8%	0.4
3 Bedroom	2	36.8%	0.7
4 Bedroom	0	36.8%	0.0
Total	4	Rounded Total:	2.0

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

HOME Subsidy Limits:			
Bedroom Type	# Units	HUD HOME 221(d)(3) Subsidy Limit	Gross Maximum per Unit Limit
0 Bedroom	0	\$123,406	\$0
1 Bedroom	1	\$141,467	\$141,467
2 Bedroom	1	\$172,022	\$172,022
3 Bedroom	2	\$222,541	\$445,082
4 Bedroom	0	\$244,281	\$0
	4	Max HOME Allowed	\$758,571
		HOME Funds Requested	\$220,000
		Within Limits?	Yes

Project Budget

Address: 434/436 Chestnut Duplex rehab
 Square Footage: approx 2,078 sq.ft. total building area
 Specs: 1bdrm 1bth/ 2bdrm 1bath

Acquisition:	\$	20,000.00
		<u>Costs</u>
Equipment Rental	\$	-
Site Work	\$	2,500.00
Excavate & Form Footer/Crawl	\$	-
Dumpster	\$	8,500.00
Masonry	\$	3,500.00
Framing	\$	17,500.00
Concrete	\$	3,800.00
Siding/Columns	\$	16,000.00
Windows/ Energy Star Upgrade *	\$	4,500.00
Electric - 2009 Code	\$	12,400.00
Roof Shingles	\$	9,200.00
Plumbing	\$	10,100.00
Insulation (crawl & attic)	\$	4,200.00
HVAC	\$	12,000.00
DryWall - hang & finish	\$	12,500.00
Trim/Doors	\$	7,250.00
Interior Painting	\$	4,650.00
Gutters	\$	5,145.00
Cabinets/Countertops/Vanities & Tops	\$	5,000.00
Flooring - Carpet/vinyl	\$	12,500.00
Accessories	\$	1,800.00
Lighting **	\$	1,800.00
Landscaping	\$	4,500.00
Decks - 10 X 10	\$	2,000.00
Appliances	\$	6,400.00
Cleaning	\$	400.00
Utilities	\$	2,500.00
Permits & Fees	\$	1,850.00
Street Cut	\$	-
Subtotal 1	\$	172,495.00
4% Contingency	\$	6,899.80
Subtotal 2	\$	179,394.80
Overhead & Profit	\$	21,527.38
Total Building Costs	\$	200,922.18
Soft Cost:		
Engineering: survey, appraisal;	\$	1,625.00
General Requirements: (1.7% of Hard Costs)	\$	3,936.37
Operatind Deficit Reserve	\$	5,000.00
Construction Interest	\$	3,223.44
Builder's Risk Insurance	\$	451.00
Total Soft Costs:	\$	14,235.81
Total Cost: Building cost, Acquisition, Soft Cost	\$	235,157.99

Project Estimate

Address: 209/211 Eastern (Duplex)
 Square Footage: 1,245 ea. / 2,470 total
 Specs: 3 bdrm, 2 bath

Acquisition:	\$		33,100.00
		<u>Costs</u>	
Demolition	\$		-
Equipment Rental	\$		4,500.00
Site Work	\$		7,000.00
Excavate & Form Footer	\$		12,000.00
Dumpster	\$		2,800.00
Masonry	\$		8,200.00
Framing	\$		44,200.00
Concrete	\$		15,325.00
Siding/Columns	\$		13,400.00
Windows/ Energy Star Upgrade *	\$		5,500.00
Electric - 2009 Code	\$		14,500.00
Roof Shingles	\$		12,000.00
Plumbing	\$		15,300.00
Insulation (walls & attic)	\$		4,500.00
HVAC	\$		16,500.00
DryWall - hang & finish	\$		15,000.00
Trim/Doors	\$		9,700.00
Interior Painting	\$		6,200.00
Gutters	\$		4,500.00
Cabinets/Countertops/Vanities & Tops	\$		11,250.00
Flooring - Carpet/vinyl	\$		13,500.00
Accessories	\$		3,200.00
Lighting **	\$		2,500.00
Landscaping	\$		5,800.00
Decks - 10 X 10	\$		3,500.00
Appliances	\$		5,600.00
Cleaning	\$		400.00
Utilities	\$		2,800.00
Permits & Fees	\$		3,200.00
Street Cut	\$		-
<hr/>			
Subtotal 1	\$		262,875.00
4% Contingency	\$		10,515.00
<hr/>			
Subtotal 2	\$		273,390.00
Overhead & Profit	\$		32,806.80
<hr/>			
Total Building Costs	\$		306,196.80
<hr/>			
Soft Cost:			
Engineering: survey, appraisal;	\$		1,625.00
General Requirements: (1.7% of Hard Costs)	\$		4,647.63
Operatind Deficit Reserve	\$		10,000.00
Construction Interest	\$		6,544.56
Builder's Risk Insurance	\$		915.00
<hr/>			
Total Soft Costs:	\$		23,732.19
<hr/>			
Total Cost: Building cost, acquisition, Soft cost:	\$		363,028.99

EXHIBIT B
(Commitment Letter)



LEXINGTON - FAYETTE URBAN COUNTY GOVERNMENT
Department of Planning, Preservation & Development

Jim Gray
Mayor

Derek J. Paulsen, Ph.D.
Commissioner

May 22, 2016

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

Dear Mr. Franklin,

This letter serves as a contingent commitment of funds from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the Scattered Site Affordable Rental Housing Development at 434/436 Chestnut Street and 209/211 Eastern Avenue as described in your application dated December 10, 2015.

The Affordable Housing Fund Board has approved an allocation of a first mortgage loan totaling \$363,187. The loan rate will be 2% with a term of 15 years with a 25 year amortization. Funds can be used for construction at a 0% rate of interest. Interest will begin accruing upon completion of the renovations or July 1, 2017, whichever occurs first. Your first payment will be due one month following completion of the units or August 1, 2017, whichever is earlier.

A 1% fee totaling \$3,632 will be due at closing.

This commitment is contingent upon the following:

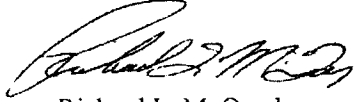
1. Fayette County Local Development Corporation accepts a 15 year deed restriction on the properties to ensure the units are leased to households whose incomes are at or below 80% of area median income.
2. Fayette County Local Development Corporation receives an allocation of \$220,000 in Lexington HOME funds for this development.
3. A resolution of the Board of Directors of the Fayette County Local Development Corporation accepting this loan.

HORSE CAPITAL OF THE WORLD

101 East Vine Street, Suite 400 Lexington, KY 40507 (859) 258-3018 FAX (859) 258-3163 www.lexingtonky.gov

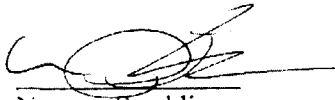
Please indicate below your acceptance of this contingent commitment letter. Upon acceptance LFUCG will work to close the transaction. I look forward to working with you in providing these affordable housing units for the city of Lexington.

Sincerely,



Richard L. McQuady
Affordable Housing Manager

Accepted by:



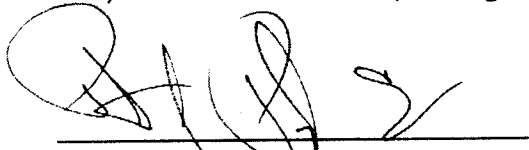
Norman Franklin

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

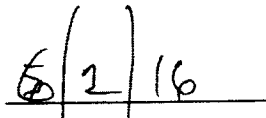
Board Resolution
LFUCG Affordable Housing Funds

May 23, 2016

RESOLVED, by having obtained a majority vote, the Fayette County Local Development Corporation Board of Directors hereby gives signature authority to Norman P. Franklin, Vice President, and Development Manager, for acceptance of funding of \$363,187 from the LFUCG Affordable Housing Fund for the development of scattered site, affordable rental units at 434/436 Chestnut and 209/211 Eastern Avenue, Lexington, KY 40508.



Porter G. Peeples, Sr., President



Date Signed



Witness



Date Signed

EXHIBIT C
(Security Documents)

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

Lexington, Kentucky

\$ 363,187.00

July 14, 2016

FOR VALUE RECEIVED, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, (“Borrower”), whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507, promises to pay to **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT** (“LFUCG”), an urban county government of the Commonwealth of Kentucky created pursuant to KRS Chapter 67A, whose address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)**, or so much thereof as may be advanced by LFUCG under the Loan Documents (as defined in the Loan Agreement of even date herewith) and outstanding, together with interest from the date of completion of construction or July 1, 2017, whichever occurs first each respective disbursement at the rate of two percent (2%), calculated and paid in the manner hereinafter set forth as follows:

- A. 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 August 1, 2017 and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
- B. 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, without cure, LFUCG reserves the right to apply payments in its sole discretion;
- C. 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.
- D. 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.
- E. 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 August 1, 2032, (the “Maturity Date”)

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, an Lexington-Fayette Urban County Government Affordable Housing Fund Loan Agreement (“Agreement”) of even date herewith providing for a loan of **THREE HUNDRED SIXTY-THREE ONE HUNDRED EIGHTY-SEVEN AND 00/100 DOLLARS (\$363,187.00)** between the Borrower and LFUCG, and this note is expressly subject to and will be bound by the terms and conditions set forth in such Agreement as if all of such terms and conditions were expressly set forth herein.

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) Borrower or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding; (3) Borrower fails to observe or perform any of the terms of this note; or (4) there is any default by Borrower under the Affordable Housing Fund Loan Agreement (defined below), the Declaration of Covenants and Restrictions (defined below), the Mortgage (defined below) 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) and any accrued but unpaid interest to

be immediately due and payable.

Should an event of default be declared hereunder or under the documents evidencing this note, interest shall accrue under this note at the annual rate of twelve percent (12.00%) from the date the event of default is declared and shall continue until 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 secured by a Mortgage ("Mortgage"), and is further subject to a Declaration of Covenants and Restrictions ("Declaration") (collectively, the "Loan Documents") all of even date herewith executed by Borrower in favor of LFUCG, and this note is expressly made subject to and will be bound by the terms and conditions set forth in said Loan Documents as if all such terms and conditions were expressly set forth herein.

The Borrower 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 bound for the payment of the principal of and interest on this note notwithstanding any extension or extensions of time of the payment of said 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 the Commonwealth 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 outstanding principal amount of this note may be prepaid in whole or in part at any time without penalty.

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

Waiver of Jury Trial. The parties hereby waive any right to trial by jury in any proceeding arising out of or relating to this note or any of the contemplated transactions, whether now existing or hereafter arising, and whether sounding in contract, tort or otherwise. The parties agree that any of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained-for agreement among the parties irrevocably to waive trial by jury and that any proceeding whatsoever between them relating to this note or any of the contemplated transactions shall instead be tried in a court of competent jurisdiction by a judge sitting without a jury.

Any 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) the amount of any loss caused by the undersigned's failure to comply with any hazardous substance laws described in Paragraph 16 of the Mortgage, such loss to include expenses, clean-up costs, penalties and damages incurred by the undersigned and any resulting diminution in the fair market value of the Premises caused by the undersigned or agents; and (iv) all reasonable costs and expenses including court costs and reasonable attorneys fees incurred in collecting any of the foregoing.

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

BY: [Signature]
Norman P. Franklin, Vice-President and Development Manager

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF Fayette)

Subscribed, sworn to and acknowledged before me this 14th day of July, 2016, by Norman P. Franklin, as Vice-President and Development Manager of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

[Signature] #545656
Notary Public

THIS INSTRUMENT PREPARED BY:

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