

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

\$157,045.00

October 3, 2017

FOR VALUE RECEIVED, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (the "Maker") promises to pay to **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT** ("LFUCG"), an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)** or so much thereof as may be advanced under the Loan Documents (as defined in the Loan Agreement) and outstanding, together with interest thereon at the rate of zero percent (0%) per annum from date of disbursement until completion of construction, and then two percent (2%) per annum from date of completion or September 1, 2018, whichever occurs first, and until paid in full, 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 the date of completion of the duplex units or September 1, 2018, whichever occurs first, 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 September 1, 2033, (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, a Commitment Letter (the "Commitment Letter") dated July 5, 2017, and updated on September 20, 2017, and a Loan Agreement ("Loan Agreement") between the undersigned and LFUCG, of even date herewith, providing for an amortizing mortgage loan of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)** and this Note is expressly subject

to and will be bound by the terms and conditions set forth in such Commitment and Loan Agreement as if all of such terms and conditions were expressly set forth herein.

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

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

This Note is also secured by and is 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. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and shall be evidenced by this Note, shall be secured by the Mortgage and the other Loan Documents.

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

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

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

The outstanding principal amount of this note may be prepaid in whole or in part at any time without penalty.

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

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

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

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

PROPERTY DESCRIPTION

458 Ash Street

Being the property located at:

Beginning at a point in the East side of Ash Street Two Hundred Eighty-One (281) feet from Georgetown Street; thence in a Southerly direction along Ash Street, Sixty (60) feet to Selkirk's line; thence along Selkirk's line One Hundred Ninety (190) feet, more or less, to another corner to Selkirk; thence in a Northerly direction Sixty (60) feet; thence in a Westerly direction Two Hundred (200) feet, more or less, to the point of beginning and being all of Lots No. 47 and 48 of Block "G" in the Forest Hill Addition to the City of Lexington, a plat of which is of record in Plat Cabinet E, Slide 53, formerly Plat Book 1, Page 53 in the office of the Fayette County Clerk; the improvements thereon being known and designated as No. 458 Ash Street, Lexington, Kentucky; and

Being the same property conveyed to Fayette County Local Development Corporation, a Kentucky non-profit corporation, by deed dated October 28, 2016, of record in Deed Book 3442, Page 382, in the office of the Fayette County Clerk.