

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

**THIS GRANT AGREEMENT** ("Agreement") is made and entered into this 13<sup>th</sup> day of December, 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 ("LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **TWP DEVELOPMENT, LLC**, a Kentucky limited liability company, whose principal address is 206 Keene Manor Circle, Nicholasville, Kentucky 40356 ("Recipient").

**RECITALS**

**WHEREAS**, pursuant to Chapter 2, Article XXXXV, Section 2-482 of the Lexington-Fayette County Code of Ordinances (the "Code"), the Affordable Housing Fund ("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**, Recipient by application dated September 20, 2016 (the "Application"), attached hereto as Exhibit A and incorporated herein, has applied for and has received approval for funds in the form of a grant for a specific housing related project described below (the "Eligible Activity"). The approval was granted and accepted in a Commitment Letter dated September 29, 2016, attached hereto and incorporated herein as Exhibit B; and

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

**WHEREAS**, the project for which Recipient has been approved includes rehabilitation activities.

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

**ARTICLE 1 – COMMITMENT OF FUNDS**

**1.1 LFUCG'S COMMITMENT.** Pursuant to the Application and this Agreement, LFUCG will make available an amount not to exceed **SIXTY THOUSAND AND 00/100 DOLLARS (\$60,000.00)** to Recipient from the Affordable Housing Fund. Funds will be disbursed by LFUCG to Recipient in accordance with the requirements set forth in this Agreement and conditioned upon Recipient's continued satisfactory performance under the terms of this Agreement. The Funds will be in the form of a grant. The funds will be expended only for the purpose of rehabilitation of the Property (defined below) described in the Eligible Activity pursuant to Section 1.2 below and in conformity with the other provisions of this Agreement. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default (as hereinafter defined) has occurred and is continuing.

**1.2 ELIGIBLE ACTIVITY.** The Funds have been made available based upon the information provided by Recipient in the Application. The sole purpose of this allocation of funds is and will be the acquisition and rehabilitation of two (2) single-family homes on the real

property located at 862 Charles Avenue and 915 Whitney Avenue (more particularly described in Exhibit C attached hereto and incorporated herein by reference) (the "Property").

**1.3 SITES.** In the event the Project includes new construction activities and/or rehabilitation construction activities, Recipient 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's Office of Affordable Housing.

**ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF RECIPIENT**

**2.1** Recipient represents and warrants that:

(a) All funds disbursed hereunder will be used only for the eligible activity and Project as described above for, the Property, as approved by LFUCG, and said funds will not be used in any other manner or for any other purpose; and

(b) Where applicable, the 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** Recipient understands and acknowledges that projects assisted with LFUCG Affordable Housing Funds must, at a minimum, meet the requirements set out in this Agreement. Recipient will supply, at LFUCG's request, all necessary documentation to substantiate compliance with this paragraph.

**2.3** Recipient 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 Recipient 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 Recipient 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. Recipient will take all actions within its control necessary to insure that no such violation occurs. Recipient 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** Recipient 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. Recipient has been organized pursuant to state law for the primary purpose of providing housing to persons and families of lower and moderate income. Recipient 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 Recipient 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 Recipient, threatened against or affecting it or the Project.

### **ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT**

3.1 **DISBURSEMENT OF FUNDS.** Funds will be disbursed to Recipient 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) proof of costs in adherence to LFUCG's requirements for draws and inspections for the Program activity under this Agreement (construction draws); and

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

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

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

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

3.3 **AFFORDABILITY PERIOD.** Property assisted with Funds must be restricted to 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 Funds are first expended on each unit in the Project. Affordability must be ensured by recorded deed restrictions.

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

3.5 **INSURANCE.** For all properties assisted with Affordable Housing Funds, the Recipient 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 Recipient for each Unit of the Project. Each policy must include appropriate loss payable clauses in favor of LFUCG or Recipient, as applicable, as beneficiary and without right of cancellation or change except upon thirty (30) days' written notice to LFUCG. Recipient will deliver proof of all insurance to LFUCG upon request.

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

**3.7 PROOF OF CORPORATE ACTION.** Prior to execution of this Agreement, LFUCG shall have received (i) copies of Recipient's organizational documents; (ii) confirmation from the Secretary of State of Recipient's organizational jurisdiction that Recipient is a validly existing entity in good standing, and (iii) a resolution from the Recipient'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 Recipient 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.

**3.8 MANAGEMENT AND ADDITIONAL FUNDING.** Recipient agrees to that upon rehabilitation, the properties shall be managed by Beacon Property Management. Additionally, Recipient acknowledges funds are made available only if Recipient is awarded the Kentucky Habitat for Humanity Grant funded by Schneider Electric for all other necessary rehabilitation funds.

#### **ARTICLE 4 – REHABILITATION TERMS**

**4.1 PLANS AND SPECIFICATIONS.** If applicable, Recipient will develop the Property in accordance with plans and specifications which have been approved by the LFUCG's Office of Affordable Housing and all other necessary LFUCG divisions and/or departments. 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, Recipient 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." Recipient will not deviate nor permit any such deviation from the Plans and Specifications without the prior written consent of LFUCG.

**4.2 NO LIENS.** Recipient 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 Recipient 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. Disbursement 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.** Recipient can begin development of the Property upon approval of the Affordable Housing Fund Staff. Rehabilitation work is to be pursued with diligence and without delay. Recipient 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.** Recipient will cause all Affordable Housing Funds dispersed pursuant hereto to be applied entirely and exclusively for the 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.** Recipient will permit access by LFUCG to the books and records of Recipient 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, Recipient will deliver to LFUCG (a) an agreement between Recipient 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 Recipient and Recipient's contractor whereby Recipient'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 Recipient'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 Recipient. 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 Recipient's authority to draw Affordable Housing Funds at any time by giving notice to Recipient. 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) Recipient does not diligently pursue the activity detailed in Recipient’s Application and for which Affordable Housing Funds have been awarded;

(b) Recipient violates any of the terms of this Agreement, the Affordable Housing Governing Board policies, the Note evidencing the Affordable Housing Funds under this Agreement or any other Security Document entered into pursuant to this Agreement;

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

(d) Recipient 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) Recipient 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) Recipient 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 Recipient, upon which LFUCG relied in its decision to allocate funds to Recipient, 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 Recipient because of a material and adverse change in Recipient’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 representation or warranty made herein, or in any certificate, report or statement furnished to LFUCG in connection with the Affordable Housing Funds proves to have been untrue or misleading in any material respect when made;

(b) Failure of Recipient to perform any of the provisions of this Agreement or any other document executed in connection with this Agreement;

(c) Recipient’s violation of the affordability requirements, whether evidenced by recorded Deed Restriction or owner certification of continued compliance;

(d) 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;

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

(f) 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 Recipient 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 Recipient notice under the provisions hereof;

(g) Recipient discontinues the rehabilitation work and abandonment continues for a period of ten (10) days;

(h) Recipient 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;

(i) Recipient (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 Recipient 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 Recipient without such authorization, application or consent and are approved as properly instituted, remain undismitted for fifteen (15) days, or result in adjudication of bankruptcy or insolvency; or

(k) Recipient 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 Recipient of the breach or default, LFUCG may continue suspension of disbursements. Additionally, LFUCG may declare the grant immediately repayable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Recipient. In the event of a termination, Recipient's authority to draw Affordable Housing Funds will terminate as of the date of the notice of termination and Recipient will have no right, title or interest in or to any remaining Affordable Housing Funds.

**5.4 MISAPPROPRIATION OF FUNDS.** Recipient 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 Recipient to repay to LFUCG a portion of or all Affordable Housing Funds drawn by Recipient 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 Recipient to be in default under this Agreement by giving not less than then (10) days prior written notice to Recipient, 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) Exercise its rights under this Agreement;
- (b) Enter upon the Project site(s), expel and eject Recipient and all persons claiming through or under Recipient and collect the rents and profits therefrom;
- (d) Complete the Project site development work at the cost and expense of Recipient and add such cost to the debt evidenced by the grant and this Agreement;
- (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 Recipient 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 Recipient 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.** Recipient shall reimburse and fully compensate LFUCG upon demand for all loss, damage and expense, including without limitation reasonable attorney's fees and court costs, together with interest on the amount thereof from the date the same accrues at the rate of twelve percent (12%) per annum, incurred by LFUCG(a) by reason of any default or defaults hereunder or under this Agreement executed by Recipient, (b) by reason of the neglect by Recipient of any duty or undertaking hereunder and (c) in the exercise of any right or remedy hereunder.

#### **ARTICLE 6 – RECORDS; REPORTING**

**6.1 RECORDS; ACCESS.** Recipient agrees to keep adequate records pertaining to the Project and the uses of Affordable Housing Funds. Recipient 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. Recipient 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.** Recipient agrees that all program and financial reports must be submitted as requested by LFUCG, on the forms provided by LFUCG, on annual basis. Beginning the first calendar quarter after Recipient receives a disbursement of Affordable Housing Funds and every year thereafter.

**6.3 ANNUAL FINANCIAL REPORTING.** Recipient 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.** Recipient acknowledges that its award of Affordable Housing Funds has been based upon information received from Recipient. Recipient warrants that the financial and other information furnished by Recipient to LFUCG was, at the time of application, and continues to be, true and accurate.

**6.5 PROGRAM COMPLIANCE.** Recipient agrees to comply with LFUCG program guidelines and criteria relating to the Affordable Housing 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 Recipient 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:

Recipient: TWP Development, LLC  
206 Keene Manor Circle  
Nicholasville, Kentucky 40356  
ATTN: William Russell Embry

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

**7.2 COSTS TO BE PAID BY RECIPIENT.** All items which Recipient agrees to furnish under this Agreement will be furnished at Recipient'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 Lexington-Fayette County, Code of Ordinances

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

**7.5 INDEMNIFICATION.** Recipient 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 Recipient contained in this Agreement or in any document delivered to LFUCG or by Recipient, or any other person on behalf of Recipient 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 grant referred to herein will be governed by the laws of the Commonwealth of Kentucky.

**7.7 ASSIGNABILITY.** Recipient 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 Recipient, Recipient'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 Recipient's performance of any of the terms of this Agreement or Recipient'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



**EXHIBIT A**

**(The LFUCG Affordable Housing Fund Application)**

9/20/16

## **TWO-WAY PRAYER AFFORDABLE HOUSING**

### **PROBLEM:**

There is inadequate graduate housing for Veteran residents of St. James Place. St. James provides housing for the working homeless and qualified recovering homeless Veterans.

### **SOLUTION STATEMENT:**

Funding from LAHTF, Schneider Electric, and in the future, VA coordinated with abandoned houses provided by Habitat of Lexington, TWP will provide fully remodeled, clean, safe, affordable housing (below \$700/month) for the Veteran graduates of St. James Place. TWP will start this year with 2 houses, 862 Charles Ave., and 915 Whitney Ave.

### **Capabilities:**

With Habitat for Humanity's accessibility for well-built, easy to re-hab houses and their sources and ability to keep these re-hab costs low, this partnership can add 12 homes per year to Lexington's affordable housing solution.

### **Budget Request:**

Two-way Prayer Housing is requesting \$60,000 funding from LAHTF to purchase the two homes to add to the already approved funding from Schneider Electric of \$20,000

# Two-Way Prayer Housing

## Veteran AH Rentals

	<u>Scenario A</u>	<u>Scenario B</u>
	<b>2 houses</b>	<b>10 houses</b>

### Monthly Operating Income:

Number of Units		2	10
Avg. Monthly Rent/unit		<b>\$700</b>	<b>\$675</b>
Total Rent Income		<b>\$1,400</b>	<b>\$6,750</b>
Vacancy and Credit losses	7.50%	<b>\$101.75</b>	<b>\$506.25</b>

### Monthly Operating Expenses:

Property Mgt (Beacon)		\$84	\$405
Taxes and Ins.		\$200	\$1,000
Repairs and Maint.		\$100	\$500
Utilities		\$40	\$200
Acct and Legal		\$60	\$300
Misc.		\$80	\$400
<b>Total Monthly Oper. Expense:</b>		<b>\$564</b>	<b>\$2,805</b>

### Net Operating Income:

Total Annual Oper. Income		<b>\$16,800</b>	<b>\$81,000</b>
Total Annual Oper. Expense		<b>\$6,768</b>	<b>\$33,660</b>
<b>Annual Net Oper. Income</b>		<b>\$10,032</b>	<b>\$47,340</b>

# 915 Whitney

## Scope of Work

### ENTIRE HOUSE:

- **New Hardware (door knobs, stops, cabinet knobs) - \$325**
- **All new carpet and vinyl flooring - \$2500.**
- **All new blinds GIK inventory**
- **Paint entire house – GIK inventory, labor by volunteers**
- **Electrical Repairs - \$2000**
- **Plumbing Repairs - \$1500**

**TOTAL: \$6325**

**HVAC check / repair / replace?**

### OUTSIDE:

- **Paint or cover side door casing**
- **Downspout elbow (BR) - \$5**
- **Remove Storm Door**
- **Minor Siding Repair - \$50**
- **Landscaping - \$500**

**TOTAL: \$555**

### LIVING ROOM:

- **Blinds – GIK inventory**

## KITCHEN:

- **Fridge – GIK**
- **Oven – clean or GIK**
- **All new cabinets and countertops - \$1900**
- **Replace Range Hood — \$100**
- **New Kitchen sink - \$100**

**TOTAL: \$2100**

## UTILITY ROOM:

- **Replace Door Casing - \$50**
- **Replace Water Heater - \$400**
- **Remove Storm Door**

**TOTAL: \$450**

## HALLWAY:

- **Replace Doorbell – (included in electrical)**

## FL BEDROOM:

- **Blinds – GIK inventory**

## FR BEDROOM:

- **Blinds – GIK inventory**

## BL BEDROOM:

- **Blinds – GIK inventory**



**FULL BATH:**

- **Vanity - \$170**
- **Toilet - \$80**
- **Over-John - \$70**
- **Hardware - \$20**

**TOTAL: \$340**

**BR BEDROOM:**

- **Blinds – GIK inventory**

**TOTAL COST OF REPAIRS: \$9770**

**(PLUS POSSIBLE REPLACEMENT OF HVAC)**

# 862 Charles

## Scope of Work

### ENTIRE HOUSE:

- **New Hardware (door knobs, stops, cabinet knobs) - \$200**
- **All new carpet and vinyl flooring - \$2000.**
- **All new blinds GIK inventory**
- **Paint entire house – GIK inventory, labor by volunteers**
- **Electrical Repairs - \$1000**

**TOTAL: \$3200**

**HVAC check**

### OUTSIDE:

- **Gate – secure post - \$50**
- **New Storm Door - \$300**
- **Minor Siding Repair - \$50**
- **Landscaping - \$300**

**TOTAL: \$700**

### LIVING ROOM:

- **Blinds – GIK inventory**

**KITCHEN:**

- **Fridge – Replace GIK**
- **Oven – Replace GIK**
- **Replace Range Hood — \$100**
- **Repair Crack in wall - \$200**

**TOTAL: \$300**

**UTILITY ROOM:**

- **Remove Mold - Volunteer**
- **Replace Vinyl Floor – (included above)**
- **Connect ADT**
- **Check Water Heater**

**BEDROOMS:**

- **Blinds – GIK inventory**

**FULL BATH:**

- **Vanity - \$170**
- **Toilet - \$80**
- **Over-John - \$70**
- **Hardware - \$20**

**TOTAL: \$340**

**TOTAL COST OF REPAIRS: \$ 4540**

**EXHIBIT B**  
**(Commitment Letter)**



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

**Jim Gray**  
Mayor

**Derek J. Paulsen, Ph.D.**  
Commissioner

September 29, 2016

Rachel Childress, Executive Director  
Beacon Property Management  
700 E. Main Street  
Lexington, KY 40502

Dear Ms. Childress and Mr. Embry,

This letter serves as a contingent commitment of \$60,000 in grant funds from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the acquisition and rehabilitation of 2 single-family homes. The homes are located at 862 Charles Avenue and 915 Whitney Avenue and will be leased by Two Way Prayer LLC to households that include veterans as described in your application.

This commitment is contingent upon the following:

1. Two Way Prayer LLC 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. Beacon Property Management agrees to manage the properties.
3. Two Way Prayer LLC receives all funds necessary to rehabilitate the single family homes from the Affordable Housing Fund of Lexington Fayette Urban County Government.

**HORSE CAPITAL OF THE WORLD**

101 East Vine Street, Suite 600 Lexington, KY 40507 (606) 255-3018 FAX (606) 255-3163 [www.lexingtonky.gov](http://www.lexingtonky.gov)

September 22, 2016

Please indicate below your acceptance of this contingent commitment letter. Upon acceptance LPOC will work to close the transaction. I look forward to working with you in providing these needed housing units for veterans and their families.

Sincerely,



Richard A. McQuady  
Affordable Housing Manager

Accepted by



Two Way Prayer LLC

**EXHIBIT C**  
**(Property Description)**

**862 Charles Avenue**

All that lot of land with improvements thereon in the City of Lexington, situated at the South Corner of Charles and Michigan Avenue, fronting on Charles Avenue 32 feet and extending back on Michigan Avenue a depth of 104 feet and 6 inches; being a part of Lot No. 2 in Block "D" of the Forrest Hill Addition to the City of Lexington, Kentucky, as shown by plat thereof in Plat Book 1, Page 38 and 39 (now Plat Cabinet E, Slides 38 and 39), House No. 862 Charles Avenue; and

Being all of the same property conveyed to Lexington Habitat for Humanity, Inc. by deed dated April 25, 2016, of record in Deed Book 3394, Page 689, in the office of the Fayette County Clerk.

**915 Whitney Avenue**

All of Lot 17, Block E, Forest Hill Addition to the City of Lexington, a plat of which is recorded in the office of the Fayette County Court Clerk in Plat Cabinet E, Slide 53 (formerly Plat Book 1, Page 53), the said lot fronts 30 feet on the north side of Whitney Avenue and extends back between parallel lines a distance of 135 feet. The improvements on said property are known and designated as 915 Whitney Avenue; and

Being all of the same property conveyed to Lexington Habitat for Humanity, Inc. by deed dated January 29, 2016 of record in Deed Book 3374, Page 368, in the office of the Fayette County Clerk.