

**HOME INVESTMENT PARTNERSHIPS PROGRAM
CHDO AGREEMENT BETWEEN
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
AND
THE FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**

THIS AGREEMENT, made and entered into on this 26 day of September 2017, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government pursuant to KRS Chapter 67A, and located at 200 East Main Street, Lexington, Fayette County, Kentucky 40507 (hereinafter referred to as "GOVERNMENT"), and the **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a non-stock, nonprofit Kentucky corporation, organized pursuant to KRS Chapter 273, that has been identified as a Community Housing Development Organization (CHDO) and whose mailing address is 148 Dewese Street, Lexington, Kentucky 40507 (hereinafter referred to as "CHDO").

RECITALS

WHEREAS, the GOVERNMENT, in accordance with the regulations codified at 24 CFR 92.102 –92.104 for the HOME Investment Partnership Program, has been designated a PARTICIPATING JURISDICTION by the U.S. Department of Housing and Urban Development (hereinafter referred to as "HUD");

WHEREAS, the FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION has been certified by the GOVERNMENT as a Community Housing Development Organization (CHDO) that meets all of the federal requirements for designation as such.

WHEREAS, the GOVERNMENT has been awarded federal funds from HUD's HOME Investment Partnerships Program (CFDA # 14.239);

WHEREAS, a requirement of the HOME Investment Partnerships Program (24 CFR 92.300) is that the GOVERNMENT identify community housing development organizations capable of carrying out elements of the jurisdiction's approved housing strategy and that no less than 15 percent of the GOVERNMENT's HOME allocations be reserved for investment only in housing to be developed, sponsored, or owned by community housing development organizations.

WHEREAS, the GOVERNMENT'S 2014 and 2016 Consolidated Plans provide for the allocation of \$190,000 in funds to the CHDO acting as an Owner/Developer for Rental Housing Production Activities.

WHEREAS, the GOVERNMENT is responsible for ensuring that HOME funds are used in accordance with all program requirements; and,

WHEREAS, federal regulations require the GOVERNMENT to enter into a written agreement with the CHDO ensuring compliance with all applicable federal regulations.

WHEREAS, if the CHDO has remaining funds from previous HOME written agreements, this agreement and its full contents will apply to those remaining funds.

NOW THEREFORE, in consideration of the foregoing and mutually agreed upon promises, conditions, and covenants hereinafter set forth, the GOVERNMENT and the CHDO hereto agree as follows:

ARTICLE I: Obligations of the CHDO

Use of HOME Funds

The CHDO agrees to use the set-aside of \$190,000 for the purpose of constructing one duplex housing facility (two units) located at 458 Ash Street for rent to eligible low-income households in accordance with the HOME Investment Partnerships Program regulations as stated in 24 CFR Part 92.

The CHDO agrees that all HOME funds will be used only for eligible costs in accordance with 24 CFR Part 92.206, and in accordance with a project budget (Exhibit 1) that shall be received prior to written approval of the GOVERNMENT. A minimum of two residential rental units will be completed with these funds.

The CHDO is prohibited from charging servicing, origination, processing, inspection, or other fees for the costs of administering a HOME program, except as permitted by § 92.214(b)(1).

Maximum Per-Unit Subsidy Amount

All sums provided hereunder shall be used solely and exclusively for the construction of the unit of rental housing for eligible project costs as set forth in 24 CFR 92.206. CHDO acknowledges that the unit in the Project shall be administered as a HOME-assisted unit, and that the per-unit subsidy shall not exceed the maximum per-unit subsidy amount established under Section 234 of the National Housing Act for Condominium Housing, elevator-type, basic mortgage limits for projects that apply to the area in which the unit is located. Both units are designated as HOME fixed units.

Duration of the Agreement

The CHDO agrees to complete all acquisition and construction activities under this agreement no later than July 31, 2019. The CHDO further agrees to project completion no later than August 31, 2019. Project Completion is defined as all construction work being completed, issuance of a Certificate of Occupancy by the Lexington-Fayette Urban County Government Division of Building Inspection, and final inspection by the Division of Grants and Special Programs. Project Completion also includes the rental of the unit to an eligible household and acceptance of completion report by the HUD Cash Management System. Rental of unit shall be completed within six months of project completion and completion report shall be submitted within one month of rent-up. The terms of this Agreement shall be in effect for the full period of affordability, which is a period of twenty (20) years.

Period of Affordability

The period of affordability is defined as a period of twenty (20) years, beginning on the project completion date, established as the date that IDIS accepts and records the Completion report. For purposes of enforcing the period of affordability, CHDO and GOVERNMENT shall execute and record in the Fayette County Clerk's Office, Deed and Declaration of Restrictive Covenants upon each property on which HOME funds are expended. Repayment of funds does not affect the period of affordability. Deed Restrictions model is attached as Exhibit 2.

Tenant Eligibility

For a period of twenty (20) years from the date on which development of the Project is completed, established as the date that IDIS accepts and records the Completion report, one hundred percent (100%) of the units assisted with these funds will be rented to low-income households, in accordance with HOME regulations at 24 CFR 92.203 (b) (1). Low-income households are those households with adjusted gross incomes at or below eighty percent (80%) of the area median income for the community. These units will be restricted to households with incomes at or below sixty percent (60%) of the area median income. Current income guidelines are attached as Exhibit 3.

Mortgages and Notes

The CHDO shall deliver to the GOVERNMENT Mortgage and Mortgage Note in favor of the GOVERNMENT for the purpose of securing all HOME funds provided for Rental Housing Production Activities on all properties on which HOME assistance is expended. Mortgage shall be for a twenty-year term at 0% interest rate, with full forgiveness of all indebtedness at the expiration of the twenty-year Period of Affordability, absence any breach of this agreement. Mortgages shall provide for repayment of full amount of the HOME-investment by the CHDO to the GOVERNMENT in the event of CHDO's failure to meet the affordability requirements for the full twenty-year period of affordability. In the event of default by the CHDO, the GOVERNMENT may take such measures as may be lawful to it for the recovery of indebtedness and including, but not limited to, foreclosure and sale of the CHDO's rights in the properties and/or the assignment and collection of the rents and profits of the Project. Mortgage and Mortgage Note are attached as Exhibits 4 and 5.

Insurance

The CHDO shall provide, maintain, and deliver to the GOVERNMENT evidence of fire and extended coverage insurance satisfactory to and with loss payable to the GOVERNMENT in the order and amount of the Mortgage Note hereby secured; assign to the GOVERNMENT any award of damages, or portion thereof, in connection with any condemnation for public use or injury to this property in the same manner and with the same effect as provided for payment of proceeds of fire and other insurance, said award or damaged not to exceed the amount secured by the Mortgage Note and to the extent not assigned to the holder of any prior or superior mortgage on this property.

HOME Rent Restrictions

For a period of twenty (20) years from the date on which the Project is completed, established as the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the units assisted with these funds have been rented to low-income and very low-income households, in accordance with 24 CFR 92.252, CHDO shall charge the low HOME and high HOME rents as established from time to time by HUD pursuant to any regulations promulgated by HUD or the GOVERNMENT. The rents so charged must include utility costs. The maximum allowable HOME rent must be reduced by a utility allowance approved by GOVERNMENT if tenant is required to pay separately for utilities. Utility allowances approved by GOVERNMENT may vary as periodic adjustments are made. Should HUD revise these or other rent guidelines set out herein so as to permit CHDO to adjust the rent charged, CHDO must provide tenants with no less than thirty (30) days written notice before adjustments are implemented. GOVERNMENT will notify CHDO of changes in rent and utility schedules. Current rent and utility schedules are attached as Exhibits 6 and 7.

Leases

CHDO shall offer tenants leases for terms of at least one year. Leases of less than one year are permitted only by mutual agreement between the tenant and CHDO. Any lease entered into between CHDO and a tenant shall require the tenant to provide information as to family size and income as set out herein. Non-renewable leases shall not be utilized. The lease shall be in conformance with the Uniform Residential Landlord and Tenant Act to the extent the Uniform Residential Landlord and Tenant Act is applicable to CHDO and to the requirements of 24 CFR 92.253. The requirements set forth in this paragraph shall be in effect for a period of twenty (20) years from the date on which development of the project is completed.

Verification and Reporting of Tenant Eligibility

The family size and the adjusted gross income for all tenants must be determined at the time of initial occupancy and annually for a period of twenty (20) years from the date on which development of the Project is completed. Project is deemed to be completed on the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the units assisted by this Loan have been rented to low-income and very low-income households. CHDO shall obtain and verify income and family size information from each tenant upon initial rent up and annually during the twenty (20) year period. CHDO shall provide information on family size, adjusted gross income and rent charged for all tenants to the GOVERNMENT's Division of Grants and Special Programs within sixty (60) days after the initial rent up and the annual review date. CHDO shall obtain any necessary releases from tenant to allow GOVERNMENT to independently verify the information provided. The definition of income for this project is the same as HUD's Section 8 (Part 5) Annual (gross) Income.

The CHDO shall, on an annual basis, during a period of twenty (20) years from the date on which development is completed, review the income, family size and exclusions of all tenants and determine if any are over-income. Development is deemed to be completed on the date that IDIS accepts and records the Completion report showing that one hundred percent (100%) of the units assisted by this Loan have been rented to low-income and very low-income households. An over-income tenant is a household with an adjusted gross income exceeding eighty percent (80%) of the median for the community. CHDO shall not evict over-income tenants based on income. CHDO shall increase the rent of the unit to thirty percent (30%) of the household's adjusted gross income. Units vacated by an over-income tenant must be rented to an income-eligible tenant during the twenty (20) year period.

Property Standards

The CHDO agrees to comply with the Kentucky Building Code, as applicable. The CHDO agrees to comply with all local and state laws regarding the submission of plans and specifications to, and approval by, the appropriate Building Official prior to the start of construction. In the construction of new units, the CHDO agrees to meet the current edition of the Model Energy Code published by the Council of American Building Officials. CHDO agrees that these units will meet the federal ENERGY STAR standards. CHDO further agrees to maintain all units receiving a HOME subsidy in good condition and repair in accordance with Section 12-1, Code of Ordinances, Lexington-Fayette Urban County Government, as amended, for the full 20-year Period of Affordability. Upon written notification of violations of maintenance requirements, CHDO shall make corrections within 60 days. Code of Ordinances Section 12-1 is available at:

https://library.municode.com/ky/lexington-fayette_county/codes/code_of_ordinances?nodeId=COOR_CH12HO.

Reports

The CHDO agrees to provide any reports and information as required by the GOVERNMENT. The CHDO shall be responsible for providing the following data: the number of affordable units developed, size of units (number of bedrooms), years of affordability, the number of units meeting Energy Star standards, the number of units made fully accessible under Section 504 accessibility standards, and the number of units occupied by elderly households (either the head or co-head is age 62 or older). In addition, an annual report shall also provide the following information about the employees of the CHDO's organization: race, ethnicity, national origin, age, gender, and disability. The annual report shall be submitted to the GOVERNMENT no later than thirty days after the end of the GOVERNMENT's fiscal year.

Request for Disbursement of Funds

The CHDO agrees that it shall not request disbursement of funds from the GOVERNMENT until the funds are needed for payment of eligible costs and shall request only the amount of funds needed. The CHDO further agrees that any federal funds received and not used by the CHDO within fifteen days of receipt will be returned to the government immediately.

The request for disbursement of funds for rental housing development shall include a draw request for HOME funds for each unit, accompanied by all receipts for labor and materials identified by property address. The first request shall include a copy of the building permit, the Deed and Declaration of Restrictive Covenants, evidence of compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and the results of the Lead-Based Paint test (if applicable). Payment shall be made based upon the proportionate HOME investment. Progress payments shall be made at the following intervals: 25%, 50%, and 75% of completion based upon the budget.

The final request for disbursement of funds for rental housing development shall also include post construction appraisals, Certificates of Occupancy, Final Inspection conducted by the Lexington-Fayette Urban County Government's Division of Grants and Special Programs, Final Sources and Uses of Funds, leases, HOME Annual Certification Report, completed tenant-funded utilities form, mortgage and note for HOME assistance, copies of all other recorded mortgages on the HOME-assisted properties, amount and source (name of individual or organization) of all private donations, and final report of contractors/subcontractors employed on the project, with Federal Employer Identification Numbers/Social Security numbers, complete mailing addresses, type of trade/skill, total contract dollar amount, and indication of Disadvantaged Business Enterprise status: women-owned and/or the following race/ethnicity categories (Alaskan Native/American Indian, Asian or Pacific Islander, Black Non-Hispanic, Hispanic, or White/Non-Hispanic).

Reversion of Assets

The CHDO agrees that in the event that it ceases to operate as a CHDO, it shall transfer to the GOVERNMENT any HOME funds on hand at the time of expiration and any accounts receivable attributable to the use of HOME funds.

Sale of Property

All sales of property during the period of affordability must have the prior written approval of the GOVERNMENT's Division of Grants and Special Programs. No property sales will be approved that do not maintain the tenant income eligibility requirements and rent restrictions

provided by the period of affordability. With the prior written approval of the GOVERNMENT's Division of Grants and Special Programs, properties may be sold to income-eligible tenants for homeownership.

Project Proceeds

All **Project proceeds** from the sale of property by the CHDO shall be retained by the CHDO and shall be used exclusively for other HOME-eligible activities including acquisition and/or rehabilitation and the new construction of homebuyer properties or rental housing; homeowner rehabilitation and tenant based rental assistance. The projects funded with project proceeds are not reported as HOME assisted units and not subject to HOME regulations. The CHDO agrees to provide a quarterly report detailing the amount received, date received, source of proceeds, and use of proceeds to the GOVERNMENT by the 15th of the following quarter, until all funds have been expended.

Program Income and Recaptured Funds

All Program Income and Recaptured funds must be returned within 10 days of receipt. Funds recaptured because housing no longer meets affordability requirements are not Project Proceeds.

Definition of Community Housing Development Organization (CHDO)

The CHDO agrees that throughout the period of affordability it will conform to the definition of a Community Housing Development Organization as stated in the HOME Investment Partnerships Program regulations codified at 24 CFR 92.2.

ARTICLE II: Other Federal Requirements

Fair Housing and Equal Opportunity: Under any program funded in whole or in part with HOME funds, the CHDO shall not exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States on the grounds of race, color, national origin, religion, sex, familial status or disability.

The CHDO agrees to comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR, part 100; Executive Order 11063, as amended by executive Order 12259 (3CFR, 1958-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR part 1.

The CHDO agrees to comply with the requirements of the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR part 146: the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8.

Employment and Equal Opportunity: The CHDO agrees to comply with the requirements of Equal Employment Opportunity, Executive Order 11246, as amended (3CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR chapter 60; and the requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u).

Affirmative Marketing: As it may be applicable, SUBRECIPIENT agrees to comply with the *Affirmative Marketing Plan* as adopted by the GOVERNMENT and as approved by HUD. The Affirmative Marketing Plan is located in the consolidated plan/annual action plan.

Minority/Women-Owned Businesses: To the maximum extent possible, the CHDO agrees to afford minority- and women-owned business enterprises the opportunity to participate in the performance of this Agreement. As used in this Agreement, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians.

Uniform Relocation and Real Property Acquisition Act: The CHDO agrees to conduct housing acquisition, rehabilitation, construction and demolition activities in such a manner as to minimize the displacement of persons. The CHDO further agrees to comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) and 49 CFR part 24.

Environmental Review: CHDO agrees to provide property addresses and work specifications to the GOVERNMENT prior to commitment of HOME Funds for purposes of completing environmental review requirements under 24 CFR Part 58. The CHDO agrees to comply with the Advisory Council on Historic Preservation's Rules and Regulations for the Protection of Historic and Cultural Properties (36 CFR, Part 800) pursuant to the National Historic Preservation Act of 1966, The National Environmental Policy Act of 1969, and Executive Order 11593.

Conflict of Interest: The CHDO agrees to comply with the conflict of interest provisions in 24 CFR 84.42 regarding written standards governing the performance of its officers, employees, and agents engaged in awarding and administering contracts. The CHDO further agrees to comply with the conflict of interest provisions at 24 CFR 92.356.

Labor: The CHDO acknowledges that all laborers and mechanics, etc., employed in the construction of any project containing twelve (12) or more dwelling units and assisted with HOME funds, whether employed by CHDO, contractors, or subcontractors, shall be paid wages complying with the Davis-Bacon Act (40 U.S.C. Section 276(A)-7). The CHDO further agrees to comply with the applicable provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. Section 327-333), the applicable provisions of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. et seq.), and the Copeland (Anti-Kickback) Act (40USC 276c).

Debarred Contractors: The CHDO shall require all of its contractors and subcontractors to certify that neither they nor their principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federally funded activities.

Lead-Based Paint: If applicable, the CHDO agrees to comply with the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at 24 CFR 35, subparts A,B,J, K, M and R. The CHDO is responsible for testing and abatement activities as may be required. If lead-based paint exists on the project site, the lead-based paint must be abated prior to the start of rehabilitation

work, and evidence of the abatement must be sent to the Division of Grants and Special Programs within 90 days of the date of the agreement.

Tenant Selection Policies and Tenant Participation Plan: The CHDO shall adopt and follow written tenant selection policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income persons and in conformance with the requirements at 24 CFR 92.253(d). The CHDO shall develop and follow a tenant grievance procedure that shall have the approval of the GOVERNMENT and shall provide a plan for and follow a program of tenant participation in management decisions in accordance with 24 CFR 92.303.

Accounting Standards and Cost Principles: The CHDO agrees to comply with 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and agrees to adhere to the accounting principles and procedures required therein, use adequate internal controls, and maintain necessary source documentation for all costs incurred. Additionally, the SUBRECIPIENT shall administer its program in conformance with 2 CFR 200. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

Standards for Financial Management System: In accordance with 2 CFR 200.302, all grant recipients must have financial management systems that include written procedures for ensuring all expenditures conform to the terms and conditions of the grant as well as the Uniform Guidance Cost Principles. The CHDO agrees to comply with the requirements at 2 CFR 200.302, "Financial Management" 2 CFR 200.302 is attached as Exhibit 2.

Establishment and Maintenance of Records: The CHDO agrees to establish and maintain records sufficient to document compliance with the grant requirements of the HOME Investment Partnerships Program. As applicable, the CHDO will maintain project records as identified in 24 CFR 92.508 (a)(5).

The CHDO agrees that officials of the GOVERNMENT, officials of HUD, officials of the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers, and records of the CHDO which are directly pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

The CHDO further agrees to retain records for five years after the expiration of the period of affordability; and in the event that the CHDO discontinues operating as a legal entity, said records shall be delivered to the GOVERNMENT.

ARTICLE III: Obligations of the Government

In accordance with 24 CFR 92.300-301, the GOVERNMENT agrees to reserve \$190,000 from its 2014 and 2016 HOME allocations for Rental Housing Production Activities for use by the CHDO for eligible HOME projects.

The GOVERNMENT agrees to monitor the performance of the CHDO to assure compliance with all applicable federal regulations; however, monitoring does not relieve the CHDO of primary responsibility for compliance.

The GOVERNMENT agrees to prepare and submit any and all required reports to HUD.

The GOVERNMENT agrees to provide technical assistance to the CHDO in fulfilling its obligations under this agreement.

The GOVERNMENT agrees to make reasonable, allowable disbursements from its local HOME Investment Trust Fund to the CHDO when a need for payment is documented.

GOVERNMENT shall conduct inspections of units at least every three years for purposes of determining CHDO'S compliance with maintenance requirements. If there are observed deficiencies found, a follow-up on-site inspection will be completed within 12 months to verify that deficiencies are corrected.

The GOVERNMENT agrees to notify the CHDO with any changes in the HOME regulations, program limits for income, rent and property value, and all other pertinent information received in regards to the program.

ARTICLE IV: Additional Provisions

No right, benefit, or advantage inuring to the CHDO and no burden imposed on the CHDO hereunder may be assigned or otherwise transferred without the prior written approval of the GOVERNMENT.

This agreement, or any part hereof, may be amended from time to time hereafter only in writing executed by the GOVERNMENT and the CHDO.

This agreement, in accordance with 24 CFR 85.43 can be terminated if the CHDO fails to comply with any term of the agreement. This agreement may be terminated for convenience in accordance with 24 CFR 85.44 upon written notice by the GOVERNMENT.

The failure to perform or comply with any of the covenants, warranties, terms or conditions as set forth in this agreement shall constitute events of breach and default entitling the GOVERNMENT to take all action set out in this agreement or as otherwise allowed by law, including an action for specific performance.

The CHDO agrees to be responsible (in the manner and to the extent permitted by law) for all lawfully proven claims, losses, actions, and expenses (including legal expenses), including claims against the GOVERNMENT, arising from the performance of the terms of this agreement in accordance with the requirements of the HOME Investment Partnerships Program but excepting any such claims, losses, causes of action and expenses arising as a result of fault on the part of the GOVERNMENT, its officers, agents and employees. The CHDO is not responsible for negligent acts of the GOVERNMENT, its officers, agents, and employees.

All notices hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, return receipt requested, to the parties at the following addresses:

GOVERNMENT:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th floor
Lexington, Kentucky 40507
ATTN: Charlie Lanter, Director

CHDO:

Fayette County Local Development Corporation
148 Dewese Street
Lexington, Kentucky 40507
ATTN: Norman Franklin

This agreement will remain in effect during the relevant period of affordability of any housing developed with HOME financial assistance under the provisions of this agreement and in accordance with the requirements of the HOME regulations at 24 CFR 92, or for as long as federal regulations may require compliance.

The CHDO acknowledges receipt of the HOME Investment Partnerships Program regulations codified at 24 CFR Part 92.84.

IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky the day and year first above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

BY: _____
Jim Gray, Mayor

DATE: _____

ATTEST:

Clerk of Urban County Council

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

BY: _____
Signature of Authorized Official

Printed Name and Title of Authorized Official

DATE: _____

GOVERNMENT:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th floor
Lexington, Kentucky 40507
ATTN: Charlie Lanter, Director

CHDO:

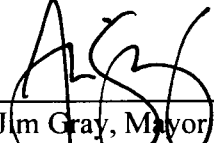
Fayette County Local Development Corporation
148 Deweese Street
Lexington, Kentucky 40507
ATTN: Norman Franklin

This agreement will remain in effect during the relevant period of affordability of any housing developed with HOME financial assistance under the provisions of this agreement and in accordance with the requirements of the HOME regulations at 24 CFR 92, or for as long as federal regulations may require compliance.


The CHDO acknowledges receipt of the HOME Investment Partnerships Program regulations codified at 24 CFR Part 92.84.

IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky the day and year first above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

BY: 
Jim Gray, Mayor

DATE: 20-Sep-2017

ATTEST: 
Clerk of Urban County Council

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

BY: 
Signature of Authorized Official

Porter G. Peoples, Sr. President
Printed Name and Title of Authorized Official

DATE: 9/12/17

Project Budget

Address: 458 Ash St (Duplex)
 Square Footage: 1,584 ea. / 3,168 total
 Specs: 3 bdrm, 2.5 bath

8/16/2017

	Costs	Labor	Materials	Per Unit Cost
Demolition	\$ -			\$ -
Equipment Rental	\$ 2,800.00		\$ 2,800	\$ 1,400
Site Work	\$ 5,500.00	\$ 4,000	\$ 1,500	\$ 2,750
Excavate & Form Footer/Crawl	\$ 15,000.00	\$ 15,000		\$ 7,500
Dumpster	\$ 1,800.00	\$ 1,800		\$ 900
Masonry	\$ 7,800.00	\$ 2,800	\$ 5,000	\$ 3,900
Framing	\$ 37,500.00	\$ 13,500	\$ 24,000	\$ 18,750
Concrete	\$ 14,500.00	\$ 4,500	\$ 10,000	\$ 7,250
Siding/Columns	\$ 14,000.00	\$ 14,000		\$ 7,000
Windows/ Energy Star Upgrade *	\$ 3,200.00		\$ 3,200	\$ 1,600
Electric - 2009 Code	\$ 14,500.00	\$ 14,500		\$ 7,250
Roof Shingles	\$ 7,800.00	\$ 5,200	\$ 2,600	\$ 3,900
Plumbing	\$ 14,400.00	\$ 14,400		\$ 7,200
Insulation (crawl & attic)	\$ 4,500.00	\$ 4,500		\$ 2,250
HVAC	\$ 15,800.00	\$ 15,800		\$ 7,900
DryWall - hang & finish	\$ 17,500.00	\$ 17,500		\$ 8,750
Trim/Doors	\$ 10,500.00	\$ 2,500	\$ 8,000	\$ 5,250
Interior Painting	\$ 4,800.00	\$ 4,800		\$ 2,400
Gutters	\$ 2,800.00	\$ 2,800		\$ 1,400
Cabinets/Countertops/Vanities & Tops	\$ 6,400.00	\$ 1,200	\$ 5,200	\$ 3,200
Flooring - Carpet/vinyl	\$ 13,500.00	\$ 13,500		\$ 6,750
Accessories	\$ 4,000.00	\$ 700	\$ 3,300	\$ 2,000
Lighting **	\$ 2,500.00		\$ 2,500	\$ 1,250
Landscaping	\$ 7,500.00	\$ 2,500	\$ 5,000	\$ 3,750
Decks - 10 X 10	\$ 3,500.00	\$ 1,000	\$ 2,500	\$ 1,750
Appliances	\$ 5,650.00	\$ 250	\$ 5,400	\$ 2,825
Cleaning	\$ 400.00	\$ 400		\$ 200
Utilities	\$ 1,800.00		\$ 1,800	\$ 900
Permits & Fees	\$ 3,200.00	\$ 2,000	\$ 1,200	\$ 1,600
Street Cut	\$ 3,500.00	\$ 1,000	\$ 2,500	\$ 1,250
Subtotal 1	\$ 246,650.00	\$ 160,150	\$ 86,500	\$ 123,325
4% Contingency	\$ 9,866.00			\$ 4,933
Subtotal 2	\$ 256,516.00			\$ 128,258
Overhead & Profit	\$ 55,860.92			\$ 27,930
Total Building Costs	\$ 312,376.92			\$ 156,188
Acquisition	\$ 20,000.00			
Operating Deficit Reserve	\$ 3,750.00			
Survey, Appraisal, Archeological Study	\$ 6,032.00			
Construction Interest	\$ 3,500.00			
Builders Risk Ins	\$ 1,366.00			
Total Project Cost	\$ 347,024.92			

Complete Homebuyer Activity:

G. Activity Information. If this is a multi-address activity, make copies of this form so that cost and beneficiary information is reported for each address - Sections I, J, and K.

1. Activity Type (enter code): (2) New Construction Only (3) Acquisition Only (4) Acquisition & Rehab (5) Acquisition & New Construction	2. Property Type (enter code): (1) 1-4 Single Family (2) Condominium (3) Cooperative (4) Manufactured Home	3. FHA Insured (Y/N)? (For single address activities.)
4. Lease Purchase? If yes, date of agreement (For single address activities.)		(5) Completed Units: Total number: _____ HOME-assisted: _____

H. Units.

1. Of the Completed Units, the number: Meeting Energy Star standards: 504-accessible:	<u>Total</u>	<u>HOME-assisted</u>
2. Period of Affordability: If you are imposing a period of affordability that is longer than the regulatory minimum, enter the total years (HOME minimum + additional) of affordability. PJ-imposed period of affordability: _____ years.		

I. Property Address. (For multi-address activities.)

1. Homebuyer's Name (optional):		2. Homebuyer's Street Address:	
3. City:	4. State:	5. Zip Code:	6. County:

J. Costs.

Purchase Price: _____

Value After Rehab (for Acquisition/Rehab activities only): _____

1. HOME Funds (Including Program Income)

a. Property Costs

		Totals
(1) Amortized Loan	\$	
(2) Grant	\$	
(3) Deferred Payment Loan (DPL)	\$	
(4) Other	\$	\$ 157,045

b. Downpayment Assistance

(1) Amortized Loan	\$	
(2) Grant	\$	
(3) Deferred Payment Loan (DPL)	\$	
(4) Other	\$	\$

c. CHDO Loan

HOME Total this address [a + b + c]		\$ 190,000
		\$ 347,045

2. Public Funds

(1) Other Federal Funds	\$	
(2) State/Local Funds	\$	
(3) Tax Exempt Bond Proceeds	\$	
Total Public Funds [(1) + (2) + (3)]		\$

3. Private Funds

(1) Private Loans	\$	
(2) Owner Cash Contribution	\$	
(3) Private Grants	\$	
Total Private Funds [(1) + (2) + (3)]		\$
4. Activity Total (or Total this address)		\$

K. Household Characteristics. (Refer to code below where applicable)

Household									
Unit #	# of Bdrms	Occupant	% Med	Hispanic? Y/N	Race	Size	Type	Assistance Type	Total Monthly Rent
		2							N/A

1. Homebuyer Counseling Homebuyer received (enter code): (1) No Counseling (2) Pre-counseling (3) Post-counseling (4) Both	2. FHA Insured Y/N? (For multi address activities.)	3. First-time homebuyer Y/N?
4. Coming from subsidized housing Y/N?	5. Lease Purchase Y/N? (For multi address activities.)	If yes, date of agreement:

of Bdrms
 0 - SFO/Efficiency
 1 - 1 bedroom
 2 - 2 bedrooms
 3 - 3 bedrooms
 4 - 4 bedrooms
 5 - 5 or more bedrooms

Occupant
 1 - Tenant
 2 - Owner
 3 - Vacant Unit

Household % of Med
 1 - 0 to 30%
 2 - 30+ to 60%
 3 - 60+ to 80%
 4 - 80+ to 80%

Household Race
 11 - White
 12 - Black or African American
 13 - Asian
 14 - American Indian or Alaska Native
 15 - Native Hawaiian or Other Pacific Islander
 16 - American Indian or Alaska Native & White
 17 - Asian & White
 18 - Black or African American & White
 19 - American Indian or Alaska Native & Black or African American
 20 - Other Multi Racial

Assistance Type
 1 - Section 8
 2 - HOME TBRA
 3 - Other federal, state or local assistance
 4 - No assistance

Household Size
 1 - 1 person
 2 - 2 persons
 3 - 3 persons
 4 - 4 persons
 5 - 5 persons
 6 - 6 persons
 7 - 7 persons
 8 - 8 or more persons

Household Type
 1 - Single, non-elderly
 2 - Elderly
 3 - Single parent
 4 - Two parents
 5 - Other

Exhibit 2

Sample Deed Restriction

DEED AND DECLARATION OF RESTRICTIVE COVENANTS

THIS DEED AND DECLARATION OF RESTRICTIVE COVENANTS is made this _____ day of _____, _____, by and between **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, A Kentucky Private Nonprofit Corporation, 148 Dewese Street; Lexington, Fayette County, Kentucky 40507 ("Declarant/Owner"), owner of certain real property in Lexington, Fayette County and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507 ("Government").

WITNESSETH:

WHEREAS, the Declarant/Owner is the owner of certain real property located at _____, Lexington (Fayette County) Kentucky and more particularly described in Exhibit A which is attached hereto and incorporated herein by reference ("site"); and

WHEREAS, the Government, through its HOME Program, works to increase the supply of affordable, standard residential rental units to low and very low income households by providing development funds to Community Housing Development Organizations; and

WHEREAS, said Government, through its HOME Program, has recognized Declarant/Owner as a Community Housing Development Organization and has committed HOME funds to Declarant/Owner to increase affordable residential rental units for low-income households in Fayette County;

WHEREAS, Declarant/Owner has committed the herein described HOME funds for the purposes of constructing housing units for operation as rental units to low-income households;

EXHIBIT 2
Page 2 of 8

WHEREAS, said Government program is being conducted pursuant to the HOME Investment Partnerships Program of the United States Department of Housing and Urban Development ("HUD") which requires, as a condition of receipt of funds thereunder, that Restrictive Covenants, running with the land in conformance with the eligibility and affordability provisions of the program, be declared and filed of record as to each property developed with program funds; and

WHEREAS, the Declarant/Owner has committed federal funds pursuant to the Government's HOME Program and HUD's HOME Investment Partnership Program for the construction of a new affordable rental unit on the herein described sites, and in consideration of such loan intends to establish covenants, conditions and restrictions running with the land to comply with the requirements of the HOME program;

NOW, THEREFORE, the Declarant/Owner, for its assigns, subsequent purchasers, lessees and successors in interest hereby declares that the site is and shall be held transferred, sold, conveyed and occupied, subject to the conditions, restrictions and reservations hereinafter set out, which are hereby established and declared to be covenants running with the land:

1. RESTRICTED USES:

(a) The site shall be maintained solely as residential property and shall be rented to low income households by Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest. Low income households are those households with gross incomes at or below sixty percent (60%) of the median income for the community.

(b) Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall charge rents no higher than high HOME rents as established from time to time by HUD pursuant to any regulations promulgated by HUD or the Government. The rents so charged must include utility costs. The maximum allowable HOME rent must be reduced by a utility

EXHIBIT 2

Page 3 of 8

allowance approved by Government if tenant is required to pay separately for utilities. Utility allowances approved by Government may vary as periodic adjustments are made. Should HUD revise these or other rent guidelines set out herein so as to permit Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest to adjust the rent charged, Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest must provide tenants with no less than thirty (30) days written notice before adjustments are implemented.

(c) The family size and the gross income for all tenants must be determined at the time of initial occupancy and annually for the duration of these covenants. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain and verify income and family size information from each tenant upon initial rent up and annually during the duration of these covenants. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall provide information on family size, gross income and rent charged for all tenants to the Government within sixty (60) days after the initial rent up and the annual review date. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall obtain any necessary releases from tenant to allow Government to independently verify the information provided.

(d) The Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall, on an annual basis, for the duration of these covenants, review the income, family size and exclusions of all tenants and determine if any are over-income. An over-income tenant is a household with a gross income exceeding eighty percent (80%) of the median for the community. Declarant/Owner and its assigns, subsequent purchasers, lessees and successors in interest shall not evict over-income tenants based on income. Declarant/Owner and its assigns, subsequent

EXHIBIT 2
Page 4 of 8

purchasers, lessees and successors in interest shall increase the rent of the site to not less than thirty percent (30%) of the households adjusted gross income, except tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by Section 42. Units vacated by an over-income tenant must be rented to an income-eligible tenant for the duration of these covenants.

(e) No sale of the site shall be completed without giving notice to the Government in writing at least ten (10) days prior to the closing.

2. DURATION

The covenants and restrictions herein established shall be a covenant running with the land and shall be effective from the date of project completion, established as the date the HUD Cash Management System accepts and records the Completion report showing that one hundred percent (100%) of the units assisted by this Loan have been rented to low-income households, for a period of twenty (20) years and shall be binding upon the Declarant/Owner, its assigns, subsequent purchasers, lessees and successors in interest and all parties and persons claiming under them during the term hereof.

It is intended and agreed that the Government and its successors and assigns and the United States of America shall be deemed a beneficiary of the covenant provided, both for and in their or its own right and also for the purpose of protecting the interest of the community and other parties, public or private, in whose favor or for whose benefits such agreements or covenants have been provided. Said covenant shall run in favor of the Government and the United States for the duration of these covenants. The Government and the United States shall have the right, in the event of any breach of any such covenant, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such

breach of agreement or covenant, or to collect the full amount of any disbursement made to Declarant/Owner, to which it or any other beneficiaries of such agreement or covenant may be entitled.

3. PURCHASER AT FORECLOSURE:

During the term hereof, should any mortgage or deed of trust be foreclosed on the site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment any Superior Mortgage(s) to the U.S. Department of Housing and Urban Development (HUD) all restrictions relating to affordable housing programs provided for in this Deed and Declaration of Restrictive Covenants or provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of the Property.

4. FUTURE DEEDS:

Declarant/Owner, its assigns, subsequent purchasers, lessees and successors in interest agree that all of the covenants, conditions and restrictions contained in this deed shall be inserted in full in all future deeds of the site during the term hereof.

5. SEVERABILITY OF PROVISIONS:

Invalidation of any one of these provisions by judgment or Court order shall not affect any other provisions which shall remain in effect.

IN WITNESS WHEREOF, Declarant/Owner, and Government have executed this Deed and Declaration of Restrictive Covenants effective as of the day and year first above written.

**FAYETTE COUNTY LOCAL DEVELOPMENT
CORPORATION**

BY: _____

ITS: _____

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

BY: _____
JIM GRAY, MAYOR

State of Kentucky)
)SCT
County of Fayette)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this the _____ day of _____, 20____, by _____, as _____ of Fayette County Development Corporation, a Kentucky Private Nonprofit Corporation, by and on behalf of the Company.

My Commission Expires: _____

NOTARY PUBLIC, STATE AT LARGE, KENTUCKY

State of Kentucky)
)SCT
County of Fayette)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this the _____ day of _____, 20____, by Jim Gray, as Mayor of the Lexington-Fayette Urban County Government.

My Commission Expires: _____

NOTARY PUBLIC, STATE AT LARGE, KENTUCKY

Prepared by:

Melissa Moore Murphy
Attorney Senior
Lexington-Fayette Urban County Government
Department of Law
200 East Main Street
11th Floor
Lexington, Kentucky 40507

EXHIBIT 2
Page 8 of 8

Exhibit A

Legal Descriptions

ELIGIBLE INCOMES BY FAMILY SIZE

Effective April 14, 2017 for other HUD programs, Effective June 15, 2017 for HOME PROGRAM

FAMILY SIZE	INCOMES						
	<30%	30% to <50%	50% MEDIAN Grants and Deferred Loans	50% TO <60% MEDIAN 0% Loans	60% to <70% MEDIAN 1% Loans	70% to 80% MEDIAN 2% Loans	
1	\$0 to \$14,000	\$14,001 to \$23,350	\$0 to \$23,350	\$23,351 to \$28,020	\$28,021 to \$32,680	\$32,681 to \$37,350	
2	\$0 to \$16,000	\$16,001 to \$26,650	\$0 to \$26,650	\$26,651 to \$31,980	\$31,981 to \$37,319	\$37,320 to \$42,650	
3	\$0 to \$18,000	\$18,001 to \$30,000	\$0 to \$30,000	\$30,001 to \$36,000	\$36,001 to \$42,000	\$42,001 to \$48,000	
4	\$0 to \$20,000	\$20,001 to \$33,300	\$0 to \$33,300	\$33,301 to \$39,960	\$39,961 to \$46,639	\$46,640 to \$53,300	
5	\$0 to \$21,600	\$21,601 to \$36,000	\$0 to \$36,000	\$36,001 to \$43,200	\$43,201 to \$50,400	\$50,401 to \$57,600	
6	\$0 to \$23,200	\$23,201 to \$38,650	\$0 to \$38,650	\$38,651 to \$46,380	\$46,381 to \$54,119	\$54,120 to \$61,850	
7	\$0 to \$24,800	\$24,801 to \$41,300	\$0 to \$41,300	\$41,301 to \$49,560	\$49,561 to \$57,839	\$57,840 to \$66,100	
8	\$0 to \$26,400	\$26,401 to \$44,000	\$0 to \$44,000	\$44,001 to \$52,800	\$52,801 to \$61,600	\$61,601 to \$70,400	

MORTGAGE

THIS MORTGAGE made the _____ day of _____, _____ by and between **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, A Kentucky Private Nonprofit Corporation, 148 Deweese Street; Lexington, Fayette County, KY 40507("Mortgagor") and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507 ("Lender").

WITNESSETH:

WHEREAS, the Lender, through its Division of Grants and Special Programs, has provided Mortgagor a loan for the construction of residential unit(s) on the property described herein as part of its HOME Program conducted pursuant to the HOME Investment Partnerships Program of the United States Department of Housing and Urban Development and, the Mortgagor is thereby justly indebted to the Lender for borrowed money in the principal sum of _____ Dollars _____, to secure the payment of which Mortgagor has executed a promissory Note ("Note") of even date herewith, bearing interest at the rate of zero percent (0%) per annum, wherein the entire indebtedness evidenced by said Note, which if not sooner paid, is due and payable on _____, _____.

NOW, THEREFORE, in consideration of the premises and to secure to the Lender the payment of the indebtedness evidenced by the Note or so much thereof as may be advanced by the Lender, according to the terms of the Note, with interest thereon, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and the faithful performance of all covenants, stipulations, and agreements set out herein and in the Agreement of _____ ("Agreement"), and the Note, Mortgagor does hereby mortgage, grant, assign and convey to Lender, forever, the following described real property, situated and located in Fayette County, Kentucky, to wit:

See Exhibit A attached hereto and incorporated by reference.

together with all rents, issues and profits therefrom (provided, however, that the Mortgagor shall be entitled to collect and retain the said rents, issues and profits until default hereunder), and all fixtures now or hereafter attached to or used in connection with the premises herein described ("Mortgaged Property").

TO HAVE AND TO HOLD all of the above-described real property together with all of the rights, privileges, appurtenances, and improvements thereunto belonging unto the Lender.

This Mortgage is made subject to, and is to include all valid conditions, restrictions, easements, and stipulations of record, applicable zoning rules and regulations and taxes not yet due and payable pertaining to the above-described real property as may be revealed in the chain of title thereto.

EXHIBIT 4
Page 2 of 9

The Mortgagor warrants the aforesaid title to said property and covenants that it has a good right to mortgage and convey the same, that the same is free from all encumbrances except as herein otherwise recited, and that Mortgagor will warrant and defend generally the title to the property against all claims and demands.

The Mortgagor, in order to protect more fully the security of this Mortgage, covenants and agrees as follows:

1. All sums borrowed pursuant to the Note are for the exclusive purpose of constructing residential unit(s) for occupancy by low-income households to be located on the real property described hereinabove in the manner set out in the Agreement and the monies so provided shall be used solely for such purpose. Said Note and Agreement are incorporated herein by reference.

2. During the twenty (20) year term of this loan, Mortgagor shall make no payments on principal or interest so long as Mortgagor complies with all of the terms and conditions of this Mortgage and the Note and Agreement (the "Loan Documents"). It is the intention of the parties that if Mortgagor complies with all terms and conditions of the Loan Documents for their full term, then all interest and principal under the note shall be forgiven in full.

3. If within one year from the date of completion of the construction of the Mortgaged Property, Mortgagor breaches any of the provisions of this Mortgage or the Note or Agreement, such shall be considered a default and the full amount of the Deferred Payment Loan, plus fifteen percent (15%) of that full amount, shall be immediately due and payable; provided, before the Lender may accelerate any amount due under the Deferred Payment Loan or take advantage of any other remedies, Mortgagor shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

4. If during the second through the twentieth year of the Deferred Payment Loan, Mortgagor breaches any of the provisions of this Mortgage or the Note or Agreement, such shall be considered a default and the full amount shall be immediately due and payable; provided, before the Lender may accelerate any amount due under the Deferred Payment Loan or take advantage of any other remedies, Mortgagor shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

5. The improvements now or hereafter on the Mortgaged Property shall be insured against loss by fire and such other hazards as are covered by a standard extended coverage endorsement of an insurance company or companies authorized to do business in the Commonwealth of Kentucky and acceptable to the Lender until the Note is fully paid or this Mortgage is released. The policy or policies for said insurance, bearing such standard extended coverage endorsement, shall be in such amounts as Lender may require and shall have attached thereto loss payable clauses in favor of and delivered to Lender. In the event of loss by fire or other causes covered by said standard extended coverage endorsement, Mortgagor shall give immediate notice thereof by mail to Lender which may make proof of loss if not made promptly by Mortgagor, and the insurance company or companies concerned are hereby authorized and directed to make

EXHIBIT 4
Page 3 of 9

payment for such loss directly to Lender, and Lender may at its option apply such insurance proceeds or any part thereof to the payment or reduction of the Note hereby secured or to the restoration or repair of such improvements.

6. All taxes and legal assessments, water rates, and other charges, fines, or impositions against the Mortgaged Property shall be promptly paid by the Mortgagor, and upon request the receipts therefore exhibited to Lender.

7. Mortgagor shall keep the dwelling unit on the property in good condition and repair, fully tenantable and shall not remove or demolish any dwelling unit thereon. Mortgagor shall complete or restore promptly and in a good and workmanlike manner any dwelling unit which may be constructed, damaged or destroyed thereon to the extent insurance proceeds are actually received and to pay when due all claims for labor performed and materials furnished at any time.

8. Upon failure of the Mortgagor to maintain insurance, pay taxes and other charges, or keep the improvements thereon in good repair, the Lender, at its option, may procure such insurance, pay said taxes and charges and make such repairs. All sums so paid by the Lender shall be repaid to it immediately by the Mortgagor, and in the default thereof shall be added to and become a part of the debt of the Mortgagor, and shall be secured by this Mortgage to the extent allowed by law and bear legal interest from the date of such payment until paid.

9. Mortgagor shall not sell, convey, or transfer any interest in the properties described hereinabove without the written consent of the Lender. This restriction includes the transfer of any interest in the properties by land-sale contract, mortgage, or similar agreements.

10. In the event Mortgagor (a) fails to pay or fails to cause to be paid the Note or any installment thereon when the same shall become due and payable; or (b) fails to maintain and keep in force insurance; or (c) fails to pay such taxes, legal assessments, water rates, special assessments, or other charges, fines, or impositions when the same shall become due and payable; or (d) sells or permits the Mortgaged Property to be sold without the written consent of the Lender; or (e) is adjudged a bankrupt or insolvent, makes an assignment for the benefit of creditors or is placed in receivership; or (f) defaults under any other Mortgage or lien; or (g) in any manner fails to keep and perform any of the covenants, stipulations, and agreements set out in this Mortgage, the Agreement, or Note, Lender may, without notice, at its option, immediately declare all sums secured hereby immediately due and payable and proceed to enforce the collection of the same and all charges and costs permitted by law and the lien of this Mortgage. The Lender may take such measure as may be lawful for the recovery of its indebtedness, including but not limited to foreclosure and the sale of the Mortgagor's right in the properties and/or the assignment and collection of the rents and profits therefrom.

11. The Mortgagor shall perform all of the Mortgagor's obligations under the First Mortgage*, including Mortgagor's covenants to make payments when due. Mortgagor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Mortgagor

*

EXHIBIT 4
Page 4 of 9

shall pay them on time directly to the person owed payment. Mortgagor shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Mortgagor makes these payments directly, Mortgagor shall promptly furnish to Lender receipts evidencing the payments.

Except for the liens of the First Mortgage, Mortgagor shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the liens of the First Mortgage, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy such lien or take one or more of the actions set forth above within 10 days of the giving of notice.

12. Any notice to Mortgagor provided for in this Security Instrument shall be given by delivering it or mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Mortgagor address or any other address Mortgagor designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Mortgagor:

Director, Division of Grants and Special Programs
Lexington-Fayette Urban County Government
200 East Main Street, 6th Floor
Lexington, Kentucky 40507

or such other address designated by notice to the Mortgagor. Any notice provided for in this Security Instrument shall be deemed to have been given to Mortgagor or Lender when given as provided in this paragraph.

13. (A.) Lender and Mortgagor acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of any First Mortgage and to all advances heretofore made or which may hereafter be made pursuant to any First Mortgage including all sums advanced for the purpose of (a) protecting or further securing the liens of any First Mortgage(s) curing defaults by the Mortgagor under any First Mortgage or for any other purpose expressly permitted by any First Mortgage or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of any First Mortgage are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. During the term hereof, should any mortgage or deed of trust be foreclosed on the site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment of any First Mortgage to the U.S. Department of Housing and Urban Development (HUD) all restrictions relating to affordable housing programs provided for in this Subordinate Mortgage or provided for in any other document related to this

transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of the Property.

(B.) Further, if the First Mortgagee acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the First Mortgagee's acquisition of title, provided that (i) the Lender has been given written notice of a default under any First Mortgage and (ii) the Lender shall not have cured the default under any First Mortgage, or diligently pursued curing the default as determined by the First Mortgagee, within the 60-day period provided in such notice sent to the Lender. During the term hereof, should any mortgage or deed of trust be foreclosed on the site, then the title acquired by such foreclosure, and the person or persons who thereby and thereafter become the owner or owners of such property, shall be subject to and bound by all the restrictions, conditions and covenants set forth in this instrument. In the event of foreclosure by, acceptance of deed-in-lieu of foreclosure by, or assignment of any First Mortgage to the U.S. Department of Housing and Urban Development (HUD) all restrictions relating to affordable housing programs provided for in this Subordinate Mortgage or provided for in any other document related to this transaction shall automatically and permanently terminate and shall have no further force to or effect on subsequent owners or purchasers of the Property.

(C.) Notwithstanding Lender's right to invoke any remedies under the Agreement, the Mortgage Note, or this Security Instrument ("Lender's Loan Documents), the Lender agrees as follows:

1. Lender shall, upon serving Mortgagor with any notice of default pursuant to Lender's Loan Documents, simultaneously serve a copy of such notice upon First Mortgagee. Such notice shall outline in detail the default(s) under the Lender's Loan Documents. First Mortgagee shall thereupon have 60 days after service of such notice upon it to remedy or cause to be remedied the defaults complained of, and at the instigation of First Mortgagee as if the same had been done by Mortgagor.
2. Lender will not proceed to enforce any of its rights and remedies under the Lender's Loan Documents, including without limitation the right to accelerate the indebtedness under the Mortgage Note or initiate foreclosure proceedings to enforce the lien of this Security Instrument until it has given First Mortgagee at least 60 days prior written notice as set forth in paragraph 13 (C) (1) above.

14. It is expressly understood that a default on the First Mortgage or any initiation of a foreclosure based on any lien shall be a default under this Mortgage and the principal amount shall immediately become due and payable and Lender shall be entitled to recover the cost of collection, including reasonable attorney fees.

15. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Mortgagor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

EXHIBIT 4
Page 6 of 9

16. Failure of the Lender to exercise any of its options provided for herein in the event of any violation of the warranties, covenants, and agreements herein contained shall not constitute a waiver of its right to exercise such option because of any subsequent violation.

17. This Mortgage shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, the use of any gender shall include all genders, and the term "Lender" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

18. Nothing in this agreement shall be construed to prohibit the assignment or subordination of this lien by the Lender.

19. The loan secured hereby may be assumed by an individual or entity capable and able to enter into enforceable contracts, agreements or other loan documents as may be required to ensure compliance with the requirements and intent of the HOME Program, including the eligibility and affordability provisions of the Program, upon the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed.

20. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental law. The proceeding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate for normal residential uses and to maintenance of the Property.

Mortgagor shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Mortgagor shall notify the First Mortgagee that such remedial action is necessary and shall obtain the First Mortgagee's prior written consent for such remedial action.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and include the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in the paragraph 20, "Environmental Law" means federal laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

21. The lien of this instrument shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness or any part thereof secured hereby.

22. The Lender consents to any agreement or arrangement in which the First Mortgagee waives, postpones, extends, reduces or modifies any provisions of the First Mortgage Loan Documents, including any provisions requiring the payment of money.

23. Upon request of the Mortgagor, Lender, at its option, prior to release of this Mortgage, may make Future Advances to Mortgagor. Such Future Advances, with interest thereon, shall be secured by this Mortgage when evidenced by promissory notes stating that said notes are secured hereby. The maximum additional indebtedness which may be secured hereby is the sum of \$-0- and at no time shall the principal amount of the indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, exceed the original amount of the Note plus \$-0-. All Future Advances secured by this Mortgage shall be due and payable on or before the maturity date of the indebtedness evidenced by the Note.

PROVIDED, HOWEVER, that if Mortgagor shall pay the Mortgage Note according to the terms thereof and perform all of the covenants, conditions, stipulations, and agreements set out in the same or herein contained, then this Mortgage shall be void, and the Lender shall, at Mortgagor's cost and request, release the same.

IN TESTIMONY WHEREOF, witness the signature of Mortgagor.

Fayette County Local Development Corporation

BY: _____

ITS: _____

COMMONWEALTH OF KENTUCKY))
COUNTY OF FAYETTE))

The foregoing instrument was subscribed, sworn to and acknowledged before me this the ___ day of _____, _____, by _____, _____ of Fayette County Local Development Corporation., A Kentucky Private Nonprofit Corporation, by and on behalf of the Company.

My commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

PREPARED BY:

Melissa Moore Murphy, Attorney Senior
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507
(606) 258-3500

EXHIBIT 5
Page 1 of 2
MORTGAGE NOTE

Lexington, KY

FOR VALUE RECEIVED, the undersigned, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, whose address is 148 DeWeese Street; Lexington, Fayette County, Kentucky 40507("Borrower"), does hereby promise and agree to pay to the order of the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507, its successors or assigns ("Government"), the principal sum of _____ Dollars (\$ _____) in lawful money of the United States, with interest at the rate of zero percent (0%) per annum, from _____, 20__, until _____, 20__, the date upon which the unpaid principal balance and all accrued but unpaid interest shall be due and payable.

DEFERRED PAYMENT LOAN CONDITIONS:

This Note evidences a Deferred Payment Loan by the Government to the Borrower for the exclusive purpose of constructing a single family residential unit for rent to low-income households on property located at _____, Lexington, Kentucky ("Project") in the manner set out in the Agreement of ("Agreement") and the monies so provided shall be used solely for such purpose.

No principal or interest payments will be required during the term of the indebtedness and the principal amount due shall be reduced and amortized at zero percent (0%) interest as though monthly payments of _____ of the principal were being made as long as the Borrower complies with all terms and conditions of this Note, the Mortgage of even date herewith, and the Agreement of _____, (collectively, the "Loan Documents") between the Borrower and the Government. The Mortgage and the Agreement are incorporated herein by reference and made a part hereof. It is the intention of the parties that if Borrower complies with all terms and conditions of the Loan Documents for their full term, then the outstanding balance of this note shall be forgiven in full.

This Note is a draw note for construction purposes and disbursements of principal hereunder shall be made to Borrower upon its delivery of invoices, or other evidence satisfactory to the Government, related to construction costs of the single family residential unit at _____, and supporting the amount requested.

If within one year from the date of completion of the construction of the Project, said date established as the date of the final progress payment to Borrower, Borrower breaches any of the provisions of this Note or the Agreement or the Mortgage, such shall be considered a default and the full amount of the Loan, plus fifteen per cent (15%) of that full amount, shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

EXHIBIT 5

Page 2 of 2

If during the second through twentieth year of the Deferred Payment Loan the Borrower breaches any of the provisions of this Note or the Agreement or the Mortgage, such shall be considered a default and the full amount of the Loan shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Deferred Payment Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

Any default on a superior lien or any initiation of a foreclosure based on any lien shall be a default under this Note and the Agreement and the Mortgage and the amount as set out hereinabove shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Deferred Payment Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.

The Deferred Payment Loan evidenced by this Note may be assumed by an individual or entity capable and able to enter into enforceable contracts, agreements or other loan documents as may be required to ensure compliance with the requirements and intent of the HOME Program upon the prior written consent of the Government, which consent shall not be unreasonably withheld or delayed.

This Note shall be the joint and several obligation of all makers, co-makers, endorsers, sureties and guarantors and shall be binding upon them and their successors, heirs or assigns and each waives demand, presentment and protest and notice of dishonor, and agree in case of any default to pay all costs of collection, including reasonable attorney fees and legal expenses.

The indebtedness evidenced by this Note is secured by a Mortgage of even date herewith in favor of the Government on the aforescribed real property and Project executed by Fayette County Local Development Corporation, and recorded in the Office of the Fayette County Clerk in Mortgage Book _____, Page _____, and reference is made to said instrument for rights as to acceleration of the indebtedness evidenced by this Note.

IN WITNESS WHEREOF, the parties have executed this Note on the day and year first above written.

Fayette County Local Development Corporation

By: _____

Its: _____

DUE DATE: _____

PROPERTY ADDRESS:

HOME PROGRAM RENTS

Effective June 15, 2017

Unit Size	Low HOME Rent	High HOME Rent
SRO	\$396	\$396
0 Bedroom	\$528	\$528
1 Bedroom	\$605	\$605
2 Bedroom	\$767	\$775
3 Bedroom	\$886	\$1,108
4 Bedroom	\$990	\$1,300
5 Bedroom	\$1,091	\$1,416
6 Bedroom	\$1,193	\$1,532

**Allowances for
Tenant-Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(Exp. 7/31/2007)

LOCALITY		Unit Type					Effective Date
Lexington Housing Authority		House					01/01/2017
Utility or Service	Monthly Dollar Allowances						
	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	
Heating	a. Natural Gas	27	32	36	41	48	52
	b. Bottle Gas	37	51	66	81	102	117
	c. Electric	32	45	58	71	91	104
	d. Oil/Other	35	49	63	77	99	113
Cooking	a. Natural Gas	2	3	4	5	6	7
	b. Bottle Gas	7	9	12	14	18	21
	c. Electric	5	7	9	11	14	16
	d. Oil/Other	N/A	N/A	N/A	N/A	N/A	N/A
Other Electric	25	31	37	42	51	57	
Air Conditioning	3	4	9	13	18	23	
Water Heating	a. Natural Gas	4	5	7	8	11	12
	b. Bottle Gas	14	20	25	31	40	45
	c. Electric	13	19	24	29	37	42
	d. Oil/Other	13	19	24	29	37	42
Water	20	28	43	56	72	88	
Sewer	15	24	39	58	77	96	
Range/Microwave	5	5	5	5	5	5	
Refrigerator	5	5	5	5	5	5	
Trash	17	17	17	17	17	17	
Actual Family Allowances To be used by the family to compute allowance Complete below for the actual unit rented.						Utility or Service	Per Month Cost
Name of Family						Heating	\$
						Cooking	
Address of Unit						Other Electric	
						A/C	
Number of Bedrooms						Water Heating	
						Water	
Contract Rent						Sewer	
						Utility Allowance	
Gross Rent						Range/Microwave	
						Refrigerator	
						Trash	
						Total	\$