

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

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 3 day of ~~October~~ 2017 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (hereinafter referred to as "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (hereinafter referred to as the "Borrower").

WITNESSETH:

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

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

WHEREAS, Borrower by application dated June 20, 2017 (hereinafter referred to as the "Application"), attached hereto and incorporated herein as Exhibit A, has applied for and has received approval for funds for a specific housing related project described below (hereinafter referred to as the "Eligible Activity"); and

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

WHEREAS, on July 5, 2017 and subsequently updated on September 20, 2017, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (hereinafter referred to as the "Program") which was accepted by Borrower ("Commitment Letter"), attached hereto as Exhibit B and the terms and conditions of which are incorporated herein; and

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

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

Article 1 - Commitment

1.1 LFUCG'S COMMITMENT. Pursuant to the Application, the Commitment Letter and this Agreement, LFUCG will make available an amount not to exceed **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)** ("Loan") to Borrower from the Fund. Affordable Housing Funds will be disbursed by LFUCG to Borrower in accordance with the requirements set forth in this Agreement and conditioned upon Borrower's continued satisfactory performance under the terms of this Agreement. The Loan will be made available in the form of a 30-year amortizing mortgage loan, which shall accrue interest at the rate of two percent (2%) per annum from the date of the completion of the

construction or September 1, 2018, whichever date occurs first, until paid in full. The Loan will be evidenced by a promissory note ("Note") in form and substance satisfactory to LFUCG payable to LFUCG and signed by Borrower. Principal and interest (if any) of the Loan shall be amortized in equal, consecutive monthly installments of principal and accrued but unpaid interest, commencing as set forth in the Note and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due September 1, 2033 ("Maturity Date"). In the event of any inconsistency between the Application, the Commitment Letter and this Agreement, this Agreement will control. The Loan will be expended only for the purpose of construction of the Property (defined below) described in the mortgage(s) executed pursuant to Section 1.2 below and in conformity with the other provisions of this Agreement, the Commitment and the Application. Further, LFUCG will not be required to advance any amount under this Agreement if an Event of Default (as hereinafter defined) has occurred and is continuing.

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

1.3 ELIGIBLE ACTIVITY. The Loan has been made available based upon the information provided by Borrower in the Application. The sole purpose of this allocation of funds is and will be to construct a rental duplex unit. ("Project"). The Project shall be constructed at 458 Ash Street ("Site").

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

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BORROWER

2.1 Borrower represents and warrants that:

(a) The Property will be free and clear of all encumbrances, except easements, restrictions, stipulations and rights-of-way of record, applicable zoning rules and regulations and taxes which may be due and payable or which have been assessed and become a lien against the property whether or not yet due and payable;

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

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

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

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

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

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

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

2.7 The consummation of the transaction contemplated hereby and the performance of this Agreement and any Mortgage, if so required, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or other loan, credit agreement,

corporate charter, bylaw or any other instrument to which the Borrower is a party or by which it may be bound or affected.

ARTICLE 3 – REQUIREMENTS FOR DISBURSEMENT

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

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

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

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

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

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

3.5 RESERVE FUND FOR REPLACEMENT. Borrower will deposit the amount of **EIGHT HUNDRED AND 00/100 DOLLARS (\$800.00)** annually into a Reserve Fund for Replacements Account ("Reserve Fund"). All funds will be deposited into a separate account approved by LFUCG in its sole discretion by Borrower, and will be monitored by LFUCG during the

compliance period. The Bank shall maintain the Reserve Fund for the benefit of Borrower and will disburse the amounts deposited therein only for the purposes of making necessary repairs to the Premises or replacement of furniture or fixtures, upon written request of Borrower and with the approval of LFUCG, which approval will not be unreasonably withheld.

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

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

3.7 CLOSING COSTS. All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorney's fees, documentation, recording fees, and costs associated with disbursement. There will be a one percent (1%) Closing Cost Fee of **ONE THOUSAND FIVE HUNDRED SEVENTY AND 45/100 DOLLARS (\$1,570.45)** payable to LFUCG at the date of the closing.

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

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

ARTICLE 4 - CONSTRUCTION LOAN TERMS

4.1 PLANS AND SPECIFICATIONS. Borrower will develop the Property in accordance with plans and specifications which have been approved by LFUCG, or by any other agency approved by LFUCG, which plans and specifications, upon such approval, will be incorporated herein by reference. Said plans and specifications will include and specifically identify all roads, sewer lines and water lines and will provide for the development of the Property in conformance with applicable Affordable Housing Program requirements. Said plans and specifications may be subject to minor changes as required to comply with state and local building codes and to conform to the Property, provided such changes are approved by LFUCG. In addition to said plans and specifications, Borrower will prepare or cause to be prepared from time to time such additional plans and drawings, including working drawings, shop drawings and supplemental specifications, as may be necessary or desirable to facilitate expeditious construction of the improvements in accordance with the approved plans and specifications and will cause copies of all such additional items to be delivered to LFUCG. All of said plans and specifications and any such additional items so approved are hereinafter collectively referred to as the "Plans and Specifications." Borrower will not deviate nor permit any such deviation from the Plans and

Specifications without the prior written consent of LFUCG.

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

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

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

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

4.6 UNDERTAKING. If required by LFUCG prior to disbursement of Affordable Housing Funds hereunder and thereafter as LFUCG may require, Borrower will deliver to LFUCG (a) an agreement between Borrower and the architect who has prepared the Plans and Specifications whereby such architect agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (b) an agreement between Borrower and Borrower's contractor whereby Borrower's contractor agrees that the agreement is assignable to LFUCG upon the same terms and conditions as exist in said agreement; (c) copies of all subcontracts and material purchase orders between Borrower's contractor and any persons, firms, or corporations with whom it has contracted to provide labor, materials or services with

respect to the construction of the improvements, where any such contract exceeds a minimum price of Five Thousand Dollars (\$5,000.00); and (d) if requested in writing by LFUCG, a list of all persons, firms and corporations who have provided or proposed to provide labor, materials or services in connection with construction of the improvements.

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

ARTICLE 5 – BREACH OR DEFAULT

5.1 RECAPTURE OF FUNDS; BREACH OF AGREEMENT. In the event of a breach, LFUCG may suspend Borrower's authority to draw Affordable Housing Funds at any time by giving notice to Borrower. LFUCG has the right, in its sole discretion, to terminate disbursement of funds and/or recapture any remaining portion of Affordable Housing Funds and/or require repayment of Affordable Housing Funds already disbursed upon the occurrence of one or more of the following events (“Breach”):

- (a) Borrower does not diligently pursue the activity detailed in Borrower’s Application and for which Affordable Housing Funds have been awarded;
- (b) Borrower violates of any of the terms of this Agreement, the Affordable Housing Program statutes, the Note evidencing the Affordable Housing Funds under this Agreement or any other Security Document entered into pursuant to this Agreement;
- (c) Borrower does not submit reports or submits inadequate reports pursuant to Article 6 below;
- (d) Borrower defaults under any of the terms of this Agreement or any other document executed in conjunction with funding under this Agreement, and such default is not cured within any applicable cure period;
- (e) Borrower is unable to draw all Affordable Housing Funds, as set forth in the closing documents, in no instance later than twenty-four (24) months from the date of this Agreement;
- (f) Borrower is unable to document its participation in the project throughout the compliance period as required of nonprofit material participation per IRC Section 42;
- (g) the information submitted to LFUCG by Borrower, upon which LFUCG relied in its decision to allocate funds to Borrower, proves to be untrue or incorrect in any material respect; or
- (h) LFUCG determines in its sole discretion that it would be inadvisable to disburse Affordable Housing Funds to Borrower because of a material and adverse change in Borrower’s condition.

5.2 EVENTS OF DEFAULT. Occurrence of one or more of the following events will, in

the sole discretion of LFUCG, constitute an event of default:

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

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

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

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

(e) The entry of any lien or encumbrance against the Project site(s), except for ad valorem taxes which are not yet due and payable and liens incurred in the ordinary course of business with respect to amounts which are not yet due and payable without penalty or interest;

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

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

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

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

(j) Borrower (A) becomes bankrupt, or ceases, becomes unable, or admits in writing its inability to pay its debts as they mature, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, creditors; (B) applies for, or consents (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Borrower or of a substantial portion of its assets, or authorizes such application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against it and continue un-dismissed and unstayed for a period of fifteen (15) days; (C) authorizes or files a voluntary petition in bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction; or authorizes such application or consent; or proceedings to such end are instituted against the Borrower without such authorization, application or consent and are approved as properly instituted, remain undismissed for fifteen (15) days, or result in adjudication of bankruptcy or insolvency; or

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

5.3 CURE OF BREACH OR DEFAULT; PENALTIES. If any breach or default is not

cured within thirty (30) days from the date LFUCG notifies Borrower of the breach or default, LFUCG may continue suspension of disbursements. Additionally, LFUCG may declare the loan and/or grant immediately due and payable and may institute proceedings for its collection. LFUCG may terminate this Agreement by giving written notice to Borrower. In the event of a termination, Borrower's authority to draw Affordable Housing Funds will terminate as of the date of the notice of termination and Borrower will have no right, title or interest in or to any remaining Affordable Housing Funds.

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

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

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

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

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

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

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

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

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

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

5.6 PAYMENTS DUE TO DEFAULT. Borrower shall reimburse and fully compensate LFUCG upon demand for all loss, damage and expense, including without limitation reasonable

attorney's fees and court costs, together with interest on the amount thereof from the date the same accrues at the rate of twelve percent (12%) per annum, incurred by LFUCG (a) by reason of any default or defaults hereunder or under this Agreement, the Note, or the Security Documents or any other loan document executed by Borrower, (b) by reason of the neglect by Borrower of any duty or undertaking hereunder or under the Security Documents and (c) in the exercise of any right or remedy hereunder or under the Security Documents.

ARTICLE 6 – RECORDS; REPORTING

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

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

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

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

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

ARTICLE 7 - MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT


By: _____


Jim Gray Mayor

ATTEST:


Clerk, Urban County Council


FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

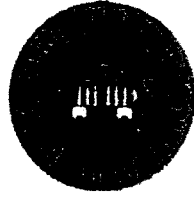
By: 
Norman Franklin, Vice President and
Development Manager

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 3rd day of October 2017, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

 #545656
Notary Public



176 fax

Affordable Housing Fund

Application for Funding

Please review the guidelines and eligible uses at [\(link\)](#) prior to filling out this application. If you have any questions please contact the Office of Affordable Housing at [\(phone\)](#) or [\(email\)](#).

General Information

Applicant Name: The Fayette County Local Development Corporation

MWBE Status: N/A

Tax Status: Non-Profit (CHDO)

Type of Entity: General Partnership

Development Name: Scattered Site Affordable Rental Housing Development

Development Location: 458 Ash Street

Contact Person: Norm Franklin

Contact Title: Dev. Mgr.

Mailing Address: 148 DeWeese Street

City: Lex **State:** KY **Zip:** 40507

Phone: 859-254-6212

Fax: 859-233-7260

Email Address: norman@ullexfay.org

Funds Requested: \$190,360

Lexington, KY Affordable Housing Fund - Application For Funding

Other Funding (Specify on Pro-Forma):

Total Development Cost:

Development Information

Development Type (Check all that apply):

New Construction:

Rehabilitation:

Adaptive Re-Use:

Rental (11 Units or Less):

Rental (12 Units or More):

Single Site:

Scattered Site:

Historic Property:

Total Number of Units: 2

Total Number of Buildings: 1

Square Feet of Units by Bedroom Size:

Unit Size: 3	Square Footage: 1,584
Unit Size: 4	Square Footage: 1,584
Unit Size:	Square Footage:
Unit Size:	Square Footage:
Unit Size:	Square Footage:

Monthly Rents by Bedroom Size:

Unit Size: 3	Monthly Rent: 850
Unit Size: 4	Monthly Rent: 890
Unit Size:	Monthly Rent:
Unit Size:	Monthly Rent:
Unit Size:	Monthly Rent:

Target Area Median Income (AMI): 60%

Amenities (Check all that apply):

Stove:

Refrigerator:

Dishwasher:

Garbage Disposal:

Dishwasher:
Wash/Dryer Hookup:
Help/Call System:
Community Room:
Playground:
Other (Please specify): Washer/Dryer

Location Amenities (Check all that apply):

Public Transportation:	<input checked="" type="checkbox"/>	Proximity to Development:	1 Block	Description:	LexTran
Shopping:	<input checked="" type="checkbox"/>	Proximity to Development:	3 Miles	Description:	WalMart Super Center:North
Restaurants:	<input checked="" type="checkbox"/>	Proximity to Development:	1 Mile	Description:	Jefferson St., Main Street
Medical Facilities:	<input checked="" type="checkbox"/>	Proximity to Development:	2 Miles	Description:	UK East End Clinic
Banks:	<input checked="" type="checkbox"/>	Proximity to Development:	1 Mile	Description:	Main Street
Other:	<input checked="" type="checkbox"/>	Proximity to Development:	2 Blocks	Description:	Community/Technical College

Populations to be Served (Check all that apply):

Elderly:
Single Parent:
Homeless:
Victims of Domestic Violence:
Physically Disabled:
Acquired Traumatic Brain Injury:
Aging out of Foster Care:
Veterans:
Severe Mental Illness:
Drug/Alcohol Addiction:

Description of services to be provided, service providers, and how services will be paid:

N/A

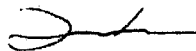
Application for Funding Agreement

The applicant certifies that the information submitted in this application is accurate and consistent with the applications submitted to other funding sources. The applicant commits to keeping the staff and board of the Affordable Housing Fund of Lexington, KY updated with changes in the project structure, funding, and development team. The applicant and any other borrower consents to a possible credit check as part of the underwriting process.

I have read the above agreement and consent to its terms:

Name:

Norman P. Franklin

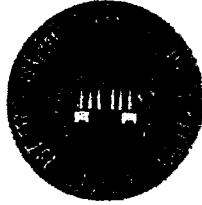


Title:

Dev. Mgr

Date:

6/20/17



Affordable Housing Fund

Capacity Review

Development Team Background

1. Provide the members of the development team below and for each attach a resume, a brief narrative describing their experience with affordable housing developments, and the name and location of past developments.

Title	Name	Organization
Developer	FCLDC	FCLDC
Development Owner (legal entity that will own the property)	Fay. Co. Local Dev. Corp	Fay. Co. Local Dev. Corp.
Consultant		
Application Preparer	Norm Franklin	Fay.Co. Local Dev. Corp.
General Partner		
Architect	Thomas Lett	Thomas Lett Architect
Contractor	Derek Thomas	V & D Construction LLC
Attorney	Mary Wes	McBrayer Law Firm
Management Company		
Service provider		
Guarantor		
Equity provider/syndicator		

Development Team Questions

2. Has any member of the development team ever been disbarred by the U.S. Department of Housing and Urban Development (HUD) or any state housing finance agency?

No If yes, please provide details in a separate attachment.

3. Has any member of the development team ever had any violations that resulted in the issuance of an 8823 or other citations by a state housing finance agency?

No If yes, please provide details in a separate attachment.

4. In the last 5 years has any member of the development team or any entity in which a member of the development team has an identity of interest (see instructions for definition) received an award of funds and/or housing credits which have been recaptured or in which the development was not completed?

No If yes, please provide details in a separate attachment.

5. Have any members of the development team ever been charged with or convicted of any criminal offenses, other than a minor motor vehicle violation? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

6. Have any members of the development team been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

7. Has any member of the development team been informed of any current or ongoing investigation of the applicant with respect to possible violations of state or federal laws? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

8. Has any member of the development team been a party to a bankruptcy, been in receivership or adjudicated as bankrupt? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

9. Has any member of the development team been denied a business-related license or had it suspended or revoked by any administrative, governmental, or regulatory agency? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

10. Is any member of the development team currently debarred, suspended, or disqualified from contracting with any federal, state, or municipal agency? If yes, furnish details in a separate attachment.

No If yes, please provide details in a separate attachment.

Capacity Review Agreement

The applicant certifies that the information submitted regarding the development team is accurate and consistent with the applications submitted to other funding sources. The applicant commits to keeping the staff and board of the Affordable Housing Fund of Lexington, KY updated with changes regarding the development team or their background.

I have read the above agreement and consent to its terms:


Name: Norm Franklin

Title: VP/Dev. Mgr.

Date:

Housing Market Analysis

MA-05 Overview

Housing Market Analysis Overview:

From the "State of Fair and Affordable Housing Report for Lexington-Fayette Urban County, Kentucky," prepared by Metropolitan Housing Coalition in Partnership with Lexington-Fayette Urban County Human Rights Commission, there are 122,746 households in Lexington and the average household size is 2.35 persons. More than half (58%) of households are classified as 'family households' and the average family size is three persons. Of these family households, 71% are married-couple householders, 21% are female householders with no husband present and 8% of family households are headed by males with no wife present. (U.S. Census Bureau, 2011 American Community Survey).

The percentage of owner-occupied households for Lexington is 58 %, which is from 7% to 11% lower than the percentage of owner-occupied households as a percentage of all households in both the U.S. and Kentucky. Family households constitute 70% of all owner occupied households: this percentage is slightly lower than the percentages of family owner-occupied and married couple family households on the national and state level. The percentage of nonfamily owner-occupied households as a percentage of all owner-occupied households is 30%, which is consistent with the U.S. and Kentucky figures. The percentage of renter-occupied households as a percentage of all households is more than 10% higher than the percentages on the national and state levels while the percentage of family households as a percentage of all renter-occupied households is 12% lower than the percentages on both the national and state levels. The number of nonfamily households as a percentage of all rental-occupied households is 59%. The percentage of nonfamily households as a percentage of all rental occupied households on both the state and national level is 47%; this is 13% lower than the percentages of nonfamily renter-occupied households in Lexington. This might be considered typical when compared to other college or university towns. There is disparity in homeownership when looking at ownership rates based on race/ethnicity.

	Non-Hispanic-White-Households	African-American-Households	Hispanic-Households
Total Households	94,831	17,601	5,334
Owner-Occupied	58,279 (61%)	6,111 (35%)	1,328 (25%)

Homeownership by Race and Ethnicity

MA-10 Number of Housing Units – 91.210(a)&(b)(2)

Introduction

In response to a concern about affordable housing, Lexington-Fayette Urban County Government hired CZB as a consultant to study the issue of affordable housing in Lexington. In February 2014, this study "Lexington's Affordable Housing Challenge and Potential Strategy" was presented to the Urban County Council and to the community. This study cited that "roughly 15,000 low-income households need housing assistance in Lexington. Of them about 9,000 now receive assistance or are accommodated by the private market. This leaves about 6,000 households, most of whom include at least one worker unable to find decent housing on the open market in Lexington at rates considered affordable... Consequently these 6,000 working households either overpay or live in substandard conditions." This is considered to be the affordable housing gap. They further estimated the cost of catching up is \$36 million per year, an amount that will grow annually by \$2.4 million. The study recommended that the Urban County Council formally endorse a community objective that by 2025 any employee working in Lexington will be able to afford to live in Lexington.

All residential properties by number of units

Property Type	Number	%
1-unit detached structure	80,468	60%
1-unit, attached structure	6,942	5%
2-4 units	12,569	9%
5-19 units	19,411	14%
20 or more units	13,074	10%
Mobile Home, boat, RV, van, etc	1,605	1%
Total	134,069	100%

Table 27 – Residential Properties by Unit Number

2007-2011 ACS

Data Source:

Unit Size by Tenure

	Owners		Renters	
	Number	%	Number	%
No bedroom	100	0%	2,201	4%
1 bedroom	832	1%	15,438	29%
2 bedrooms	8,570	12%	20,286	39%
3 or more bedrooms	59,943	86%	14,705	28%
Total	69,445	99%	52,630	100%

Table 28 – Unit Size by Tenure

2007-2011 ACS

Data Source:

Job Category	Average hourly wage	Average annual income (FT)	Maximum Affordable Rent	Number of employees
Accommodations and Food Services	\$7.25	\$15,080	\$377	16,567
Education Services	\$11.42	\$23,744	\$594	2,762
Retail, Arts, Entertainment and Recreation	\$11.59	\$24,109	\$603	21,627
Other Services	\$13.33	\$27,733	\$693	15,445
All Jobs	\$19.76	\$41,104	\$1,028	139,249

Service Industry Jobs with average hourly rates and maximum affordable rents

Describe the number and targeting (income level/type of family served) of units assisted with federal, state, and local programs.

An estimated 8,029 rental units are assisted with federal, state, and local programs. These include units assisted with public housing, Low-income Housing Tax Credits, Housing Choice Vouchers, Project-Based Section 8, HUD 202, HUD 811, HUD 236, HOME Investment Partnerships program, and Kentucky Affordable Housing Trust Fund. Of this total 1,012 are designated as units specifically for elderly persons and there are an estimated 274 accessible units. Unit size is as follows: 0-bedroom—139; 1-bedroom—857; 2-bedrooms—864; 3-bedrooms—314; 4-bedrooms—10 units; 62 units are designated for persons with disabilities.

HOME Investment Partnerships Program funds have been used to support three Tenant-Based Rental Assistance programs, providing affordable rental housing for 200 very low-income households.

HOME Investment Partnerships Program funds are targeted to low-income households for homeownership. Using HOME funds, Habitat for Humanity has created homeownership opportunities for 176 households; REACH, Inc., has assisted 535 households in advancing to homeownership, Community Ventures Corporation has provided assistance to 158 first-time homebuyers, and Community Reinvestment Alliance has assisted seven new homeowners.

Provide an assessment of units expected to be lost from the affordable housing inventory for any reason, such as expiration of Section 8 contracts.

No rental units are expected to be lost from the affordable housing inventory; however, without preservation efforts, many aging assisted units are threatened.

Does the availability of housing units meet the needs of the population?

CZB recommended the following:

Most of the catching up should be done through the provision of rental subsidies attached to inspection requirements. Working households in Lexington who are priced out of decent housing *are instead procuring substandard housing or paying too much for it, or sometimes both.* Catching up should be done by providing these households with rental vouchers. These vouchers would be worth an average of \$6,000 per year per household.

Keeping up (Addressing the annual additional projected shortfall of 400 units) is best done through proactive planning measures that tap into and leverage the market. Policies such as density bonuses, transfers of development rights, tax increment financing, and land banking all are proven tools for raising development revenue. For such tools to work, they need to be deeply embedded into Lexington's Comprehensive Plan, its Zoning and Development Codes, its Design Guidelines, its Small Area or Neighborhood Plans, its transportation policy, and its economic development strategy.

Describe the need for specific types of housing:

There is no indication that a specific type of housing is needed. The issue is affordability. Lexington-Fayette County specifically needs affordable rental housing for single persons (including persons who are not disabled or elderly) and for small families who are between 0 and 30% of median income and who are between 30 and 50% of median income.

Discussion

While Lexington has become economically stronger, the demand for rental housing has increased and existing supplies have become more expensive. New development of rental properties has also pushed rents higher. Lexington has a large number of poor families without the skills to compete for higher wages. The attached chart depicts average hourly rates paid for service industry jobs versus "all jobs," and the rents that are affordable at these wages. This data is adjusted to 2011 levels.

MA-15 Housing Market Analysis: Cost of Housing - 91.210(a)

Introduction

From 2000 to 2011, the median home value rose by 47% in Lexington-Fayette County, while the median contract rent only increased by 30%. Of the 52,630 rental units in the survey, 90% cost less than \$1,000 per month.

Cost of Housing

	Base Year: 2000	Most Recent Year: 2011	% Change
Median Home Value	109,700	161,100	47%
Median Contract Rent	464	603	30%

Table 29 – Cost of Housing

Data Source:

2000 Census (Base Year), 2007-2011 ACS (Most Recent Year)

Rent Paid	Number	%
Less than \$500	17,926	34.1%
\$500-999	29,373	55.8%
\$1,000-1,499	3,707	7.0%
\$1,500-1,999	896	1.7%
\$2,000 or more	728	1.4%
Total	52,630	100.0%

Table 30 - Rent Paid

2007-2011 ACS

Data Source:

Housing Affordability

% Units affordable to Households earning	Renter	Owner
30% HAMFI	3,525	No Data
50% HAMFI	16,475	3,370
80% HAMFI	36,425	14,075
100% HAMFI	No Data	21,380
Total	56,425	38,825

Table 31 – Housing Affordability

2007-2011 CHAS

Data Source:

Monthly Rent

Monthly Rent (\$)	Efficiency (no bedroom)	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Fair Market Rent	458	535	700	997	1,116
High HOME Rent	469	553	717	1,021	1,143
Low HOME Rent	469	553	717	872	973

Table 32 – Monthly Rent

Data Source:

HUD FMR and HOME Rents

Unit size (# of bedrooms)	2014-FMR	Hourly Wage Needed to afford FMR	Housing Wage as a % of Minimum Wage	Housing Wage as a % of Mean Renter Wage
0-bedroom	\$469	\$9.02	124%	81%
1-bedroom	\$548	\$10.54	145%	95%
2-bedroom	\$717	\$13.79	190%	124%
3-bedroom	\$1,021	\$19.63	271%	177%
4-bedroom	\$1,143	\$21.98	303%	198%

Fair Market Rents and Housing Wages

Unit Size	Hours per week at minimum wage	Hours per week at mean renter wage
Zero-bedroom	50	32
One-bedroom	58	38
Two-bedroom	76	50
Three-bedroom	108	71
Four-bedroom	121	79

Renter Housing Affordability

Is there sufficient housing for households at all income levels?

As evidenced by the data, there is insufficient affordable housing for persons who are below 50% of the area median income. There is sufficient housing for households (both owner and renter) who are above area median income. In fact, quoting the CZB study...."Lexington remains a very affordable place to live with great housing choices at exceptionally good prices across most of the housing spectrum." "For households making \$40,000 or more a year, Lexington offers great value: extraordinarily high quality of life, amenities, and housing opportunities. For low wage earners (making less than \$30,000), the opposite is true: fewer and fewer affordable housing opportunities and often substandard conditions in what remains affordable."

How is affordability of housing likely to change considering changes to home values and/or rents?

Lexington will continue its shift to a more high-tech economy and as a result will continue to attract high skilled workers with higher incomes. As more households have more to spend on housing, prices rise. And if overall demand rises as well, housing price escalation becomes even sharper. Lexington is projected to become a more expensive housing market—this is a problem that comes with prosperity. A large number of low-income workers will be unable to keep up.

How do HOME rents / Fair Market Rent compare to Area Median Rent? How might this impact your strategy to produce or preserve affordable housing?

While voucher holders and HOME TBRA programs are still able to find units at the Fair Market Rent, it appears that the available units tend to be concentrated in low-income neighborhoods, where crime is higher and public facility amenities are of poorer quality. Lexington's strategy is to preserve existing units and to produce more affordable rental units across the Urban Services Area. An Analysis of Impediments to Fair Housing to be conducted later in 2015 will examine the concentrations of low-income households.

Discussion

The National Low Income Housing Coalition (NLIC) 2014 Out of Reach study examined affordability nationwide and provided data indicating the income needed to pay the market rent of a household unit in the community. It is assumed that the household should spend no more than 30% of its income on rent (the generally accepted standard of affordability). For renters, these housing costs include the contract rent plus the costs of utilities not included in the rent.

Income levels and housing problems are strongly correlated. The poorer a household is, the more likely it is to confront housing problems. Among the 32,650 renter households below 50% of area median income, 19,034 are cost-burdened (over 30% of income spent for housing; however, 12,779 are severely cost-burdened (over 50% of income spent for housing).

The Out of Reach study provides examples of renter housing affordability in terms of hours of work needed per week at the minimum wage and at the mean renter wage of \$11.11. The rent affordable to a person with a full time job paying mean renter wage is \$577. These tables are provided above.

MA-20 Housing Market Analysis: Condition of Housing – 91.210(a)

Introduction

Lexington-Fayette Urban County Government’s Division of Code Enforcement deals with properties and property owners on a day-to-day basis to ensure that minimum maintenance and repair standards for all existing structures are in accordance with the International Property Maintenance Code. Inspections are conducted either by specific complaint or through comprehensive neighborhood inspections. After inspection, a notice is sent to the owner. The notice points out the repairs that need to be made and sets a time frame for those repairs. The property is reinspected to monitor the progress of the repairs and eventually to determine that the property is again in compliance with minimum standards. Demolition of a structure can be ordered when a structure poses a danger to occupants or the community.

Definitions

The definition of standard housing is compliance with the International Property Maintenance Code. Substandard housing that is suitable for rehabilitation is defined as having rehabilitation costs that do not exceed 100% of the value of the unit. During the period of July 1, 2013 through June 30, 2014, the Division of Code Enforcement inspected 2,510 units through complaints and comprehensive neighborhood inspections. During the same period 2,569 notice/orders were sent out to property owners, 111 units were condemned, 82 units were ordered vacated, and 13 units were ordered demolished. During Fiscal Year 2014, 2,804 units were brought up to code at an estimated repair cost of \$2,909,795.

Condition of Units

Condition of Units	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
With one selected Condition	14,995	22%	23,655	45%
With two selected Conditions	233	0%	680	1%
With three selected Conditions	0	0%	136	0%
With four selected Conditions	0	0%	0	0%
No selected Conditions	54,217	78%	28,159	54%
Total	69,445	100%	52,630	100%

Table 33 - Condition of Units

Data Source:

2007-2011 ACS

Year Unit Built

Year Unit Built	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
2000 or later	12,708	18%	7,093	13%
1980-1999	23,306	34%	16,656	32%
1950-1979	26,354	38%	22,429	43%
Before 1950	7,077	10%	6,452	12%

Year Unit Built	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
Total	69,445	100%	52,630	100%

Table 34 – Year Unit Built

Data Source:

2007-2011 CHAS

Risk of Lead-Based Paint Hazard

Risk of Lead-Based Paint Hazard	Owner-Occupied		Renter-Occupied	
	Number	%	Number	%
Total Number of Units Built Before 1980	33,431	48%	28,881	55%
Housing Units build before 1980 with children present	7,170	10%	3,960	8%

Table 35 – Risk of Lead-Based Paint

Data Source:

2007-2011 ACS (Total Units) 2007-2011 CHAS (Units with Children present)

Incomes	# of Owner-Occupied Units	# of Owner-Occupied Units Potentially Containing LBP (constructed before 1980)	# of Renter-Occupied Units	# of Renter-Occupied Units Potentially Containing LBP (constructed before 1980)
<30% of AMI	3,510	1,746	13,180	7,791
30.1-50% AMI	5,195	2,619	9,220	5,460
50.1-80% AMI	9,210	4,644	10,690	6,341
80.1%-95% AMI	5,075	2,549	3,915	2,332
95.1% AMI and above	46,470	23,362	11,020	6,511
Total Units	69,460	34,920 (36%)	48,025	28,435 (59%)

Units Built Prior to 1980

Incomes	# of Owner-Occupied Units	# of Owner-Occupied Units Potentially Containing LBP (constructed before 1960)	# of Renter-Occupied Units	# of Renter-Occupied Units Potentially Containing LBP (constructed before 1960)
<30% of AMI	3,510	837	13,180	2,765
30.1-50% AMI	5,195	1,255	9,220	1,937
50.1-80% AMI	9,210	2,226	10,690	2,250
80.1%-95% AMI	5,075	1,222	3,915	827
95.1% AMI and above	46,470	11,195	11,020	2,311
Total Units	69,460	16,735 (24%)	48,025	10,090 (21%)

Units Built prior to 1960

Vacant Units

	Suitable for Rehabilitation	Not Suitable for Rehabilitation	Total
Vacant Units	0	0	0
Abandoned Vacant Units	0	0	0
REO Properties	0	0	0
Abandoned REO Properties	0	0	0

Table 36 - Vacant Units

Data Source:

2005-2009 CHAS

Need for Owner and Rental Rehabilitation

There continues to be a need for housing rehabilitation for both owner and renter units. 22% of all owner units have one selected condition (deterioration). It is believed that many of these units are occupied by low-income households who will benefit from public subsidies for housing rehabilitation. 45% of all renter units present one condition of deterioration. While public funds may be used for rehabilitation of these units, it will be necessary to couple this assistance with effective code enforcement.

Estimated Number of Housing Units Occupied by Low or Moderate Income Families with LBP Hazards

No direct information is available on the number of low-income units by age of structure, however, using data about the number of low-income renters and owners, and applying the age of structures across the board gives us estimates on housing units potentially containing lead-based paint (LBP). This data was compiled in 2010. These tables are above. It is estimated that 9,009 units built before 1980 are occupied by low-income owner-occupants and 19,592 units built before 1980 are occupied by low-income renters. These units potentially contain lead. Of the units built before 1960, 4,318 are occupied by low-income owner-occupants and 6,952 are occupied by tenant households. These units, because of their age, almost surely contain lead-based paint and are likely to exhibit deterioration that may lead to lead-based paint poisoning.

Discussion

American Community Survey 5-year estimate indicates a total of 12,845 vacant units in Fayette County. Of this number, 3,436 are available for rent and 1,540 are for sale. There is no information on suitability for rehabilitation. The LFUCG has reactivated a Vacant Property Review Commission that identifies properties eligible for classification as abandoned urban property, which is defined as any vacant structure or vacant or unimproved lot or parcel of ground in a predominantly developed urban area which has been vacant or unimproved for a period of at least one (1) year and which:

- (a) Because it is dilapidated, unsanitary, unsafe, vermin infested, or otherwise dangerous to the safety of persons, it is unfit for its intended use; or

- (b) By reason of neglect or lack of maintenance has become a place for the accumulation of trash and debris, or has become infested with rodents or other vermin; or
- (c) Has been tax delinquent for a period of at least three (3) years;

As of December 2014, there were 97 properties on this list.

PROJECT DESCRIPTION

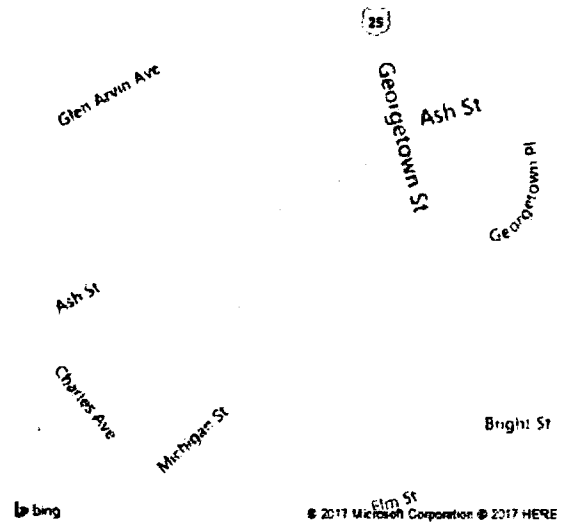
The Fayette County Local Development Corp., proposes to build a duplex in the West End low-wealth community. These two units, with off street parking, at 458 Ash Street, will add quality housing to the affordable rentals inventory. This increases the housing choices in low wealth communities and works toward revitalizing neighborhoods on the decline.

The three/four bedroom duplex will provide safe, decent, and amenity loaded housing that will attract your families to return to the community familiar with their culture.

The Affordable Housing Funds are needed to complete the financing package. The Development Corp., will access CHDO development subsidies from the LFUCG Division of Grants and Special Programs for the balance of project funding. The low interest credit line/loan from the Affordable Housing Fund, which is conducive to the affordability of the development, lowers the debt encumbrance of the project.

bing maps

Notes

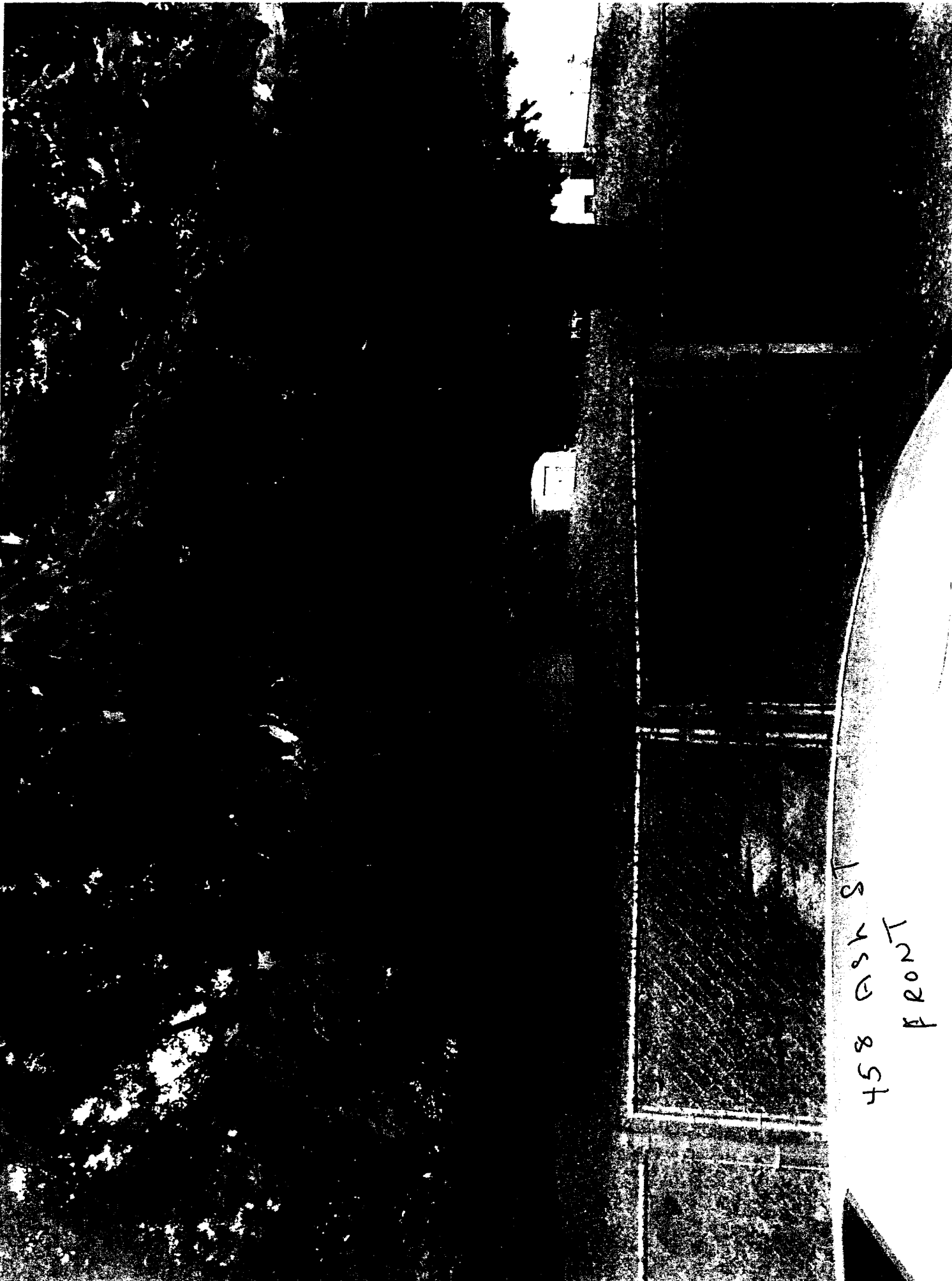




FAYETTE COUNTY, KENTUCKY
Property Valuation Administrator
David O'Neill, PYA

[Fayette Home](#) [Search](#) [Return To Starting Point](#) [Street View \(if available\)](#)



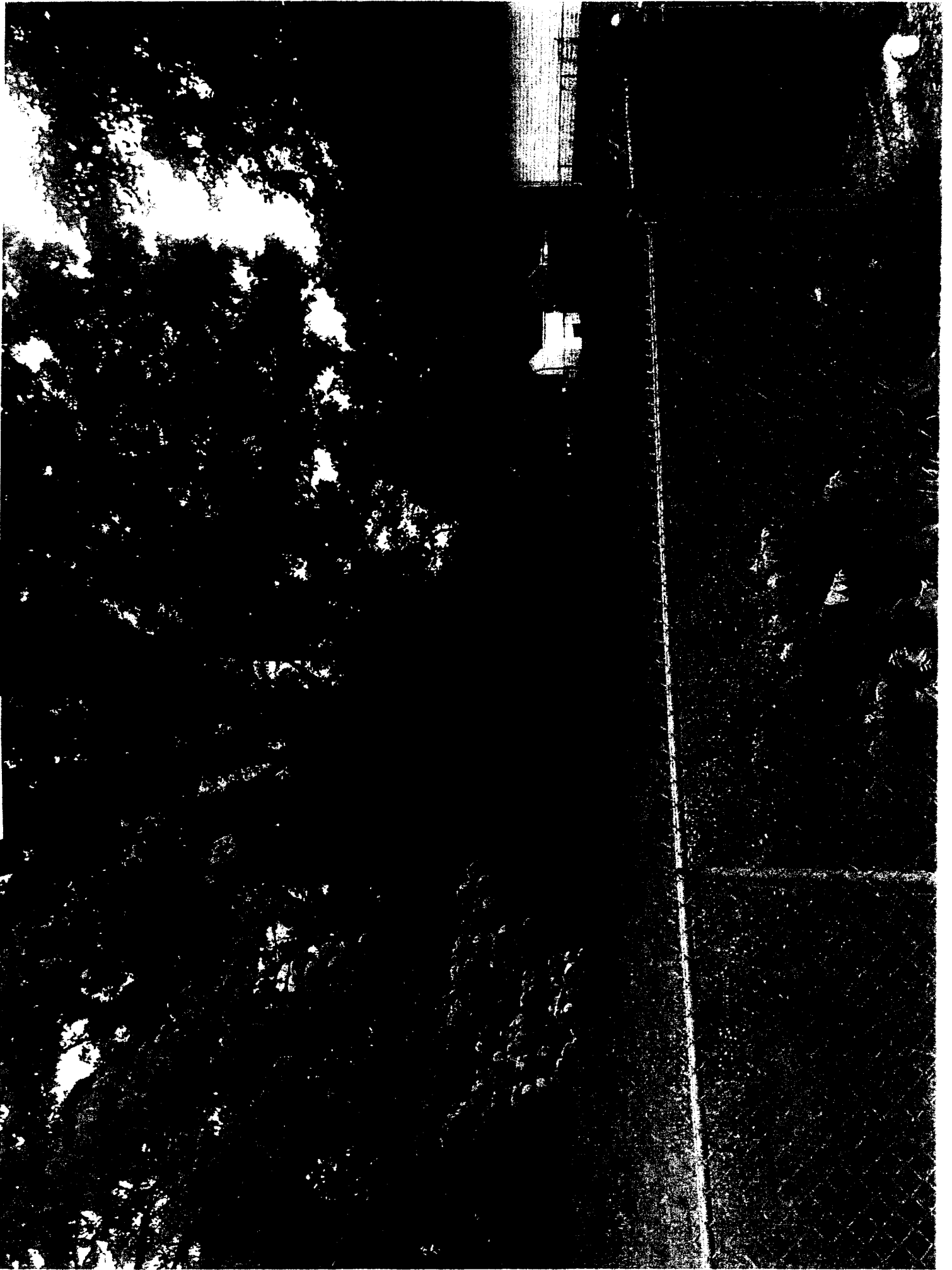


458 Ash St
FRONT

LEFT



RIGHT



AFFORDABILITY ANALYSIS	HOUSEHOLD SIZE	ANNUAL INCOME @ 60% OR BELOW AMI	GMI	MONTHLY RENTS	MONTHLY RENT AS PERCENT OF GMI
UNIT SIZE (# OF BEDROOMS)					
ONE BEDROOM	2	\$ 32,760.00	\$ 2,730.00	\$ 500.00	18%
	1	\$ 28,680.00	\$ 2,390.00	\$ 500.00	21%
ONE BEDROOM @ 50% AMI	2	\$ 27,300.00	\$ 2,275.00	\$ 500.00	22%
	1	\$ 23,900.00	\$ 1,991.67	\$ 500.00	25%
ONE BEDROOM @ >30% TO <50% AMI	2	\$ 23,900.00	\$ 1,991.67	\$ 500.00	25%
	1	\$ 21,000.00	\$ 1,750.00	\$ 500.00	29%
TWO BEDROOM	3	\$ 36,840.00	\$ 3,070.00	\$ 625.00	20%
	2	\$ 32,760.00	\$ 2,730.00	\$ 625.00	23%
TWO BEDROOM @ 50% AMI	3	\$ 30,700.00	\$ 2,558.33	\$ 625.00	24%
	2	\$ 27,300.00	\$ 2,275.00	\$ 625.00	27%
TWO BEDROOM @ >30% TO <50% AMI	3	\$ 27,500.00	\$ 2,291.67	\$ 625.00	27%
	2	\$ 25,200.00	\$ 2,100.00	\$ 625.00	30%
THREE BEDROOM	5	\$ 44,220.00	\$ 3,685.00	\$ 850.00	23%
	4	\$ 40,920.00	\$ 3,410.00	\$ 850.00	25%
THREE BEDROOM @ 50% AMI	5	\$ 36,850.00	\$ 3,070.83	\$ 850.00	28%
	4	\$ 34,100.00	\$ 2,841.67	\$ 850.00	30%
THREE BEDROOM @ >30% TO <50% AMI	5	\$ 33,600.00	\$ 2,800.00	\$ 850.00	30%
	4	\$ 31,000.00	\$ 2,583.33	\$ 850.00	33%
FOUR BEDROOM @ 50% AMI	6	\$ 46,020.00	\$ 3,835.00	\$ 890.00	23%
	5	\$ 42,840.00	\$ 3,570.00	\$ 890.00	25%
FOUR BEDROOM @ >30% TO <50% AMI	6	\$ 38,350.00	\$ 3,195.83	\$ 890.00	28%
	5	\$ 35,700.00	\$ 2,975.00	\$ 890.00	30%

**Fayette County Local Development Corp. Ash Street Duplex
Sources & Uses**

Total Units: 2 Primary Unit Type: Duplex
Construction: New Construction Applicant: Fayette County Local Development Corp
LIHTCs? No Project #: 0

SOURCES OF FUNDING

Permanent Debt Sources:	Amount	Per Unit	Interest Rate	Amortization	Lien Position	Estimated Annual Pmt	Actual Annual Pmt	Funding Status
KHC HOME, amortizing		\$0						
KHC HOME, deferred, due at maturity		\$0						
KHC HOME, forgiven at maturity (excluded from basis)		\$0						
AHTF, amortizing		\$0						
AHTF, forgiven or deferred		\$0						
SMAL		\$0						
Risk Sharing		\$0						
LFUCG HOME Development Subsidy	\$165,000	\$82,500						
Other LFUCG Development Subsidy	\$3,750	\$1,875						
Other KFCG loan (Identify):		\$0						
Bank Loan		\$0						
Non-KHC loan (Identify): Bank Construction loan	\$190,960	\$95,480	2.00%	26		\$9,713	\$0	
Total Debt Sources:	\$359,710	\$179,855				\$9,713	\$0	

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

Describe repayment of cash flow loan: [Redacted]

Estimated Credit Pricing: _____ cents on the dollar

TOTAL PERMANENT SOURCES:		\$359,710	\$179,855
Total Development Costs:		\$359,710	\$179,855
Permanent Funding Sources out of balance by:		\$0	\$0

Construction Financing Sources:	Amount Available During Construction	% TDC	Developer Notes	Funding Status
Bank Construction Loan		0.0%		
Developer Equity (Self-Financing)		0.0%		
Deferred Developer Fee		0.0%		
Housing Credit Equity Available During Construction		0.0%		
LFUCG HOME Development Subsidy	\$190,960	53.1%		
Other LFUCG Development Subsidy		0.0%		
Other: Affordable New Fund	\$165,000	45.9%		
Other: CHDO Operating Reserve Funds	\$3,750	1.0%		
Costs Not Paid During Construction (Must Identify)		0.0%		
Total Construction Sources:	\$359,710	100.0%		

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

USES OF FUNDING

	TOTAL COST	Per Unit Cost	Non-Tax Credit Project OR Excluded from Tax Credit Basis	
ACQUISITION				
Building Acquisition	\$0	\$0		
Land Acquisition	\$20,000	\$10,000		\$20,000
TOTAL ACQUISITION	\$20,000			\$20,000
HARD COSTS				
Appliances	\$5,730	\$3,395		\$5,730
Building - New Construction Costs	\$228,020	\$114,010		\$228,020
Building - Rehabilitation Construction Costs	\$0	\$0		
Lead-based paint controls or abatement	\$0	\$0		
Demolition	\$0	\$0		
Earth Work	\$20,800	\$10,400		\$20,800
Lawn/Plantings	\$9,500	\$4,750		\$9,500
Off Site Work	\$0	\$0		
Roads/Walks	\$0	\$0		
Site Utilities	\$2,160	\$1,080		\$2,160
Unusual Site Conditions	\$0	\$0		
Payment and Performance Bond	\$0	\$0		
General Requirements	\$4,594	\$2,297		\$4,594
Builder's Overhead	\$18,832	\$9,316		\$18,832
Builder's Profit	\$15,245	\$7,622		\$15,245
Construction Manager's Fee	\$0	\$0		
Builder's Risk Insurance	\$1,396	\$698		\$1,396
Builder's Liability Insurance	\$0	\$0		
Worker's Compensation Insurance	\$0	\$0		
Other: dumpster	\$1,800	\$900		\$1,800
Other: Street Cuts	\$4,000	\$2,000		\$4,000
Other:	\$0	\$0		
TOTAL HARD COSTS	\$311,837			\$311,837
Construction Contingency	\$10,858	\$5,429		\$10,858

1.47% of Hard Costs
5.97% of Hard Costs
4.88% of Hard Costs

SOFT COSTS

Bridge Loan Fees	\$0	\$0		
Bridge Loan Legal Fees	\$0	\$0		
Building Permits/Fees	\$3,440	\$1,720		\$3,440
Construction Credit Enhancement	\$0	\$0		
Construction Financing Fees	\$0	\$0		
Construction Hazard Insurance	\$0	\$0		
Construction Interest	\$3,500	\$1,750		\$3,500
Construction Legal Fees	\$0	\$0		
Construction Liability Insurance	\$0	\$0		
Construction Loan Points	\$0	\$0		
Construction Title and Recording	\$0	\$0		
Other Construction Finance Fees	\$0	\$0		
Permanent Credit Enhancement	\$0	\$0		
Permanent Financing Fees	\$0	\$0		
Permanent Legal Fee	\$0	\$0		
Permanent Loan Points	\$0	\$0		
Permanent Title and Recording	\$0	\$0		
KHC SMAL Loan Origination Fee (1% of loan amount)	\$0	\$0		
Other Permanent Loan Financing Fees	\$0	\$0		
Accounting Fees	\$0	\$0		
Architect Fees	\$0	\$0		
Engineering Fees	\$0	\$0		
Escrows	\$0	\$0		
Operating Deficit Reserve (MUST identify source)	\$3,750	\$1,875		\$3,750
Rent Up Reserves	\$0	\$0		
Replacement Reserve Deposit	\$0	\$0		
Other:	\$0	\$0		
Other:	\$0	\$0		
Other:	\$0	\$0		
Syndication Legal Fees	\$0	\$0		
Syndication Organization Expenses	\$0	\$0		
Other Syndication Expenses	\$0	\$0		
Relocation	\$0	\$0		
Appraisal	\$325	\$163		\$325
Market Study	\$0	\$0		
Environmental Study	\$3,500	\$1,750		\$3,500
Lead-Based Paint Assessment and Testing	\$0	\$0		
Survey	\$2,500	\$1,250		\$2,500
Capital Needs Assessment	\$0	\$0		
Marketing	\$0	\$0		
Property Taxes	\$0	\$0		
Cost Certification	\$0	\$0		
Asset Management Fee	\$0	\$0		
KHC Tax Credit Application Fees	\$0	\$0		
KHC Tax Credit Reservation Fees (7% of HC allocation)	\$0	\$0		
KHC Tax Credit Inspection Fee (0.2% of HC allocation)	\$0	\$0		
Non-KHC Tax Credit Fees	\$0	\$0		
Other: Existing Permanent mortgages	\$0	\$0		
Other: Existing CHDO Loans	\$0	\$0		
Other:	\$0	\$0		
Consulting Fee	\$0	\$0		
Developer Fee	\$0	\$0		
AHTF-Paid Developer Fee (Limit 6% of AHTF request)	\$0	\$0		
TOTAL SOFT COSTS	\$17,015	\$8,608		\$17,015
TOTAL DEVELOPMENT COSTS	\$389,710	\$179,888		\$389,710

\$8,598 Minimum
Source of Operating Deficit Reserve:
CHDO Funds

Total Dev. & Consulting Fees:
0.00% of TDC
4.73% of TDC

	Inflation Factor		Yrs 1-3		Yrs 4		Yrs 5		Yrs 6		Yrs 7		Yrs 8		Yrs 9		Yrs 10			
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE																				
Gross Rent Potential	\$20,880	\$21,298	\$21,724	\$22,158	\$22,601	\$23,053	\$23,514	\$23,985	\$24,464	\$24,954	\$20,880	\$21,298	\$21,724	\$22,158	\$22,601	\$23,053	\$23,514	\$23,985	\$24,464	\$24,954
Gross Rent Potential	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Vacancy Rate	\$1,482	\$1,481	\$1,521	\$1,561	\$1,582	\$1,614	\$1,646	\$1,679	\$1,712	\$1,747	\$1,482	\$1,481	\$1,521	\$1,561	\$1,582	\$1,614	\$1,646	\$1,679	\$1,712	\$1,747
Adjusted Gross Income	\$19,418	\$19,807	\$20,203	\$20,607	\$21,019	\$21,439	\$21,868	\$22,296	\$22,732	\$23,207	\$19,418	\$19,807	\$20,203	\$20,607	\$21,019	\$21,439	\$21,868	\$22,296	\$22,732	\$23,207
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (Net Income)	\$19,418	\$19,807	\$20,203	\$20,607	\$21,019	\$21,439	\$21,868	\$22,296	\$22,732	\$23,207	\$19,418	\$19,807	\$20,203	\$20,607	\$21,019	\$21,439	\$21,868	\$22,296	\$22,732	\$23,207
Per Unit	\$9,709	\$9,903	\$10,101	\$10,303	\$10,510	\$10,720	\$10,934	\$11,153	\$11,376	\$11,603	\$9,709	\$9,903	\$10,101	\$10,303	\$10,510	\$10,720	\$10,934	\$11,153	\$11,376	\$11,603
OPERATING EXPENSES																				
Administrative	\$1,360	\$1,432	\$1,475	\$1,510	\$1,564	\$1,611	\$1,660	\$1,710	\$1,761	\$1,814	\$1,360	\$1,432	\$1,475	\$1,510	\$1,564	\$1,611	\$1,660	\$1,710	\$1,761	\$1,814
Operating/Maintenance	\$2,378	\$2,448	\$2,523	\$2,599	\$2,676	\$2,757	\$2,839	\$2,925	\$3,012	\$3,103	\$2,378	\$2,448	\$2,523	\$2,599	\$2,676	\$2,757	\$2,839	\$2,925	\$3,012	\$3,103
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes/Insurance	\$3,716	\$3,827	\$3,942	\$4,061	\$4,182	\$4,308	\$4,437	\$4,570	\$4,707	\$4,849	\$3,716	\$3,827	\$3,942	\$4,061	\$4,182	\$4,308	\$4,437	\$4,570	\$4,707	\$4,849
Total Operating Expenses	\$7,454	\$7,709	\$7,940	\$8,178	\$8,423	\$8,676	\$8,936	\$9,204	\$9,481	\$9,765	\$7,454	\$7,709	\$7,940	\$8,178	\$8,423	\$8,676	\$8,936	\$9,204	\$9,481	\$9,765
Per Unit	\$3,727	\$3,854	\$3,970	\$4,089	\$4,212	\$4,338	\$4,469	\$4,602	\$4,740	\$4,882	\$3,727	\$3,854	\$3,970	\$4,089	\$4,212	\$4,338	\$4,469	\$4,602	\$4,740	\$4,882
Reserve For Replacement	\$690	\$670	\$690	\$710	\$732	\$754	\$776	\$799	\$823	\$848	\$690	\$670	\$690	\$710	\$732	\$754	\$776	\$799	\$823	\$848
Net Operating Income (NOI)	\$11,294	\$11,429	\$11,574	\$11,719	\$11,864	\$12,010	\$12,156	\$12,302	\$12,448	\$12,594	\$11,294	\$11,429	\$11,574	\$11,719	\$11,864	\$12,010	\$12,156	\$12,302	\$12,448	\$12,594
Per Unit	\$5,647	\$5,714	\$5,787	\$5,859	\$5,932	\$6,005	\$6,078	\$6,151	\$6,224	\$6,297	\$5,647	\$5,714	\$5,787	\$5,859	\$5,932	\$6,005	\$6,078	\$6,151	\$6,224	\$6,297
DEBT SERVICE																				
KHC HOME, amortizing																				
AHTF, amortizing																				
SMAL																				
Risk Sharing																				
LFLUG HOME Development Subsidy																				
Other LFLUG Development Subsidy																				
Other KHC loan (Identify):																				
Bank Loan																				
Non-KHC loan (Identify): Bank Construction loan	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713
Total Debt Service	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713	\$9,713
Debt Coverage Ratio (DCR)	1.18	1.18	1.19	1.21	1.22	1.24	1.25	1.27	1.28	1.30	1.18	1.18	1.19	1.21	1.22	1.24	1.25	1.27	1.28	1.30
CASH FLOW																				
Per Unit	\$1,872	\$358	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881	\$1,872	\$358	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881
<i>Please Manually Input:</i>																				
Expenses Subject to Available Cash Flow (Identify below)																				
Cash Flow Loan or M2M Repayment																				
Remaining Cash Flow	\$1,572	\$1,716	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881	\$1,572	\$1,716	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881
Deferred Developer Fee Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance of Deferred Dev. Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow																				
Per Unit	\$1,572	\$1,716	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881	\$1,572	\$1,716	\$1,861	\$2,008	\$2,152	\$2,297	\$2,443	\$2,589	\$2,735	\$2,881
Unpaid Developer Fee after Year 10:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unpaid Cash Flow Loan after Year 15:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Expenses Subject to Available Cash Flow:
 (Asset Mgt. Fee, Investor Fees, etc.)

Operating Proforma

	Inflation Factor:		Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	Yr 1-3	Yr 4+	11	12	13	14	15	16	17	18	19	19	20	20	20
REVENUE															
Gross Rent Potential	2.0%	2.0%	\$25,463	\$25,982	\$26,481	\$27,011	\$27,551	\$28,102	\$28,664	\$29,237	\$29,822	\$30,418	\$31,025	\$31,633	\$32,242
Vacancy Rate	7.0%	7.0%	\$1,782	\$1,817	\$1,954	\$2,081	\$2,208	\$2,335	\$2,462	\$2,589	\$2,716	\$2,843	\$2,970	\$3,097	\$3,224
Adjusted Gross Income			\$23,681	\$24,165	\$24,527	\$24,930	\$25,343	\$25,767	\$26,197	\$26,632	\$27,071	\$27,514	\$27,961	\$28,411	\$28,864
Other Income			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidies or Draw from Reserve			\$23,671	\$24,144	\$24,627	\$25,120	\$25,622	\$26,135	\$26,657	\$27,180	\$27,704	\$28,238	\$28,781	\$29,324	\$29,867
Effective Gross Income (Net Income)			\$11,855	\$12,072	\$12,314	\$12,580	\$12,871	\$13,087	\$13,329	\$13,595	\$13,867	\$14,144	\$14,426	\$14,708	\$14,990
OPERATING EXPENSES															
Administrative	3.00%		\$1,668	\$1,684	\$1,692	\$2,041	\$2,102	\$2,166	\$2,231	\$2,297	\$2,366	\$2,437	\$2,508	\$2,580	\$2,652
Operating/Maintenance	3.00%		\$3,186	\$3,292	\$3,390	\$3,482	\$3,597	\$3,705	\$3,816	\$3,930	\$4,048	\$4,170	\$4,295	\$4,420	\$4,545
Utilities	3.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes/Insurance	3.00%		\$4,894	\$5,144	\$5,298	\$5,457	\$5,621	\$5,789	\$5,963	\$6,142	\$6,328	\$6,516	\$6,708	\$6,902	\$7,098
Total Operating Expenses			\$10,058	\$10,380	\$10,670	\$10,981	\$11,320	\$11,680	\$12,010	\$12,370	\$12,741	\$13,123	\$13,516	\$13,919	\$14,322
Per Unit			\$5,029	\$5,190	\$5,339	\$5,495	\$5,660	\$5,830	\$6,005	\$6,185	\$6,371	\$6,552	\$6,737	\$6,922	\$7,107
Reserve For Replacement		Per Unit Per Year	\$874	\$900	\$927	\$955	\$983	\$1,013	\$1,043	\$1,074	\$1,107	\$1,140	\$1,174	\$1,208	\$1,242
Net Operating Income (NOI)			\$12,740	\$12,692	\$13,050	\$13,175	\$13,319	\$13,402	\$13,319	\$13,259	\$13,259	\$13,259	\$13,259	\$13,259	\$13,259
Per Unit			\$6,370	\$6,442	\$6,515	\$6,587	\$6,659	\$6,731	\$6,802	\$6,873	\$6,943	\$7,013	\$7,083	\$7,153	\$7,223
DEBT SERVICE															
KHC HOME, amortizing			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AHTF, amortizing			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SMAL			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Risk Sharing			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LFCUG HOME Development Subsidy			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other LFCUG Development Subsidy			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other KHC loan (Identify):			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bank Loan			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-KHC loan (Identify): Bank Construction loan			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Coverage Ratio (DCR)			1.31	1.33	1.34	1.36	1.37	1.39	1.40	1.42	1.43	1.44	1.44	1.44	
CASH FLOW															
Per Unit			\$3,027	\$3,172	\$3,317	\$3,462	\$3,606	\$3,749	\$3,892	\$4,033	\$4,174	\$4,313	\$4,454	\$4,595	\$4,736
Please Manually Input:															
Expenses Subject to Available Cash Flow			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Identify below)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Loan or M2M Repayment			\$3,027	\$3,172	\$3,317	\$3,462	\$3,606	\$3,749	\$3,892	\$4,033	\$4,174	\$4,313	\$4,454	\$4,595	\$4,736
Remaining Cash Flow			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Developer Fee Repayment			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance of Deferred Dev. Fee			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Final Cash Flow															
Per Unit			\$3,027	\$3,172	\$3,317	\$3,462	\$3,606	\$3,749	\$3,892	\$4,033	\$4,174	\$4,313	\$4,454	\$4,595	\$4,736
Unpaid Developer Fee after Year 10:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unpaid Cash Flow Loan after Year 15:			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Project Budget

Address: 458 Ash St (Duplex)
 Square Footage: 1,584 ea. / 3,168 total
 Specs: 3/4 bdrm, 2.5 bath

5/11/2017

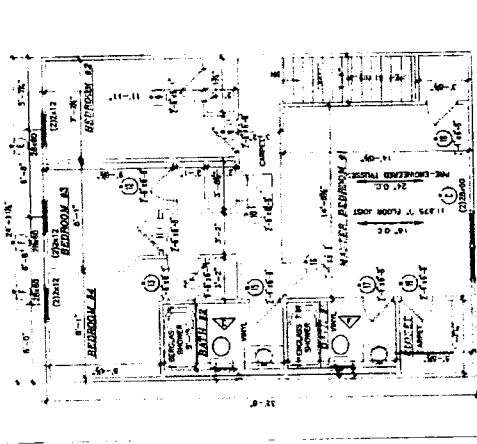
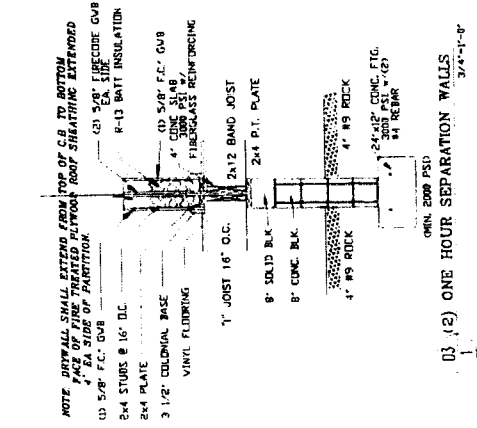
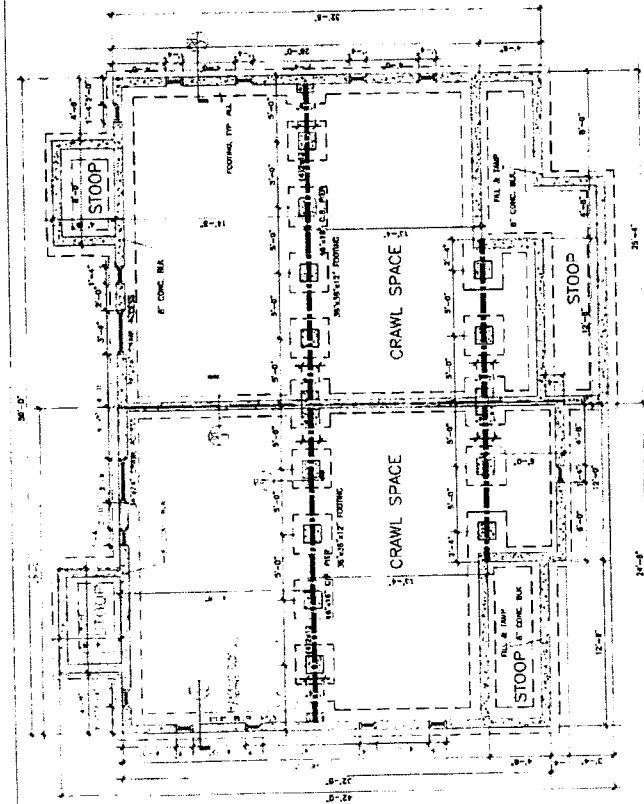
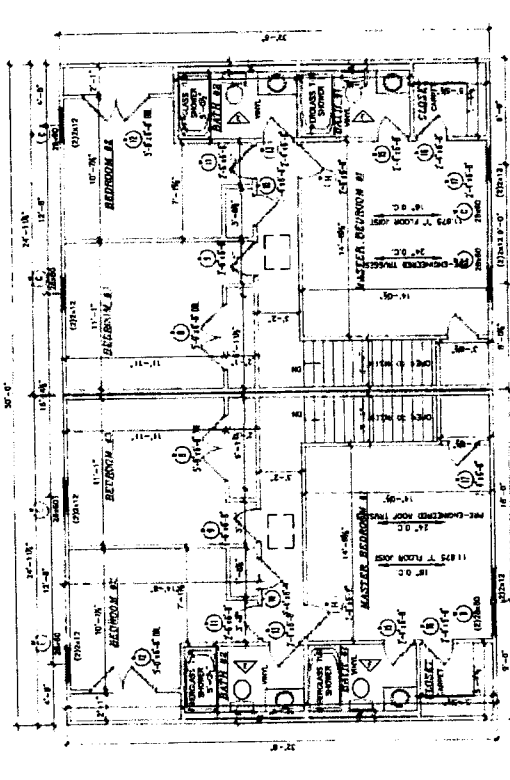
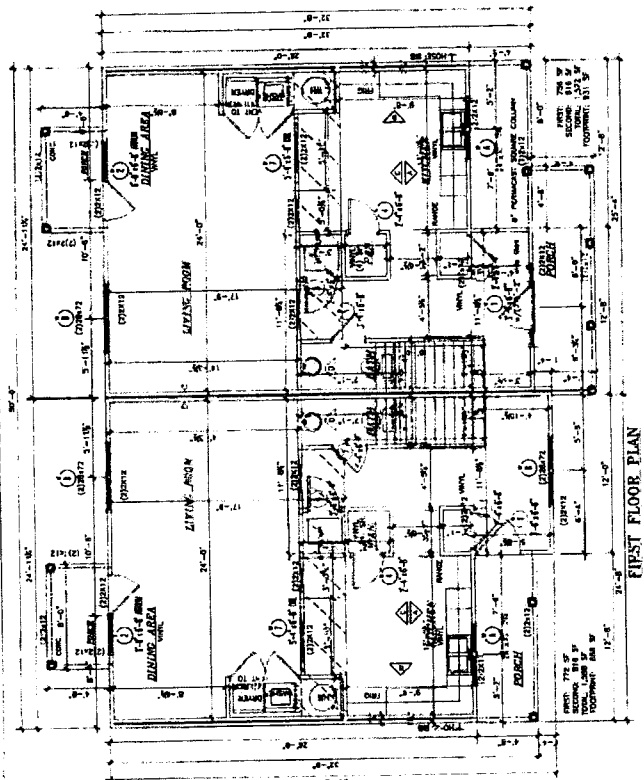
	<u>Costs</u>	<u>Labor</u>	<u>Materials</u>	<u>M. Markup</u>
Demolition	\$0			\$ -
Equipment Rental	\$3,360		\$ 2,800	\$ 560.0
Site Work	\$5,800	\$ 4,000	\$ 1,500	\$ 300.0
Excavate & Form Footer/Crawl	\$15,000	\$ 15,000		\$ -
Dumpster	\$1,800	\$ 1,800		\$ -
Masonry	\$8,800	\$ 2,800	\$ 5,000	\$ 1,000.0
Framing	\$43,500	\$ 13,500	\$ 25,000	\$ 5,000.0
Concrete	\$16,500	\$ 4,500	\$ 10,000	\$ 2,000.0
Siding/Columns	\$14,000	\$ 14,000		\$ -
Windows/ Energy Star Upgrade *	\$4,140		\$ 3,450	\$ 690.0
Electric - 2009 Code	\$14,500	\$ 14,500		\$ -
Roof Shingles	\$13,800	\$ 2,400	\$ 9,500	\$ 1,900.0
Plumbing	\$14,400	\$ 14,400		\$ -
Insulation (crawl & attic)	\$4,500	\$ 4,500		\$ -
HVAC	\$15,800	\$ 15,800		\$ -
DryWall - hang & finish	\$17,500	\$ 17,500		\$ -
Trim/Doors	\$12,500	\$ 2,600	\$ 8,250	\$ 1,650.0
Interior Painting	\$4,800	\$ 4,800		\$ -
Gutters	\$2,800	\$ 2,800		\$ -
Cabinets/Countertops/Vanities & Tops	\$7,440	\$ 1,200	\$ 5,200	\$ 1,040.0
Flooring - Carpet/vinyl	\$13,500	\$ 13,500		\$ -
Accessories	\$4,660	\$ 700	\$ 3,300	\$ 660.0
Lighting **	\$3,120		\$ 2,600	\$ 520.0
Landscaping	\$8,500	\$ 2,500	\$ 5,000	\$ 1,000.0
Decks - 10 X 10	\$4,000	\$ 1,000	\$ 2,500	\$ 500.0
Appliances	\$6,730	\$ 250	\$ 5,400	\$ 1,080.0
Cleaning	\$400	\$ 400		\$ -
Utilities	\$2,160		\$ 1,800	\$ 360.0
Permits & Fees	\$3,440	\$ 2,000	\$ 1,200	\$ 240.0
Street Cut	\$4,000	\$ 1,000	\$ 2,500	\$ 500.0
<hr/>				
Subtotal 1	\$271,450	\$ 157,450	\$ 95,000	\$ 19,000
4% Contingency	\$10,858			
<hr/>				
Subtotal 2	\$282,308			
Overhead & Profit	\$33,877			
<hr/>				
Total Building Costs	\$316,185			

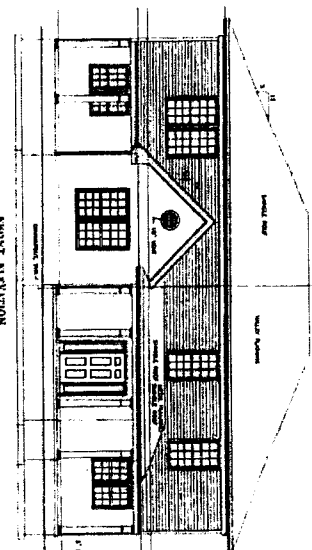
OWNER
 456 ASH STREET
 LEXINGTON, KY
 PROPERTY ADDRESS

456 ASH STREET
 FLOOR PLANS

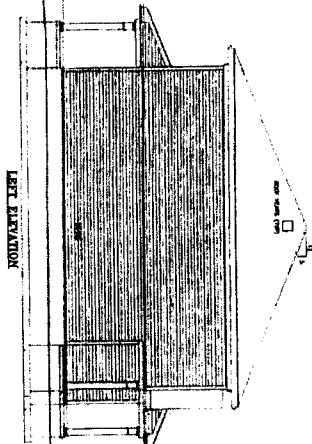
REVISION
 DATE 12/14/15

SHEET
 1 OF 3

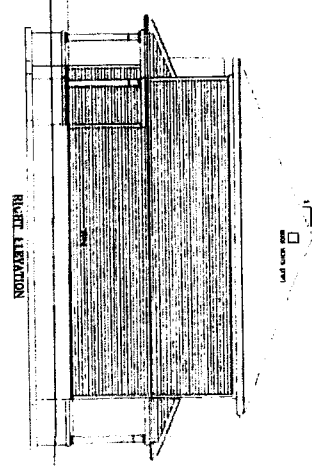




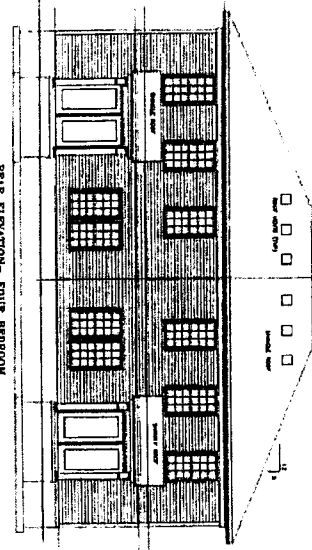
FRONT ELEVATION



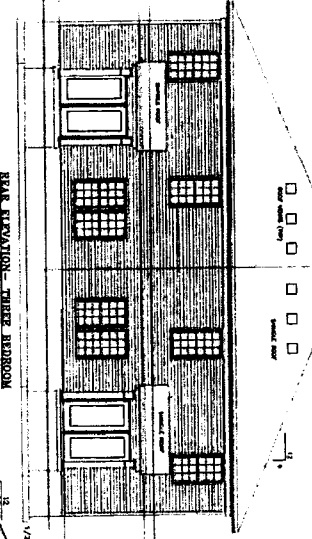
LEFT ELEVATION



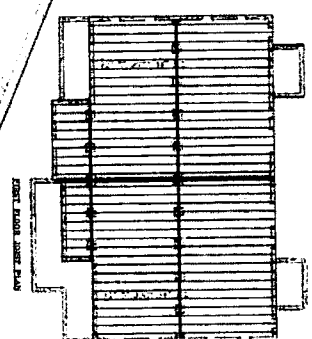
RIGHT ELEVATION



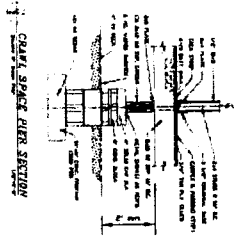
REAR ELEVATION - FOUR BEDROOM



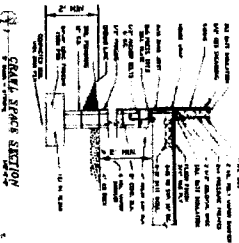
REAR ELEVATION - THREE BEDROOM



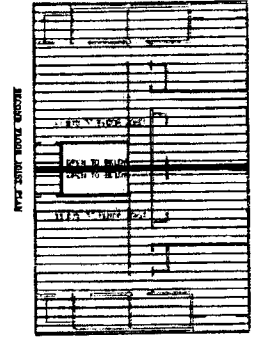
REAR PORCH



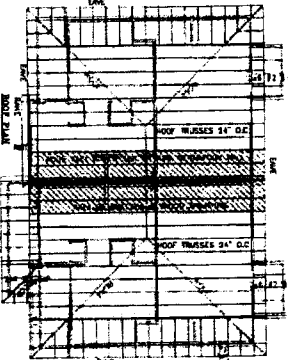
ROOF STRUCTURE SECTION



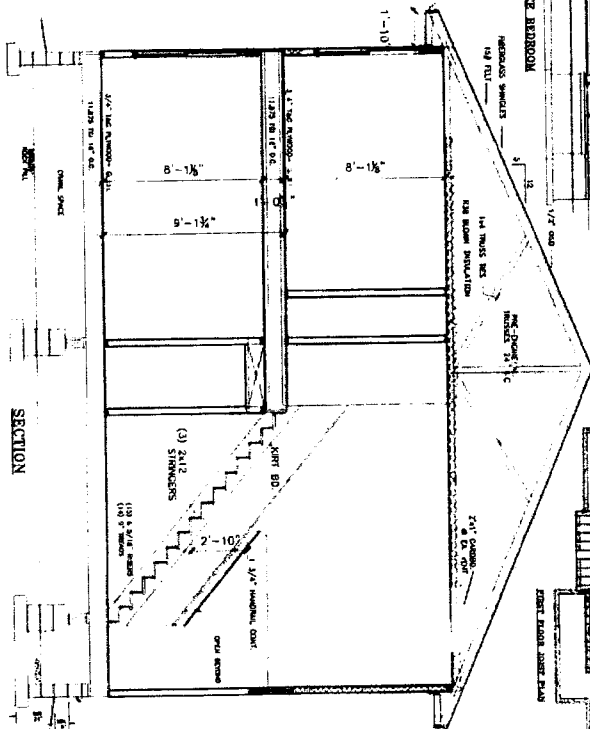
ROOF STRUCTURE SECTION



SECTION



SECTION



SECTION

SHEET
2
OF
2

456 ASH STREET
ELEVATIONS/SECTION
REVISION
DATE: 12/14/16

OWNER
PROPERTY ADDRESS
456 ASH STREET
LEXINGTON, KY
DATE: 12/14/16

SUMMARY OF SALIENT FEATURES

Subject Address	458 Ash St
Legal Description	DB 3442 / PG 382
City	Lexington
County	Fayette
State	KY
Zip Code	40508
Census Tract	0011.00
Map Reference	30450
Sale Price	\$
Date of Sale	
Borrower/Client	N/A
Lender	n/a
Size (Square Feet)	
Price per Square Foot	\$
Location	average
Age	proposed
Condition	good
Total Rooms	11
Bedrooms	7
Baths	4.2
Appraiser	Kelly Colliver
Date of Appraised Value	05/26/2017
Opinion of Value	\$ 245,000

Small Residential Income Property Appraisal Report

File # 0517-58

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property

Property Address 458 Ash St City Lexington State KY Zip Code 40508
 Bowner N/A Owner of Public Record Fayette County Local Development County Fayette
 Legal Description DB 3442 / PG 382 Assessor's Parcel # 12745200
 Neighborhood Name Forest Hill Addition Tax Year 2017 R.E. Taxes \$ 244
 Occupant Owner Tenant Vacant Special Assessments \$ 0 Map Reference 30460 Census Tract 0011.00
 Property Rights Appraised Fee Simple Leasehold Other (describe) PUD HOA \$ 0 per year per month
 Assignment Type Purchase Transaction Refinance Transaction Other (describe) construction appraisal
 Land#/Client n/a Address
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No
 Report data source(s) used, offering price(s), and date(s). not listed

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. n/a

Contract Price \$ Date of Contract Is the property seller the owner of public record? Yes No Data Source(s)
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
 If Yes, report the total dollar amount and describe the items to be paid.

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		2-4 Unit Housing Trends		2-4 Unit Housing		Present Land Use %
Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	60 %	
Built-Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	20 %	
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	15	Low	Multi-Family	10 %	
Neighborhood Boundaries The subject neighborhood is bound by Whitney Ave. to the west, Newtown Pike to the east and south and New Circle Road to the north.		225	High	Commercial	10 %	
Neighborhood Description The subject neighborhood is located on the north edge of downtown Lexington. The area is older and fully developed with a mixture of single family residences and multi family units and some neighborhood commercial development. New construction occurring on vacant lots where older structures were razed. Supporting facilities are within 5 minutes. No known adverse influences.		75	Prod.	50+	Other	0 %

Market Conditions (including support for the above conclusions) Property values are stable in the subject area based on PVA resale activity and demand/supply are in balance according to local MLS. Marketing time is under 3-6 months. Conventional, FHA and VA are all common methods of financing.

Dimensions irregular Area 11,160 SF Shape rectangular View oth.similar
 Specific Zoning Classification R-2 Zoning Description Two Family Residential
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
 Electricity Water Street asphalt
 Gas Sanitary Sewer Alley none
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 2100670109E FEMA Map Date 03/03/2014
 Are the utilities and/or off-site improvements typical for the market area? Yes No If No, describe
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe
 No known easements, encroachments or other conditions having a negative effect on subject property.

General Description		Foundation		Exterior Description		Interior	
Units <input checked="" type="checkbox"/> Two <input type="checkbox"/> Three <input type="checkbox"/> Four	<input type="checkbox"/> Concrete Slab <input checked="" type="checkbox"/> Craw Space	Foundation Walls	conc.block/good	Floors	lamm.vyl.cpt/good		
<input type="checkbox"/> Accessory Unit (describe below)	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	vinyl/good	Walls	drywall/good		
# of Stories 2 # of bldgs. 1	Basement Area 0 sq.ft.	Roof Surface	dimen.shingles/good	Trim/Finish	wood/good		
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Finish 0 %	Gutters & Downspouts	aluminum/good	Bath Floor	vyl/good		
<input type="checkbox"/> Existing <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	IG/good	Bath Wainscot	one pce/good		
Design (Style) 2 st. duplex	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	IG/good	Car Storage			
Year Built 2017	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	yes/good				
Effective Age (Yrs) 0	Heating/Cooling		Amenities				
Attc <input type="checkbox"/> None	<input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Fireplace(s) # 0	Woodstove(s) # 0	<input checked="" type="checkbox"/> Driveway # of Cars 2			
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input checked="" type="checkbox"/> Other HP <input type="checkbox"/> Fuel electric	Patio/Deck none	Fence none	Driveway Surface	concrete		
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	Pool none	<input checked="" type="checkbox"/> Porch front/rear	Garage # of Cars 0			
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	Other none		Carport # of Cars 0			
# of Appliances Refrigerator 2 Range/Oven 2 Dishwasher 2 Disposal 2 Microwave				Alt. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in			
Unit # 1 contains: 5 Rooms 3 Bedrooms 2.1 Bath(s) 1,572 Square Feet of Gross Living Area							
Unit # 2 contains: 6 Rooms 4 Bedrooms 2.1 Bath(s) 1,588 Square Feet of Gross Living Area							
Unit # 3 contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area							
Unit # 4 contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area							

Additional features (special energy efficient items, etc.) IG windows, front and rear porches

Describe the condition of the property (including needed repairs deterioration, renovations, remodeling, etc.) Subject is proposed construction.

Small Residential Income Property Appraisal Report

File # 0517-58

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe.

Is the property subject to rent control? Yes No If Yes, describe.

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.

FEATURE	SUBJECT	COMPARABLE RENTAL # 1	COMPARABLE RENTAL # 2	COMPARABLE RENTAL # 3							
Address	458 Ash St Lexington, KY 40508	555 N Limestone Lexington, KY 40508	334 E High St Lexington, KY 40507	422 N Upper St Lexington, KY 40508							
Proximity to Subject		1.15 miles SE	1.71 miles SE	1.09 miles SE							
Current Monthly Rent	\$	\$ 1,725	\$ 2,200	\$ 1,800							
Rent/Gross Bldg. Area	\$ sq.ft.	\$ 0.75 sq.ft.	\$ 0.79 sq.ft.	\$ 0.76 sq.ft.							
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
Data Source(s)	inspection	MLS # 1513269	MLS # 1504324	MLS # 1402207							
Date of Lease(s)	one year	one year	one year	one year							
Location	average	average	superior/near UK campus	average							
Actual Age	proposed	15 years	29 years	117 years							
Condition	good	good	average+	average+							
Gross Building Area	3,160	2,300	2,802	2,500							
Unit Breakdown	Rm Count Tot Br Ba 5 3 2.1	Size Sq. Ft. 3,160 1,572	Rm Count Tot Br Ba 5 3 2	Size Sq. Ft. 2,300 1,150	Monthly Rent 1,725	Rm Count Tot Br Ba 5 3 2	Size Sq. Ft. 2,802 1,401	Monthly Rent 2,200	Rm Count Tot Br Ba 5 3 1	Size Sq. Ft. 2,500 1,250	Monthly Rent 1,800
Unit # 1					\$ 860			\$ 1,000			\$ 950
Unit # 2					\$ 865			\$ 1,200			\$ 950
Unit # 3					\$			\$			\$
Unit # 4					\$			\$			\$
Utilities Included	none	none	none	none							

Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.) Comparable rentals are all located in the subject's general market of downtown/edge of downtown Lexington. Concessions are not typical in this market.

Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.

Unit #	Leases		Actual Rents		Total Rents	Opinion of Market Rent		Total Rents
	Begin Date	End Date	Unfurnished	Furnished		Unfurnished	Furnished	
1	one year		\$ unknw	\$	\$	\$ 900	\$	\$ 900
2	one year		unknw			1,100		1,100
3								
4								

Comment on lease data
 Total Actual Monthly Rent \$
 Other Monthly Income (Itemize) \$ 2,000
 Total Actual Monthly Income \$
 Total Estimated Monthly Income \$ 2,000

Utilities included in estimated rents Electric Water Sewer Gas Oil Trash collection Cable Other
 Comments on actual or estimated rents and other monthly income (including personal property): Rents are typical for market and location. It is typical for tenants to pay their own utilities.

did not research the sale or transfer history of the subject property and comparable sales. If not, explain.

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
 Data Source(s) PVA/MLS

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.
 Data Source(s) PVA/MLS

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	10/29/2016			
Price of Prior Sale/Transfer	\$20,000			
Data Source(s)	PVA	PVA	PVA	PVA
Effective Date of Data Source(s)	05/26/2017	05/26/2017	05/26/2017	05/26/2017

Analysis of prior sale or transfer history of the subject property and comparable sales Previous transfer reported above for vacant lot only. Subject has no other sales or transfers in the last 3 years. No other sales of the comparables within the last year.

Small Residential Income Property Appraisal Report

File # 0517-58

There are 4 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 184,900 to \$ 239,500
 There are 4 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 165,000 to \$ 230,000

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3	
Address	458 Ash St Lexington, KY 40508	555 N Limestone Lexington, KY 40508	422 N Upper St Lexington, KY 40508	334 E High St Lexington, KY 40507	
Proximity to Subject		1.15 miles SE	1.09 miles SE	1.71 miles SE	
Sale Price		\$ 187,500	\$ 200,000	\$ 230,000	
Sale Price/Gross Bldg. Area		\$ 81.52 sq.ft.	\$ 74.07 sq.ft.	\$ 82.08 sq.ft.	
Gross Monthly Rent	\$ 2,000	\$ 1,725	\$ 1,900	\$ 2,200	
Gross Rent Multiplier		108.70	105.26	104.55	
Price per Unit		\$ 93,750	\$ 100,000	\$ 115,000	
Price per Room		\$ 18,750	\$ 20,000	\$ 23,000	
Price per Bedroom		\$ 31,250	\$ 33,333	\$ 38,333	
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Date Source(s)		MLS # 1513269	MLS # 1402207	MLS # 1504324	
Verification Source(s)		PVA/public records	PVA/public records	PVA/public records	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment	DESCRIPTION	+(-) Adjustment
Sale or Financing Concessions		conv. DOM-1 none known		conv. DOM-695 none known	
Date of Sale/Time		09/01/2015		02/25/2016	
Location	average	average		average	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple	
Site	11,160 SF	4,514 SF	+3,000	4,150 SF	+3,000
View	oth. similar	oth. similar		oth. similar	
Design (Style)	2 st. duplex	2 story duplex		2 story duplex	
Quality of Construction	vinyl sid/average	BV/average		vinyl sid/average	
Actual Age	proposed	15 years	+5,000	117 years	+15,000
Condition	good	good		average+	+5,000
Gross Building Area	3,160	2,300	+21,500	2,700	+11,500
Unit Breakdown	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths	
Unit # 1	5 3 2.1	5 3 2.0	+1,500	5 3 1	+3,500
Unit # 2	6 4 2.1	5 3 2.0	+6,500	5 3 1	+8,500
Unit # 3				5 3 2.0	+1,500
Unit # 4				5 3 2.0	+6,500
Basement Description	0	none		none	
Basement Finished Rooms	0	n/a		none	
Functional Utility	average	average		n/a	
Heating/Cooling	HP/CA	FA/CA		average	
Energy Efficient Items	average	average		HP/CA	
Parking On/Off Site	on site	on site		average	
Porch/Patio/Deck	porches/decks	porches		on site	
				porches/decks	
Net Adjustment (Total)		\$ 37,500		\$ 46,500	
Adjusted Sale Price of Comparables		\$ 225,000		\$ 246,500	
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ 112,500		\$ 124,975	
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ 22,500		\$ 24,995	
Adjusted Price Per Bedroom (Adj. SP Comp / # of Comp Bedrooms)		\$ 37,500		\$ 41,658	
Value per Unit	\$ 122,000 X 2	Units = \$ 244,000		Value per GBA \$ 82 X 3,160	GBA = \$ 259,120
Value per Rm.	\$ 24,000 X 11	Rooms = \$ 264,000		Value per Bdrms. \$ 40,000 X 7	Bdrms. = \$ 280,000
Summary of Sales Comparison Approach including reconciliation of the above indicators of value.					
and are best available. No new construction sales in area. Adjustments are made for differences in location (sale 3 closer to University of Kentucky's campus and draws higher rent), age/effective age, condition, room count, square footage and amenities. All sales are given equal consideration with more weight to sales 2 and 3 as they are more recent.					
Values per unit, GBA, and rooms can be distorted due to nature of market and varying conditions of properties.					
Indicated Value by Sales Comparison Approach \$ 245,000					
Total gross monthly rent \$ 2,000 X gross rent multiplier (GRM) 115 = \$ 230,000					
Comments on income approach including reconciliation of the GRM Estimated as subject is to be non owner occupied.					
Indicated Value by: Sales Comparison Approach \$ 245,000 Income Approach \$ 230,000 Cost Approach (if developed) \$ 243,460					
Sales comparison approach is given most emphasis. Cost approach is supportive. Income approach is also applied as subject will be non owner occupied.					
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. This appraisal is made "as is."					
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 245,000 as of 05/26/2017, which is the date of inspection and the effective date of this appraisal.					

Small Residential Income Property Appraisal Report

File # 0517-58

The intended user of this appraisal report is the Lender/Client. The intended use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the state scope of work, purpose of the appraisal, reporting requirements of this appraisal report form, and definition of market value. No additional users are identified by the appraiser.

Exposure time for the subject property is 3-6 months. Exposure time per 2016-2017 USPAP is the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

I have performed no prior services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the prior three years.

Utilities were not on and in working order at time of appraisal. Subject is proposed construction.

ADDITIONAL COMMENTS

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.
 Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) Site value estimation based on the typical package price ratio developed from a study of competitively focused areas in Lexington/Fayette County and comparison of vacant lot sales in the downtown area.

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW Source of cost data Marshall/Swift Handbook/Local building costs Quality rating from cost service avg. Effective date of cost data 06/16 Comments on Cost Approach (gross building area calculations, depreciation, etc.) Cost source: Marshall/Swift cost handbook using average quality costs in correlation with local building costs.	OPINION OF SITE VALUE DWELLING 3,160 Sq.Ft. @ \$ 68.50 = \$ 216,460 0 Sq.Ft. @ \$ = \$ = \$ Garage/Carport Sq.Ft. @ \$ = \$ Total Estimate of Cost-New = \$ 216,460 Less Physical Functional External Depreciation = \$ Depreciated Cost of Improvements = \$ 216,460 "As-Is" Value of Site Improvements = \$ 5,000 Estimated Remaining Economic Life (HUD and VA only) 60 Years INDICATED VALUE BY COST APPROACH = \$ 243,460
---	---

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached
 Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.
 Legal Name of Project _____
 Total number of phases _____ Total number of units _____ Total number of units sold _____
 Total number of units rented _____ Total number of units for sale _____ Data source(s) _____
 Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion. _____
 Does the project contain any multi-dwelling units? Yes No Data Source _____
 Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion. _____
 Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options. _____
 Describe common elements and recreational facilities _____

Small Residential Income Property Appraisal Report

File # 0517-58

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Small Residential Income Property Appraisal Report

File # 0517-58

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property, including all units. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Small Residential Income Property Appraisal Report

File # 0517-58

- 21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
- 22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
- 23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
- 24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
- 25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

- 1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- 2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- 3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
- 4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- 5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature Kelly R Collier
 Name Kelly Collier
 Company Name _____
 Company Address 2325 Dogwood Trace Blvd., Lexington, KY
40514
 Telephone Number (859) 368-0915
 Email Address kelly@collierappraisalservice.com
 Date of Signature and Report June 02, 2017
 Effective Date of Appraisal 05/26/2017
 State Certification # 860
 or State License # _____
 or Other (describe) _____ State # _____
 State KY
 Expiration Date of Certification or License 06/30/2017

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED

458 Ash St
Lexington, KY 40508

APPRAISED VALUE OF SUBJECT PROPERTY \$ 245,000

LENDER/CLIENT

Name _____
 Company Name n/a
 Company Address _____
 Email Address _____

SUBJECT PROPERTY

- Did not inspect subject property
- Did inspect exterior of subject property from street
Date of Inspection _____
- Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
- Did inspect exterior of comparable sales from street
Date of Inspection _____

Subject Photo Page

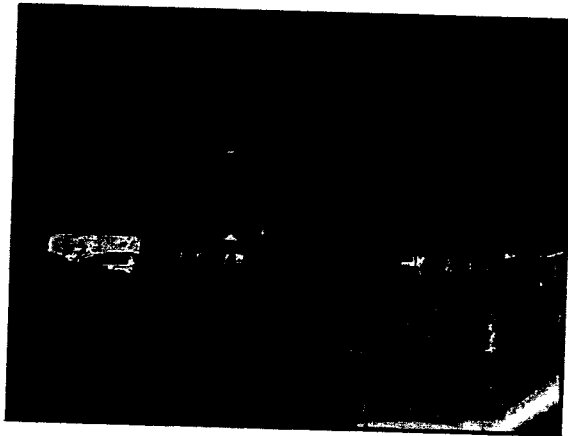
Borrower/Client	N/A				
Property Address	458 Ash St				
City	Lexington	County	Fayette	State	KY
Lender	n/a			Zip Code	40508



Subject Front

458 Ash St
Sales Price
Gross Living Area
Total Rooms 11
Total Bedrooms 7
Total Bathrooms 4.2
Location average
View oth.similar
Site 11,160 SF
Quality vinyl sid./average
Age proposed

appraiser assumes that
garage currently on site will
be removed prior to
construction



Subject Street

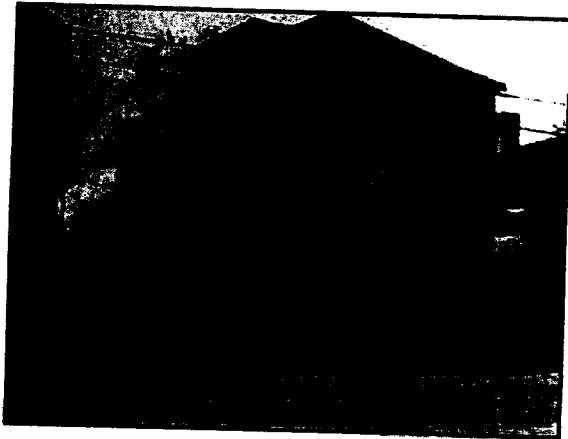
Comparable Photo Page

Borrower/Client	N/A				
Property Address	458 Ash St				
City	Lexington	County	Fayette	State	KY
Lender	n/a			Zip Code	40508



Comparable 1

555 N Limestone
Sales Price 187,500
Gross Building Area 2,300
Age 15 years



Comparable 2

422 N Upper St
Sales Price 200,000
Gross Building Area 2,700
Age 117 years



Comparable 3

334 E High St
Sales Price 230,000
Gross Building Area 2,802
Age 29 years

Deed

BOOK 3442 PAGE 382
FAYETTE COUNTY CLERK
LEXINGTON, KY

THIS DEED AND CONSIDERATION CERTIFICATE, made and entered into on this 28th day of October, 2016, by and between CAROLYN A. GREENE, a single person, whose mailing address is 1092 Mountain Laurel Way, Lexington, Kentucky 40511 "party of the first part"; and FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION, a Kentucky non-profit corporation, whose mailing address is 148 Deweese Street, Lexington, Kentucky 40507, "party of the second part." The in-care of tax mailing address for current years taxes is c/o Fayette County Local Development Corporation, 148 Deweese Street, Lexington, Kentucky 40507.

WITNESSETH:

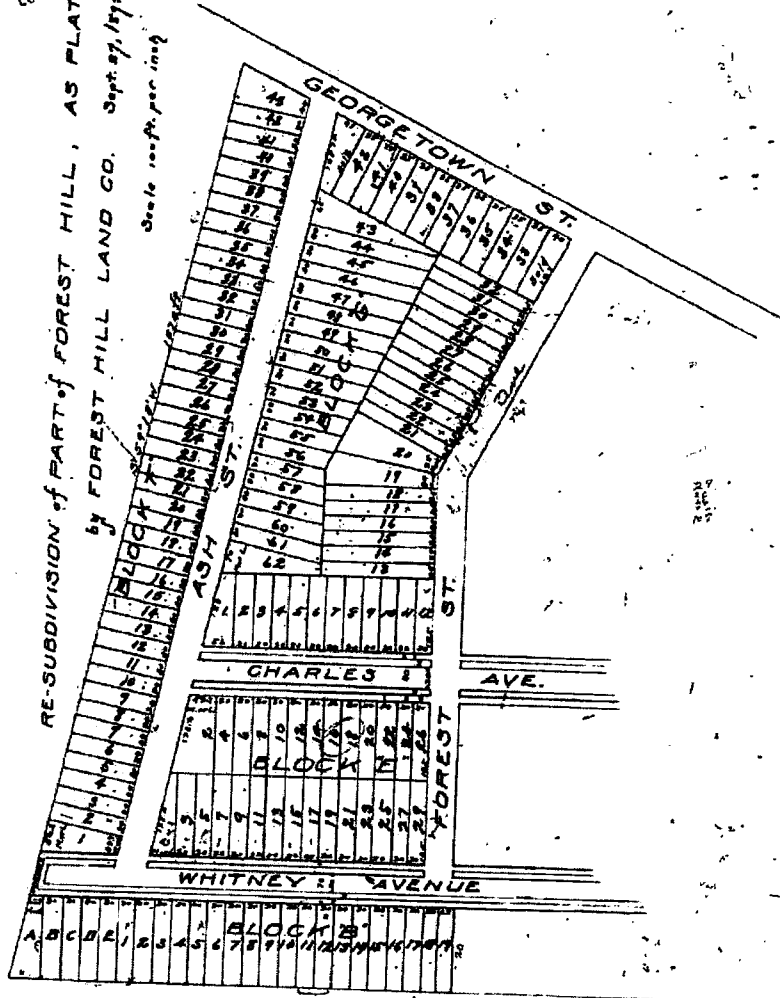
THAT for and in consideration of the sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00) cash in hand paid by the party of the second part, the receipt of all of which is hereby acknowledged, the party of the first part has this date bargained and sold and does hereby grant and convey unto the party of the second part, in fee simple, its successors and assigns, forever, the following described property, together with all improvements thereon and appurtenances thereunto belonging, located in the County of Fayette, Commonwealth of Kentucky, and more fully described as follows, to-wit:

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

Being a part of the same property conveyed to Carolyn A. Greene, a single person, by deed dated the 30th day of July, 2002 and of record in Deed Book 2303, Page 335 in the office of the Fayette County Clerk.

Plat

RE-SUBDIVISION of PART of FOREST HILL, AS FLATTED
ESS3
BY FOREST HILL LAND CO. Sept. 27, 1972
Scale 100 ft. per inch

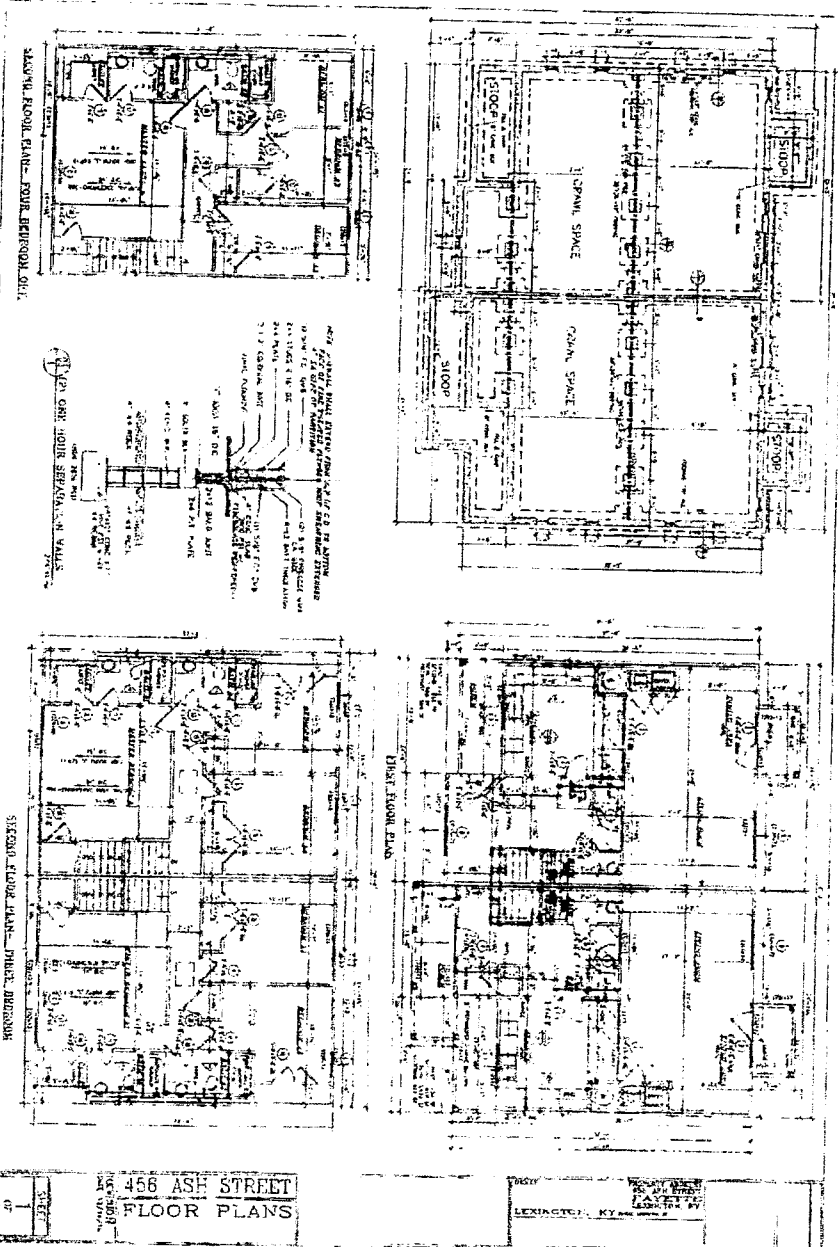


Filed for record Oct. 10, 1972, by Forest Hill Land Co.

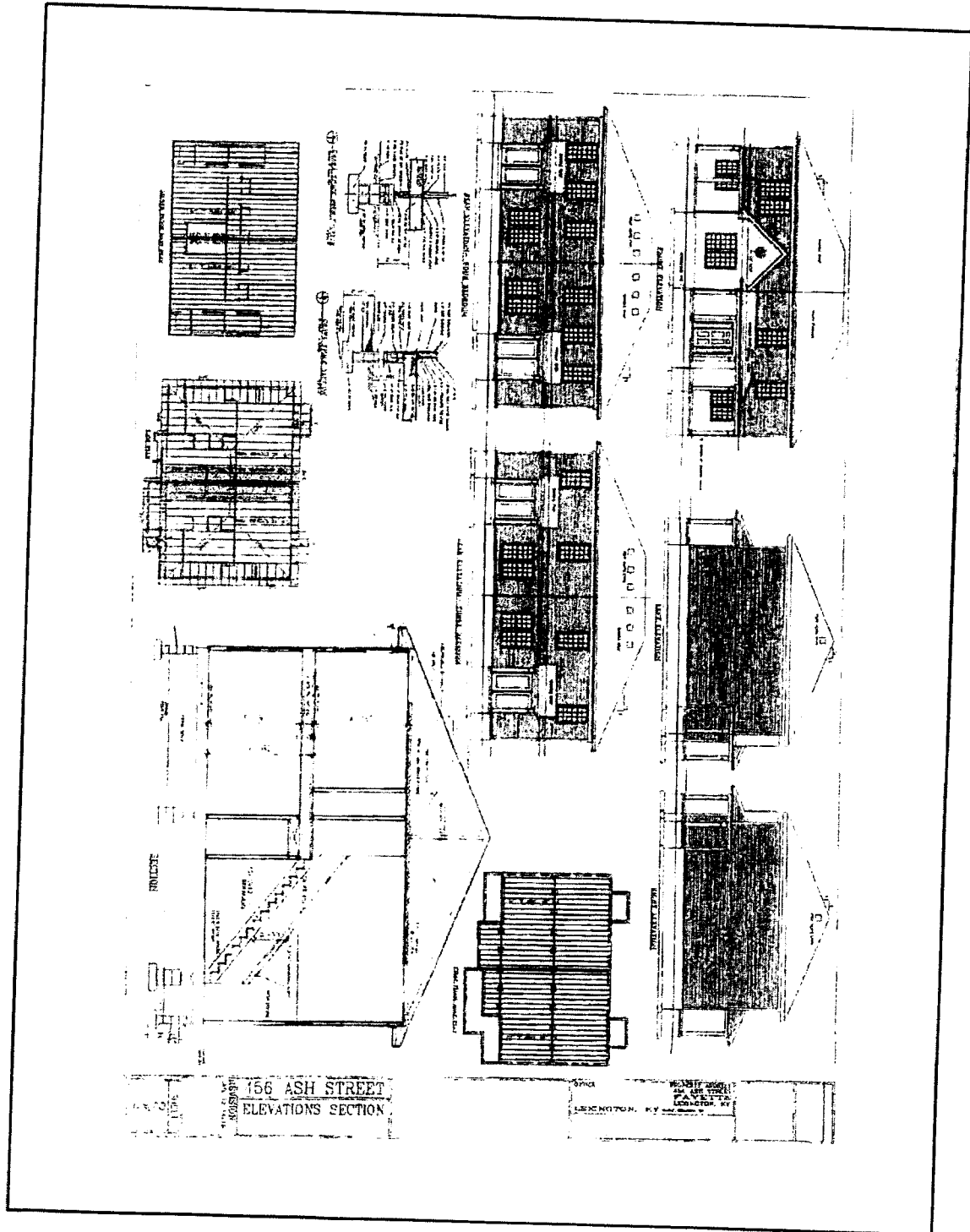
at time of

attn: J. R. F.

Floor Plans - Page 1

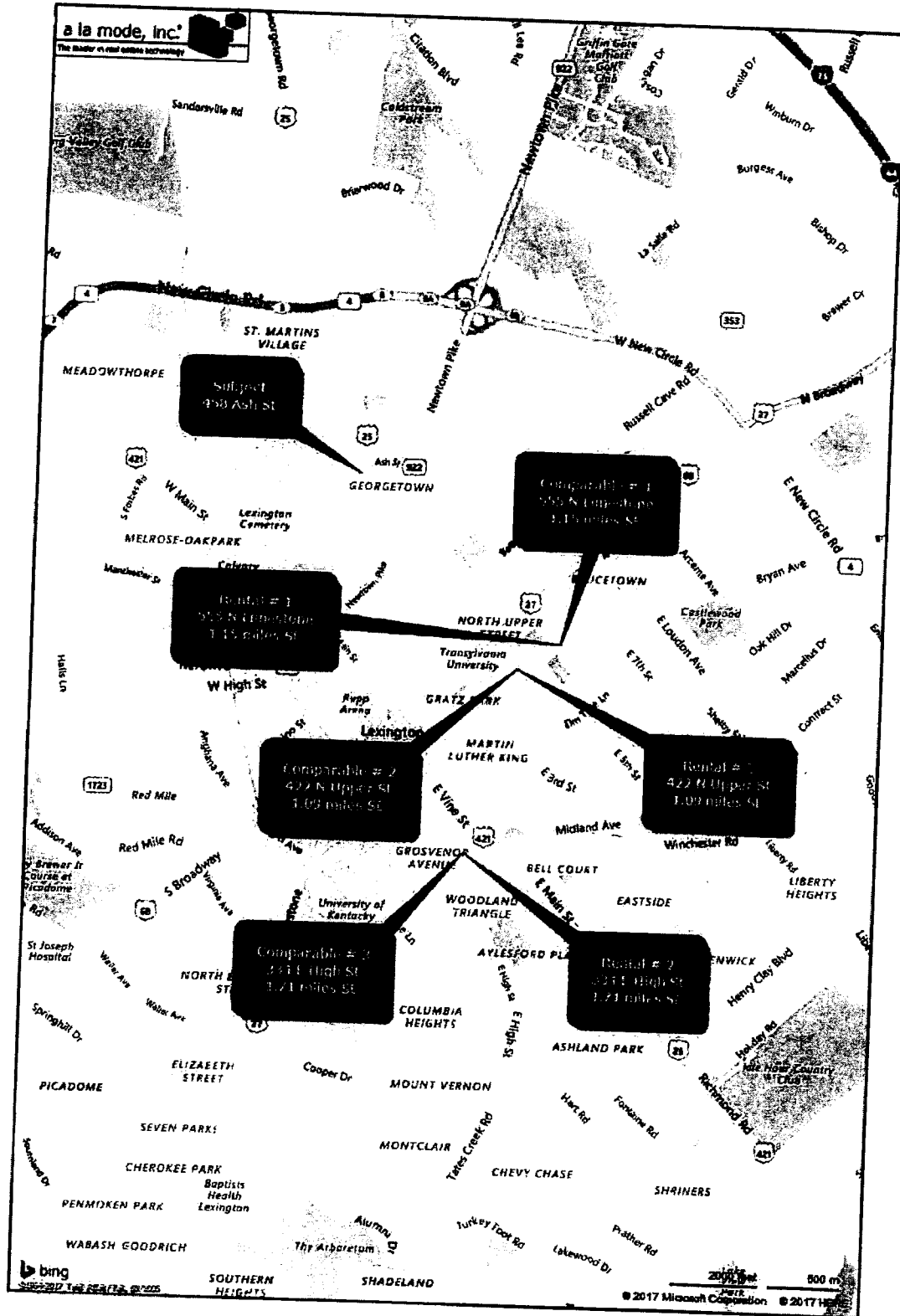


Floor Plans - Page 2



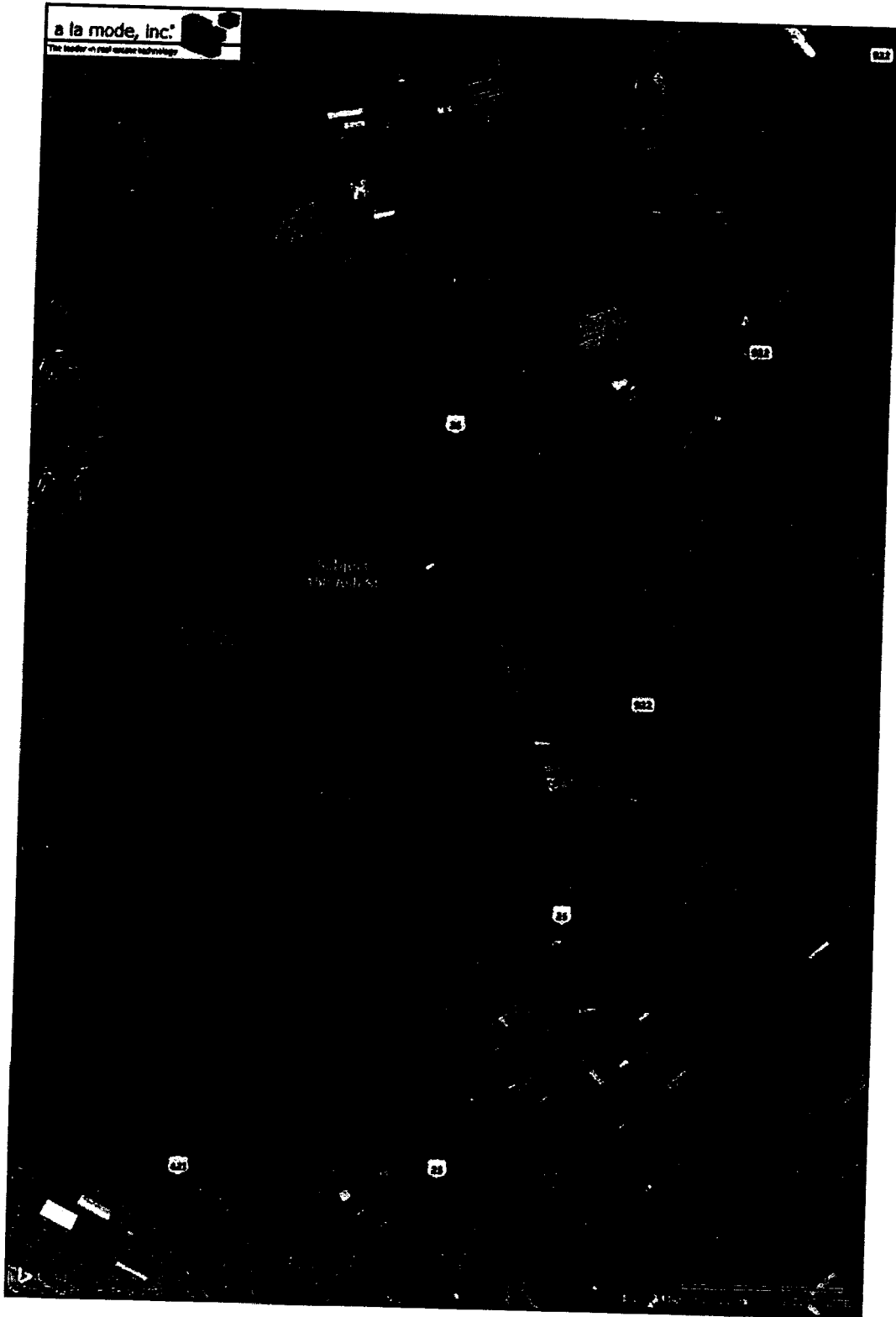
Location Map

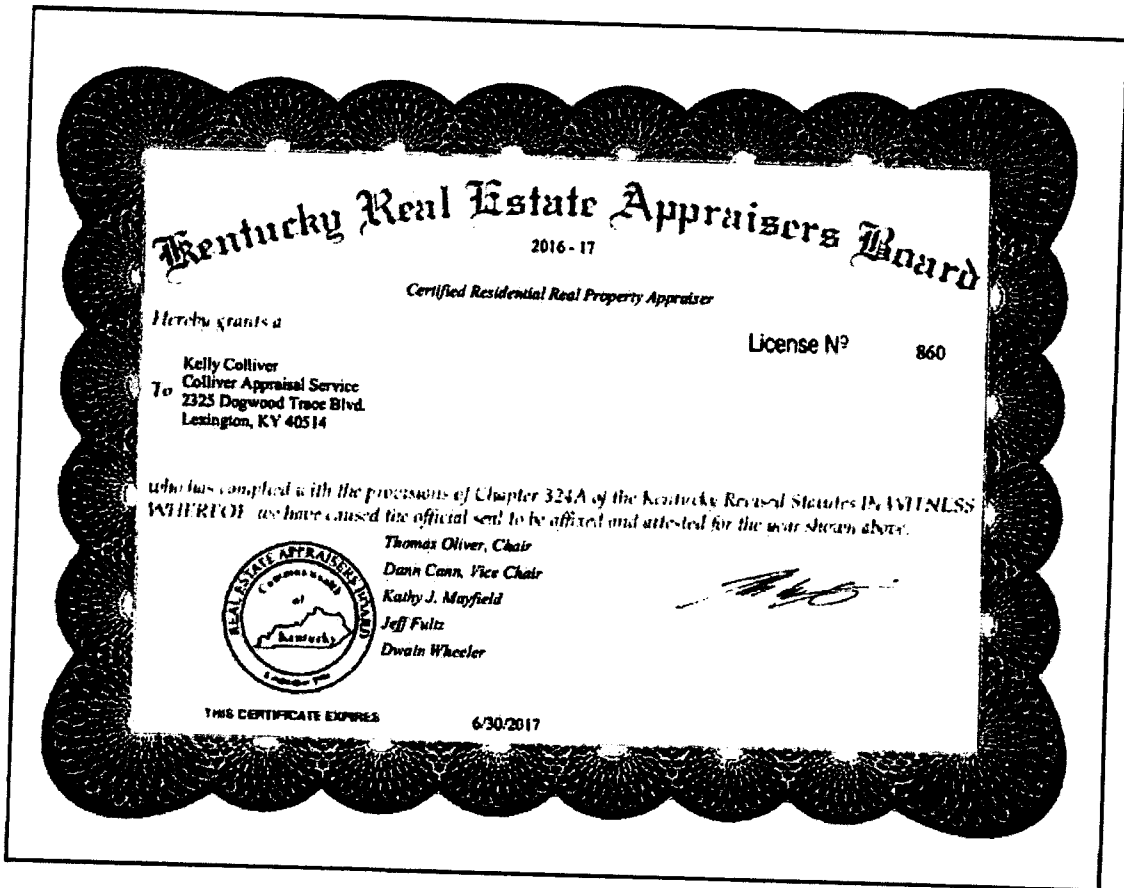
Borrower/Client	N/A				
Property Address	458 Ash St				
City	Lexington	County	Fayette	State	KY
Lender	n/a			Zip Code	40508



Aerial Map

Borrower/Client	N/A				
Property Address	458 Ash St				
City	Lexington	County	Fayette	State	KY
Lender	g/a		Zip Code	40508	





<p>Certified Residential Real Property Appraiser License No: 860</p> <p>Kelly Collier Collier Appraisal Service 1325 Dogwood Trace Blvd. Lexington, KY 40514</p> <p>This certificate expires on 6/30/2017</p>	<p>Kelly Collier</p> <p><i>has complied with the provisions of Chapter 324A of the Kentucky Revised Statutes IN WITNESS WHEREOF, we have caused the official seal to be affixed and attested for the year: 2016 - 17</i></p>
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MCDERMOTT, MCGINNIS, LESLIE
& KENLAND, F.L.P.
207 EAST MAIN ST. STE 900
LEXINGTON KY 40507

THIS DEED AND CONSIDERATION CERTIFICATE, made and entered into on this 28th day of October, 2016, by and between CAROLYN A. GREENE, a single person, whose mailing address is 1092 Mountain Laurel Way, Lexington, Kentucky 40511 "party of the first part"; and FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION, a Kentucky non-profit corporation, whose mailing address is 148 Deweese Street, Lexington, Kentucky 40507, "party of the second part." The in-care of tax mailing address for current years taxes is c/o Fayette County Local Development Corporation, 148 Deweese Street, Lexington, Kentucky 40507.

WITNESSETH:

THAT for and in consideration of the sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00) cash in hand paid by the party of the second part, the receipt of all of which is hereby acknowledged, the party of the first part has this date bargained and sold and does hereby grant and convey unto the party of the second part, in fee simple, its successors and assigns, forever, the following described property, together with all improvements thereon and appurtenances thereunto belonging, located in the County of Fayette, Commonwealth of Kentucky, and more fully described as follows, to-wit:

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

Being a part of the same property conveyed to Carolyn A. Greene, a single person, by deed dated the 30th day of July, 2002 and of record in Deed Book 2303, Page 335 in the office of the Fayette County Clerk.

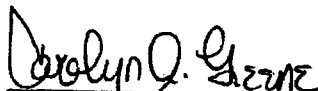
TO HAVE AND TO HOLD the above-described property unto the said party of the second part, in fee simple, its successors and assigns, forever.

The said party of the first part does hereby release and relinquish unto the said party of the second part, its successors and assigns, all of party of the first's right, title and interest in and to the said property, including all exemptions as allowed by law and does hereby covenant to and with the said party of the second part, its successors and assigns, that party of the first part is lawfully seized in fee simple of said title and has good and lawful right to sell and convey same as is herein done and that the title to said property is free, clear and unencumbered and that party of the first part will WARRANT GENERALLY the said title.

PROVIDED, HOWEVER, this conveyance is subject to all restrictions and easements which may appear of record pertaining to the property herein conveyed.

The parties hereto state the consideration reflected in this deed is the full consideration paid for the property. The party of the second part joins this deed for the sole purpose of certifying the consideration pursuant to KRS Chapter 382.

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



CAROLYN A. GREENE

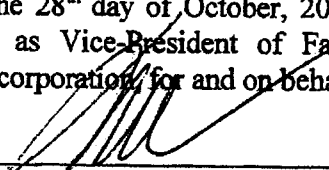
FAYETTE COUNTY LOCAL DEVELOPMENT
CORPORATION

By: 

Norman Franklin, Vice-President

COMMONWEALTH OF KENTUCKY
COUNTY OF FAYETTE

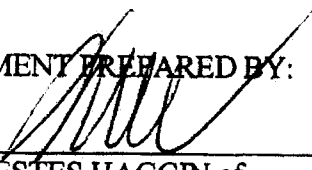
The foregoing Deed and Consideration Certificate was subscribed, sworn to and acknowledged before me on this the 28th day of October, 2016 by Carolyn A. Greene, a single person and by Norman Franklin as Vice-President of Fayette County Local Development Corporation, a Kentucky non-profit corporation, for and on behalf of said corporation.



NOTARY PUBLIC, STATE AT LARGE, KY
Mary Estes Haggin, Notary ID#499368
My Commission Expires: 11/11/2017

THIS INSTRUMENT PREPARED BY:

By:



MARY ESTES HAGGIN of
McBrayer, McGinnis, Leslie & Kirkland, PLLC
201 East Main Street, Suite 900
Lexington, Kentucky 40507
(859) 231-8780

I, Donald W Blevins Jr, County Court Clerk
of Fayette County, Kentucky, hereby
certify that the foregoing instrument
has been duly recorded in my office.



By: SHEA BROWN ,dc

201610310105

October 31, 2016 11:48:23 AM

Fees	\$17.00	Tax	\$20.00
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Total Paid	\$37.00
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THIS IS THE LAST PAGE OF THE DOCUMENT

4 Pages

382 - 385

MAYOR JIM GRAY



LEXINGTON

RICHARD MCQUADY
DIRECTOR
AFFORDABLE HOUSING

July 5, 2017

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

Dear Mr. Franklin,

This letter serves as a commitment of \$190,960 in funding from the Affordable Housing Fund of Lexington-Fayette Urban County Government (LFUCG) for the new construction of a duplex on 458 Ash Street as described in your application. The \$190,960 will be a 15-year first mortgage loan on the property at a rate of 2% with a 30 year amortization. Funds can be used for construction at a 0% rate of interest. The first payment on the loan will be due upon completion of the duplex or July 1, 2018, whichever occurs first. A 1% fee totaling \$1,909.60 will be due at closing.

This commitment is contingent upon the following:

1. Fayette County Local Development receives an allocation of \$165,000 in Lexington HOME funds for this development.
2. Acceptance of a 15 year deed restriction on the property that will ensure the rental units remain in compliance with Affordable Housing Fund guidelines.

Please indicate your acceptance of this contingent commitment and upon acceptance LFUCG will work to close the transaction.

Sincerely,


Richard L. McQuady
Affordable Housing Manager

Accepted by:


Norman Franklin



MAYOR JIM GRAY



LEXINGTON

RICHARD MCQUADY
DIRECTOR
AFFORDABLE HOUSING

July 5, 2017

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

Dear Mr. Franklin,


This letter serves as a commitment of ^{157,045} ~~\$190,960~~ in funding from the Affordable Housing Fund of Lexington-Fayette Urban County Government (LFUCG) for the new construction of a duplex on 458 Ash Street as described in your application. The ^{157,045} ~~\$190,960~~ will be a 15-year first mortgage loan on the property at a rate of 2% with a 30 year amortization. Funds can be used for construction at a 0% rate of interest. The first payment on the loan will be due upon completion of the duplex or July 1, 2018, whichever occurs first. A 1% fee totaling ^{1,570.45} ~~\$1,909.60~~ will be due at closing.

This commitment is contingent upon the following:

1. Fayette County Local Development receives an allocation of \$165,000 in Lexington HOME funds for this development.
2. Acceptance of a 15 year deed restriction on the property that will ensure the rental units remain in compliance with Affordable Housing Fund guidelines.

Please indicate your acceptance of this contingent commitment and upon acceptance LFUCG will work to close the transaction.

Sincerely,


Richard L. McQuady
Affordable Housing Manager

Accepted by:


Norman Franklin



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

This **MORTGAGE** ("Mortgage"), is made and entered into this 3 day of October, 2017 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 (herein "LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 Deweese Street, Lexington, KY 40507 (herein "Mortgagor").

WITNESSETH:

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

WHEREAS, Mortgagor is indebted to LFUCG for monies loaned or to be loaned to Mortgagor under the terms of a commitment letter dated July 5th, 2017, updated on September 20, 2017 and accepted by Mortgagor and an Affordable Housing Fund Loan Agreement (the "Loan Agreement") of even date herewith, between Mortgagor and LFUCG providing for an Affordable Housing Fund Mortgage Loan in the amount of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)**, (the "Mortgage Loan "); and

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

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

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

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

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

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

THIS MORTGAGE is given to secure: (a) Payment of the Mortgage Loan , same being evidenced by a promissory note (hereafter the "Note") of even date herewith and any modifications, extensions or renewals thereof, executed and delivered by Mortgagor to LFUCG, in the principal amount of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)**, and payment of interest thereon at the rate(s) and in the manner provided therein; the entire principal amount advanced and all interest thereon, if not sooner paid, being due and payable by Mortgagor on July 1, 2033, as more particularly described in the Note; and (b) payment by Mortgagor of its obligations to LFUCG of all sums expended or advanced by LFUCG pursuant to any provisions and performance of each and every of LFUCG's and Mortgagor's respective covenants, conditions and agreements contained in this Mortgage, the Note, the Mortgage Loan Agreement and any other instrument or agreement evidencing, securing or otherwise pertaining to the Mortgage Loan (hereafter collectively, the "Mortgage Loan Documents"). (Hereafter all references to the "Mortgage Loan" where appropriate shall include all advances made and expenses incurred by LFUCG pursuant to this Mortgage for the protection of the Premises and all other security for the Mortgage Loan).

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

1. Mortgagor agrees to pay the principal of and interest on the Mortgage Loan evidenced by the Note and secured hereby, to be paid at the times and in the manner provided in the Note.
2. Mortgagor will pay or will have paid all taxes, assessments, and other similar charges levied upon the Premises before the same become delinquent, and will promptly deliver to LFUCG, if requested, receipts of the proper officers therefor; Mortgagor's failure to pay or to have paid any such charges shall at LFUCG's election constitute a default hereunder. Or, at LFUCG's sole option in the event of delinquency, LFUCG may pay such delinquent taxes, assessments, and charges, including any penalties or interest thereon (of which payment, amount and validity thereof, the receipt of the proper officer shall be conclusive evidence) and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor, shall be

secured by this Mortgage and shall bear interest from date of advance until paid at an annual rate equal to twelve percent percent (12%).

3. Mortgagor hereby assigns to LFUCG all leases and rents, revenues, issues and profits of the Premises (whether or not payable under a lease) as further security for the payment of all amounts by Mortgagor and performance of all Mortgagor's obligations under the Mortgage Loan Documents, and grants LFUCG the right to enter on the Premises for the purpose of collecting same, and to promote, manage and/or operate the Premises or any part thereof in such manner as LFUCG may elect, and to apply the revenues received therefrom, after payment of all necessary charges and expenses, to the obligations secured by this Mortgage, upon Mortgagor's default under any covenants, conditions, or agreements contained in the Note, herein or in any other Mortgage Loan Document. While this is a present assignment, LFUCG will not exercise its rights hereunder unless and until Mortgagor shall be in default hereunder or Mortgagor shall be in default under any other Mortgage Loan Document. Mortgagor shall, and hereby agrees that it will, indemnify LFUCG, its officers, agents and employees for and hold each of them harmless from any and all claims and demands whatsoever which may be asserted against LFUCG, its officers, agents or employees by reason of any actual or alleged undertakings or obligations on LFUCG's part to perform or discharge any terms, covenants or agreements relative to use or occupancy of the Premises or any part thereof or for waste committed or permitted on the Premises, or by reason of any actual or allegedly dangerous or defective condition or conditions of the Premises resulting in loss or injury to any lessee or to any other person, including LFUCG's reasonable costs and attorney's fees incurred by reason of any of the foregoing. Provided, that said obligation to indemnify LFUCG shall not apply to any loss, injury or damage caused by the gross negligence or willful misconduct of LFUCG, its officers, agents or employees.

4. Mortgagor, at its own expense will maintain with admitted insurers authorized to do business in the Commonwealth of Kentucky against claims for bodily injury, personal injury, death or property damage occurring on, in or about the Premises or as a result of ownership of the improvements located on the Premises in amounts not less than as set forth in the Mortgage Loan Agreement. Mortgagor further covenants to keep the improvements now existing or hereafter erected on or in the Premises insured against loss or damage by, or abatement of rental income, resulting from fire and "all risk" perils. Mortgagor covenants to maintain flood insurance as required by the Flood Disaster Protection Act of 1973, as amended and any additional flood insurance required by LFUCG. All perils insured, with the exception of flood, shall be in an amount not less than the full replacement value of the property. Mortgagor agrees to promptly pay or have paid when due all premiums on such insurance and further agrees, if requested by LFUCG, to furnish a certificate from the company carrying such insurance acknowledging that such insurance is adequate in an amount to prevent the operation of any coinsurance provision contained therein. All such insurance shall be carried by companies approved by LFUCG in its reasonable discretion and, the policies and renewals thereof shall be deposited with and held by LFUCG. All policies of insurance required to be maintained by Mortgagor pursuant to this paragraph 4 shall name as the insured parties Mortgagor and LFUCG, shall be reasonably satisfactory to LFUCG and shall: (a) provide for the benefit of such holder or holders, that thirty (30) days' prior written notice of suspension, cancellation, termination, modification, non-renewal or lapse or material change of coverage shall be given to all insured parties and that such insurance shall be given to all insured parties and that such insurance shall

not be invalidated by any act or neglect of Mortgagor or LFUCG or any owner of the Premises, nor by any foreclosure or other proceedings or notices thereof relating to the Premises or any interest therein, nor by occupation of the Premises for purposes more hazardous than are permitted by such policy and (b) not contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Premises against the peril involved, whether collectible or not.

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

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

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

6. Mortgagor will not create, suffer or allow any charge, lien or encumbrance (whether superior or inferior to the lien of this Mortgage) upon the Premises or any part thereof, leases as have been approved by LFUCG and the lien of general and special taxes duly levied and assessed but not yet -due and payable, without prior written consent of LFUCG by its duly authorized officer. Mortgagor will pay or will have paid promptly when due any charges for utilities or services including but not limited to electricity, gas and water; should Mortgagor or any tenant fail to pay such charges, LFUCG may pay the same, and any amount so paid by LFUCG shall become immediately due and payable by Mortgagor with interest at the rate specified in numerical paragraph (2) hereof until paid, and same shall be secured by this Mortgage.
7. If all or any part of the Premises are damaged, taken, or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, or by the alteration of the grade of any street affecting the Premises, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the Mortgage Loan then remaining unpaid, is hereby assigned by Mortgagor to LFUCG, who may collect and receive the same and give proper receipts therefor in the name of Mortgagor, and the same shall be paid forthwith to LFUCG. To such end, Mortgagor hereby grants to LFUCG the Mortgagor's power of attorney (which power of attorney is a power coupled with an interest and shall be irrevocable for the term of this Mortgage). Any award or payment so received by LFUCG during the continuation of any default or threatened default may, at the sole option of LFUCG, be retained and applied, in whole or in part, to the Mortgage Loan (whether or not then due and payable), in such manner as LFUCG may determine and/or released, in whole or in part, to Mortgagor for the purpose of altering, restoring, or rebuilding any part of the Premises which may have been affected by such taking, alteration, or proceeding. Provided that absent the continuation of default or threatened default LFUCG will release said sums to Mortgagor, to be applied to restoration of the Premises. LFUCG shall not be obligated to see to the application of any amounts so released to Mortgagor. In the event of a material and adverse effect upon the value of the Premises by reason of any such damage, taking or acquisition, and should the proceeds or award payable therefor not satisfy in full the Mortgage Loan , same shall constitute an event of default hereunder and on the Mortgage Loan and Note.
8. If LFUCG shall incur or expend any sums, including reasonable attorneys' fees, to sustain the lien of this Mortgage or its priority, or to protect or enforce any of LFUCG's rights hereunder or under any other Mortgage Loan Document, to protect the Premises as collateral for the Mortgage Loan , or to recover any portion of the Mortgage Loan , all such sums shall become immediately due and payable by Mortgagor with interest thereon at the rate specified in numerical paragraph (2) hereof until paid. All such sums shall be secured by this Mortgage and shall be a lien on the Premises prior to any right, title, interest, or claim, in, to or upon the Premises attaching or accruing subsequent to the lien of this Mortgage.
9. Mortgagor will not hereafter lease the Premises, except leases executed in Mortgagor's ordinary course of business, nor will Mortgagor assign, alter, terminate or otherwise materially modify the terms of any lease affecting the Premises to which Mortgagor is a party, nor further encumber or assign (in whole or in part) the rents, revenues, income, or profits arising from the Premises or any portion thereof (except in connection with the Permitted Encumbrances) without the prior written consent of LFUCG by its duly authorized officer, or in any other manner impair

the value of the Premises or the security of this Mortgage for the payment of the Mortgage Loan

10. Mortgagor will observe and perform all covenants, conditions, and agreements imposed on it by any lease or leases now or hereafter affecting the Premises, or any portion thereof. If Mortgagor shall default in its performance of any of the terms, covenants, conditions, or obligations imposed upon it by any such lease or leases, which default would give the other party or parties thereto the right to terminate or cancel said lease or leases and if same may have a material adverse effect on the value of the Premises as security or the Mortgage Loan then, at the sole option of LFUCG, the entire Mortgage Loan shall become immediately payable and collectible by foreclosure or otherwise, without notice or demand. Provided, that in the event of any such default by Mortgagor (whether as lessor, lessee, sub lessee or otherwise), LFUCG shall have the right but not the obligation to cure any such default of Mortgagor, in such manner and to the extent LFUCG may deem advisable to protect its interest in the Premises. In the event that LFUCG should so elect, then any and all sums so expended by LFUCG relative to effecting any such cure shall become immediately due and owing LFUCG by Mortgagor, shall be secured hereby and shall bear interest at the rate specified in numerical paragraph (2) hereof until paid.

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

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

13. Mortgagor will not hereafter make or permit, without the prior written consent of LFUCG by its duly authorized officer (a) any sale of the Premises, or the execution of any contract for deed relative to the Premises, or any assumption of the Mortgage Loan, any condominium conversion or any use of the Premises or any part thereof for any purpose other than that presently contemplated by the parties hereto; (b) after completion of the renovations contemplated by the Plans and Specifications, any material alteration, removal or demolition of any buildings, improvements, fixtures, apparatus, machinery, and equipment now or hereafter located or erected upon the Premises except in the ordinary course of business; (c) any purchase or conditional sale, lease or agreement under which title is reserved in the vendor of any fixtures, apparatus, machinery, equipment or personal property in or upon any of the buildings or improvements comprising a part of the Premises; (d) except in connection with the Permitted Encumbrances, any assignment of the revenues, rents, income or profits from the Premises; (e)

except for the Permitted Encumbrances, any mortgage, lien or encumbrance upon the Premises, or any part thereof (whether prior or inferior to the lien of this Mortgage) affecting or adverse to the lien hereof, general and special taxes duly levied and assessed and not yet due and payable and any lease now or hereafter affecting any portion of the Premises. Any of the foregoing without LFUCG's prior written consent shall be and constitute a default by Mortgagor on this Mortgage and on the Mortgage Loan .

14. In the event of Mortgagor's default in the performance of any of the covenants and conditions contained in this Mortgage or in the event of Mortgagor's default in payment of the Mortgage Loan or any part thereof, or in the Note or under any other Mortgage Loan Document and (absent an express contrary grace or curative period) shall such failure, omission or default not have been fully corrected by Mortgagor, as applicable, to the complete satisfaction of LFUCG within thirty (30) days after LFUCG gives Mortgagor and Mortgagor's limited partners , written notice of the occurrence of any such default, at the address set forth in Section 7.1 of the Loan Agreement; or any of them and shall such default remain uncured beyond any applicable grace or curative period; or in the event any representation or warranty of the Mortgagor herein contained, or in the event any representation or warranty of the Mortgagor contained in any other Mortgage Loan Document shall prove to be untrue or misleading in any material respect; or in the event of any petition in bankruptcy, receivership, or reorganization filed by or against Mortgagor and shall same not be vacated within sixty (60) days), any assignment or composition for the benefit of creditors made or entered into by Mortgagor, or in the event of any judgment or proceeding entered or brought against Mortgagor or the Premises or to foreclose any lien thereon or on any part thereof; or in the event of a substantial adverse change in financial position of Mortgagor; or in the event of an unauthorized encumbrance or change in ownership of the Premises or of any other security for the Mortgage Loan ; or if in the opinion of LFUCG there is any material decline in the value of the Premises or any other security for the Mortgage Loan ; or should Mortgagor default on any other indebtedness now or hereafter owing LFUCG by Mortgagor beyond any applicable grace or curative period; then, and in such event, at LFUCG's sole option, without further notice or demand, the same being hereby expressly waived by Mortgagor as evidenced by Mortgagor's execution of this Mortgage, the Mortgage Loan shall become due, payable and collectible. Upon the happening of any such event (hereinafter an "Event of Default"), in addition to any other right of remedy which LFUCG may now or hereafter have at law or in equity, and not by way of limitation, LFUCG shall have the right and power to exercise any or all or any combination of the following remedies: (a) to declare the Mortgage Loan due and payable (and same shall thereupon be due and payable and to foreclose upon this Mortgage and the lien hereof; (b) to sell the Premises according to law as an entirety or in separate parcels; (c) to apply without notice (same being hereby expressly waived by Mortgagor) for the appointment of a receiver to collect the revenues and profits of the Premises and to preserve the security hereof as a matter of right, either before or after any foreclosure sale, without regard to the value of the Premises or any other property as security for the amount due LFUCG, or the solvency of any entity liable for the payment of such amounts; (d) to enter upon and take possession of the Premises without application to any court, with the irrevocable consent of Mortgagor as evidenced by Mortgagor's execution of this Mortgage, and collect the revenues, issues and profits thereof, and, without the appointment of any receiver or application being made therefor, to manage, promote and/or operate the Premises, either in LFUCG's name or Mortgagor's name, by whatever means LFUCG may elect, and receive all the revenues, issues and profits therefrom, and apply the same, after payment of all necessary charges and expenses

deemed by LFUCG to be necessary, to payment of the Mortgage Loan . All the foregoing rights and powers are effective and may be enforced by LFUCG either in conjunction with or without any action to foreclose this Mortgage, and without applying at any time for a receiver for the Premises. The foregoing rights and remedies are independent of and in addition to any statutory right to appointment of a receiver. Written notices required by the foregoing paragraph shall be sent by certified mail to the addresses provided in the Mortgage Loan Agreement.

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

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

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

foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Mortgage Loan which is not secured or fully secured by this Mortgage.

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

19. No delay or omission on the part of LFUCG in exercising any right or remedy hereunder or under any other Mortgage Loan Documents shall operate as a waiver of such right or remedy or any other right or remedy. A waiver by LFUCG on any one occasion shall not be a bar to or waiver of any right or remedy on any further occasion. The rights and remedies provided herein and in the other Mortgage Loan Documents are cumulative, and LFUCG may resort to any other right or remedy or any combination thereof available under the other Mortgage Loan Documents or at law or in equity without first exhausting and without affecting or impairing the security of or any right or remedy afforded by this Mortgage. No waiver shall be effective as to LFUCG unless same shall be in writing by its duly authorized officer; any such waiver shall be construed strictly according to its terms.


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

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

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

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


FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: 
Norman Franklin, Vice President and
Development Manager

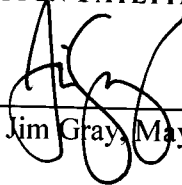
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 3rd day of October 2017, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

 #545656
Notary Public

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: 
Jim Gray, Mayor

ATTEST:

Clerk, Urban County Council

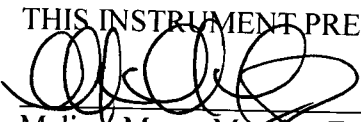
THIS INSTRUMENT PREPARED BY:

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

EXHIBIT A

The Property being all of ...

458 Ash Street

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

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

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

\$157,045.00

October 3, 2017

FOR VALUE RECEIVED, **FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION**, a Kentucky non-profit corporation, whose principal address is 148 DeWeese Street, Lexington, Kentucky 40507 (the "Maker") promises to pay to **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT ("LFUCG")**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507, its successors and assigns, the principal sum of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)** or so much thereof as may be advanced under the Loan Documents (as defined in the Loan Agreement) and outstanding, together with interest thereon at the rate of zero percent (0%) per annum from date of disbursement until completion of construction, and then two percent (2%) per annum from date of completion or September 1, 2018, whichever occurs first, and until paid in full, calculated and paid in the manner hereinafter set forth, as follows:

- A. Interest on the outstanding principal *calculated in the manner set forth below* shall be due and payable in arrears on the 1st day of each month beginning on the date of completion of the duplex units or September 1, 2018, whichever occurs first, and continuing on the *first* day of each succeeding month thereafter until the principal balance shall be paid in full.
- B. Unless otherwise agreed to in writing, or otherwise required by applicable law, payments shall be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid costs or charges, provided however, upon an Event of Default, without cure, LFUCG reserves the right to apply payments in its sole discretion;
- C. Any payment due under this Note on a day which is not a business day shall be made on the succeeding business day and any resulting extension of time shall be included in the computation of the interest payment amount.
- D. All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed.
- E. The entire principal balance, together with all interest accrued and unpaid thereon and all other sums due under this Note shall be due and payable on September 1, 2033, (the "Maturity Date")

If any payment required under this Note is not paid within ten (10) days after such payment is due, the undersigned will pay to LFUCG or the subsequent holder of this Note a late charge equal to five percent (5%) of the amount of such payment or Twenty-five Dollars (\$25.00), whichever is greater, up to a maximum of One Thousand Five Hundred Dollars (\$1,500.00) per late charge to compensate LFUCG for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to LFUCG.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Commitment Letter (the "Commitment Letter") dated July 5, 2017, and updated on September 20, 2017, and a Loan Agreement ("Loan Agreement") between the undersigned and LFUCG, of even date herewith, providing for an amortizing mortgage loan of **ONE HUNDRED FIFTY-SEVEN THOUSAND FORTY-FIVE AND 00/100 DOLLARS (\$157,045.00)** and this Note is expressly subject

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

If (1) any installment of interest or the payment of principal required by this Note remains unpaid for more than 10 days after the due date thereof, or (2) the undersigned or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding, or (3) the undersigned fails to observe or perform any of the terms of this Note or (4) there is any default by undersigned under the Rehabilitation Loan Agreement, the Mortgage or any other document, instrument or agreement providing any security for this Note, then, in any of those events, LFUCG or the holder of this Note may declare the remaining principal balance of this Note (or so much thereof as may have been advanced) to be immediately due and payable. In the event of default under this Promissory Note, interest shall accrue on the entire unpaid balance at a rate of twelve percent (12%) per annum from the date the default is declared until the default has been cured.

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

This Note is also secured by and is further subject to a Declaration of Covenants and Restrictions ("Declaration") (collectively, the "Loan Documents") all of even date herewith executed by Borrower in favor of LFUCG, and this note is expressly made subject to and will be bound by the terms and conditions set forth in said Loan Documents as if all such terms and conditions were expressly set forth herein. All sums which shall or may become due and payable by the Maker in accordance with the provisions of this Note shall be deemed to constitute additional interest on, and shall be evidenced by this Note, shall be secured by the Mortgage and the other Loan Documents.

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

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

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

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

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

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

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

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

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

FAYETTE COUNTY LOCAL DEVELOPMENT CORPORATION

By: [Signature]
Norman Franklin, Vice President and
Development Manager

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Subscribed, sworn to and acknowledged before me this 3rd day of October 2017, by Norman Franklin, as Vice-President and Development Manager, on behalf of Fayette County Local Development Corporation.

My commission expires: 11/29/2019

[Signature] #545656
Notary Public

THIS INSTRUMENT PREPARED BY:

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

PROPERTY DESCRIPTION

458 Ash Street

Being the property located at:

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

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