

## MORTGAGE NOTE

\$475,705.00

Lexington, KY

**FOR VALUE RECEIVED**, the undersigned, **THE OASIS AT KEARNEY CREEK, LLLP**, whose mailing address is 159 Old Georgetown Street, Lexington, Fayette County, Kentucky 40508 ("Borrower"), does hereby promise and agree to pay to the order of the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Fayette County, Kentucky 40507, its successors or assigns ("Government"), through its Division of Grants and Special Programs, the principal sum of **Four Hundred Seventy Five Thousand Seven Hundred Five Dollars and 00/100 Dollars (\$475,705.00)** in lawful money of the United States, with interest at the rate of zero percent (0%) per annum, from October 31, 2019, until October 31, 2039, the date upon which the unpaid principal balance and all accrued but unpaid interest shall be due and payable.

### LOAN CONDITIONS:

1. This Note evidences a Loan by the Government to the Borrower for the exclusive purpose of constructing residential rental property containing 96 dwelling unit(s) located at 2750 Meadowsweet Lane, Lexington, Kentucky 40511 ("Project") in the manner set out in the HOME Agreement of October 31 2019, by and between Borrower and the Government ("Agreement") and the monies so provided shall be used solely for such purpose.
2. No principal or interest payments will be required during the term of the indebtedness as long as the Borrower complies with all terms and conditions of this Note, the Mortgage of even date herewith, and the Agreement (collectively, the "Loan Documents") between the Borrower and the Government. The Mortgage and the Agreement are incorporated herein by reference and made a part hereof.
3. This Note is a draw note for construction purposes and disbursements of principal hereunder shall be made to Borrower upon its delivery of invoices, or other evidence satisfactory to the Government, related to construction costs of the apartment buildings at 2750 Meadowsweet Lane, Lexington, Fayette County, Kentucky 40511 under the name of The Oasis at Kearney Creek (the "Project") and supporting the amount requested.
4. If within one year from the date of completion of the construction of the Project, said date established as the date of the final progress payment to Borrower, Borrower breaches any of the provisions of this Note or the Agreement or the Mortgage, such shall be considered a default and the full disbursed amount of the Loan, plus fifteen per cent (15%) of that full amount, shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.
5. If during the second through twentieth year of the Loan the Borrower breaches any of the provisions of this Note or the Agreement or the Mortgage, such shall be considered a default and the fully disbursed amount of the Loan shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.
6. Any default on a superior lien encumbering the Project or any initiation of a foreclosure based on any lien encumbering the Project shall be a default under this Note and the Agreement and the Mortgage and the amount as set out hereinabove shall be immediately due and payable; provided, before the Government may accelerate any amount due under the Loan or take advantage of any other remedies, Borrower shall have a thirty (30) day grace period from receipt of written notice of default to cure such default.
7. The Loan evidenced by this Note may be assumed by an individual or entity capable and able to enter into enforceable contracts, agreements or other loan documents as may be required to ensure compliance with the requirements and intent of the HOME Program upon the prior written consent of the Government, which consent shall not be unreasonably withheld or delayed.

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

9. Except as otherwise provided in this Paragraph, Borrower shall have no personal liability under this Note or any of the other the Loan Documents for the repayment of the amount due and owing hereunder (the "Indebtedness") or for the performance of any other obligations of Borrower under the Loan Documents, and the Government's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be the Government's exercise of its rights and remedies with respect to the Mortgaged Property (as such term is defined in the Mortgage of even date herewith (the "Mortgage") and any other collateral held by the Government as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair the Government's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of Borrower.

Borrower shall be personally liable to the Government for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by the Government as a result of:

(1) failure of Borrower to pay to Lender upon demand after default under any of the Loan Documents, which, with the passage of time of the giving of notice or both shall constitute a default (an "Event of Default"), all rents to which the Government is entitled under the Mortgage and the amount of all security deposits collected by Borrower from tenants then in residence;

(2) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Mortgage;

(3) fraud or written material misrepresentation by Borrower, Key Principal or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Indebtedness or any request for any action or consent by the Government;

(5) failure to apply rents, first, to the payment of reasonable operating expenses (other than property management fees that are not currently payable pursuant to the terms of any agreement with the Government executed in connection with the Loan) and then to debt service amounts, except that Borrower will not be personally liable (i) to the extent that Borrower lacks the legal right to direct the disbursement of such sums because of a bankruptcy, receivership or similar judicial proceeding, or (ii) with respect to rents that are distributed in any calendar year if Borrower has paid all operating expenses and debt service amounts for that calendar year; or

Borrower shall become personally liable to the Government for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default:

(1) Borrower's acquisition of any property or operation of any business not permitted by the Mortgage;

(2) a transfer that is an Event of Default under the Mortgage; or

(3) the occurrence of a Bankruptcy Event (but only if the Bankruptcy Event occurs with the consent, encouragement or active participation of Borrower, Key Principal or any Borrower Affiliate). As used herein, "Bankruptcy Event" shall mean (a) a voluntary insolvency or bankruptcy proceeding or (b) an involuntary insolvency or bankruptcy proceeding which is (i) commenced by the Borrower, the Key Principal or any person or entity controlling or under common control with such parties (the "Borrowing Group") or (ii) in which any member of the Borrowing Group objects to a motion by the Government for relief from any stay or injunction from the foreclosure of the Mortgage or any other remedial action permitted under the Note, the Mortgage or any of the other Loan Documents

To the extent that Borrower has personal liability under this Paragraph , the Government may exercise its rights against Borrower personally without regard to whether the Government has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to the Government under this Note, the Mortgage, any other Loan Document or applicable law. For purposes of this Paragraph, the term "Mortgaged Property" shall not include any funds that (1) have been applied by Borrower as required or permitted by the Mortgage prior to the occurrence of an Event of Default, or (2) Borrower was unable to apply as required or permitted by the Mortgage because of a bankruptcy, receivership, or similar judicial proceeding.

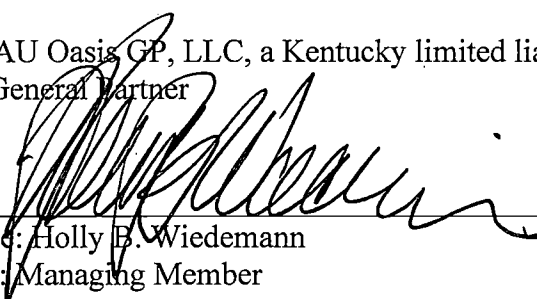
10. The indebtedness evidenced by this Note is secured by a Mortgage of even date herewith in favor of the Government on the aforescribed real property and Project executed by The Oasis at Kearney Creek, which will be recorded in the Office of the Fayette County Clerk Book and reference is made to said instrument for rights as to acceleration of the indebtedness evidenced by this Note.

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

**BORROWER:**

OASIS AT KEARNEY CREEK, LLLP, a Kentucky limited liability limited partnership

By: AU Oasis GP, LLC, a Kentucky limited liability company  
Its: General Partner

By:   
Name: Holly B. Wiedemann  
Title: Managing Member

Date: 10/31/19

October 31

DUE DATE: ~~September~~, 2039

PROPERTY ADDRESS: 2750 Meadowsweet Lane, Lexington, Fayette County, Kentucky 40511