

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

**THIS REHABILITATION LOAN AGREEMENT** ("Agreement") is made and entered into this 11 day of November, 2015 by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government created pursuant to KRS Chapter 67A, whose principal address is 200 East Main Street, Lexington, Kentucky 40507 ("LFUCG") through its **OFFICE OF AFFORDABLE HOUSING**, and **LEXINGTON HOME OWNERSHIP COMMISSION, II**, a Kentucky non-profit corporation, whose principal address is 300 West New Circle, Lexington, Kentucky 40505 ("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 July 13, 2015 (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 (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 the 21<sup>st</sup> day of September, 2015, LFUCG issued to Borrower a Commitment Letter under LFUCG's Affordable Housing Fund Program (the "Program") which was accepted by Borrower on September 24, 2015 ("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 renovation or rehabilitation 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 **NINETY THOUSAND AND 00/100 DOLLARS (\$90,000.00)** ("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 **FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$55,000.00)** forgivable mortgage loan and a **THIRTY-FIVE THOUSAND AND 00/100 DOLLARS (\$35,000.00)** amortizing mortgage loan, which shall accrue interest at the rate of two percent (2%) per annum from the date of the final draw of Affordable Housing Funds, until paid in full. The Loan will be evidenced by one or more promissory notes ("Notes") in form and substance satisfactory to LFUCG payable to LFCUG 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 Notes and continuing until principal and interest have been paid in full. All unpaid principal and accrued interest shall be due April 1, 2036 (“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 renovation and rehabilitation 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 renovate a single family home owned by the Lexington Homeownership Commission II, Inc. (the “Project”) on the real property located at 325 Wilgus Street, Lexington, Kentucky 40508 (more particularly described in Exhibit D attached hereto and incorporated herein by reference) (the “Property”).

**1.4 SITES.** In the event the Project includes new construction activities and/or rehabilitation 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 the permitted encumbrance listed in the Security Documents, 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 renovation and rehabilitation 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 renovation and rehabilitation work has been approved by the appropriate local, regional and state agencies, including those concerned with planning and zoning, public works and health.

**2.2** Borrower understands and acknowledges that the Project must 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 of the Loan 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 related 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 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 an Authorized Signature form; and
- (b) evidence that the Project will remain “affordable” as provided below; and
- (c) 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 DISBURSEMENT OF DEVELOPER FEE.** If a developer fee is paid with Loan proceeds, it will be disbursed on a pro-rata share equal to the percent of the Project completion, with the exception of the initial draw as follows:

- (a) up to 40% of the Project’s developer fee may be disbursed at the initial draw; and
- (b) the remaining 60% may be drawn based upon the percentage of construction completion.
- (c) the amount of the developer fee payable from the Loan is limited to seven and one-half percent (7.5%) of the principal amount of the total Loan.

The developer fee shall be used to pay all funding shortfalls before additional funds can be requested from LFUCG by Borrower. LFUCG will continue to hold ten percent (10%) retainage until all project completion and closeout documents are received.

**3.3 AFFORDABILITY PERIOD.** The 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 the Project. Affordability must be ensured by recorded deed restrictions for all properties receiving Affordable Housing Funds.

**3.4 SECTION 8 RENTAL ASSISTANCE.** If Loan proceeds are used to construct or rehabilitate 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.

**3.5 INSURANCE.** For all properties assisted with Loan proceeds, the Borrower must

maintain all risk, fire and extended coverage, in form and with companies acceptable to LFUCG, for the entirety of the Project and any improvements to be constructed thereon in an amount of not less than the Loan proceeds made available to Borrower for 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.

**3.6 RESERVE FUND FOR REPLACEMENT.** Borrower will deposit the amount of **TWENTY THOUSAND AND 00/100 DOLLARS** (\$20,000.00) into the Wilgus Avenue Reserve for Replacement Account ("Reserve Fund"); All funds will be deposited at the completion of all renovation and rehabilitation work. Funds will be deposited into an account maintained by PNC Bank or such other institution approved by LFUCG in its sole discretion ("Bank") by Borrower, and will be monitored by LFUCG during the compliance period. Borrower will provide proof of account and annual deposits to the Office of Affordable Housing. 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 Property or replacing 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.

**3.7 CLOSING COSTS.** All costs associated with funding under this Agreement will be borne by the Borrower, including but not limited to the cost of attorneys' fees, documentation, recording fees, and costs associated with disbursement. There will be a one Percent (1%) Closing Cost Fee of **NINE HUNDRED AND 00/100 DOLLARS** (\$900.00) payable to LFUCG at that the date of the closing.

**3.8 LEGAL MATTERS.** All legal matters incident to the transaction contemplated herein 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.

#### **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 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. 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 Loan proceeds 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 renovation and/or rehabilitation 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 LOAN PROCEEDS.** Borrower will cause all Loan proceeds borrowed or advanced pursuant hereto to be applied entirely and exclusively for the renovation or rehabilitation, as applicable, of the Property and the 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 related to the Project 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 Loan proceeds hereunder, 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 NON-LIABILITY 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 of this Agreement, LFUCG may suspend Borrower's authority to draw Loan proceeds at any time by giving notice to Borrower. LFUCG has the right, in its sole discretion, to terminate disbursement of Loan proceeds and/or recapture any remaining portion of the Loan proceeds and/or require repayment of the Loan proceeds 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 the Loan proceeds have been disbursed;

(b) Borrower violates any of the terms of this Agreement, the Affordable Housing Program Rules, the Notes evidencing the Loan proceeds 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 the Loan proceeds within twenty-four (24) months from the date of this Agreement; or

(f) 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

(g) 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 to

Borrower's condition, specifically if, 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 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 undismissed 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;

**5.2 EVENTS OF DEFAULT.** An occurrence of one or more of the following events will, in the sole discretion of LFUCG, constitute an event of default ("Event of Default"):

(a) Any installment of principal or interest required by the Notes 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 with this Agreement proves to have been untrue or misleading in any material respect when made;

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

(d) Borrower violates the affordability requirements, described herein, 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 a materialman's lien or any other lien on the Property and such lien is not removed within thirty (30) days after LFUCG has given Borrower written instruction to have the lien removed;

(h) Borrower discontinues the renovation/rehabilitation work and abandonment continues for a period of sixty (60) 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;

(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 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 by a court of competent jurisdiction to have violated any law or regulation, whether federal or state.

**5.3 CURE OF BREACH OR DEFAULT; PENALTIES.** If any Breach or Event of Default is not cured within thirty (30) days from the date LFUCG notifies Borrower of the Breach or Event of Default in writing pursuant to the notice provisions contained in this Agreement, LFUCG may suspend its disbursement of Loan proceeds. Additionally, LFUCG may declare the Loan 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 Loan proceeds 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 Loan proceeds.

**5.4 MISAPPROPRIATION OF FUNDS.** Borrower will be liable for any and all misappropriation of Loan proceeds, 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 Loan proceeds 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 Event of Default occurs, LFUCG may declare Borrower to be in default under this Agreement by giving not less than thirty (30) days prior written notice (or other notice required by applicable default provisions in other LFUCG loan documents) to Borrower, and thereafter, if such Event of Default has not been cured, 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 Notes 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 Notes 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 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 the Loan proceeds. Borrower agrees to provide LFUCG or its designee access to all of its books and records related to the Project, 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.

**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 the Loan proceeds.

**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 CAPITAL NEEDS ASSESSMENT.** LFUCG requires a Project Capital Needs Assessment ("PCNA") for all rehabilitation and adaptive reuse projects that include a capital reserve replacement schedule which projects either beyond the term of any LFUCG loan or twenty (20) years if the project only requires Housing Credits; furthermore, LFUCG requires a subsequent PCNA in year 15 with corresponding adjustment to the capital reserve replacement schedule for all projects obtaining Risk-Sharing, HOME or Affordable Housing Funds gap financing through LFUCG.

**6.5 WARRANTY AS TO INFORMATION.** Borrower acknowledges that LFUCG's approval of the Loan 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.

**6.6 PROGRAM COMPLIANCE.** Borrower agrees to comply with the 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:** Lexington Home Ownership Commission II, Inc.  
300 West New Circle Road  
Lexington, Kentucky 40505  
ATTN: Austin J. Simms

**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 or 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.

IN WITNESS WHEREOF, this Agreement is executed as of the date and year first above written.

Lexington-Fayette Urban County Government





**EXHIBIT A**

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

# **AFFORDABLE HOUSING FUND**

## **APPLICATION FOR FUNDING**

**Submitted by the Lexington Fayette Urban County Housing Authority**  
*Revised July 13, 2015*





# LEXINGTON-FAYETTE URBAN COUNTY HOUSING AUTHORITY

300 West New Circle Road • Lexington, KY 40505 • Phone: (859) 281-5060 • Fax: (859) 281-5055

July 13, 2015

Equal Housing Opportunity

## BOARD OF COMMISSIONERS

Kyna Koch  
Chairperson

Daryl Smith  
Vice-Chairperson

Kenyata Johnson  
Commissioner

Joan Whitman  
Commissioner

Sally Hamilton  
Mayor's Designee

Austin J. Simms  
Executive Director

Mr. Rick McQuady  
Office of Affordable Housing  
101 E. Vine Street  
Lexington KY 40507

Dear Rick,

On behalf of the Lexington Housing Authority and the Lexington Homeownership Commission, we wish to submit a "Revised" request for grant funds from your office to rehabilitate a house owned by the Lexington Homeownership Commission, located at 325 Wilgus Street. While the basic application is the same please allow me to highlight those changes we have made from the first application that we believe should enhance and make our revised request more acceptable to your office.

1. The subject house will provide permanent housing to a selected family.
2. The local Homebuilders Association has agreed to manage this rehab project thus reducing the expected cost from the original \$100,000 to \$75,000
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5. With the Homebuilders Association being involved, it now becomes a community project.
6. We will set aside \$20,000 in a reserve account specifically for this property assuring sustainability in the extended years.

I will emphasize again that the Housing Authority will, in addition to providing paid utilities for the first year and provide the family with a permanent Housing Choice Voucher allowing them to remain at 325 Wilgus Street. The Housing Choice Voucher opens the opportunity for this family to participate in a homeownership program, if they so choose.

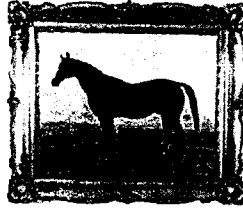
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We look forward to your response.

Sincerely,

Austin J. Simms  
Executive Director

visit our website at  
[www.lexha.org](http://www.lexha.org)



Lexington-Fayette Urban County Government  
OFFICE OF HOMELESSNESS  
PREVENTION AND INTERVENTION

Jim Gray  
Mayor

Charlie Lanter  
Director

July 8, 2015

Austin Simms  
300 W. New Circle Road  
Lexington, KY 40505

Austin,

Thank you for working with my office to seek solutions for families experiencing homelessness. As we've discussed many times, there is a major services gap in Lexington for families experiencing homelessness who wish to stay together as a family unit. I greatly appreciate the Lexington Housing Authority's willingness to seek solutions for this challenge.

This letter serves as a tentative commitment, subject to approval by the LFUCG Homelessness Prevention & Intervention Board, to finance one year of rent for a home located at 325 Wilgus Street to be paid through this office. That commitment is conditional upon the receipt of financial support from the LFUCG Affordable Housing Trust Fund and the completed renovation of the home using AHTF and/or other funds. Additionally, the home must be made available exclusively to a family experiencing homelessness based on a definition to be agreed upon at a later date.

The Office of Homelessness will designate one of its partners to conduct intake and assignment of a family to the home and to provide all associated case management and other services. In exchange, we understand the Lexington Housing Authority agrees to provide the family with a permanent Housing Choice Voucher once they have resided in the home for a continuous calendar year. The family could move if they so choose or decide to remain in the home. If or when that family chooses to relocate, the Office of Homelessness would finance a year of rent for the next family to move in and the process would repeat.

Thanks again for your commitment to families experiencing homelessness. I look forward to a continued strong working relationship.

Sincerely,

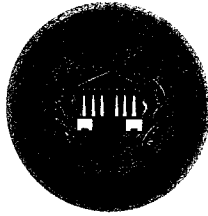
Charlie Lanter  
Director

Lexington Housing Authority

325 Wilgus Avenue

Fifteen Year Revised Proforma

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>Income:</b>															
Net Tenant Revenue	\$ 12,432	\$ 12,681	\$ 12,934	\$ 13,193	\$ 13,457	\$ 13,726	\$ 14,000	\$ 14,280	\$ 14,566	\$ 14,857	\$ 15,155	\$ 15,458	\$ 15,767	\$ 16,082	\$ 16,404
Subsidy - \$1,036															
Less: Vacancy Allowance	\$ (870)	\$ (888)	\$ (905)	\$ (924)	\$ (942)	\$ (961)	\$ (980)	\$ (1,000)	\$ (1,020)	\$ (1,040)	\$ (1,061)	\$ (1,082)	\$ (1,104)	\$ (1,126)	\$ (1,148)
Tenant Revenue - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income from \$20,000 Fully Funded Reserve for Replacement	\$ 80	\$ 80	\$ 81	\$ 81	\$ 81	\$ 82	\$ 82	\$ 82	\$ 83	\$ 83	\$ 83	\$ 84	\$ 84	\$ 84	\$ 85
Less: Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Gross Income:</b>	\$ 11,642	\$ 11,873	\$ 12,109	\$ 12,350	\$ 12,596	\$ 12,847	\$ 13,102	\$ 13,363	\$ 13,629	\$ 13,900	\$ 14,177	\$ 14,459	\$ 14,747	\$ 15,041	\$ 15,340
<b>Expenses:</b>															
Administrative Salaries	\$ 375	\$ 386	\$ 398	\$ 410	\$ 422	\$ 435	\$ 448	\$ 461	\$ 475	\$ 489	\$ 504	\$ 519	\$ 535	\$ 551	\$ 567
Admin Expenses	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,407	\$ 1,449	\$ 1,493	\$ 1,537	\$ 1,583	\$ 1,631	\$ 1,680	\$ 1,730	\$ 1,782	\$ 1,836	\$ 1,891
Utilities	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,478	\$ 3,582	\$ 3,690	\$ 3,800	\$ 3,914	\$ 4,032	\$ 4,153	\$ 4,277	\$ 4,406	\$ 4,538
Repairs and Maintenance	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434	\$ 4,567	\$ 4,704	\$ 4,845	\$ 4,990	\$ 5,140	\$ 5,294
Insurance	\$ 350	\$ 361	\$ 371	\$ 382	\$ 394	\$ 406	\$ 418	\$ 430	\$ 443	\$ 457	\$ 470	\$ 484	\$ 499	\$ 514	\$ 529
<b>Total Operational Expenses:</b>	\$ 8,475	\$ 8,729	\$ 8,991	\$ 9,261	\$ 9,539	\$ 9,825	\$ 10,120	\$ 10,423	\$ 10,736	\$ 11,058	\$ 11,390	\$ 11,731	\$ 12,083	\$ 12,446	\$ 12,819
<b>Net Operating Income:</b>	\$ 3,167	\$ 3,144	\$ 3,118	\$ 3,090	\$ 3,057	\$ 3,022	\$ 2,983	\$ 2,940	\$ 2,893	\$ 2,842	\$ 2,787	\$ 2,728	\$ 2,664	\$ 2,595	\$ 2,521



# Affordable Housing Fund

## Application for Funding

### General Information

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**Applicant Name:** Lexington-Fayette Urban County Housing Authority

**MWBE Status:** N/A

**Tax Status:** Non-Profit (CHDO)

**Type of Entity:** Corporation

**Development Name:** Wilgus Street Renovation

**Development Location:** 325 Wilgus Street

**Contact Person:** Austin Simms

**Contact Title:** Executive Director

**Mailing Address:** 300 West New Circle Road

**City:** Lexington **State:** KY **Zip:** 40505

**Phone:** 859.281.5060

**Fax:** 859.281.5055

**Email Address:** [simmsa@lexha.org](mailto:simmsa@lexha.org)

**Funds Requested:** \$90,000.00

**Other Funding (Specify on Pro-Forma):**

**Total Development Cost:** \$90,000.00

# 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:** 1

**Total Number of Buildings:** 1

## Square Feet of Units by Bedroom Size:

- Unit Size:            Square Footage: 1030
- Unit Size:            Square Footage:
- Unit Size:            Square Footage:
- Unit Size:            Square Footage:
- Unit Size:            Square Footage:

## Monthly Rents by Bedroom Size:

- Unit Size:            Monthly Rent:
- Unit Size:            Monthly Rent:
- Unit Size:            Monthly Rent:
- Unit Size:            Monthly Rent:
- Unit Size:            Monthly Rent:

## Target Area Median Income (AMI):

## Amenities (Check all that apply):

- Stove:
- Refrigerator:
- Dishwasher:
- Garbage Disposal:
- Dishwasher:
- Wash/Dryer Hookup:
- Help/Call System:
- Community Room:
- Playground:
- Other (Please specify):

## Location Amenities (Check all that apply):

Lexington, KY Affordable Housing Fund – Application Packet

Public Transportation:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Shopping:	<input type="checkbox"/>	Proximity to Development:	Description:
Restaurants:	<input type="checkbox"/>	Proximity to Development:	Description:
Medical Facilities:	<input type="checkbox"/>	Proximity to Development:	Description:
Banks:	<input checked="" type="checkbox"/>	Proximity to Development:	Description:
Other:	<input type="checkbox"/>	Proximity to Development:	Description:

**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:**

## **Application for Funding Agreement**

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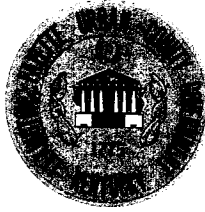
The applicant certifies that the information submitted in this application is accurate and consistent with the applications submitted to other funding sources. The applicant commits to keeping the staff and board of the Affordable Housing Fund of Lexington, KY updated with changes in the project structure, 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: Austin J. Simms**

**Title: Executive Director**

**Date: July 13, 2015**



# 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	Lexington Housing Authority	Lexington Housing Authority
Development Owner (legal entity that will own the property)	Lexington Homeownership Commission	
Consultant		
Application Preparer	Austin Simms	
General Partner		
Architect		
Contractor	To Be Determined	
Attorney		
Management Company	Lexington Housing Authority	
Service provider		
Guarantor		
Equity provider/syndicator		

### Development Team Questions

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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:** Austin J. Simms

**Title:** Executive Director

**Date:** 7/13/2015

3) Project Plan

a) Market Analysis

b) Project Description

## Projection Description

325 Wilgus Street is located in the East End of Lexington. Its location is directly off of East Third Street between Chestnut and Race Streets. It is one and a half blocks from the recently completed Equestrian View subdivision and the William Wells Brown Elementary School. Two blocks from the Charles Young Community Center and the immediate vicinity of the Issac Murphy Park. This property is presently vacant and in need of repairs. It is an eyesore on the community that is now on the upswing. A major renovation of the property helps clean up a small cul-de-sac of approximately 15 houses. It sits next to a Bluegrass Trust designated property. It being one of fifteen on the street, will result in a greater impact on the street and we believe will be an encouragement to other owners to bring their properties up to code.

The intended use of the rehabilitated property is to provide, on a permanent basis, shelter to a homeless family under the Housing Choice Voucher Program. We are partnering with the Urban County Government's Office of Homelessness Prevention and Intervention to provide opportunities for homeless families to be housed. Very few programs in Lexington address the need for homeless "families". In partnering with the office of Homelessness Prevention and Intervention, it will be their sole responsibility to identify and select the homeless family. This office further agrees to subsidize this family's rent for one year and to provide supportive services to the family. Their commitment to the Housing Authority will be \$1,036.00 per month or an annual payment of \$12,432.00. The Housing Authority agrees to rent to the selected tenant the newly renovated property and pay all utilities for the first year. At the end of the first twelve months and upon recommendation from the Office of Homelessness Prevention and Intervention, the Housing Authority will provide a permanent Housing Choice Voucher to the family subject to their meeting the standards required under the voucher program. This permanent Housing Choice Voucher not only allows them the opportunity to remain in the subject property but also affords the opportunity to utilize the Voucher to participate in the Housing Choice Voucher Homeownership Program. The need for funds from the Affordable Housing Fund in the amount of ninety thousand dollars will fund the renovation. This is an estimated cost provided by the Homebuilder's Association. Upon approval of the grant, we will affect an agreement with the Homebuilders Association to manage the rehabilitation of the building.

c) Location Map

d) Site Photos

e) Affordability Analysis

N/A



f) Physical Needs Assessment  
N/A

**g) Detailed Description of Rehabilitation Plan**

h) Projected 15 Year Pro-forma

i) Description of Sources and Uses of Funds

325 Wilgus Street  
Sources & Uses

	Total Funds
<b>A. Proposal: Development Funds</b>	\$90,000.00
Total Sources	\$90,000.00
<b>A. Proposal: Uses of Funds for Development</b>	
Construction Cost	\$90,000.00
<b>Total Project Uses</b>	\$90,000.00

j) Post Rehabilitation Appraisal

k) Verification of Site Control and Proper Zoning and Utilities

I) Detailed Timeline for Completion of Development



Award Contract	September 15, 2015
Completion of Project	March, 2015



# LEXINGTON-FAYETTE URBAN COUNTY HOUSING AUTHORITY

300 West New Circle Road • Lexington, KY 40505 • Phone: (859) 281-5060 • Fax: (859) 281-5055

July 13, 2015

Equal Housing Opportunity

## BOARD OF COMMISSIONERS

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Sincerely,

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Lexington-Fayette Urban County Government  
OFFICE OF HOMELESSNESS  
PREVENTION AND INTERVENTION

Jim Gray  
Mayor

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Lexington, KY 40505

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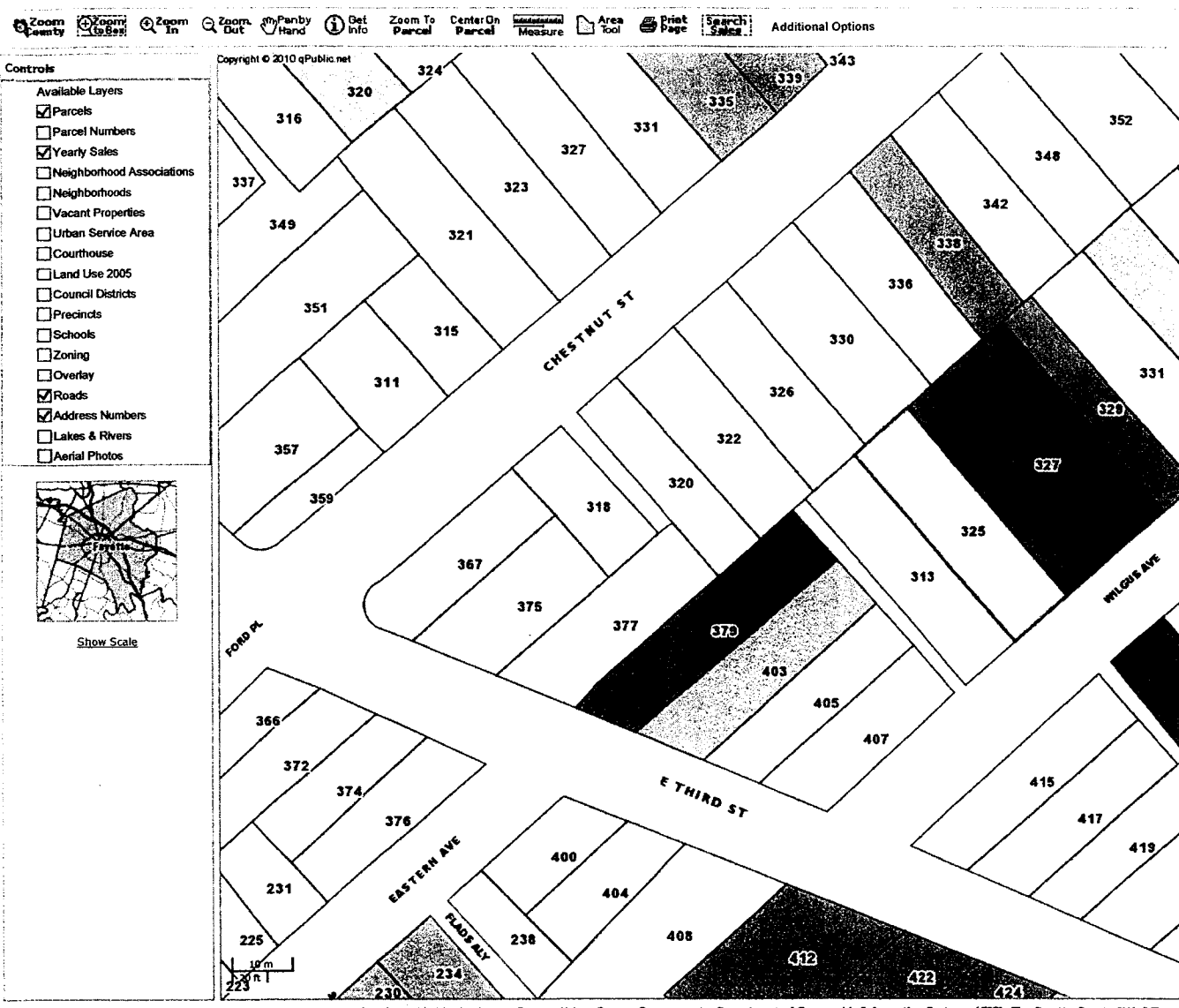
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Charlie Lanter  
Director

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Many of these underlying maps and layers are created, maintained and provided by Lexington-Fayette Urban County Government's Department of Geographic Information Systems (GIS). The Fayette County PVA Office in interpretation. The assessment information is from the last certified taxroll. All data is subject to change before the next certified taxroll.



June 24, 2015

Austin Simms  
Lexington Housing Authority  
300 West New Circle Road  
Lexington KY 40509

RE: Rehab of 325 Wilgus Avenue property

Dear Mr. Simms,

Regarding the project referenced above, the Home Builders Association of Lexington has reviewed the property and scope of work and feel this is a project we can manage and complete as per our recent conversations.

The HBA will use this project as a real-life training scenario for our Building Institute of Central Kentucky students who are being trained in construction trades that include: Carpentry, HVAC, Plumbing, Electrical and Facilities Maintenance. Oversight for the work to be done on this project will be performed by Kyle Whalen with BACK Construction Onsite management and direction of work will be handled by Kyle Whalen and Bruce Maybriar (Professional Development Director for the Building Institute). The students who will be performing the work will do so at the direction of our instructors who are professional tradesmen. HVAC, Plumbing and Electrical Instructors will all hold a masters license issued by the State of Kentucky. All appropriate permits and inspections will be managed as required. Additionally, this home will be built with energy efficiency in mind and will be HERS Rated upon completion.

A draft of the scope of work to be performed is attached. As you will note, the scope of work has been expanded somewhat from the original version to include a more complete demolition of the interior of the home. We are currently working with our instructors to overlay teaching points to the job schedule. Our initial assessment is that professional demolition will need to occur as soon as we reach an agreement (hopefully by mid-July 2015) and restoration work will begin in early September by our students with a tentative completion date of late March 2016.

The estimate of funding needed to perform the scope of work as outlined is \$75,000.00. This amount represents estimates for the expanded scope of work and a discount of labor from students that would normally be charged by the subcontractors who would normally perform the work. Also, as noted on the scope of work, there are funds that will be used for professional services needed outside the capacity of our Instructors and students along with building materials that will go into the project, project waste needs and other mechanical systems, fixtures, equipment and appliances. The Home Builders Association will work with our members to obtain as many discounts and donations as possible for the project. We will report discounts and donations as they are realized.

Please contact me directly if you have any questions or if we can clarify anything stated here within. We look forward to working with you on this project and hope it will provide a platform on which we can expand our involvement in the future.

Sincerely,



Todd Johnson  
Executive Vice President  
Home Builders Association of Lexington  
(859) 273-5117

**SCOPE OF WORK: 325 WILGUS**

	Estimate	Material
	\$ 1,000	\$ -
• Provide and install bathroom vent to exterior if required.	\$ -	\$ 400
• Provide and install kitchen vent over stove to exterior if required.	\$ -	\$ 400
• Determine vent for New HVAC if needed.	\$ -	\$ -
	\$ 1,000	
	\$ 500	\$ -
	\$ 500	\$ -
	\$ 10,000	\$ -
	\$ 2,000	\$ -
	\$ 1,500	\$ -
• Remove wall in attic	\$ -	\$ 3,000
• Remove wall in attic	\$ -	\$ -
	\$ 500	\$ -
	\$ 4,000	\$ -
	\$ 500	\$ -
• Remove wall where chimney	\$ -	\$ -
• Provide electrical panel for new heat pump and water heater per code.	\$ -	\$ 3,000
• Check all wiring per code.	\$ -	\$ -
• Provide and install 2 ton heat pump in conditioned attic.	\$ -	\$ 5,000
• Install new duct and return through house.	\$ -	\$ 2,000
• Remove old duct in house.	\$ -	\$ -
• Check plumbing and gas for entire house per code.	\$ -	\$ -
• Level floor and install new sub floor entire house.	\$ -	\$ 1,500
• New windowing	\$ -	\$ 1,000
• Provide and install 2 new vinyl windows	\$ -	\$ 200
• Provide and install window seat in hallway	\$ -	\$ 150
• Remove wall in hallway	\$ -	\$ -
• Remove wall in hallway	\$ -	\$ -
	\$ 1,500	\$ -
• Remove wall in hallway	\$ -	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 1,500
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 750
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 1,000	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 1,500	\$ -
• All interior doors will be six panel hollow fill doors painted gloss white matching brass knobs throughout house.	\$ 700	\$ -
• Provide and install paint grade baseboard painted gloss white.	\$ 1,000	\$ -
• Provide and install toilet in bathroom vanity and commode.	\$ -	\$ 1,000
• Provide and install door in bathroom.	\$ -	\$ 2,000
• Provide and install granite counter top.	\$ -	\$ 500
• Provide and install kitchen sink with faucet.	\$ -	\$ 500
• Provide and install floor in kitchen and bathroom.	\$ 2,000	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 500
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 700
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 500
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 1,000
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 650
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 2,000	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 50
• Ceiling will be painted white and soffit painted throughout entire house.	\$ 1,500	\$ -
• Provide and install matching light fixture throughout entire house. No fans in closets.	\$ 500	\$ 500
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 3,000	\$ -
• Provide and install paint grade baseboard painted gloss white.	\$ 500	\$ -
• Remove aluminum door on exterior.	\$ 2,500	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 2,500	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 200
	\$ 150	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ -	\$ 150
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 3,750	\$ -
	\$ 500	\$ -
• Provide and install 2/2 steel new pre-insulated steel doors as required.	\$ 500	\$ -
• Install new soffit.	\$ 750	\$ -
	\$ 47,350	\$ 27,150
Permits	\$ 500	
<b>Total Estimate</b>	<b>\$ 75,000</b>	

Laminate flooring, \$2.00 per square foot.

Work to be partially done by students, but possible partially outsourced.  
 Work by students 100%



**EXHIBIT B**

**(Executed Commitment Letter)**



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

**Jim Gray**  
**Mayor**

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

September 21, 2015

Austin J. Simms, Executive Director  
Lexington-Fayette Urban County Housing Authority  
300 West New Circle Road  
Lexington, KY. 40505

Dear Mr. Simms,

This letter serves as a contingent commitment of funds from the Affordable Housing Fund of Lexington Fayette Urban County Government (LFUCG) for the renovation of a single family home owned by the Lexington Homeownership Commission and located at 325 Wilgus Street.

The Affordable Housing Fund Board has approved an allocation of up to \$90,000 in funding for this renovation. Of the funds allocated, \$35,000 is in the form of a mortgage loan at 2% for 20 years and the remaining \$55,000 is in the form of a forgivable mortgage loan. This forgivable loan will be structured in a manner that 5% of the loan is forgiven each year as long as the home remains affordable for a household at or below 80% of area median income.

An administrative fee of 1% will be charged to the Housing Authority and will be due upon the completion of the renovation. The fee is eligible to be paid out of the forgivable loan funding.

This funding commitment is contingent upon the following:

1. The Housing Authority accepts a 15 year deed restriction that will ensure the unit is leased to households whose income is less than 80% of area median income.
2. Any funds not needed to complete the rehabilitation work will be returned to the Affordable Housing Fund. Returned funds will serve to reduce the forgivable mortgage loan.
3. The Housing Authority will set-aside \$20,000 in a reserve account specifically for repairs and improvements to the property located at 325 Wilgus Street.
4. The house will provide permanent housing for a homeless family and upon readiness and qualification the Housing Authority will provide the household with a Housing Choice Voucher.

**H O R S E   C A P I T A L   O F   T H E   W O R L D**

101 East Vine Street, Suite 400   Lexington, KY 40507   (859) 258-3018   FAX (859) 258-3163   [www.lexingtonky.gov](http://www.lexingtonky.gov)

Please indicate your acceptance of this contingent commitment letter. Upon acceptance LFUCG will work to close the transaction and the work on the unit can begin.

Sincerely,

Richard L. McQuady  
Affordable Housing Manager

Accepted by:

A handwritten signature in black ink, appearing to read "Austin Simms", is written over a horizontal line.

Austin Simms, Executive Director

**EXHIBIT C**

**(Executed Promissory Notes and Mortgages)**

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

**\$35,000.00**

November \_\_\_\_, 2015

FOR VALUE RECEIVED, **LEXINGTON HOME OWNERSHIP COMMISSION II, INC.**, a Kentucky non-profit corporation, whose address is 300 West New Circle Road, Lexington, Kentucky 40505 (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 **THIRTY-FIVE THOUSAND AND 00/100 DOLLARS (\$35,000.00)** 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 two percent (2%) per annum to be computed from the date of each disbursement, 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 1<sup>st</sup> day of each month beginning on April 1, 2016 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, as defined in that certain Lexington-Fayette Urban County Government Housing Rehabilitation Loan Agreement by and between Maker and LFUCG of even date herewith, without cure, LFUCG reserves the right to apply payments in its sole discretion;
- C. Any payment due pursuant to this Note on a day which is not a business day shall be made on the first 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 April 1, 2036, (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 September 21, 2015, and a Lexington-Fayette Urban County Government Housing Rehabilitation Loan Agreement between the undersigned and LFUCG ("Rehabilitation Loan Agreement"), of even date herewith, providing for

an amortizing loan of **Thirty-Five Thousand and 00/100 Dollars (\$35,000.00)** and this Note is expressly subject to and will be bound by the terms and conditions set forth in such Commitment and Rehabilitation 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, (2) the undersigned or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding, (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 the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the undersigned, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of 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 undersigned 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.

This Note may be assigned in whole or in part by LFUCG or any other holder hereof.

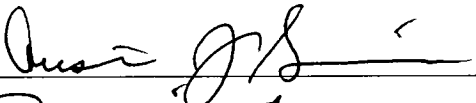
The undersigned may prepay the principal amount outstanding in whole or in part at any time without penalty.

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.

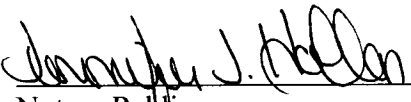
Lexington Home Ownership Commission II, Inc.

By:   
Title: President

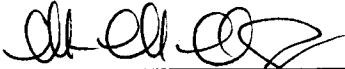
COMMONWEALTH OF KENTUCKY   )  
  )  
COUNTY OF FAYETTE                )

Subscribed, sworn to and acknowledged before me this 23<sup>rd</sup> day of November, 2015, by Austin J. Simms, as President of Lexington Home Ownership Commission II, Inc., a Kentucky non-profit corporation, for and on behalf of said Lexington-Fayette Urban County Housing Authority. ~~Home Ownership Commission II, Inc.~~

My commission expires: 4-30-16

 #465646  
Notary Public

THIS INSTRUMENT WAS PREPARED BY:



---

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



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

**\$55,000.00**

November 23, 2015

FOR VALUE RECEIVED, LEXINGTON HOME OWNERSHIP COMMISSION II, INC., a Kentucky non-profit corporation, whose address is 300 West New Circle Road, Lexington, Kentucky 40505 (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 **FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$55,000.00)** or lesser amount as may be endorsed on this Forgivable Loan Promissory Note ("Note") on behalf of LFUCG.

- A. Payments shall be required as follows:
1. No interest payments shall be due and payable to LFUCG under this Note;
  2. Unless otherwise agreed to in writing, or otherwise required by applicable law, payments shall be applied first to principal, and any remaining amount to any unpaid costs or charges, provided however, upon an Event of Default, as defined in that certain Lexington-Fayette Urban County Government Affordable Housing Rehabilitation Loan Agreement by and between Maker and LFUCG of even date herewith ("Loan Agreement") LFUCG reserves the right to apply payments in its sole discretion;
  3. 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 April 1, 2036, (the "Maturity Date").
- B. However, so long as the Maker ensures the Affordability Period of a minimum of fifteen (15) years from the date Funds are first expended on the Project as defined in Section 3.3 of the Loan Agreement, AND that no breach or Event of Default as defined in Sections 5.1 and 5.2 of the Loan Agreement has occurred without cure or continues to occur without cure, the Maker's obligation to pay this Forgivable Loan Promissory Note shall be forgiven. The Loan shall be forgiven as follows:
1. 1/15<sup>th</sup> of the above-stated principal sum shall be forgiven beginning on April 1, 2017 and each year thereafter for each full year during the Affordability Period.
  2. The entire principal sum shall be forgiven in full on April 1, 2031, (the "Maturity Date"), as long as all terms and conditions of all Loan Documents have been satisfactorily complied and fulfilled.

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 September 21, 2015, and the Loan Agreement between the undersigned and LFUCG, of even date herewith, providing a forgivable loan of **FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$55,000.00)** and this Note is expressly subject to and will be bound by the terms and conditions set forth in such Commitment Letter and the Loan Agreement as if all of such terms and conditions were expressly set forth herein.

If (1) any payment of principal required by this Note remains unpaid for more than 10 days after the due date thereof, (2) the undersigned or any guarantor should be the subject of any voluntary or involuntary bankruptcy, receivership or other insolvency proceeding, (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 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 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 the same Note mentioned in a real estate Mortgage of even date herewith executed in favor of LFUCG by the undersigned, and this Note is expressly made subject to and will be bound by the terms and conditions set forth in said Mortgage as if all of 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 undersigned 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.

This Note may be assigned in whole or in part by LFUCG or any other holder hereof.

The undersigned may prepay the principal amount outstanding 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; (iii) all reasonable costs and expenses including court costs and reasonable attorney's fees incurred in collecting any of the foregoing.

Lexington Home Ownership Commission II, Inc.

By: Austin J. Smith  
Title: President

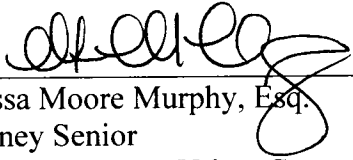
COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF FAYETTE )

Subscribed, sworn to and acknowledged before me this 23 day of November, 2015, by Austin J. Smith, as President of Lexington Home Ownership Commission II, Inc., a Kentucky non-profit corporation, for and on behalf of said Lexington Home Ownership Commission II, Inc.

My commission expires: 4-30-16

Jonathan J. McLean #465646  
Notary Public

THIS INSTRUMENT WAS PREPARED BY:

A handwritten signature in black ink, appearing to read 'Melissa Moore Murphy', written over a horizontal line.

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

## **EXHIBIT D**

### **(Property Description)**

Beginning at a point about 145 feet North of Third Street, or Winchester Street, on the West side of Wilgus; thence along said avenue in a northerly direction 40 feet; thence in a westerly direction at right angles to Wilgus Avenue 135 feet; thence in a southerly direction parallel to Wilgus Avenue 40 feet; thence in an easterly direction at right angles to Wilgus Avenue 135 feet to the point of beginning.

Being the same property conveyed to FCHF by (i) Deed dated September 3, 2002, from Grover T. Williams, Jr., as Executor of the Estate of Grover T. Williams, Sr., of record in Deed Book 2315, Page 364, in the Office; and (ii) Deed of Correction dated September 3, 2002, of record in Deed Book 2353, Page 448, in the Office of the Fayette County Clerk.