

LOAN AGREEMENT

THIS AGREEMENT entered into this 13th day of May, 2004, between the **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, by and through its **LOUISVILLE METRO HOUSING AND COMMUNITY DEVELOPMENT**, (hereinafter "Louisville Metro"), having a mailing address of 745 West Main Street, Louisville, Jefferson County, Kentucky 40202, and **CATHEDRAL COMMONS, LTD, A KENTUCKY LIMITED PARTNERSHIP, BY CATHEDRAL PROPERTIES, LLC, ITS GENERAL PARTNER**, 421 South 2nd Street, Louisville, Jefferson County, Kentucky 40202 (hereinafter "Borrower").

WITNESSETH:

WHEREAS, there exists within the geographical boundaries of Louisville Metro areas in which are located substandard, privately owned properties; and

WHEREAS, Louisville Metro wishes to provide financial assistance to the owners and purchasers of the real property, so as to alleviate these substandard conditions and to increase the number of affordable rental housing units available for the benefit of low and very low income persons; and

WHEREAS, Borrower will purchase 429-433 South 2nd Street, Louisville, Kentucky 40202, and intends to construct 40 unit(s) of affordable housing; and

WHEREAS, National City Bank and Kentucky Housing Corporation have committed to make construction and permanent term loans in an amount not to exceed \$1,000,000.00 and \$1,300,000.00 (the "NCBK & KHC Loans"), and secured by a Mortgage; and

WHEREAS, Martha Miller is the holder of a mortgage in the amount of \$600,000.00, on the property; and

WHEREAS, Louisville Metro has agreed to loan to Borrower, the sum of \$500,000.00 from its Community Development Block Grant funds for property acquisition for the aforementioned project (the "Louisville Metro Loan");

NOW, THEREFORE, in consideration of Louisville Metro's agreement to make a loan to Borrower in an amount not to exceed **FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)** and subject to the following terms and conditions, the Parties hereto agree and covenant as follows:

I. LOAN TERMS

Louisville Metro agrees to make a loan to Borrower upon the following terms and conditions:

A. Loan Amount. Subject to the provisions of this Agreement, Louisville Metro will make and Borrower will accept a loan in an amount not to exceed \$500,000.00, regarding the acquisition of the real property (hereinafter the "Project") located in Louisville, Jefferson County, Kentucky, and more particularly described on Exhibit "A" attached hereto and made a part hereof (hereinafter the "Property") according to the plans and specifications submitted to and approved by Louisville Metro (hereinafter the "Plans and Specifications").

B. Source of Loan Proceeds. The proceeds of the Louisville Metro Loan shall consist of funds from the Community Development Block Grant Program (hereinafter the "Funds"). The Louisville Metro Loan shall be evidenced by a promissory note and secured by a second mortgage which shall be identified as the "Louisville Metro Note" and the "Louisville Metro Mortgage".

C. Repayment. The Louisville Metro Loan shall bear no interest during the first fifteen (15) year term of the Loan. A balloon payment of the total amount of the loan \$500,000.00, shall be due and payable on December 31, 2020. There shall be no prepayment penalty.

D. Use of Loan Proceeds. The loan proceeds shall be used to acquire real property for the development of affordable housing through the Low Income Housing Tax Credit Project approved by the Kentucky Housing Corporation.

E. Term of Louisville Metro Loan Agreement. The term of this Agreement shall be for a period commencing as of the date of this Agreement and terminating on December 31, 2020, which is the Final Maturity Date. This Agreement shall not terminate upon the execution of any deeds, mortgages or other agreements required by or referred to in this Agreement, and the provisions of this Agreement shall survive the closing and shall not be deemed to be merged into any such deeds, mortgages or other agreements.

F. Borrower's Equity Requirement. The Borrower shall contribute at least the sum of \$3,500,000.00, as its equity contribution to the Project, which equity contribution may include proceeds from a loan from National City Bank and a loan from Kentucky Housing Corporation.

G. Advancement of Funds. The Louisville Metro Loan proceeds shall be advanced to Borrower upon receipt by Louisville Metro of a written request from Borrower.

H. Transfer of Property. The Louisville Metro Loan may not be assumed without the express written consent of Louisville Metro. The Property may not be transferred or further encumbered during the term of this Agreement without the express written consent of Louisville Metro except on payment in full of the Louisville Metro Loan.

II. CONDITIONS PRECEDENT TO CLOSING.

All Parties to this Agreement acknowledge that Louisville Metro shall not be required to disburse any Louisville Metro Loan Proceeds unless it has received in satisfactory form all of the following documents:

A. Insurance: Borrower shall have obtained and furnished to Louisville Metro such insurance as Louisville Metro may reasonably require in coverage, amounts, and with insurers acceptable to Louisville Metro, including but not limited to:

- (1) Builders Risk Insurance Policy in an amount acceptable to Louisville Metro with a standard mortgagee clause naming Louisville Metro as mortgagee, and prohibiting cancellation without thirty (30) days prior written notice to Louisville Metro.
- (2) Public Liability Insurance for injury to person, including death, and property damage insurance, in amounts acceptable to Louisville Metro and listing Louisville Metro as an additional insured.
- (3) Workers' Compensation Coverage in the amount required by statute.
- (4) Comprehensive General Public Liability Insurance in an amount acceptable to Louisville Metro covering Borrower against claims for bodily injury, death or property damage occurring on, in or about the Property and listing Louisville Metro as an additional insured.
- (5) Hazard Insurance upon completion of construction in an All Risk policy, including vandalism and malice mischief in an amount equal to the full replacement cost of improvements, naming Louisville Metro as Mortgagee with a standard New York Mortgagee clause and giving Louisville Metro thirty (30) days prior written notice of any intention to cancel.

B. Title Evidence. A title examination or an ALTA Standard Mortgagee Title Insurance Policy (1992) issued by a title insurance company acceptable to Louisville Metro, insuring good and marketable title, showing only exceptions to title that are acceptable to Louisville Metro.

C. Evidentiary Materials. Provide Louisville Metro with evidence of the existence of the following requirements:

- (1) That the Property is properly zoned for intended use.
- (2) Building permit.
- (3) Environmental Assessment.
- (4) Evidence of Compliance with other Federal requirements of the CDBG Program.
- (5) Availability of Utilities necessary for the operation of the Project.
- (6) Evidence of the Project's Compliance with all Federal, State and local laws, statutes and regulations relating to the construction of improvements to serve disabled individuals, including, without limitation, the Americans with Disabilities Act of 1990, 42 USC 12101 *et seq.*; the Fair Housing Act of 1968, 42 USC 3601 *et seq.*; and the Kentucky Civil Rights Act, KRS 344.010 *et seq.*; and all regulations promulgated pursuant thereto.
- (7) Organizational documents, Certificates of Existence and resolutions authorizing the Louisville Metro Loan and naming the persons authorized to execute the Louisville Metro Loan Documents for the Borrower.

D. Louisville Metro Loan Documents. Provide Louisville Metro with the following executed documents (the "Louisville Metro Loan Documents") in form and substance acceptable to Louisville Metro.

- (1) Loan Agreement.
- (2) Louisville Metro Note.
- (3) Louisville Metro Mortgage.
- (4) Assignment of Rents and Leases.
- (5) Security Agreement.

E. Evidence of Additional Funding. Provide Louisville Metro with evidence that the NCBK & KHC Loans have been approved by those Lenders.

III. BORROWER'S COVENANTS, WARRANTIES, AND REPRESENTATIONS.

In order to induce Louisville Metro to enter into this Louisville Metro Loan Agreement and to make the Louisville Metro Loan, Borrower hereby makes the following representations, warranties and covenants as of the date hereof, which representations, warranties, and covenants shall survive the delivery hereof and the making of the initial and all subsequent disbursements of Louisville Metro Loan proceeds hereunder, and shall be deemed remade by Borrower, in full upon the submission by Borrower of each request for advance of Louisville Metro Loan proceeds:

A. Borrower shall become the owner in fee simple of the Project which is located within Louisville/Jefferson County, Kentucky.

B. Borrower has and shall at all times maintain in full force and effect all material licenses and permits necessary or appropriate for all of its business activities, including, but not limited to, all building and other permits for the construction of the Project.

C. Borrower has obtained or will obtain as and when required all necessary approvals and permits from the appropriate Federal, State and local governments and departments and agencies thereof related to the rehabilitation and operation of the Project.

D. All utility services necessary for the rehabilitation and operation of the Project for its intended purpose are available and wholly adequate, including, but not limited to, water, sewers, storm drainage, gas and electricity, and telephone facilities.

E. Borrower shall proceed with the Project in accordance with the Plans and Specifications in absolute good faith and with all diligence so that the Project will be completed and ready for the uses contemplated therefore (including receipt of an unqualified Certificate of Occupancy for the Project and other governmental requirements and licenses needed for the operation thereof) not later than December 31, 2005.

F. Borrower shall cause the Project to be constructed in a good and workmanlike manner free of all liens, in accordance with the Plans and Specifications and in all respects in compliance with all applicable statutes, laws, codes, ordinances, rules, permits, requirements and regulations of any governmental agency or authority having or exercising jurisdiction over the Project and the Property.

G. Borrower shall pay the Louisville Metro Note and all the other indebtedness of the Project timely in accordance with their respective terms.

H. Borrower will execute and deliver to Louisville Metro such further documents and writings, and shall perform or have performed such further acts as may be reasonably required by Louisville Metro during the term of the Construction Contract.

I. Borrower shall not discriminate against prospective tenants on the basis of their receipt of or eligibility for housing assistance under any Federal, State or local housing assistance program.

J. Borrower shall not sell, transfer or convey all or any part of the Property or the Project, by operation of law or otherwise, without Louisville Metro's prior written consent.

K. Borrower is a duly organized and validly existing corporation under the laws of the Commonwealth of Kentucky.

L. Borrower has the necessary power to own the Property and to borrow money for the purposes, in the manner, and to the extent contemplated herein.

M. Borrower's execution and delivery of this Loan Agreement, the Louisville Metro Note, the Louisville Metro Mortgage and the other Louisville Metro Loan Documents or any other related writing, nor the performance or observance of Borrower of the provisions of any such documents, violates or will violate any existing provision in its operating agreement or any law applicable to Borrower, or which otherwise constitutes a default or violation under any existing contract or other obligation binding upon Borrower, or any of Borrower's property with or without the passage of time or the giving of notice or both.

N. The officers of Borrower executing and delivering this Loan Agreement on behalf of Borrower have been duly authorized to execute the Louisville Metro Loan Documents on behalf of Borrower and this Loan Agreement, and the Louisville Metro Loan Documents are legally binding upon Borrower and are enforceable in accordance with their respective terms.

IV. BORROWER'S COVENANTS REGARDING FEDERAL LAWS AND REGULATIONS.

A. The Community Development Block Grant Requirements. The Borrower hereby agrees and covenants that it shall comply with the requirements, terms and conditions of Title I of the Housing and Community Development Act of 1974 and subsequent amendments and the regulations issued pursuant thereto at 24 CFR Part 570, including but not limited to, the following agreements and covenants of Borrower that it:

- (1) shall comply with all applicable local codes, rehabilitation standards, ordinances and zoning ordinances;

- (2) shall initially include as tenants of the Project those with low and moderate income households having incomes which are no more than 80% of the Jefferson County median income;
- (3) shall cause or require to be inserted in full in all contracts and subcontracts financed in whole or in part with the Funds, the Section 3 clause set forth at 24 CFR Part 135;
- (4) shall adopt and comply with regulations concerning displacement, relocation and acquisition, and replacement of housing as required by Louisville Metro in accordance with 24 CFR 570.606.

B. Other Federal Requirements: The Borrower shall comply with the provisions of Title I of the Housing and Community Development Act of 1974 and subsequent amendments, and all other Federal laws and regulations concerning the use of Federal funds are hereby made a part of this Agreement, including but not limited to those "Additional Federal Requirements, Terms and Conditions" attached hereto as Exhibit "B", and Borrower hereby agrees and covenants that it will comply with all applicable terms, conditions and requirements of such Federal laws and regulations.

V. EVENTS OF DEFAULT; REMEDIES

A. Events of Default. The following shall constitute Events of Default hereunder:

- (1) Borrower's failure to pay when due any principal of, or interest on, the Louisville Metro Note or shall fail to pay when due any fee, expense or other payment required under this Agreement or the Louisville Metro Loan Documents;
- (2) If any representation or warranty made under this Agreement, or any of the other Louisville Metro Loan Documents, or in any certificate or statement furnished or made to Louisville Metro by Borrower pursuant hereto or in connection herewith or with the Louisville Metro Loan hereunder, shall prove to be untrue or inaccurate in any material respect as of the date on which such representation or warranty is made by Borrower;
- (3) If the Borrower fails to comply with or breaches any of the terms, covenants and conditions in this Agreement or in any of the Louisville Metro Loan Documents executed pursuant hereto and same shall not be cured as therein provided;
- (4) If Louisville Metro or its representatives are not permitted at all reasonable times to enter the Property and improvements to inspect the construction;

- (5) If any substantial change in the Plans and Specifications is made without the prior written consent of Louisville Metro;
- (6) If Borrower or Borrower's contractor(s) do not proceed continuously with the rehabilitation of the Project or construction thereof is otherwise discontinued for a period of thirty (30) days or more;
- (7) The sale or transfer of the Property, or any portion thereof or any beneficial interest in the Property without the express written consent of Louisville Metro;
- (8) The material default by Borrower or the NCBK, KHC or Martha Miller Loans;
- (9) The material default by Borrower on any liens senior or junior to the Louisville Metro Mortgage against the Property or any portion thereof; or
- (10) Borrower is adjudged a bankrupt, files a petition in bankruptcy or has a petition in bankruptcy filed against him, makes an assignment for the benefit of his creditors, or a court of competent jurisdiction orders the appointment of a trustee, receiver or liquidator of the Project or any part thereof.

B. Remedies Upon Default. Upon any Event of Default, Louisville Metro shall give written notice thereof to the Borrower, by registered or certified mail, addressed to the respective addresses of the aforementioned as stated in this Agreement, or to such other address as may subsequently, upon written notice thereof to Louisville Metro, be designated by the respective parties. If such violation is not corrected to the sole satisfaction of Louisville Metro within thirty (30) days after the date such notice is received, or in the event of a non-monetary violation which in Louisville Metro's sole discretion cannot reasonably be cured within thirty (30) days, then within such further time as Louisville Metro reasonably determines in its sole and absolute discretion is necessary to correct the violation, provided that Borrower is continuously proceeding in a diligent manner to timely cure said violation, without further notice Louisville Metro may declare a default under this Agreement and under the Louisville Metro Loan Documents evidencing and securing the Louisville Metro Loan and may proceed to initiate any or all remedies at law or in equity available in the event of a default, including, but not limited to, the acceleration of the due date of the entire Louisville Metro Loan indebtedness and the foreclosure of its security interests in all other collateral documents securing the Louisville Metro Loan

C. Termination of Advances. During the continuance of any Event of Default, Louisville Metro, without notice and without waiving any right or remedy available to it by law or under any of the Louisville Metro Loan Documents or otherwise, may terminate its obligation to disburse any loan funds, declare the Louisville Metro Loan immediately due and payable, enter the property, and perform any work and take

steps necessary to complete the improvements in accordance with the Plans and Specifications as Louisville Metro shall deem necessary or desirable in its sole discretion. All sums expended upon default shall be deemed paid to Borrower and secured by the Louisville Metro Loan Documents. For this purpose, the Borrower hereby appoints Louisville Metro its true and lawful attorney-in-fact with full power of substitution to take possession of the property and to complete and/or continue construction of the Project or any portion thereof, and hereby empowers Louisville Metro to use any funds of Borrower held by Louisville Metro and any funds which may remain undisbursed hereunder to complete construction of the Project and to equip same and to pay the indirect costs incurred in connection therewith; to employ such contractors, subcontractors, agents, architects and inspectors as are required for said purposes and watchmen to protect the Project from injury; to pay, settle and compromise all incurred bills and claims in connection with the development, construction and/or equipping of the Project; to prosecute and defend all actions and proceedings in connection with the construction of the Project; to execute all applications and certificates in the name of Borrower as may be required by any governmental authority or by any contract or agreement regarding the construction and/or operation of the Project; and may, as Borrower's attorney-in-fact endorse in Borrower's name any check, draft, or other remittance received by Borrower and/or Louisville Metro and may apply any proceeds thereof to the construction or rehabilitation of the Project or, at the option of the Louisville Metro, to the payment of the Louisville Metro Loan. This power of attorney is a power coupled with an interest and shall be irrevocable until payment in full of the Louisville Metro Loan.

D Rights and Remedies Cumulative. Louisville Metro shall have all rights and remedies granted to it under any and all of the other Louisville Metro Loan Documents and all other instruments evidencing and securing the Louisville Metro Loan and the Louisville Metro Note. All of the rights and remedies of the Louisville Metro shall be cumulative to the fullest extent permitted by law and shall be in addition to all those rights and remedies afforded the Louisville Metro at law or equity or in bankruptcy.

VI. MISCELLANEOUS PROVISIONS

The following conditions and provisions shall be applicable throughout the term of the Louisville Metro Loan:

A. Binding Effect. This Agreement shall be binding upon the parties, their heirs, personal representatives, successors and assigns.

B. Waiver. Advance of Louisville Metro Loan proceeds hereunder shall not constitute a waiver of any of the conditions of Louisville Metro's obligations to make further advance nor, in the event Borrower is unable to satisfy any such condition, shall any such waiver have the effect of precluding Louisville Metro from thereafter declaring such inability to be an Event of Default as herein provided.

C. Notices. All notices hereunder shall be in writing and shall be sufficiently given when personally delivered, delivered by a nationally recognized overnight courier service or when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties' addresses listed herein or such other address as to which any party hereto shall have given the other party in writing. Any notices sent by overnight courier service shall be deemed served when delivered. Any notices sent by registered or certified mail shall be deemed served three (3) calendar days after the date it is mailed in accordance with the foregoing provisions.

Whenever notice hereunder is required to be made to Louisville Metro, National City Bank Kentucky and Kentucky Housing Corporation, or Borrower it should be made in accordance with the requirements of this section and to the parties as follows:

Louisville Metro:	Director Louisville Metro Housing & Community Development 745 West Main Street Louisville, KY 40202
Borrower:	Cathedral Commons, Ltd. A Kentucky Limited Partnership Through its General Partner Cathedral Properties, LLC 421 South 2 nd Street Louisville, Kentucky 40202
Lenders:	National City Bank, Kentucky 101 South 5 th Street Louisville, Kentucky 40202 Attention: Investment Real Estate Division
	Kentucky Housing Corporation 1231 Louisville Road Frankfort, Kentucky 40601-6191 Attention: Tammy Stansbury
	Martha Miller 52 Harwood Drive Louisville, Kentucky 40222

D. Amendments to be in Writing. This Agreement or any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

E. Severability. If any provision of this Agreement or any Louisville Metro Loan Document shall be determined to be invalid, void or unenforceable, said determination shall not affect the validity or enforceability of any other valid provision of this Louisville Metro Loan Agreement.

F. Jurisdiction. The Borrower consents to the jurisdiction of the state and federal courts in the Commonwealth of Kentucky for all disputes relating to the construction, interpretation, enforcement and performance of this Louisville Metro Loan Agreement, the Louisville Metro Note and the other Louisville Metro Loan Documents, hereby waiving all defenses based on jurisdiction, venue, or convenience of form.

G. Incorporation of Exhibits. Exhibits "A" and "B", both of which are attached hereto are hereby incorporated herein and made a part hereof.

H. Survival of Covenants, Agreements, Warranties and Representations. All covenants, agreements, warranties and representations made by Borrower herein shall survive the making of the Louisville Metro Loan and each advance thereof hereunder and the execution and delivery of this Louisville Metro Loan Agreement, the Louisville Metro Note, and all of the other Louisville Metro Loan Documents, and shall be deemed to be continuing covenants, agreements, representations and warranties at all times while any portion of the Louisville Metro Loan, including the Louisville Metro Note, remains unpaid, and such covenants, agreements, representations and warranties shall be deemed to be remade and restated by Borrower each time Borrower requests an advance hereunder.

I. Interpretation. No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power, remedy or privilege by the Louisville Metro shall operate as a waiver thereof, nor shall any right, power, remedy or privilege of the Louisville Metro be exclusive of any other right, power, remedy or privilege referred to herein or in any related document or now or hereafter available at law, in equity, in bankruptcy, by statute or otherwise. Each such right, power, remedy or privilege may be exercised by the Louisville Metro, either independently or concurrently with others and as often and in such order as the Louisville Metro may deem expedient. No waiver or consent granted by the Louisville Metro or the Borrower, as applicable, in respect to this Louisville Metro Loan Agreement, the Louisville Metro Note, or any Louisville Metro Loan Document or related writing shall be binding upon the Louisville Metro or the Borrower, as applicable, unless specifically in writing by a duly authorized officer of the Louisville Metro or the duly authorized partner of the Borrower, as applicable, which writing shall be strictly construed. The parties hereto hereby agree that this Louisville Metro Loan Agreement and the other Louisville Metro Loan Documents shall be so

interpreted to give effect and validity to all the provisions hereof to the fullest extent permitted by law.

J. Choice of Law. This Louisville Metro Loan Agreement, the Louisville Metro Loan Documents and the related writings and the respective rights and obligations of the parties hereto shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

K. Assignment. The Borrower may not assign any of its rights or obligations under this Louisville Metro Loan Agreement to any other party without the prior written consent of Louisville Metro.

L. Time of Essence. Time shall be of the essence in the performance of all of the Louisville Metro's and Borrower's obligations under this Louisville Metro Loan Agreement and the other Louisville Metro Loan Documents and the instruments related hereto or thereto.

M. No Third Party Beneficiaries. All conditions of the obligations of Louisville Metro to make advances hereunder are imposed solely and exclusively for the benefit of Louisville Metro and its assigns and Borrower, and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Louisville Metro will not refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Louisville Metro at any time if in its sole discretion it deems it advisable to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Louisville Metro Loan Agreement as of the day, month and year first above written.

LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT
LOUISVILLE METRO HOUSING AND
COMMUNITY DEVELOPMENT

By: _____

Title: _____

[Handwritten signature]
[Handwritten title: DEPUTY DIRECTOR]

Summit Acknowledged before me on this 13th day of May, 2004.

*Richard A. Ventre
NOTARY PUBLIC*

My commission expires May 27, 2007.

CATHEDRAL COMMONS, LTD.
A Kentucky Limited Partnership
By Cathedral Properties, LLC
Its General Manager

By: *Scott A. Mard*

Title: *PRESIDENT*

Sworn & Acknowledged before me on 13th day of May, 2004
Ruthell C. Martin

[GK/LOAN/CATHEDRAL COMMONS LTD]

My Commission expires May 27, 2007.

EXHIBIT "A"**TRACT I**

Beginning at a point in the East line of Second Street, 344-8/12 feet South of Green Street, thence Southwardly with the East line of Second Street, 42 feet and extending back Eastwardly of the same width throughout between lines at right angles to Second Street, 204 feet to an alley.

TRACT II

Being 64 feet by 210 feet, more or less on the East side of Second Street, between Liberty Street (formerly Green Street) and Walnut Street and being the same parcel of ground as described in Deed Book 162, Page 589, in the Office of the Clerk of Jefferson County, Kentucky, and more particularly described as follows, as shown by actual survey made by the Kentucky Title Company, to wit:

Beginning in the East line of Second Street at a point 386 feet 8 inches South of Liberty Street; running thence Southwardly with the East line of Second Street, 64 feet to a point 200 feet North of Walnut Street, thence Eastwardly and parallel with Liberty Street, 210 feet to a 15 foot alley; thence Northwardly with the West line of said alley, 64 feet; thence Westwardly and parallel with Liberty Street, 210 feet to the point of beginning.

EXHIBIT "B"**ADDITIONAL FEDERAL REQUIREMENTS,
TERMS AND CONDITIONS**

A. Flood Disaster Protection:

This Agreement is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234). No portion of the assistance provided under this Agreement is approved for acquisitions or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of said Act; and the use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 USC 4001 et seq., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(a) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction of such land is not itself funded with assistance provided under this Agreement.

B. Lead-Based Paint Hazards:

The construction or rehabilitation of residential structures with assistance provided under this Agreement is subject to the HUD Lead-Based Paint regulations, 24 CFR Part 35. Any grants or loans made by the Louisville Metro for the rehabilitation of residential structures with assistance provided under this Agreement shall be made subject to the provisions for the elimination of lead-based paint hazards under subpart B of said regulations, and the Grantee shall be responsible for the inspections and certifications required under Section 35.14(f) thereof.

C. Environmental:

This Agreement is subject to the National Environmental Policy Act of 1969 ("NEPA") and the regulations at 24 CFR Parts 50 and 58.

The Borrower agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 USC 470) and the procedures set forth in 36 CFR, Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this Agreement.

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857, et seq., the Federal Water Pollution Control Act as amended, 33 USC 1251, et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended from time to time.

In compliance with said regulations, the Borrower shall cause or require to be inserted in full in all contracts and subcontracts with respect to any nonexempt transaction thereunder funded with assistance provided under this Agreement, the following requirements:

(1) A stipulation by the contractor or subcontractor that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR 15.20.

(2) Agreement by the contractor to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 USC 1857c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 USC 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

(3) A stipulation that as a condition for the award for the contract prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities.

(4) Agreement by the contractor that he will include or cause to be included the criteria and requirements in paragraph (1) through (4) of this section in every nonexempt subcontract and requiring that the contractor will take such action as the Government may direct as a means of enforcing such provisions.

In no event shall any amount of the assistance provided under this Agreement be utilized with respect to a facility which has given rise to a conviction under Section 113(c)(1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.

D. Nondiscrimination Under Title VI of the Civil Rights Act of 1964.

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and HUD regulations with respect thereto including the regulations under 24 CFR Part 1. In the sale, lease or other transfer

of land acquired, cleared or improved with assistance provided under this Agreement, the Borrower shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination upon the basis of race, color, religion, sex, or national origin, in the sale, lease or rental, or in the use or occupancy of such land or any improvements erected or to be erected thereon and providing that the Borrower and the United States are beneficiaries of and entitled to enforce such covenant. The Borrower in undertaking its obligation in carrying out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant and will not itself so discriminate.

E. Interest of Certain Federal Officials:

No member of or Delegate to the Congress of the United States and no Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise from the same.

F. Prohibition Against Payments of Bonus or Commission:

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of obtaining HUD approval of the application for such assistance, or any other approval or concurrence of HUD required under this Agreement Title I of the Housing and Community Development Act of 1974, or HUD regulations with respect thereto; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

G. Conflict of Interest Concerning Procurement of Property and Services:

The rules found at 24 CFR 85.36 apply regarding conflicts of interest in the procurement of property and services and are applicable to the Loan. All cases not governed by the foregoing regulations shall be governed by the applicable administrative requirements set out at 24 CFR Section 92.356 and 24 CFR Section 92.505(a).

H. Tenant Information:

(1) Borrower will furnish Louisville Metro and/or U. S. HUD with written tenant information, on a form provided by Louisville Metro, necessary to determine tenant eligibility.

(2) Upon Project Completion, Borrower will provide Louisville Metro and/or U. S. HUD with written data (hereinafter called the "Completion Report") on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have benefited from the activity funded in whole or in part with these funds.

I. Energy Policy:

This Agreement and any contracts or subcontracts entered into pursuant to it, is subject to the Kentucky State Energy Conservation Program, which was issued in compliance with the Energy Policy & Conservation Act (Public Law 94-163).

J. Patent Rights:

Louisville Metro reserves all rights to any patents acquired due to any discovery or invention which arises or is developed in connection with this Agreement.

K. Copyright:

If this contract results in any copyrightable material, the Louisville Metro reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work for government purposes.

L. Religious Organization:

The Borrower agrees that funds provided under this contract will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization in accordance with the federal regulations specified in 24 CFR 570.200(j).

[GK/LOAN/CATHEDRAL COMMONS LTD]
Exhibit B to Loan Agreement

END OF DOCUMENT

NOTE

\$500,000.00

Louisville, Kentucky

May 13, 2004

FOR VALUE RECEIVED, the undersigned, **CATHEDRAL COMMONS, LTD.**, a Kentucky Limited Partnership, by Cathedral Properties, LLC, Its General Partner, 421 South 2nd Street, Louisville, Kentucky 40202 (the "Borrower") hereby promises and agrees to pay to the order of the **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, by and through its LOUISVILLE METRO HOUSING AND COMMUNITY DEVELOPMENT** with principal office and place of business at 745 West Main Street, Louisville, Kentucky 40202 (the "Lender"), the principal sum of **FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)** or so much thereof as may be advanced from time to time pursuant to the Loan Agreement as hereinafter defined and payable in lawful money of the United States of America, bearing interest as follows:

The Louisville Metro Loan shall bear no interest during the first fifteen (15) year term of the Loan. A balloon payment of the total amount of the loan \$500,000.00, shall be due and payable on December 31, 2020. There shall be no prepayment penalty.

All payments or principal of this Note shall be paid to the holder hereof at Louisville/Jefferson County Metro Government, Department of Finance, 601 West Jefferson Street, Louisville, Kentucky 40202, or to such other person or at such other place as may be designated in writing by the holder hereof.

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum shall at once become due and payable upon written notice to Borrower and provided Borrower does not cure the default within thirty (30) days thereafter, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

This Note has been issued pursuant to a Loan Agreement of May 13th, 2004, by and between the Borrower and the Lender (the "Loan Agreement"). The Lender and any holder hereof is entitled to the benefits of, and shall be bound by the terms of, the Loan Agreement, and may enforce the agreements of the Borrower contained in the Loan Agreement, and any holder may exercise the remedies provided for therein or otherwise available in respect thereof, all in accordance with the terms thereof. Capitalized terms used in this Note and not otherwise defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

The Lender may make disbursements of principal to the Borrower on and after the date hereof in the manner and subject to the terms, provisions and conditions respecting such disbursement of such principal as are set forth in the Loan Agreement. This Note is

not revolving in nature and the Borrower shall have no right to pay down any portion of the principal of this Note and subsequently reborrow such sums hereunder or under the Loan Agreement. This Note is secured by the "Loan Documents," as defined in the Loan Agreement, and the rights set forth in the Loan Agreement, to which "Loan Documents" and "Loan Agreement" reference is hereby made for a more adequate description of the security for this Note and the rights of the Lender in and to such security.

This Note may not be assumed without the express written consent of the Lender, which consent may not be unreasonably withheld.

Upon the occurrence and continuance of an "Event of Default," as hereinafter defined, at the election of the holder hereof, and without notice, the outstanding principal balance hereof shall become at once due and payable at the place herein provided for payment. An "Event of Default" shall mean an "Event of Default" under and as defined in the Loan Agreement.

Failure of the holder of this Note to exercise any of its rights, powers and/or remedies shall not constitute a waiver of the right to exercise the same at that or any other time. All rights and remedies of the holder hereof for default hereunder or under any of the instruments referred to herein shall be cumulative to the greatest extent permitted by law. Time shall be of the essence in the payment of principal on this Note and the performance of the Makers' other obligations hereunder.

If an Event of Default shall occur and be continuing and this Note is placed in the hands of an attorney for collection, or is collected through any court, including any bankruptcy court, the Borrower promises to pay to the holder hereof its reasonable attorneys' fees (whether incurred at the trial level or on appeal of a trial court decision), and court costs, and all other costs and expenses incurred in collecting or attempting to collect or securing or attempting to secure this Note or enforcing its rights in any collateral securing this Note, with interest at the rate of twelve percent (12%) per annum, providing the same is legally allowed by the laws of the Commonwealth of Kentucky or any other state where the subject collateral or any part thereof is situated.

This Note has been delivered in, and shall be governed by and construed in accordance with the laws of, the Commonwealth of Kentucky.

If any provision, or a portion of such provision, of this Note, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Note, or the application of such provision, or portion of such provision, to any other person or circumstance shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

The Borrower hereby consents to the jurisdiction of the state and federal courts of the Commonwealth of Kentucky for all disputes relating to the construction, interpretation, enforcement and performance of this Note and hereby waives all defenses

based on jurisdiction, venue or convenience of forum. The Borrower hereby agrees that service of process against them may be directed to the notice address specified in the Loan Agreement.

The Borrower hereby waives presentment, demand, notice of dishonor, protest, notice of protest and nonpayment, and further waive all exemptions to which it may now or hereafter be entitled under the laws of the Commonwealth of Kentucky or any other state or of the United States, and further agrees that the holder hereof shall have the right without notice, to deal in any way, at any time, with the Borrower hereof, and to grant Borrower hereof any extension of time for payment of this Note or any other indulgence or forbearance whatsoever, and may release any security for the payment of the Note and/or, at the request of Borrower, modify the terms of any of the instruments referred to herein or otherwise securing or related to this Note, in every instance without the consent of the Borrower and without in any way affecting the liability of the Borrower hereunder, and without waiving any rights the holder of this Note may have hereunder or by virtue of the laws of the Commonwealth of Kentucky or any other state or of the United States.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed on the day, month and year first above written.

BORROWER:

**CATHEDRAL COMMONS, LTD.
A Kentucky Limited Partnership,
By CATHEDRAL PROPERTIES, LLC
Its General Partners**

By: *Keith A. Marks*

Title: PRESIDENT

[GK/NOTE/CATHEDRAL]

Document No.: DN2004083246
Lodged By: LOUISVILLE METRO GOV
Recorded On: 05/25/2004 09:53:47
Total Fees: 45.00
Transfer Tax: .00
County Clerk: BOBBIE HOLSCAW-JEFF CO KY
Deputy Clerk: LATMIL