

LOAN ASSUMPTION AND MODIFICATION AGREEMENT

THIS LOAN ASSUMPTION AND MODIFICATION AGREEMENT (this "Agreement") is made and entered into as of the 28th day of April, 2003, by and between **DIRECTIONS APARTMENTS, LLC**, a Kentucky limited liability company (the "New Mortgagor") and the **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, a Kentucky local government (the "Mortgagee").

Recitals

A. The Secretary of Housing and Urban Development ("HUD") made a loan in the amount of \$1,427,871.00 (the "Loan"), to Directions, a Kentucky limited partnership ("Old Mortgagor"), as evidenced by that certain Mortgage Restructuring Mortgage Note dated as of even date from Old Mortgagor to HUD in the amount of \$1,427,871.00 (as assigned, the "Note"), which Note is secured by a mortgage restructuring Mortgage dated as of even date recorded in Mortgage Book 7654 Page 54 in the Office of the Clerk of Jefferson County, Kentucky (the "Records") concurrently herewith (as assigned by (i) that certain Agreement of Assignment of Mortgage Restructuring Mortgage Note and Mortgage Restructuring Mortgage dated as of even date recorded in Deed Book 8126 Page 104 in the Office aforesaid, and (ii) by Agreement of Assignment of Mortgage Restructuring Mortgage Note and Mortgage Restructuring Mortgage dated as of even date recorded in Deed Book 8126, Page 178, in the Office aforesaid, the "Mortgage") which encumbers the real property described on Exhibit A attached hereto (the "Property"). The Property is also subject to a Regulatory Agreement between Old Mortgagor and HUD dated as of even date and recorded concurrently in Deed Book 8126, Page 81 in the Records. The Note, the Mortgage, the Regulatory Agreement, and all other documents evidencing or securing, or executed and delivered by Old Mortgagor in connection with, the Loan are collectively called the "Loan Documents." 124

B. The Mortgagee is presently the owner of the Loan and the holder of the Loan Documents, except the Regulatory Agreement. HUD is the holder of the Regulatory Agreement.

C. As provided in this Agreement, the Loan will be modified to make certain changes to the Loan, including the assumption of the Loan and the other obligations of Old Mortgagor by New Mortgagor.

D. Mortgagor has conveyed (or will convey) the Property to New Mortgagor, with the approval of HUD and Mortgagee, subject to the Loan Documents.

This instrument is being re-recorded to correct the reference to the Agreement of Assignment.

~~BOOK 08126 PP 0185~~**Statement of Agreement**

In consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

1. **Consent to Conveyance and Assumption.** Subject to the terms and conditions set forth in this Agreement, the Mortgagee consents to: (a) the conveyance, transfer and assignment of the Property from Old Mortgagor to New Mortgagor; and (b) the assumption by New Mortgagor of all of the rights and obligations of Old Mortgagor under the Loan and the Loan Documents.
2. **Assumption of Obligations.** New Mortgagor hereby assumes all of the rights and obligations of Old Mortgagor under the Loan and the Loan Documents (to the extent not released or cancelled).
3. **Acknowledgment of Indebtedness.** Mortgagee and New Mortgagor acknowledge and agree that, as of the date hereof, the principal balance of the Loan is \$1,427,871.00. New Mortgagor acknowledges and agrees that the Loan, as evidenced and secured by the Loan Documents, is a valid and existing indebtedness payable by New Mortgagor to Mortgagee.
4. **Amendment of Loan Documents.** Each of the Loan Documents is hereby amended to incorporate the modifications provided for in this Agreement. All references to the Old Mortgagor in the Loan Documents (to the extent not released or cancelled) shall be deemed to be references to the New Mortgagor. All references in the Loan Documents (to the extent not released or cancelled) to any other documents evidencing and/or securing the Loan shall be deemed to be references to such other documents as amended by this Agreement.
5. **The HOME Investment Partnership Act Requirements.** The New Mortgagor hereby agrees and covenants that it shall comply with the requirements, terms and conditions of the HOME Investment Partnership Act (42 U.S.C. 3535(d) and 12701-12839) and the regulations issued pursuant thereto at 24 C.F.R. Part 92, including but not limited to the following agreements and covenants of New Mortgagor that it:
 - (a) shall subject the "HOME Assisted Unit(s)" to the per-Unit expenditure, occupancy, and rental controls imposed by the HOME Regulations;
 - (b) shall comply with the housing quality standards found at 24 C.F.R. Section 882.109 and shall comply with all applicable local codes, construction standards, ordinances and zoning ordinances;
 - (c) shall comply with the affordability requirements pursuant to 24 C.F.R. Section 92.252 and shall keep the HOME Assisted Unit(s) affordable for a period of ten (10) years (the "Period of Affordability") from the date of

~~BOOK 08126-0186~~

acquisition, regardless of the length of the mortgage securing the Loan or transfer of the ownership of the Property;

- (d) shall include those required provisions and shall exclude those prohibited provisions set out at 24 C.F.R. Section 92.253 in its leases of the HOME Assisted Unit(s) located in the Project;
- (e) shall initially occupy the one hundred six (106) HOME Assisted Unit(s) with very low income families with at least 20% of the households having incomes which are no more than 50% of the median income and who pay as a contribution toward rent not more than 30% of the family's monthly adjusted income as determined by HUD, or bearing rents not greater than Thirty Percent (30%) of the gross income of a family whose income equals Fifty Percent (50%) of the median income for the area as determined by HUD, with adjustments for family size, and the remaining HOME Assisted Unit(s) in the Project shall be occupied by families with incomes which are no more than Sixty Percent (60%) of the median income for the areas as determined by HUD, who pay as a contribution toward rent the lesser of the Fair Market Rent established by HUD under 24 C.F.R. Section 888.111, as adjusted for utilities and services, or who pay as a contribution toward rent an amount that does not exceed Thirty Percent (30%) of the family's monthly adjusted income as determined by HUD;
- (f) shall cause or require to be inserted in full in all contracts and subcontracts financed in whole or in part with the HOME Funds the Section 3 clause set forth at 24 C.F.R. Part 135;
- (g) shall comply with 24 C.F.R. Part 24 and shall require all of its contractors and subcontractors to certify that neither they nor their principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in activities funded with the HOME Funds;
- (h) shall make a good faith effort to achieve the goals set by the Mortgagee for the utilization of minority business enterprises and women business enterprises in the procurement of property and services;
- (i) shall subject the one hundred six (106) HOME Assisted Unit(s) to rent limitations for a period of not less than ten (10) years commencing on the date of acquisition and shall not charge rent on the HOME Assisted Unit(s) greater than the lesser of the rents published annually by HUD for the number of bedrooms of the HOME Assisted Unit(s) or a rent does not exceed Thirty Percent (30%) of the adjusted income of a family whose gross income equals Sixty-five Percent (65%) of the median income for

the area, as determined by HUD, with adjustments for the number of bedrooms of the HOME Assisted Unit(s);

- (j) shall adopt and comply with regulations concerning displacement, relocation and acquisition, as required by Mortgagee in accordance with 24 C.F.R. Section 92.353;
- (k) shall adopt and comply with the Affirmative Marketing Plan adopted by Mortgagee for HOME assisted housing containing five or more housing Unit(s);
- (l) shall make the Project available to all persons regardless of religion, and shall not use any religious or membership criteria for selecting tenants of the Project;
- (m) shall include in any contract for the construction of the Project a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276(a-5)) will be paid to all laborers and mechanics employed in the development of the affordable housing involved, and such contracts shall also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332), the Copeland "Anti-Kickback Act," and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs); and
- (n) shall comply with 24 C.F.R. Part 24 and shall require all of its contractors and subcontractors to certify that neither they nor their principals are presented debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in activities with HOME Funds.

6. **Financial Statements.** New Mortgagor shall furnish its certified annual financial statements to Mortgagee within ninety (90) days of the close of its fiscal year.

7. **Inconsistencies.** To the extent that the provisions of this Agreement are inconsistent with the provisions of any of the Loan Documents, the provisions of this Agreement will control and the Loan Documents will be deemed to be amended hereby. As amended hereby, the provisions of the Loan Documents will remain in full force and effect.

8. **Captions.** The captions to the sections of this Agreement are inserted for convenience of reference only, and are not intended to govern, limit or aid in the construction or interpretation of any provision of this Agreement.

9. **Multiple Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be an original, but all of which, taken together, will constitute one and the same Agreement.

10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Kentucky (without regard to Kentucky conflicts of laws principles).

11. **Severability.** If any provision of this Agreement is found invalid under applicable law by a court with jurisdiction, the invalid provision will be considered excluded from this Agreement and will not invalidate the remaining provisions of this Agreement.


BOOK 08126 0189

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first hereinabove written.

DIRECTIONS APARTMENTS, LLC,
a Kentucky limited liability company

By: New Directions Housing Development, LLC,
Manager

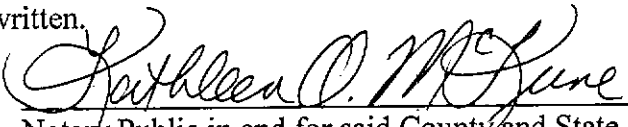
By: New Directions Housing Corporation, Member

By: 
Name: **Joseph E. Gliessner, Jr.**
Title: **Executive Director**

STATE OF KENTUCKY)
COUNTY OF JEFFERSON) ss:

On this 23rd day of April, 2003, before me, Kathleen O. McKune, a Notary Public in and for said County and State, personally appeared **Joseph E. Gliessner, Jr.**, duly commissioned and sworn, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the persons or the entities on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.


Notary Public in and for said County and State

My commission expires 10-2-2004.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, a Kentucky local government

By: Melina Barry
Title: Director

STATE OF Kentucky
COUNTY OF Jefferson) ss:

On this 25th day of April, 2003, before me, Patricia A. Baker, a Notary Public in and for said County and State, personally appeared Melissa Barry, duly commissioned and sworn, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the persons or the entities on behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

Patricia A. Baker
Notary Public in and for said County and State

My commission expires 4-2-2006

[SEAL]

BOOK 08126-0191

Preparer's Certification:

THIS INSTRUMENT WAS PREPARED BY:



Kathleen O. McKune
T. Gregory Ehrhard
Stites & Harbison
400 West Market Street
Suite 1800
Louisville, Kentucky 40202
(502) 587-3400

BOOK 08126 0192

TRACT 1

01-008F-0046-0000

Beginning on the West side of Amy Avenue 120 feet North of West Muhammad Ali Blvd (f/k/a Michigan Drive); thence Northwardly along the West side of Amy Avenue 40 feet, more or less to an alley; thence West along the South side of said alley 59 feet 6 inches to a point 304 feet 8 inches East of 39th Street as measured along the South line of said alley; thence Southwardly an parallel with 39th Street, 40 feet; thence Eastwardly And parallel with West Muhammad Ali Blvd 59 feet 1-1/2 inches to the point of beginning.

TRACT 2

01-008F-0045-0000

Beginning in the West line of Amy Avenue (improved) at a point 80 feet Northwardly from the North line of West Muhammad Ali Blvd (f/k/a Michigan Avenue); running thence Northwardly with said line of Amy Avenue 40 feet to the South line of the lot conveyed to S. J. Smock and wife, in Deed Book 1364, Page 426, in the office of the Clerk of Jefferson County, Kentucky; thence West with the South line of said Smock Lot, 59 feet 1-1/2 inches to the West line of the lot conveyed to Lizzie L. Daffron by Deed of record in Deed Book 1298, Page 537, in the aforesaid office; thence Southwardly With same and parallel with 39th Street, 40 feet; thence Eastwardly 58.74 feet, more or less to point of beginning.

TRACT 3

06-043F-0001-0000

Being lots 5 and 6, Germfan Insurance Subdivision, a plat of which is recorded in Plat and Subdivision Book 1, Page 119, in the Office of the Clerk of Jefferson County, Kentucky.

~~BOOK 0812600193~~

TRACT 4

06-043B-0077-0000

Beginning at the intersection of the South line of Broadway with the East line of Western Parkway (as established in Deed Book 798, Page 245, in the Office of the Clerk of Jefferson County, Kentucky); running thence Eastwardly with the aforesaid line of Broadway, 95 feet and extending back Southwardly between parallel lines, the Western line of said lot being coincident with the aforesaid line of Western Parkway, 160 feet to an alley.

TRACT 5

01-006D-0017-0000

Parcel A: Being lot 20 and the North 11 feet in width of lot 21, Block 2, Doerhoefer's amended Plat of Shawnee Terrace, plat of which is of record in Plat and Subdivision Book 1, Page 79, in the Office of the Clerk of Jefferson County, Kentucky.

01-006D-0018-0000

Parcel B: Being lot 38, Revised plan of Doerhoefer's 44th Street Subdivision, Plat Of which is of record in Plat and Subdivision Book 4, Page 43, in the Office of the Clerk of Jefferson County, Kentucky.

TRACT 6

08-032H-0076-0000

Beginning at the North corner of Floyd Street and Magnolia Avenue thence running Northwardly along the West line of Floyd Street 60 feet and extending back Westwardly the same width throughout, between lines parallel with Magnolia Avenue 115 feet to the East line of the property conveyed to Abbie P. Ellingsworth, by deed of record in Deed Book 1085, Page 179, in the office of the Clerk of Jefferson County, Kentucky.

TRACT 7

01-008F-0123-0000

Beginning at the intersection of the North line of West Muhammad Ali Blvd (f/k/a Michigan Drive) with the East line of the lot conveyed to Henry Schlenk, by deed of record in Deed Book 309, Page 251, in the Office of the Clerk of Jefferson County, Kentucky; thence West with the North line of West Muhammad Ali Blvd 42 feet 4 inches; thence at right angles Northwardly 125 feet; thence Eastwardly 43 feet 11-1/4 inches to the East line of the tract conveyed to Henry Schlenk mentioned aforesaid; thence South with said East line 125.01 feet to the beginning.

TRACT 8

01-007D-0079-0000

Being the Western 40 feet of Lot 37 and the Eastern 10 feet of Lot 36 in F. C. Frederick's West End Subdivision, plat of which is of record in Deed Book 448, Page 640, in the Office of the Clerk of Jefferson County, Kentucky.

TRACT 9

01-008A-0056-0000

Being Lot 13, Parkside Drive Addition, plat of which is of record in Plat and Subdivision Book 3, Page 2, in the Office of the Clerk of Jefferson County, Kentucky.

TRACT 10

08-030G-0043-0000

Parcel A: Beginning at the Southeast corner of Kentucky and Second Streets; running thence Eastwardly along the South side of Kentucky Street 50 feet, and extending back Southwardly of that width throughout, the Western line of said lot binding on the Easterly line of Second Street, 110 feet.

08-030G-0044-0000

Parcel B: Beginning on the South side of Kentucky Street, 50 feet East of Second Street; running thence Eastwardly along the South side of Second Street 40 feet, and extending back Southwardly of the same width between lines parallel with Second Street, 110 feet.

08-030G-0045-0000

Parcel C: Beginning at a point on the South side of Kentucky Street 90 feet East of Southeast corner of Second and Kentucky Streets; thence Eastwardly with the South side of Kentucky Street 50 feet and extending back Southwardly between lines parallel with Second Street 200 feet to a 20 foot alley.

TRACT 11

01-007J-0097-0000

Beginning at a point in the East line of Thirty-Fourth (34th) Street, 61 feet North of the North line of Chestnut Street; running thence North along the East line of Thirty-Fourth (34th) Street, 100 feet to a stake in the South line of an alley; running thence East along the South line of said alley, 100 feet; thence South, parallel to the East line of Thirty-Fourth (34th) Street, 100 feet; thence West, parallel to the North line of Chestnut Street, 100 feet to the beginning.

~~BOOK 0812600195~~

TRACT 12

01-003F-0111-0000

Beginning on the West side of Thirty-eighth (38th) Street, 37-55/100 feet South of
Herman Street; running thence Southwardly along the West side of Thirty-eighth (38th)
Street, 50 feet, and extending back Westwardly of the same width, between lines Parallel
with Herman Street, 140 feet to an alley. Being the south 5 feet of Lot 15, all of Lot 16,
and the Northern 5 feet of Lot 17 of Pusey Addition, recorded in Plat and Subdivision
Book 3, Pages 57 and 58, in the Office of the Clerk of Jefferson County, Kentucky.

BEING the same property acquired by Directions Apartments, LLC, a Kentucky
limited liability company by Special Warranty Deed dated April 28,
2003 and recorded in Deed Book 8126 Page 135 in the Office of the Clerk of
Jefferson County, Kentucky.

Document No.: DN2003091380
Lodged By: stites & harrison
Recorded On: 04/28/2003 01:52:11
Total Fees: 29.00
Transfer Tax: .00
County Clerk: Robbie Holsclaw-JEFF CO KY
Deputy Clerk: TERHIG

END OF DOCUMENT

Document No.: DN2003103289
Lodged By: STITES & HARRISON
Recorded On: 05/12/2003 02:29:17
Total Fees: 29.00
Transfer Tax: .00
County Clerk: Robbie Holsclaw-JEFF CO KY
Deputy Clerk: TERHIG