

<u>Development Financing</u>		
CDBG/HTF/HOME	1,500,000	10.57%
PHFA PennHOMES	0	0.00%
Limited Partner Equity	11,809,135	83.19%
Somerset Refinancing	456,000	3.21%
Deferred Developer's Fee	430,468	3.03%
Other		0.00%
<b>Total Financing</b>	<b>\$ 14,195,603</b>	<b>100.00%</b>

<b>PRA Maximum Rates</b>	
50% or \$1.5 million	

<u>Development Costs</u>		
<u>Construction Costs</u>		
General Requirements	\$ 528,000	
Site Improvements	490,325	
Structures	8,789,218	
Bond Premium	98,888	
Builders Profit & Overhead	534,465	
Construction Contingency	260,822	2.47%
Other: Insurance	82,016	
Other: Security	50,000	
<b>Total Construction Costs</b>	<b>\$ 10,833,734</b>	
<u>Soft Costs</u>		
Architectural - Design	\$ 235,000	
Architectural - Supervision	93,000	
Engineering Fees	85,000	
Environmental Assessment	23,200	
Soil Borings	15,000	
Survey & Civil	25,000	
Permits	70,000	
Real Estate Taxes	35,000	
Construction Insurance	95,000	
Title & Recording	45,000	
Market Study/Appraisal	7,000	
Property Appraisal	3,500	
Legal - Development	40,000	
Accounting	20,000	
Cost Certification	32,000	
Rent-Up/Marketing	10,000	
Furniture & Decoration	30,000	
Zoning	5,000	
<b>Soft Costs Subtotal</b>	<b>\$ 868,700</b>	
<u>Financing fees</u>		
PHFA Fees	\$ 2,500	
PHFA Closing	6,258	
Tax Credit Allocation Fee	1,000	
Tax Credit Compliance/Asset Monitoring	36,800	
<b>Financing Fees Subtotal</b>	<b>\$ 46,558</b>	
<b>Total Soft Costs</b>	<b>\$ 915,258</b>	

<b>PRA Maximum Rates</b>	
2.5% (nc)/5.0%(rehab) - 10.0%	
\$ 385,952	ok
\$ 128,651	ok
\$ 40,000	ok
\$ 178,740	ok
\$ 2,383,198	ok

Property Acquisition	\$ 167,000
<b>Total Replacement Costs</b>	<b>\$ 11,915,992</b>
<u>Reserves</u>	
Operating Reserve	\$ 221,923
Tax & Insurance Escrow	100,000
Social Service Reserve	0
Transition Reserve	0
Other-	
<b>Reserves Subtotal</b>	<b>\$ 321,923</b>
<b>Total Replacement Costs Plus Reserves</b>	<b>\$ 12,237,915</b>
<b>Developer's Fee</b>	<b>\$ 1,500,000</b>
<u>Syndication Fees</u>	
Legal	\$ 36,000
Accounting/Bridge Loan Fees	57,500
Bridge Loan Interest	324,188
Compliance Monitoring	40,000
<b>Syndication Fees Subtotal</b>	<b>\$ 457,688</b>
<b>Total Development Costs</b>	<b>\$ 14,195,603</b>

<b>PRA</b>	
\$ 1,174,899	
\$ 40,000	ok

Total Units	50
Total Sq. Ft.	45,640

	per unit	per sq ft
Total Construction Costs	\$ 216,675	\$ 237
Total Replacement Costs	\$ 238,320	\$ 261
Total Development Costs	\$ 283,912	\$ 311
Replacement Cost + Dev Fee	288319.84	\$ 294

\$ 225
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## DEVELOPMENT COSTS NARRATIVE

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1. **General Requirements:** General Requirements are projected at \$528,000, 6% of construction costs. Builder's overhead, builder's profit, bond premium, construction contingency and building permits are not included in this calculation. General Requirements of the general contractor will include, but are not limited to: attendance at development meetings; submittal of construction schedules, shop drawings, and progress reports; supplying of temporary facilities, controls, and utilities; handling of material and equipment including transportation and storage of materials; and development close-out requirements including clean up, final inspection, and punch list.
2. **Site Improvements:** Line item related to site work during construction.
3. **Structures:** Costs related to construction of a 4 story mid-rise multifamily structure per the plans and specifications.
4. **Bond Premium:** The contractor will procure a Performance Bond and a Payment Bond, projected at \$98,888.
5. **Builder's Overhead and Profit:** Builder's Overhead is projected at \$534,465 of the construction costs, which includes General Requirements.
6. **Construction Contingency:** A construction contingency is budgeted to pay for additional construction costs that may result from unforeseen circumstances arising during construction projected at \$260,822 (3% of construction costs).
7. **Insurance:** Builder's Risk insurance to be secured prior to construction start projected at \$82,016.
8. **Security:** Costs associated with the contracting of a private security company to monitor site while the structure is under construction.
9. **Architect Fees:** Architectural fees are projected at \$328,000 with 75% for design services and 25% for construction administration.
10. **Engineering Fees:** Professional fees for civil engineering services and other building engineers hired by architect during design development projected at \$85,000.
11. **Environmental Assessments:** Phase I and Phase II reports.
12. **Soils/Structural Report:** Professional fees for geotechnical study to evaluation soil compaction and structural recommendations
13. **Survey and Civil:** Professional fees associated with a meets and bounds and topography survey.
14. **Building Permits:** Contractor will secure permits. The cost of all permitting is estimated at \$70,000.
15. **Real Estate Taxes (first year escrow):** Based on experience with similar properties we are projecting a \$35,000 expenses for year 1.
16. **Construction Insurance:** Builder's Risk Insurance for Sponsor of the development.
17. **Title & Recording:** Costs associated with title and recording for site acquisition of the land from the City of Philadelphia at a nominal amount.
18. **Market Study:** Professional fees for market study consultant

## DEVELOPMENT COSTS NARRATIVE

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19. **Appraisal:** Professional fees to conduct appraisal on the property.
20. **Legal Fees:** Fees for developer's counsel projected at \$40,000.
21. **Accounting:** Organizational expense for fiscal management during construction of the development.
22. **Cost Certification:** Accounting costs for completing audits or cost certifications required by the Agency or another governmental entity providing funds to the development projected at \$10,000.
23. **Rent-Up:** Costs associated with pre-operational expenses incurred during the 120 day period prior to initial occupancy.
24. **Furnishings:** Furniture and equipment for office and common areas.
25. **Zoning:** Fees associated with application for zoning variance.
26. **Operating Reserve:** Operating expenses to include reserve deposits projected at \$221,923.
27. **Tax & Insurance Escrow:** Projected at \$100,000 based on historical expense for similar properties.
28. **Developer's Fee: Compensation to** developer for staff time, effort and work involved in the development of the property, to include HACE's expenses, overhead, consulting fees or other fees and costs that are above the maximums allowed by the Agency.
29. **Legal Fees:** Fees associated with bridge loan.
30. **Bridge Loan Fees and Expenses:** Costs associated with bridge loan financing to cover equity installments per letter provided by PNC Real Estate Tax Credit Capital.
31. **Bridge Loan Interest:** Costs associated with bridge loan financing to cover equity installments per letter provided by PNC Real Estate Tax Credit Capital listing interest Bridge loan interest, through the construction period only.
32. **Compliance Monitoring:** Compliance & Monitoring costs as per PHFA's agency fee schedule. This payment of \$800 per unit is due upon Cost Certification. Total Asset Monitoring Costs were calculated as follows: \$800 (per unit) x 50 (total units) = \$40,000.



November 6, 2014

**Via E-Mail**

Maria Gonzalez  
President and CEO  
Hispanic Association of Contractors and Enterprises (“HACE”)  
167 West Allegheny Avenue  
Philadelphia, PA 19140

Casa Indiana, L.P. (the “Partnership”)  
Casa Indiana Apartments, Philadelphia, PA (the “Property”)

Estimado Senora Gonzalez:

Thank you for the opportunity to present this commitment to make an equity investment in your Partnership. This letter outlines certain terms and conditions that would be the basis of a partnership agreement (the “Partnership Agreement”), to be entered into among the General Partner listed below (the “General Partner”), PNC Bank, National Association as the investment limited partner (“PNC”), and a corporation affiliated with PNC as the special limited partner (the “Special Limited Partner”).

Based on the information you provided to us, we have prepared this letter under the following terms and assumptions:

**1. PARTNERSHIP INTERESTS**

<b><u>GENERAL PARTNER</u></b>	<b><u>GP STATUS</u></b>	<b><u>TAX STATUS</u></b>
An affiliate of HACE	General Partner	Taxable Non-Profit
<b><u>INVESTMENT LIMITED PARTNERS</u></b>	<b><u>LP/ STATUS</u></b>	<b><u>TAX STATUS</u></b>
PNC Bank, National Association	Investment Limited Partner	For Profit
Affiliate of PNC Bank, National Association	Special Limited Partner	For Profit

**Other Participants**

Developer            HACE (the "Developer")  
 Guarantor            HACE (the "Guarantor")

**Property**

The Property will have 39 one-bedroom and 11 two-bedroom apartments targeted to older households ages 55 and older and will be located in Philadelphia, PA. The property will have no market rate units and 50 tax credit units.

**2. PARTNERSHIP TAX CREDITS**

**NEW  
 CONSTRUCTION**

Annual Tax Credit Reservation	\$1,146,517
Assumed Tax Credit Rate	7.55%
Total Tax Credits	\$11,456,517

**3. PROJECT TIMING**

<b><u>KEY PROJECT BENCHMARKS</u></b>	<b><u>ESTIMATED DATE</u></b>
Investment Limited Partner Admission	March 2016
Construction Start	March 2016
Construction Completion	March 2017
Leasing Start	March 2017
Leasing Completion	July 2017
Achievement of Stabilized Operations, as defined in Section 4.	October 2017
Receipt of State Designation (form 8609(s))	March 2018

**4. INVESTMENT LIMITED PARTNERSHIP CAPITAL CONTRIBUTION**

Assuming the foregoing material assumptions (including the availability of all of the financing sources listed in Section 7) are accurate, and subject to the terms and conditions set forth in this letter (including without limitation Section 9), and to the terms and conditions which would be included in the Partnership Agreement, PNC agrees to make a capital contribution to the Partnership payable in installments.

If PNC's acquisition review committee (the "ARC Committee") approves the equity investment in the Partnership, execution of the Partnership Agreement and the admission of PNC and the Special Limited Partner will occur no sooner than ten (10) business days following the approval. Each installment will be due within ten (10) business days of PNC's receipt and approval of documentation evidencing the satisfaction of the installment(s) and previous installment(s) conditions as follows:

	<b>Capital Contribution</b>	<b>Tax Credit Price</b>
Low-Income Housing Tax Credit	\$11,809,135	100%

**FIRST INSTALLMENT                      \$590,457 or 5.00% of \$11,809,135**

- A. Fully Executed Partnership Agreement.
- B. Valid tax credit reservation/allocation.
- C. Acceptable owner's title insurance policy or endorsement.
- D. Fully executed construction and permanent loan documents.
- E. Receipt of building permits or will issue letter.
- F. The Property due diligence in form and substance acceptable to PNC
- G. Unqualified tax opinion from PNC's legal counsel.

**SECOND INSTALLMENT                      \$590,457 or 5.00% of \$11,809,135**

- A. Receipt of certificates of completion for all buildings
- B. Receipt of the architect's certificate of substantial completion
- C. Lien-free completion of the improvements in a workman-like manner.
- D. Verification that the Property and the Partnership are covered by insurance.
- E. No earlier than March 1, 2017.

**THIRD INSTALLMENT                      \$9,447,308 or 80.00% of \$11,809,135**

- A. Maturity of the PNC Bridge Loan
- B. No earlier than 18 months after initial closing.
- C. No earlier than September 1, 2017.

The Third Installment shall repay a bridge loan (the "PNC Bridge Loan"). Following the full disbursement (less any required retainage) the City of Philadelphia loan and the Somerset Refinancing Loan listed in Section 7 of this letter, the PNC Bridge Loan would be funded in monthly disbursements upon receipt of draw request documentation acceptable to PNC. The draw documentation shall include, but not be limited to, the following: Application and Certification For Payment (AIA Document G702 and G703), support documentation of expenditures, documentation review and written confirmation from the Project inspecting architect and a third-party inspecting architect approved by PNC, updated title endorsement, and Conditional Waiver and Release Upon Progressive Payment (lien waiver) executed by the General Partner and General Contractor. The terms and conditions of the PNC Bridge Loan are described in a term sheet that we are submitting with this letter

**FINAL INSTALLMENT                      \$1,180,913 or 10.00% of \$11,809,135**

- A. Receipt and review of the final cost certification prepared by the Partnership Accountant.
- B. 100% initial occupancy of 100% of the units by tax credit qualified tenants
- C. Achievement of Stabilized Operations (as defined below) for 3 consecutive months

- D. IRS Form(s) 8609 for each building and an executed and a recorded copy of the Regulatory Agreement.
- E. No earlier than March 1, 2018.

Stabilized Operations is the first time at which, based upon three consecutive full months of operations, the actual rental income received on a cash basis has exceeded operating expenses and replacement reserves 1.15 times on an accrual basis, as certified by an independent accountant. Operating expenses that are expected to vary seasonally shall be included monthly at one-twelfth of their anticipated amounts.

## **5. GENERAL PARTNER OBLIGATIONS**

### **Construction Completion**

HACE (the "Guarantor") shall guarantee lien-free construction completion of all improvements substantially in accordance with the approved plans and specifications. The Developer and the Guarantor shall fund any development cost overruns through the achievement of all of the conditions for the payment of the Final Installment, and such overruns will not be reimbursed by the Partnership.

### **Operating Deficits**

The Developer and Guarantor will guarantee the funding of any operating deficits for a minimum of five years following the satisfaction of all of the conditions of the Final Installment, in an amount to be determined during due diligence.

### **Tax Credit Adjustments**

The timing and amount of the tax credits received by PNC is a critical component of its return. To the extent the actual tax credit delivery differs from the agreed-upon tax credit delivery schedule, PNC's capital contribution will be modified downward or upward as agreed determined during due diligence review. To the extent that PNC's remaining capital is not sufficient to cover the adjustment, the General Partner and Guarantor will be required to contribute the difference as capital.

### **Repurchase Obligations**

If certain sponsor, development, operational or tax credit benchmarks (such as placement in service, failure to receive historic designation, if applicable, issuance of 8609s, Mortgage Commencement or Stabilized Occupancy) are not achieved by outside dates to be specified in the operating agreement for the Partnership, or if an event of default has occurred with respect to any loan on the Property, or there is a bankruptcy of the General Partner or Guarantor, the General Partner may be obligated to repurchase the Partnership Interests for a price equal to the sum of (a) the product of (i) the amount of the previously contributed capital less the amount paid for credits taken and not subject to recapture and (ii) interest at a rate to be determined and (b) recapture penalties and expenses.

### **Guarantor**

The Guarantor shall unconditionally guarantee all obligations of the General Partner and Developer.

**6. PARTNERSHIP RESERVES**

**Operating Reserve Account**

The Operating Reserve Account of \$221,923 will be funded with the Second Installment. Any portion of the Operating Reserve that is not advanced to cover operating deficits shall remain in the Partnership for the entire 15-year compliance period to cover any deficits that may arise during the period. Any withdrawals from the Operating Reserve shall require the prior written approval of the Special Limited Partner.

**Tax and Insurance Escrow Account**

The Tax and Insurance Escrow Account of \$100,000 will be funded with the Second Installment. The Tax and Insurance Escrow Account shall be used to cover cost of property taxes and insurance during the Property's first year of operations. Any withdrawals from the Tax and Insurance Escrow Account shall require the prior written approval of the Special Limited Partner.

PNC acknowledges that any funds that remain in any of the above reserves and escrow accounts at the end of the 15-year compliance period shall be used either to pay down debt or otherwise remain with the Property during the entire 30-year extended use period.

**7. FINANCING SOURCES**

The General Partner shall provide to PNC for its review and approval, copies of any grant agreements, loan commitments or financing documents for all financing sources. PNC's commitment to make an equity investment is contingent upon the availability of all of the financing sources listed below or replacement sources of equivalent amounts and terms. The anticipated sources are as follows:

**Interim Sources of Funds**

<b>Lender/Provider</b>	<b>Amount</b>	<b>Index</b>	<b>Spread</b>	<b>Rate</b>	<b>Funding-Type</b>
City Loan of HOME/CDBG/HTF Funds	\$1,500,000	N/A	0.00%	0.00%	Draw
Somerset	\$456,000	N/A	0.00%	0.00%	Draw
PNC Bridge Loan	\$9,447,308	One Month LIBOR	2.50%	2.70%	Draw

The PNC Bridge Loan shall be funded on a draw basis following the full disbursement of the City of Philadelphia loan and the Somerset Refinancing loan, less any required retainage. The PNC Bridge Loan shall have a term of 18 months. The PNC Bridge Loan will have an interest rate of the One Month LIBOR plus 20 bps, floating (2.70% as of the date of this letter). PNC shall receive an origination fee for the PNC Bridge Loan of \$47,236. The Partnership shall also pay PNC's legal costs for the bridge loans, which are \$16,000 and which are included in the development budget. We are submitting a term sheet more fully describing the terms and conditions of the PNC Bridge Loan along with this letter.

**Permanent Sources of Funds**

<b>Lender/Provider</b>	<b>Amount</b>	<b>Soft</b>	<b>Term</b>	<b>Rate</b>	<b>Amortization</b>
City Loan of HOME/CDBG/HTF Funds	\$1,500,000	Yes	360	2.00%	N/A
Somerset	\$456,000	Yes	360	0.00%	N/A
Deferred Developer Fee	\$430,468	Yes	360	0.00%	N/A

PNC has reviewed the debt sources above and has concluded that the funds can be repaid by the Property at the maturity of the loans. All financing commitments shall provide PNC with notice and cure rights, unrestricted transferability of its interests to PNC affiliates, and the ability to remove the General Partner for cause according to the terms of the Partnership Agreement.

#### **8. INVESTOR SERVICES FEE**

The Property's operating budget shall include an annual investor services fee equal to \$65 per tax credit unit, increasing 3% annually.

#### **9. DUE DILIGENCE AND TERMINATION**

##### **Exclusive Right to Acquire**

The General Partner grants PNC the exclusive right to acquire the interest commencing on the date of the initial execution of this letter by the General Partner and terminating 60 days after receipt by PNC of all due diligence documents which are more fully described in the syndication binder that will be sent to the General Partner upon receipt of a valid tax credit reservation and an executed letter following reservation that more fully describes the terms and the conditions of the investment.

##### **Scope of Due Diligence**

During the due diligence period, PNC will conduct a due diligence review and negotiate with the General Partner, in good faith, the terms and provisions of mutually acceptable legal documentation. The due diligence review will include, without limitation, the verification of factual representations made by the General Partner, a review of the Property and Partnership documents, a site visit, and an evaluation of the following: the experience and expertise of the General Partner, General Contractor, architect and Property Manager; the financial condition of the Developer and Guarantor, including a review of the Developer's other properties; a Property area market study; if applicable, an appraisal of the Property; the construction schedule; the total development budget (including, if applicable, sufficient interest reserves for the development period); the construction plans and specifications; the residual potential of the Property and a capital account analysis; Property title, title insurance, and available endorsements; the Property survey; Phase I environmental assessment and all subsequent reports; the tax credit reservation; confirmation that no member of the development team has defaulted on any PNC credit or equity facility; and other relevant factors. PNC may also commission consultants to perform market analysis, construction, insurance, and environmental reviews. PNC's commitment to make its investment in the Partnership is subject to satisfactory due diligence review.

### **Price and Assumptions**

The price and terms as well as the assumptions and statements in this letter are based upon information provided by and representations made by or at the direction of the General Partner. They are also premised upon admission of PNC as a limited partner by March 1, 2016, unless this date is extended in writing by PNC. The price and terms are also subject to due diligence review and approval of the transaction by the ARC Committee. If, at any time, any event occurs and becomes known to the General Partner which results in the assumptions and statements contained herein to be untrue or misleading, the General Partner agrees to immediately notify PNC of the event(s) and will provide information which will correct the assumptions and/or statements. If the facts as they develop differ materially from the assumptions previously set forth, PNC shall have the right, at its option, either to re-negotiate the terms of this letter or to terminate this letter. PNC's commitment is conditioned upon mutual agreement between PNC and the General Partner and Developer on the terms of the closing documents. PNC also reserves the right, at its option, either to re-negotiate the terms of this letter or to terminate this letter in the event of a change or a proposed change in Federal income tax laws or regulations which would have an effect on the benefits that PNC expects to receive.

### **Termination**

This transaction may be terminated due to: (i) failure by the General Partner to negotiate in good faith, (ii) failure by the General Partner to provide due diligence documentation satisfactory to PNC, (iii) sale or intent to sell an interest in the Partnership to another purchaser, or (iv) any misrepresentation by the General Partner of a material factual matter. In the event that the transaction is terminated for these reasons, the General Partner shall reimburse PNC for all of its due diligence and transaction costs, including but not limited to legal expenses, appraisals and market studies, environmental, insurance and engineering reviews, and site visits. This letter of intent shall automatically expire, unless extended in writing, the earlier of March 1, 2016 or when the General Partner is informed that it has not received an allocation of tax credits from the State Agency.

### **Confidentiality**

The General Partner acknowledges that this letter of intent contains confidential information and agrees not to disclose either orally or in writing its contents to any third party other than the General Partner's accountant(s) and attorney(s), the applicable state tax credit agency, and the General Partner's financing sources with respect to the Property, without the express prior written consent of PNC, and further agrees to advise its representatives that the representatives shall not disclose either orally or in writing the contents of this letter of intent.

We look forward to working with you on this and future partnerships.

Sincerely:

**PNC Bank, National Association**



Date: 11/1/2014

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Macy Kisilinsky, Vice President, Acquisitions



TAX CREDIT CAPITAL

**VIA E-MAIL**

November 1, 2014

Maria Gonzalez  
President and CEO  
Hispanic Association of Contractors and Enterprises ("HACE")  
167 West Allegheny Avenue  
Philadelphia, PA 19140

**RE: Casa Indiana, L.P. - Equity Bridge Loan**

Estimado Senora Gonzalez:

I am pleased to provide you with the enclosed Summary of Terms and Conditions (the Summary") outlining the commitment of PNC Real Estate Tax Credit Capital to provide an equity bridge loan (the "Credit Facility" or the "PNC Bridge Loan") in the amount of \$9,447,308 to Casa Indiana, L.P. (the "Partnership"), which has been formed to own, develop, and manage a 50-unit single building rehabilitation development for elderly located in Philadelphia, Pennsylvania. This loan is offered in conjunction with the commitment letter from PNC Real Estate Tax Credit Capital to provide an equity investment in the Partnership as described in PNC's equity commitment letter of this date. This letter is subject to all of the conditions contained in PNC's equity commitment letter.

We look forward to working with you on this worthwhile transaction.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Macy Kisilinsky'.

Macy Kisilinsky  
Vice President, Acquisitions  
PNC Real Estate Tax Credit Capital

This is the Summary of Terms and Conditions (the "Summary") that is referenced in the Conditional Commitment Letter of PNC Real Estate Tax Credit Capital dated November 1, 2014 (the "Conditional Commitment Letter")

**Casa Indiana, L.P.**

**EQUITY BRIDGE LOAN – SUMMARY OF TERMS AND CONDITIONS**

- Borrower** Casa Indiana, L.P. (the "Borrower"), in which HACE or an affiliate serves as General Partner with a 0.01% interest, and PNC Real Estate Tax Credit Capital or an affiliate is the investment limited partner (the "Investment Limited Partner") with a 99.99% interest.
- Lender** PNC Bank, N.A. and its successors and assigns (the "Lender" or "PNC").
- Guarantee** Guarantees of completion and repayment shall be provided by HACE.
- Property** Casa Indiana (the "Property"), a 50-unit single building rehabilitation for affordable housing for Elderly to be located in Philadelphia. The Property will be operated pursuant to the Low Income Tax Credit Program of Section 42 of the Internal Revenue Code and 100% of the units will serve households making 60% or less of the area median income.
- Credit Facility** An equity bridge loan (the "PNC Bridge Loan") will be provided in the amount of \$9,447,308, to be repaid from equity provided by the Investment Limited Partner.
- Repayment** The PNC Bridge Loan will be repaid at maturity by the Third Installment of the Investment Limited Partner's capital contribution to the Borrower.
- Loan Term:** The PNC Bridge Loan will have a maturity date which is eighteen (18) months from initial closing, and in no event earlier than September 1, 2017 (assuming an initial closing date of March 1, 2016).
- Loan Funding** Subject to approval and closing, the PNC Bridge loan shall be funded in monthly disbursements following: the achievement of the conditions of the First Installment of PNC's Capital Contribution; the full funding of First Installment; the full disbursement of all other construction financing being provided to the Property (less any required retainage and subject to agreement with the other lenders); and receipt of draw request documentation acceptable to PNC, as described below.
- Payment** Interest accruing from the funding of the PNC Bridge Loan shall be payable monthly in arrears on the first day of each calendar month from the Interest Reserve in the estimated amount of \$240,000. The principal

amount of the PNC Bridge Loan will be repaid as described in the Repayment section above.

**Interest Rate**

Interest on the PNC Bridge Loan shall be calculated daily at a rate per annum (the "Initial Loan Rate") equal to One Month LIBOR plus 309 basis points, floating. For initial underwriting purposes, the interest rate on the bridge loan is estimated to be 2.70%. Interest shall be computed on the basis of the actual number of days elapsed over a year consisting of 360 days.

**Origination Fee**

The Origination Fee shall be \$47,236, payable at initial closing.

**PNC Bridge Loan  
Prepayment**

The PNC Bridge Loan may be prepaid in whole or in part without penalty or premium. Any amounts so prepaid may not be reborrowed.

**Expenses**

Reasonable out-of-pocket legal expenses incurred by PNC for the documentation of the PNC Bridge Loan shall be paid by the Borrower, and are expected to be \$16,000, the amount contained in the development budget. Payment by the Borrower of the legal fees incurred by PNC to document the PNC Bridge Loan shall not be contingent upon the closing of the Credit Facility.

**Collateral**

The PNC Bridge Loan shall be secured by the following:

A date-certain Funding Agreement from the Investment Limited Partner, and an assignment of the Investment Limited Partner's capital contributions.

A first priority perfected assignment of the construction contract, subcontracts, architectural agreements, plans and specifications, permits and all other construction-related documents and a first priority perfected security interest in all other assets of the Borrower related to the Property.

**Environmental  
Indemnity**

The Borrower and Guarantors shall indemnify and hold the Lender harmless from all liability and cost relating to the environmental condition of the Property and the presence thereon of hazardous materials.

**Inspecting Architect** In conjunction with its equity investment, PNC will engage an inspecting architect to review plans, specifications, and budgets of the Property and, on a monthly basis, inspect the Property and provide reports to PNC on such inspections.

**Construction  
Draws**

After the First Installment of the Investment Limited Partner and all other construction financing has been fully disbursed, draws on the PNC Bridge Loan will be permitted monthly during construction upon receipt and review by PNC of acceptable draw request documentation, including but not limited to: Application and Certificate for Payment (G702 and G703); draw request summary spreadsheet; supporting documentation of expenditures; documentation review and written confirmation by PNC's inspecting architect; funding certification executed by the Borrower; and Conditional Waiver and Release Upon Progressive Payment (lien waiver) executed by the General Contractor and the General Partner.

PNC will have the right to approve all construction draws regardless of whether PNC funds are being disbursed.

**Contract/Bonding**

The construction contract shall be a fixed price contract and the general contractor shall be bonded in a manner acceptable to PNC, or a letter of credit from a company acceptable to PNC shall be provided in a minimum amount of 25% of the total construction costs.

**Required Insurance**

The Borrower shall maintain such insurance coverages as may be specified by the Lender, in conjunction with the Investment Limited Partner. Such insurance shall include casualty and liability, covering all perils and in such amounts as PNC may require. All policies shall require 30 days notice to PNC before cancellation or amendment, and shall name PNC Lender as additional insured, as PNC may require.

**Governing Law**

Commonwealth of Pennsylvania.

**Conditions Precedent to Closing**

PNC will simultaneously underwrite the PNC Bridge Loan along with the equity investment of PNC Real Estate Tax Credit Capital in the Borrower. The underwriting of the PNC Bridge Loan will be based upon the same due diligence required for the PNC's equity investment. PNC's commitment to close the PNC Bridge Loan is subject to PNC's and its counsel's review and approval of the complete due diligence package as outlined in PNC's syndication binder. In addition, the following items are specifically required for the closing of the PNC Bridge Loan:

1. Lender Approval – Approval of the PNC Bridge Loan through PNC's necessary processes.
2. PNC Bridge Loan Documentation and Funding Agreements - All documentation relating to the PNC Bridge Loan, including the Funding Agreement with PNC Real Estate Tax Credit Capital or a related entity as the Investment Limited Partner.

3. Partnership Agreement - Executed Limited Partnership Agreement between the General Partner of the Borrower and PNC Real Estate Tax Credit Capital or a related entity as the Investment Limited Partner.
4. Opinion of Counsel - An opinion of the Borrower's and Guarantor's legal counsel as to the enforceability of the Loan Documents and other such matters as the Lender may require.