Budgets

- Development Pro Forma
- Operating Budget
- Tax Credit Summary
- List of Funding Sources and Status
- Funding Commitments

Development Financing

			PRA Maximum Rates
HTF/HOME	1,364,605	7.79%	50% or $1.5 million
CDBG	0	0.00%	
Limited Partner Equity	11,878,812	67.80%	
Deferred Developer's Fee	465,000	2.65%	
Other Assumed Debt	3,311,694	18.90%	
Other FHLB Pitt	500,000	2.85%	
Total Financing	$ 17,520,111	100.00%	

Development Costs

			PRA Maximum Rates
Construction Costs			
General Requirements	$ -		
Site Improvements	0		
Structures	9,135,980		
Bond Premium	148,003		
Builders Profit & Overhead	730,878		
Construction Contingency	500,743	4.99%	2.5% (nc)/5.0%(rehab) - 10.0%
Other: Building Permits	24,000		
Other:			
Total Construction Costs	$ 10,539,604		
Soft Costs			
Architectural - Design	$ 392,786		$ 341,498
Architectural - Supervision	130,929		$ 113,833
Engineering Fees	0		
Environmental Assessment	35,910		
Environmental Remediation	96,450		
Energy Audit	48,000		
Soil Borings/Strructural Report	20,000		
Survey	72,000		
Permits	0		
Real Estate Taxes	15,000		
Construction Insurance	21,600		
Title & Recording	75,040		
Market Study/Appraisal	13,750		
Property Appraisal	15,263		
Legal - Development	65,000		$ 40,000
Accounting	0		
Cost Certification	15,000		
Rent-Up/Marketing	0		$ 176,183
Furniture & Decoration	0		
Capital Needs Assessment	21,600		
Construction Servicing Fee	6,000		
Relocation	115,900		
Zoning	0		
Soft Costs Subtotal	$ 1,160,227		
Financing fees			
PHFA Fees	$ 7,500		
PHFA Closing	72,000		
Tax Credit Allocation Fee	1,000		
Cost Certification Fees	1,000		
Loan Fees -	0		
Financing Fees Subtotal	$ 81,500		
Total Soft Costs	$ 1,241,727		$ 2,349,101

		PRA
Property Acquisition	$ 1,185,000	
Land Acquisition	$ 315,000	
Other: Excess Assumed Debt	$ 1,811,687	
Total Replacement Costs	$ 15,093,018	
Reserves		
Operating Reserve	$ 160,000	
Tax & Insurance Escrow	0	
Social Service Reserve	240,000	
Transition Reserve	174,000	
Other- PHFA Development Contingency	0	
Reserves Subtotal	$ 574,000	
Total Replacement Costs Plus Reserves	$ 15,667,018	
Developer's Fee	$ 1,500,000	**$ 1,035,000**
Syndication Fees		
Legal	$ 10,000	$ 40,000
Organizational	$ 5,000	
Accounting	0	
Bridge Loan Interest	201,623	
Bridge Loan Fees & Expenses	98,069	
Compliance Monitoring	38,400	
Syndication Fees Subtotal	$ 353,093	
Total Development Costs	$ 17,520,111	

Total Units	48
Total Sq. Ft.	51,785

	per unit	per sq ft	PRA
Total Construction Costs	$ 189,721	$ 176	
Total Replacement Costs	$ 244,698	$ 227	
Total Development Costs	$ 285,770	$ 265	
Replacement Cost + Dev Fee	$ 345,688	$ 256	$ 225

Cost Analysis--Elevator Buildings (for Non-Elevator, see below)

Proposed Unit Mix					Blended per Unit Cost Allowable	
0 Bdrm	0	units @	$ 170,378	per unit	$ -	
1 Bdrm	0	units @	$ 196,447	per unit	$ -	
2 Bdrm	10	units @	$ 236,922	per unit	$ 2,369,220	
3 Bdrm	30	units @	$ 303,268	per unit	$ 9,098,040	
4 Bdrm	8	units @	$ 337,852	per unit	$ 2,702,816	
Totals	48				$ 14,170,076	
Cost per Unit Allowable			**$ 295,210**	***per unit***		
Cost per Unit for Project			**$ 314,438**	***per unit***	*Not Allowable*	Waiver Required?
					See Below	**YES**
Cost per Square Foot Allowable			***$ 225***	***psf***		
Cost per Sq. Ft. for Project			***$ 256***	***psf***	*Not Allowable*	
		120% of 221(d) limit:		106.51%		

HOME Maximum Subsidy			
Maximum 221(d) 3 limit	$ 295,210	per unit	allowable
OHCD HOME Funding	$ 28,429	per unit	

Developer's Fee Analysis/Maximum Developer's Fee Allowable for Project				
Total Replacement Cost	$	15,093,018		
less acquisition costs		(1,185,000)		
Basis for Developer's Fee ===>	$	13,908,018		
Total Fee Allowable	$	1,035,000		Waiver Required?
Developer Fee for Project	$	1,500,000	*Allowable*	**NO**
less reinvested dev. Fee	$	(465,000)		
Net Developer's Fee for Project	$	1,035,000		
	$	-		

Scope of Construction: rehab
(rehab or nc)

Elevator in Building? no
(yes or no)

Reviewed and confirmed by: ________________ Date: 11/20/14

If your project is a Non-Elevator Building, please cut and paste the below 221(d) limits into cells D96 through D 100:

$	170,378
$	196,447
$	236,922
$	303,268
$	337,852

Total Replacement Costs	$	15,093,018
Excess Assumed Debt	$	1,811,687
Actual Replacement Costs	$	13,281,332
Actual Per Unit	$	276,694

For accounting purposes, development budget includes existing debt in excess of the appraised value.
This is a non-cash expense to the project. Actual replacement costs are within the limits shown above.

2012 LIHTC
Operating Proforma

Exhibit B

Assumptions

Rental Income

Type	Unit Distribution <=20%	>20% - 50%	>50%	Total	Rents <=20%	>20%-50%	>50%	Total	Utility Allowance <=20%	>20%-50%	>50%	Total Housing Costs <=20%	>20%-50%	>50%
0 Bdr	0	0	0	0										
1 Bdr	0	0	0	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2 Bdr	1	5	4	10	$ -	$ 51	$ 177	$ 962	$ 179	$ 179	$ 189	$ 179	$ 230	$ 366
3 Bdr	1	15	14	30	$ 209	$ 176	$ 329	$ 7,441	$ 216	$ 220	$ 216	$ 425	$ 396	$ 545
4 Bdr	3	0	5	8	$ 191	$ -	$ 389	$ 2,516	$ 277	$ -	$ 287	$ 468	$ -	$ 676
Total	5	20	23	48			Total	$ 10,919						
% of Units	10%	42%	48%	100%				$ 131,028						

Trending Assumptions	
Income	2.0%
Expenses	3.0%
Vacancy	8.0%
Management Fee	8.0%

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Income from Operations															
Gross Rental Income	$ 131,028	$ 133,649	$ 136,322	$ 139,048	$ 141,829	$ 144,665	$ 147,559	$ 150,510	$ 153,520	$ 156,591	$ 159,722	$ 162,917	$ 166,175	$ 169,499	$ 172,889
Vacancy	10,482	$ 10,692	10,906	11,124	11,346	11,573	11,805	12,041	12,282	12,527	12,778	13,033	13,294	13,560	13,831
NET RENTAL INCOME	$ 120,546	$ 122,957	$ 125,416	$ 127,924	$ 130,483	$ 133,092	$ 135,754	$ 138,469	$ 141,239	$ 144,063	$ 146,945	$ 149,884	$ 152,881	$ 155,939	$ 159,058
Rental/Operating Subsidy	$ 296,854	$ 304,780	$ 311,803	$ 318,039	$ 324,400	$ 330,888	$ 337,506	$ 344,256	$ 351,141	$ 358,164	$ 365,327	$ 372,634	$ 380,087	$ 387,688	$ 395,442
Other Income - Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME	$ 417,400	$ 427,737	$ 437,219	$ 445,964	$ 454,883	$ 463,981	$ 473,260	$ 482,725	$ 492,380	$ 502,227	$ 512,272	$ 522,517	$ 532,968	$ 543,627	$ 554,500
Operating Expenses															
Management Fee	$ 33,293	$ 33,959	$ 34,638	$ 35,331	$ 36,037	$ 36,758	$ 37,493	$ 38,243	$ 39,008	$ 39,788	$ 40,584	$ 41,395	$ 42,223	$ 43,068	$ 43,929
Administrative Expense	17,368	17,889	18,426	18,978	19,548	20,134	20,738	21,360	22,001	22,661	23,341	24,041	24,762	25,505	26,270
Utilities	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305	8,555	8,811	9,076
Operating & Maintenance	95,965	98,844	101,809	104,863	108,009	111,249	114,587	118,024	121,565	125,212	128,968	132,837	136,823	140,927	145,155
Water/Sewer	33,456	34,460	35,493	36,558	37,655	38,785	39,948	41,147	42,381	43,652	44,962	46,311	47,700	49,131	50,605
Payroll Expense	60,826	62,650	64,530	66,466	68,460	70,514	72,629	74,808	77,052	79,364	81,745	84,197	86,723	89,324	92,004
License and Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes & Insurance	40,871	42,097	43,360	44,660	46,000	47,380	48,802	50,266	51,774	53,327	54,927	56,574	58,272	60,020	61,820
Investor Management Fee	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	-	-	-	-	-
Replacement Reserve	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	32,254	33,222	34,218	35,245	36,302
TOTAL EXPENSES	$ 317,777	$ 326,978	$ 336,448	$ 346,195	$ 356,227	$ 366,554	$ 377,183	$ 388,123	$ 399,384	$ 410,976	$ 414,844	$ 426,883	$ 439,276	$ 452,032	$ 465,162
NET OPERATING INCOME	$ 99,623	$ 100,759	$ 100,772	$ 99,769	$ 98,656	$ 97,427	$ 96,078	$ 94,602	$ 92,995	$ 91,252	$ 97,428	$ 95,634	$ 93,692	$ 91,595	$ 89,338
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow after Debt Service	$ 99,623	$ 100,759	$ 100,772	$ 99,769	$ 98,656	$ 97,427	$ 96,078	$ 94,602	$ 92,995	$ 91,252	$ 97,428	$ 95,634	$ 93,692	$ 91,595	$ 89,338
Supportive Service	48,000	$ 49,440	$ 50,923	$ 52,451	$ 54,024	$ 55,645	$ 57,315	$ 59,034	$ 60,805	$ 62,629	$ 64,508	$ 66,443	$ 68,437	$ 70,490	$ 72,604
Cash Flow After Supp Services	$ 51,623	$ 51,319	$ 49,848	$ 47,318	$ 44,631	$ 41,782	$ 38,763	$ 35,568	$ 32,190	$ 28,622	$ 32,920	$ 29,191	$ 25,255	$ 21,106	$ 16,733

TAX CREDIT Equity Summary

Project Name	Haddington III Preservation Project
Developer Name	Mission First - 1260 HDC
Total Development Cost	$17,520,111
Total City Funds Requested (HTF+CDBG+HOME)	$ 1,364,605

Low Income Housing Tax Credit Information:

Total Tax Credits Being Requested from PHFA	$ 1,200,000
Total Equity Raised from Sale of LIHTC	$ 11,878,812
Equity Raise Expressed as Cents on Dollar	0.99
Tax Credit Investor if Identified	National Equity Fund

Historic Preservation Tax Credit Information: N/A

Total Historic Tax Credits Being Requested	
Total Equity Raised from Sale of Historic Credits	
Equity Raise Expressed as Cents on Dollar	
Tax Credit Investor	

11. Budgets

Funding Source	**Application Deadline**	**Expected Notification/Status**
PHA PBV	September 29, 2014	January 2015
City HOME/CDBG/HTF Funds	November 21, 2014	January 2015
PHA ACC	November 21, 2014	January 2015
PHFA LIHTC	January 30, 2015	May 14, 2015
FHLB Pittsburgh	N/A	Committed
Assumed Debt	N/A	Committed
Reinvested Developer's Fee	N/A	Committed

National Equity Fund INC
an affiliate of LISC

November 20, 2014

Mr. Mark Deitcher
Director of Business Development
Mission First Housing Group
2042-48 Arch Street, 2nd Floor
Philadelphia, PA 19103

RE: Haddington III (the "Project")
Haddington neighborhood, Philadelphia, PA

Dear Mr. Deitcher:

The National Equity Fund, Inc. ("NEF") is pleased to propose the terms and conditions, as set forth in this letter of interest, pursuant to which NEF, through its affiliate, NEF Assignment Corporation ("NEFAC"), will provide equity capital for the above described property. This letter is based on certain assumptions and information, including estimates of Project costs, timing assumptions and debt financing, provided by the Sponsor. Any changes in these assumptions, the LIHTC market or a loss of investor appetite prior to an actual credit award, may result in changes to the terms, conditions, and/or purchase price, outlined in this letter.

1. Project Information

The Haddington III project will involve the moderate rehabilitation of 48 affordable rental units for families in Philadelphia, Pennsylvania.

NEF has analyzed the Project's development budget and has based this offer on the assumption of a total development cost of approximately $17.5 million and an allocation of 2015 low income housing tax credits from the Pennsylvania Housing Finance Agency ("PHFA"). Financing will include low-income housing tax credits, assumed debt from PRA & PHFA, City of Philadelphia HOME funds, Federal Home Loan Bank – Pittsburgh funds, and nominal GP Capital. The Project will include 10 two-bedroom, 30 three-bedroom, and 8 four-bedroom units. Tenant paid monthly rents will be at affordability levels ranging from 20% AMI to 60% AMI. All of the Project's units will be subsidized by either a ACC contract or Section 8 contract with the Philadelphia Housing Authority.

NEF Assignment Corporation ("NEFAC") will act as nominee limited partner on behalf of one or more investor limited partnerships of which NEF is the general partner. NEF will have the right to assign the beneficial portion of its limited partner interest to one or more investor limited partnerships of its choosing.

2. Development Team

Developer:	Mission First – 1260 HDC
General Contractor:	Columbus Property Management
Property Manager:	Columbus Property Management
Attorney:	Mark Cohen, Askot, Weiner & Cohen, LLP

3. Timing Assumptions

This letter is based on the following timing assumptions:

Partnership Investment Closing:	September 30, 2015
Construction Start:	October 1, 2015
Placement in Service Date:	February 1, 2017
100% Qualified Occupancy:	May 30, 2017

If the timing assumptions set forth above are not met, the terms and conditions of this Letter of Interest, including the purchase price, will be subject to change.

4. Project Financing

In addition to equity financed through the syndication of low-income housing tax credits, the Project's financing will be from the following sources in the following amounts.

Source:	TD Bank (Construction Loan)
Amount:	$7,800,000
Interest Rate:	3.50%
Term:	24 months

Source:	Assumed Debt from PRA & PHFA
Amount:	$3,311,694
Interest Rate:	AFR
Term:	30 years

Source:	City of Philadelphia – HOME Funds
Amount:	$1,364,605
Interest Rate:	AFR
Term:	30 years

Source:	Federal Home Loan Bank - Pittsburgh
Amount:	$500,000
Interest Rate:	AFR
Term:	15 years

5. Tax Credits

The Sponsor is applying to the PHFA for $1,200,000 of annual 9% low income housing tax credits. The requested credit amount is based on the Project having an adjusted eligible basis of $14,503,165 using a construction/rehab tax credit rate of 7.55%, an acquisition tax credit rate of 3.24%, and a 130% basis boost. The total Tax Credits anticipated to be claimed by the Partnership are $12,000,000 of LIHTCs (the "Projected Tax Credits"). The Projected Tax Credits are expected to be available to the Partnership beginning in 2016.

6. Capital Contributions

NEFAC will purchase the above credits for a total purchase price (the "NEFAC Capital Contribution") of $11,878,812 or $.99 cents for each $1.00 of LIHTCs. NEFAC shall make its capital contributions to the Partnership as described below:

NEFAC Equity Amounts

Condition	Project Equity %	Project Costs	Developer Fee	Reserves	Total Equity
Closing	15.00	1,678,087	103,500		1,781,587
50% Construction Completion	15.00	1,781,812			1,781,812
Conversion/Perm. Loan/Stabilization	69.13	6,809,912	828,000	574,000	8,211,912
Tax Return	.87		103,500		103,500
Total	**100%**	**$10,269,812**	**$1,035,000**	**$574,000**	**$11,878,812**

Developer Fee Equity. The Project Sponsor, or whoever else is designated in the Development Agreement to receive such payment, shall be paid a development fee (the "Developer Fee") in the amount of $1,500,000. The Developer Fee shall be payable at the times and upon the conditions set forth in the Development Agreement. The Developer Fee will be paid to the Partnership out of the NEFAC Capital Contribution (the "Developer Fee Equity"), which will in turn pay the Developer Fee Equity to the Project Sponsor pursuant to the Development Fee Agreement, on the above schedule.

Deferred Developer Fee. A portion of the Developer Fee (estimated at $465,000) shall be paid as a deferred developer fee (the "Deferred Developer Fee") from Project cash flow or the proceeds of refinancing or sale of the Project.

7. Adjustment to Purchase Price (Credit Adjusters)

Permanent Reduction in LIHTCs. The NEFAC Capital Contribution to the Partnership shall be decreased if: (i) the receipt of the Project Cost Certification, or (ii) the receipt of the Form 8609 for the Project, the maximum Actual Tax Credits are less than the Projected Tax Credits. In such an event, the NEFAC Capital Contribution shall be reduced by $.99 times the amount by which the Actual Tax Credits are less than the Projected Tax Credits.

Material Timing Difference – Tax Credits. In the event that LIHTCs are not available to NEFAC during the Projected First Tax Credit Year in the amount projected(the "First Year Projected Tax Credits"), the NEFAC Capital Contribution shall be reduced by an amount equal to (i) $.594 times the amount by which the actual Tax Credits received by NEFAC during the Projected First Tax Credit Year is less than the First Year Projected Tax Credits; minus (ii) the net present value of the additional Tax Credits to be received by NEFAC in the 11th year of the Tax Credit Compliance Period, based upon a 10% discount rate.

Ongoing Credit Shortfall. If at any point in time after the end of the Projected First Tax Credit Year but before the end of the Tax Credit Compliance Period, the actual Tax Credits received by NEFAC are less than the Projected Tax Credits, or if there is recapture (as defined in Section 42 of the Code) of Tax Credit, then any remaining portion of the NEFAC Capital Contribution shall be reduced by one dollar for each dollar of reduction of the Projected Tax Credits or each dollar of Tax Credits that are recaptured (the "Credit Reduction Payment"), up to a maximum total amount equal to the total Developer Fee.

In the event the remaining unpaid portion of the Limited Partner's Capital Contribution obligation is insufficient for the Limited Partner to offset all amounts that are due and owing from the General Partner to the Limited Partners pursuant to the Credit Adjusters, or the Limited Partner elects not to offset the Credit Adjusters against the remaining Limited Partner Capital Contribution Installments, then the General Partner shall, upon demand, pay the Limited Partner any remaining amount that is due and owing to the Limited Partner.

8. Reserves

Operating Reserve. The General Partner shall establish an Operating Reserve which shall be funded from NEFAC's third installment of equity in the amount of $160,000 and thereafter the General Partner will be required to maintain this Operating Reserve balance from Project cash flow.

Replacement Reserve. Annual amount of $500 per unit per year NEF's prior written consent will be required for any withdrawals greater than $5,000.

Transition Reserve. $174,000, funded from the third installment of NEF's Capital Contributions. The Transformation Reserve is to be used only to fund Operating Deficits projected to occur due to the lower rents for all units.

Upon further underwriting, NEF may determine a different amount required for the Transition Reserve to fund Operating Deficits projected to occur if the rental subsidy for the Project is either not renewed past its initial term or reduced. The Transition Reserve Account will be held pursuant to a Funding and Disbursement Agreement entered into between the Limited Partnership, the General Partner and NEF.

Social Service Reserve. $240,000, funded from the third installment of NEF's Capital Contributions, to be used for social services to be provided as part of the Project.

9. General Partner Guaranties

Development Completion Guaranty. The General Partner and Guarantors will provide the Partnership with a Development Completion Guaranty. This guaranty obligation will become effective at the time of execution of the Partnership Agreement and will continue until the later of (i) 1 year after completion of construction, to cover the General Partner's latent defects obligation, or (ii) achievement of Breakeven Operations, to cover the General Partner's obligation to fund Project operating deficits. Payments made under the guaranty will be considered General Partner loans to the Partnership at 0% interest, repayable from cash flow.

Operating Deficit Guaranty. The General Partner and Guarantors will provide an Operating Deficit Guaranty in an amount equivalent to six months of operating expenses and reserves, which guaranty will commence upon achievement of Breakeven Operations and remain in place until the later of (i) five years from achievement of Breakeven Operations, or (ii) until the Project has maintained a 1.05 expense coverage ratio measured on an annual basis, for a period of two consecutive years commencing on or after the second anniversary of achievement of Stabilized Occupancy. . This guaranty obligation will be used to fund or pay operating deficits incurred by the Partnership and current liabilities of the Partnership upon the depletion of the funds in the Partnership Operating Reserve. Amounts expended to satisfy this obligation shall be treated as non-interest bearing loans to the Partnership and shall be repaid out of distributable cash flow.

Repurchase. The General Partner shall repurchase the interest of the Limited Partner for an amount equal to the amount of NEFAC's Capital Contribution that has been funded plus $50,000 and all of the expenses incurred by NEF and NEFAC in conjunction with the transaction, if the Limited Partner so elects, upon the occurrence of certain major adverse events which will be described in detail in the Partnership Agreement, such as an event which threatens to deprive the Partnership or the Limited Partner of a substantial amount of the Projected Tax Credits or an action is commenced to foreclose, abandon, or permanently enjoin construction or rehabilitation of the Project.

The Guarantor will be required to execute a separate Guaranty Agreement whereby they will guaranty all of the above guaranty obligations of the General Partner and all of the General Partner's other obligations under the Limited Partnership Agreement.

10. Property Management

Appointment of the Management Agent must be approved by NEF. The Management Agent may be replaced from time to time by the General Partner provided that NEF approves the proposed replacement Management Agent in writing. The Management Agent shall initially earn a Property Management Fee no greater than 8.00% of the Project's gross collected rents. If the Management Agent is related to a General Partner, the payment of the Property Management Fee will be subordinated to the payment of operating deficits, if necessary, to maintain Breakeven Operations.

11. Asset Management Fee

The Partnership will pay to NEF or its designated affiliate an annual Asset Management Fee in the amount of $3,750, to be increased annually by three percent (3%). This fee will be paid from cash flow and is not an operating expense.

12. Partnership Management Fee

The General Partner shall receive an annual Partnership Management Fee in the amount of $13,000 to be increased annually by three percent (3%). This fee will be paid from cash flow and is not an operating expense.

13. Right of First Refusal

It is the express objective of NEF to identify and implement strategies to maintain projects permanently as low and moderate-income housing. As a qualified 501(c)(3) corporation, if the Project Sponsor agrees to maintain the property for low-income use, as defined in Section 42 of the Code, for a total period of at least 30 years, it will be granted a right of first refusal to purchase the Property at the end of the Tax Credit Compliance Period, for a price equal to the sum of: a) all outstanding Partnership debt, including General Partner and Limited Partner loans; b) any state, local or federal taxes owed by NEFAC as a result of the sale; and c) any unpaid portion of any Credit Adjuster payments due and owing to the Limited Partner.

14. Limited Partner Costs and Expenses

NEF will charge the Company $55,000 for legal fees and other closing costs inclusive of the NEF tax opinion.

15. Issues to be Resolved Prior to Investment Committee Review

A. Acceptance of the Project by NEF's investor
B. Review of all tax credit documentation
C. Review of a Market Study and appraisal
D. Review of all financing commitments for the Project
E. Review of contractor and architect resume and experience
F. Review of the plans and specifications and construction cost breakdown
G. Review of property manager resume and experience
H. Review of Phase I Environmental Report
I. Review of Project operating expenses

16. Summary

This letter is based on assumptions and information, including estimates of Project costs, timing assumptions and debt financing, provided by the Sponsor. Any changes in these assumptions may result in changes to the terms and conditions, including purchase price, outlined in this letter.

We are delighted that you have chosen to work with NEF. If the terms and conditions of this letter are acceptable to you, please sign and return this letter to NEF. Should the Project receive an award of LIHTC from PHFA, both parties agree to make a good faith effort to close on the terms described herein. Please note that if this Project does not close within the time frame specified in this letter, NEF reserves the right to re-negotiate the terms and price of this offer. Upon receipt of this signed letter, an award of LIHTC, and receipt of all due diligence materials needed, NEF will take the Project to our Investment Review Committee for review and approval.

We wish you success in your application for Low Income Housing Tax Credits and look forward to working with you to provide needed affordable housing in your community.

Very truly yours,

NATIONAL EQUITY FUND, INC.

By: ______________________
Tony Lyons
Vice President and Regional Manager

TD Bank

November 20, 2014

Mark Deitcher - Director of Business Development
Mission First Housing Group
2042-48 Arch Street, 2nd Floor
Philadelphia, PA 19103

RE: Haddington III

Dear Mark:

You have provided us with certain information, and have discussed with us the current and future needs for the financing of Haddington III (the "Company"). We have reviewed the application & operating budget and upon that review, are pleased to submit our proposal to provide the credit accommodations that are described on the attached term sheet.

It is understood that this letter constitutes a statement of preliminary terms with respect to the transaction contemplated hereby and does not contain all matters upon which agreement must be reached in order for the transaction contemplated hereby to be consummated. The transaction will be subject to certain conditions, including, without limitation, the following;

- The Borrower must receive an allocation of competitive low-income housing credits and TD Community Capital shall be the limited partner (equity investor), satisfactory to TD Bank.
- Formal review and approval of loan underwriting, consistent with current Bank policies and conditions including guarantees, equity, and potential rental revenue, to be reviewed upon allocation of federal low-income housing tax credits.
- Receipt and satisfactory review of an appraisal prepared by an independent MAI appraiser approved by the Bank, the cost of which will be borne by the Borrower.
- Receipt and satisfactory review of a plan and cost review prepared by an independent engineer, which confirms the cost to develop the project is consistent with the preliminary budget.

We shall not be responsible or liable to the Company or any other person for consequential damages which may be alleged as a result of this letter, or any transaction contemplated hereby.

This letter is delivered to the Company on the condition that its existence and its contents will not be disclosed by the Company without our prior written approval except (i) as may be required to be disclosed in any legal proceeding or as may otherwise be required by law and (ii) on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

The Bank's terms hereunder will expire if the Bank has not been approached to review and approve a formal loan application on or before March 31, 2015. In accordance with the prior sentence, the Bank will be under no obligation to offer any further Credit Accommodations.

We appreciate the opportunity to provide this proposal and look forward to working with you on successfully completing this transaction.

Very truly yours,

TD BANK, N.A.

By: Peter M. Hogan
Peter M. Hogan , VP

TERMS AND CONDITIONS

Borrower
Single-purpose entity to be created with Mission First Housing Group serving as managing member.

Guarantor
Mission First Housing Group or other entity approved by TD Bank in its sole discretion.

Guarantee
Full, unconditional, and unlimited guarantee of payment, performance and completion.

Environmental Indemnity
Full, unlimited, unconditional, environmental indemnity to be provided by the Borrower, and the Guarantor.

Purpose
To provide construction financing to assist in the rehabilitation of 48 affordable rental units within the Haddington section of Philadelphia, PA. The project will service affordability levels ranging from 20% to 60% AMI..

Loan Amount
Construction Loan: $7,800,000, but no more than 70% of project costs as determined by Bank.

Collateral
- Land and improvements for 48-individual residential units, aka the Haddington III Project.
- Assignment and Subordination of any and all leases to the Bank's Mortgage and/or interests.
- UCC-I and Security Agreements.
- Assignment of rents, leases, plans, approvals and permits.
- Assignment of all tax credit proceeds.
- Assignment of the managing member's interest in the Borrower.

Payment Terms
Construction Loan: 24 months with interest only paid monthly

Interest Rate
Construction Loan: 30 Day LIBOR + 300 BPS, floating.

Commitment Fee
Construction Loan: 1.20% of the Loan Amount.

Appraisal Contingency
Construction Loan: A complete and self-contained appraisal will be performed on the subject property by a Bank-approved appraiser, estimating a cumulative "tax credit" and "as stabilized" value of at least $12,000,000 resulting in a maximum LTV of 65%.

General Conditions
1. Construction shall be completed within 18-months of Loan closing, by evidence of Certificate of Occupancy.
2. An Environmental Audit: In form and substance satisfactory to the Bank, performed by a licensed environmental auditor acceptable to the Bank.
3. Borrower shall furnish a certification by the Architect of Record that the final plans and specifications comply with all applicable zoning, environmental protection, land use and building laws, permits, approvals, ordinances and regulations.
4. Satisfactory review of a full plan and hard cost budget, construction contract(s), approvals, permits and construction schedule.
5. Plot Plan and Map: A copy of the plot plan indicating the size and shape of the building on the property. A location map indicating the location of the property within the community.

6. Documentation Relating to the Property: Copies of all documents that affect the property including, but not limited to, contracts of sale, options, mortgages in place or committed, letters of credit or other obligations secured by the property, construction contracts, deed restrictions, partnership agreements, stockholders agreements, repurchase agreements, liens, attachments, and original agreement of sale.
7. Property and Casualty Insurance: The Borrower must maintain general liability insurance and property insurance, satisfactory to the Bank, on the Property throughout the term of the loan.
8. Title Insurance: Receipt and satisfactory review by Bank of a title commitment issued by a title company acceptable to the Bank with all associated costs borne by the Borrower.
9. Prior to closing, the Bank shall have received satisfactory evidence that the Borrower and Guarantor are free from any and all material litigation or judgments. In addition, the Bank shall have received also, satisfactory bank and credit references on the Borrower and Guarantor.
10. The borrower will be required to maintain all operating accounts for the project with TD Bank.
11. Evidence and documentation supporting the following commitments, which shall be subordinate to the bank's loan:
    a) $3,311,694 – Assumed Debt from PRA & PHFA
    b) $1,364,605 – City of Philadelphia HOME Funds
    c) $500,000 – Federal Home Loan Bank of Pittsburgh
12. Evidence and documentation supporting the allocation of Low Income Tax Credits associated with the project in the minimum amount of $1,200,000, annually.
13. TD Community Capital shall be the limited partner (equity investor) satisfactory to TD Bank.
14. Equity/Other Sources of no less than $4,250,000 shall be applied to Bank-approved costs before Construction Loan funds may be advanced.
15. General Contractor, approved by the bank, shall use GMP contract or other contract approved by the Bank and provide payment and performance bond.
16. Construction to commence within 30-days of closing.
17. Payment of Developer Fee beyond $103,500 will be deferred until Construction Loan is paid in full.
18. Any and all other conditions as reasonably required by the Bank and/or its legal counsel.

<u>Conditions for Construction Advances</u>

1. Receipt and satisfactory review of the Borrower's Advance application in a format acceptable to the Bank.
2. Funds will be advanced for "IN PLACE" improvements only, as verified by the Bank's inspector. The costs of these inspections will be the responsibility of the Borrower.
3. Upon receipt and approval of Certification from the Title Company of record that the Bank's mortgage continues to be first lien position, the approved construction disbursements will be directly deposited into the Borrower's project account previously established with the Bank.

<u>Reporting Requirements</u>

1. Borrower shall submit Financial Statement and Tax Return on annually within 150 days of fiscal year end.
2. Guarantor shall submit Financial Statement, Liquidity Verification and Global Real Estate Schedule, annually within 150 days of fiscal year end.
3. Guarantor shall submit Tax Return within 15-days of filing, but no later than Oct. 31st.
4. Borrower shall provide all financial information that the Bank may reasonably request during the course of the loan.

FHLBank
PITTSBURGH

December 19, 2013

Nelson Acevedo
PNC Bank, National Association
1600 Market Street
Philadelphia, PA 19103

Subject: Haddington III / 4857

Dear Mr. Acevedo:

I am very pleased to advise you that Haddington III has been selected for Affordable Housing Program (AHP) funding in the amount of $500,000.00. You and ACHIEVEability are to be commended for your outstanding efforts. Community investment requires commitment, time and hard work to develop the project relationships and prepare the application. The payback in human and community terms is always substantial. Lives, families and communities are ever enhanced. The investment you have made returns compound interest.

FHLBank Pittsburgh's Community Investment Department will work closely with you to fund this project. Funding disbursement requests can be submitted through the AHP system beginning January 14, 2014. A disbursement guide outlining how to submit a disbursement request will be emailed to you and the sponsor contact(s) shortly.

Along with the approval of this project, the Bank added the following condition(s) that must be met prior to receiving AHP funds:

> Sponsor previously received an AHP grant for this project where the 15 year compliance period ends on February 2, 2014. The project is not permitted to draw down AHP funds until February 3, 2014 or later until after the current AHP compliance period expires.
>
> Project must provide evidence that construction contract was competitively bid to at least three contractors and provide evidence that the lowest cost bidder was selected.

We remain committed to providing quality products and services allowing our members to better serve their communities. We look forward to the ground breaking and dedication, and all the events in between. Should you need any assistance planning these events, please email Mia Hotkowski at mia.hotkowski@fhlb-pgh.com.

I personally wish you, your staff and your community continued success with this project and with the full range of community investment activities in which you are engaged.

Sincerely,

John Bendel

John Bendel
Director, Community Investment

cc: ACHIEVEability
Angela Chandler