TAB 11: Budgets

Attached are the Development Pro Forma, Operating Budget, and Tax Credit Summary, including a letter of intent in the purchase of the projected Low Income Housing Tax Credits from PNC Bank. Total hard costs for the project are estimated to be approximately $15,254,546, including a 3% construction contingency. Total soft costs and fees are estimated to be approximately $4,840,000.

The project will be financed primarily with equity raised from the sale of Low Income Housing Tax Credits (LIHTC), with multiple additional sources. The project is seeking funding from the City of Philadelphia (HTF, CDBG, HOME) in the amount of $1,500,000, LIHTCs to raise $12,598,774. The application for City funding is being submitted concurrently with the PHA application. The LIHTC application is scheduled for submission in the upcoming PHFA round in January, 2015.

2015 LIHTC Rental Pro Forma | *Exhibit B*

Development Financing

		RDA Maximum Rates
PRA Housing Trust Funds	$ 1,500,000	50% or $1.5 million
First Mortgage		
PHFA Penn Homes		
Federal Home Loan Bank		
Limited Partner Equity	12,598,774	
Reinvested Dvpr Fee for IRR	619,920	
Reinvested Dvpr Fee for PRA	311,934	
Deferred Dvpr's Fee	223,918	
Total Financing	$ 15,254,546	

Development Costs

			RDA Maximum Rates
Construction Costs			
General Requirements	$ 523,112		
Site Improvements	900,161		
Structures	7,818,376		
Bond Premium	80,000		
Builders Profit & Overhead	739,332		
Construction Contingency	303,329	3.00%	2.5% (nc)/5.0%(rehab) - 10.0%
Other:	0		
Other: Building Permit	50,000		
Total Construction Costs	$ 10,414,311		
Soft Costs			
Architectural - Design	$ 351,483		$ 351,483
Architectural - Supervision	117,161		$ 117,161
Engineering Fees	75,000		
Environmental Assessment	5,000		
Survey	15,000		
Zoning and Permits	5,000		
Real Estate Taxes	12,835		
Construction Insurance	30,000		
Title & Recording	75,000		
Market Study/Appraisal	7,800		
Property Appraisal	0		
Legal - Development	80,000		$ 40,000
	0		
Cost Certification	15,000		
Rent-Up/Marketing	40,000		$ 178,510
Furnishings	52,000		
Energy Star and Passive House	66,405		
Soft Costs Subtotal	$ 947,683		
Financing fees			
PHFA Application Fee	$ 2,500		
PHFA Construction Monitoring Fee	6,500		
Tax Credit Allocation Fee	72,000		
Construction Loan Due Diligence	33,500		
Construction Loan Interest	285,166		
Construction Loan Origination Fee	80,000		
Construction Loan Legal	35,000		
PHFA Carry Over and Cost Cert Fee	2,000		
Subsidy Layering Review Fee	2,000		
Financing Fees Subtotal	$ 518,666		
Total Soft Costs	$ 1,466,350		$ 2,380,132

			PRA
Property Acquisition	$ 20,001		
Total Replacement Costs	$ 11,900,661		
<u>*Reserves*</u>			
Operating Reserve	$ 263,204		
Tax & Insurance Escrow	44,835		
Social Service Reserve	0		
Transition Reserve	250,000		
Other-	0		
Other- Rent Subsidy Reserve	619,920		
Reserves Subtotal	$ 1,177,959		
Total Replacement Costs Plus Reserves	$ 13,078,620		
Developer's Fee	$ 2,102,326		$ 0
<u>*Syndication Fees*</u>			
Legal			$ 40,000
Accounting	2,000		
Organizational	5,000		
Investor due diligence fees	25,000		
Compliance Monitoring	41,600		
Syndication Fees Subtotal	$ 73,600		
Total Development Costs	$ 15,254,546	$ -	

Total Units	52
Total Sq. Ft.	50,275

	per unit	per sq ft
Total Construction Costs	$ 200,275	$ 207
Total Replacement Costs	$ 228,859	$ 237
Total Development Costs	$ 293,357	$ 303
Replacement Cost + Dev Fee	$ 269,288	$ 279

$ 180

Cost Analysis

<u>Proposed Unit Mix</u>					<u>Blended per Unit Cost Allowable</u>	
0 Bdrm	$ -	units @	$ 179,298	per unit	$ -	
1 Bdrm	52	units @	$ 205,540	per unit	$ 10,688,080	
2 Bdrm	0	units @	$ 249,934	per unit	$ -	
3 Bdrm	0	units @	$ 323,333	per unit	$ -	
4 Bdrm		units @	$ 354,919	per unit	$ -	
Totals	$ 52.00				$ 10,688,080	
Cost per Unit Allowable			$ 205,540	*per unit*		
Cost per Unit for Project			$ 228,859	*per unit*	*Not Allowable*	Waiver Required? YES
Cost per Square Foot Allowable			$ 225	*psf*		
Cost per Sq. Ft. for Project			$ 279	*psf*	*Not Allowable*	
	120% of 221(d) limit:			111.35%		

HOME Maximum Subsidy			
Maximum 221(d) 3 limit	$ 205,540	per unit	allowable
OHCD HOME Funding	$ 28,846	per unit	allowable

Developer's Fee Analysis/Maximum Developer's Fee Allowable for Project

Total Replacement Cost	$ 11,900,661		
less acquisition costs	(20,001)		
Basis for Developer's Fee ===>	$ 11,880,660		
Total Fee Allowable	$ 1,188,066		Waiver Required?
Developer Fee for Project	$ 1,500,000	*Not Allowable*	YES
less reinvested dev. Fee	$ 311,934		
Net Developer's Fee for Project	$ 1,811,934		

Scope of Construction: nc
(rehab or nc)

Elevator in Building? yes
(yes or no)

Reviewed and confirmed by: ____________________ Date: ________

201 'C
Oper. Proforma

Exhibit B

Assumptions

Rental Income

Type	Unit Distribution 20%	40%	50%	60%	Total
0 Bdr	$ -	$ -	$ -	$ -	0
1 Bdr	$ 6.00	$ 6.00	15	25	52
2 Bdr	$ -	$ -	0	0	0
3 Bdr	$ -	$ -	0	0	0
4 Bdr	$ -	$ -	0	0	0
Total	6	6	15	25	52
% of Units	12%	12%	29%	48%	100%

	Rents/Total Housing Costs 20%	40%	50%	50% w/Sec 9	60%	60% w/Sec9	Total
Number	$ 6.00	$ 6.00	$ 5.00	$ 10.00	$ 10.00	$ 15.00	$ 52.00
Tenant Payment	$163	$467	$602	$300	$614	$300	$ 20,430
Internal Rent Reserve	$439	$135		$500		$500	$ 15,944
Total	$602	$602	$602	$800	$614	$800	$ 36,374

Trending Assumptions	
Income	2.0%
Expenses	3.0%
Vacancy	5.0%
Management Fee	7.0%

	$ 1.00	$ 2.00	$ 3.00	4	5	6	7	8	9	10	11	12	13	14	15
Income from Operations															
Gross Rental Income	$ 436,488	$ 445,218	$ 454,122	$ 463,205	$ 472,469	$ 481,918	$ 491,556	$ 501,388	$ 511,415	$ 521,644	$ 532,076	$ 542,718	$ 553,572	$ 564,644	$ 575,937
Vacancy	21,824	$ 22,261	22,706	23,160	23,623	24,096	24,578	25,069	25,571	26,082	26,604	27,136	27,679	28,232	28,797
NET RENTAL INCOME	$ 414,664	$ 422,957	$ 431,416	$ 440,044	$ 448,845	$ 457,822	$ 466,979	$ 476,318	$ 485,844	$ 495,561	$ 505,473	$ 515,582	$ 525,894	$ 536,412	$ 547,140
Other Income - Service	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
EFFECTIVE GROSS INCOME	$ 414,664	$ 422,957	$ 431,416	$ 440,044	$ 448,845	$ 457,822	$ 466,979	$ 476,318	$ 485,844	$ 495,561	$ 505,473	$ 515,582	$ 525,894	$ 536,412	$ 547,140
Operating Expenses															
Management Fee	$ 29,026	$ 29,607	$ 30,199	$ 30,803	$ 31,419	$ 32,048	$ 32,688	$ 33,342	$ 34,009	$ 34,689	$ 35,383	$ 36,091	$ 36,813	$ 37,549	$ 38,300
Administrative Expense	23,158	23,853	24,568	25,305	26,065	26,846	27,652	28,481	29,336	30,216	31,122	32,056	33,018	34,008	35,029
Utilities	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	22,028	22,689
Operating & Maintenance	65,949	67,927	69,965	72,064	74,226	76,453	78,747	81,109	83,542	86,048	88,630	91,289	94,028	96,848	99,754
Water/Sewer	19,244	19,821	20,416	21,028	21,659	22,309	22,978	23,668	24,378	25,109	25,862	26,638	27,437	28,260	29,108
Payroll Expense	87,652	90,282	92,990	95,780	98,653	101,613	104,661	107,801	111,035	114,366	117,797	121,331	124,971	128,720	132,582
License and Permits	5,075	5,227	5,384	5,546	5,712	5,883	6,060	6,242	6,429	6,622	6,820	7,025	7,236	7,453	7,676
Insurance	32,000	32,960	33,949	34,967	36,016	37,097	38,210	39,356	40,537	41,753	43,005	44,295	45,624	46,993	48,403
Property Taxes	12,835	12,835	12,835	12,835	12,835	12,835	12,835	12,835	12,835	12,835	19,156	19,731	20,323	20,932	21,560
Supportive Services	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667	47,037	48,448	49,902	51,399	52,941
Replacement Reserve	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924	34,942	35,990	37,070	38,182	39,327
TOTAL EXPENSES	$ 350,939	$ 360,792	$ 370,934	$ 381,375	$ 392,124	$ 403,188	$ 414,578	$ 426,304	$ 438,374	$ 450,801	$ 469,914	$ 483,658	$ 497,806	$ 512,373	$ 527,368
NET OPERATING INCOME	$ 63,725	$ 62,165	$ 60,482	$ 58,669	$ 56,722	$ 54,634	$ 52,400	$ 50,014	$ 47,470	$ 44,761	$ 35,559	$ 31,924	$ 28,087	$ 24,039	$ 19,772
Investor Services Fee	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Cash Flow after Debt Service	$ 58,725	$ 57,015	$ 55,177	$ 53,205	$ 51,094	$ 48,838	$ 46,430	$ 43,865	$ 41,136	$ 38,237	$ 28,839	$ 25,003	$ 20,958	$ 16,696	$ 12,209
Supportive Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow After Supp Services	$ 58,725	$ 57,015	$ 55,177	$ 53,205	$ 51,094	$ 48,838	$ 46,430	$ 43,865	$ 41,136	$ 38,237	$ 28,839	$ 25,003	$ 20,958	$ 16,696	$ 12,209

TAX CREDIT Equity Summary

Project Name	St. John Neumann Place II
Developer Name	Catholic Health Care Services
Total Development Cost	$15,254,546
Total City Funds Requested (HTF+CDBG+HOME)	$1,500,000

Low Income Housing Tax Credit Information:

Total 9% Tax Credits Being Requested from PHFA	$1,200,000
Total Equity Raised from Sale of LIHTC	$12,598,774
Equity Raise Expressed as Cents on Dollar	$1.05
Tax Credit Investor if Identified	PNC Bank

Historic Preservation Tax Credit Information:

Total Historic Tax Credits Being Requested	N/A
Total Equity Raised from Sale of Historic Credits	
Equity Raise Expressed as Cents on Dollar	
Tax Credit Investor if Identified	

PennHOMES funds Being Requested from PHFA:	N/A

PNC REAL ESTATE

TAX CREDIT CAPITAL

November 10, 2014

Via E-Mail

John M. Wagner, Deputy Secretary and Chief Executive Officer
Kimiko Doherty, Project Manager
Catholic Health Care Services
222 North 17th Street
Philadelphia, PA 19103

St. John Neumann Place II, LP (the "Partnership")
St. John Neumann Place II Apartments, Philadelphia, PA (the "Property")

Dear John and Kimiko:

Thank you for the opportunity to present this commitment letter 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

GENERAL PARTNER	GP STATUS	TAX STATUS
An affiliate of Catholic Health Care Services of the Archdiocese of Philadelphia ("Catholic Health Care Services")	General Partner	Non-Profit

INVESTMENT LIMITED PARTNERS	LP/ STATUS	TAX STATUS
PNC Bank, National Association	Investment Limited Partner	For Profit
Affiliate of PNC Bank, National Association	Special Limited Partner	For Profit

Other Participants

Developer	Catholic Health Care Services (the "Developer")
Guarantor	Catholic Health Care Services (the "Guarantor")
Property Manager	Presby's Inspired Life (the "Property Manager")
Service Provider	Catholic Health Care Services (the "Service Provider")

Property

The Property will have 52 apartments for elderly households and will be located in Philadelphia, PA. The property will have no market rate units and 52 tax credit units.

2. PARTNERSHIP TAX CREDITS

New Construction:

Annual Tax Credit Reservation	$1,200,000
Assumed Tax Credit Rate	7.54%
Total Tax Credits	$12,000,000

3. PROJECT TIMING

KEY PROJECT BENCHMARKS	ESTIMATED DATE
Investment Limited Partner Admission	December 2015
Construction Start	December 2015
Construction Completion	January 2017
Leasing Start	February 2017
Leasing Completion	June 2017
Achievement of Stabilized Occupancy, as defined in Section 4.	September 2017
Receipt of State Designation (form 8609(s))	September 2017

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:

	Capital Contribution	Tax Credit Price
Low-Income Housing Tax Credit	$12,598,774	105.00%

FIRST INSTALLMENT **$1,259,877 or 10.00% of $12,598,774**

A. Fully Executed Partnership Agreement.
B. Valid tax credit reservation/allocation.
C. Acceptable owner's title insurance policy or endorsement.
D. Fully executed bridge, 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 **$1,259,877 or 10.00% of $12,598,774**

A. 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. Verific

THIRD INSTALLMENT **$8,143,241 or 64.64% of $12,598,774**

A. Maturity of the PNC Bridge Loan
B. No earlier than 18 months after initial closing.

The Third Installment shall repay a bridge loan (the "PNC Bridge Loan"). Following the full disbursement (less any required retainage) of all of the other interim loan sources listed in Section 7 of this letter, the PNC Bridge Loan shall be funded in monthly disbursements installments 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 $1,935,779 or 15.36% of $12,598,774

- **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 Occupancy (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 sooner than September 1, 2017.

Stabilized Occupancy 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 by 1.09 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

Catholic Health Care Services (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 upward or downward 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, 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 project, or there is a bankruptcy of the General Partner or Guarantor, the General Partner and Guarantor will 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 12% per annum 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 $263,204 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.

Rental Subsidy Fund

A Rental Subsidy Fund in the amount of $619,920 will be funded with the Second Installment. The Rental Subsidy Fund shall be used to provide an internal rent subsidy for tenants residing at the property. Any withdrawals from the Rental Subsidy Fund in excess of budgeted amounts shall require the prior written approval of the Special Limited Partner. PNC is willing to serve as the escrow agent for these funds and we are providing a letter of intent and form of escrow agreement along with this letter.

Tax and Insurance Escrow Account

The Tax and Insurance Escrow Account of $44,835 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.

Loss of Subsidy Account

The Partnership shall establish a Loss of Subsidy account in the amount of $250,000 which will provide funding in the event federal operating subsidies are reduced. The Loss of Subsidy account will be funded with the Second Installment. PNC is willing to serve as the escrow agent for these funds and we are providing a letter of intent and form of escrow agreement along with this letter.

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

Lender/Provider	Amount	Index	Spread	Rate	Funding-Type
City Loan of Philadelphia HOME/CDBG/HTF Funds	$1,500,000	0..00%	0.00%	0.00%	Draw
PNC Bridge Loan	$8,143,241	One Month LIBOR	0%	3.25%	Draw

The PNC Bridge Loan shall be funded on a draw basis following the full disbursement of the other interim sources listed above, 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, floating (3.25% as of the date of this letter). PNC shall receive an origination fee for the PNC Bridge Loan of $40,716. The Partnership shall also pay PNC's legal costs for the bridge loan, which are $16,000. Both the origination and legal fees 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

Lender/Provider	Amount	Soft	Term	Rate	Amortization
City Loan of Philadelphia HOME/CDBG/HTF Funds	$1,500,000	Yes	360	0.00%	N/A
Reinvested Developer Fee	$944,328	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 at the end of the extended use period. All of the financing sources listed above are assumed to be from qualified lenders and qualify for the 9.00% tax credit applicable percentage. 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 without lender consent according to the terms of the Partnership Agreement.

8. INVESTOR SERVICES FEE

The Property's will pay a cumulative annual investor services fee from available net cash flow in the amount of $75 per unit ($3,000) increasing 3.00% 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.

Due Diligence Costs

PNC shall pay for all of its diligence and legal costs, including but not limited to legal costs of the equity closing, market study, plan and cost review, monthly construction inspections, desktop environmental review and third-party insurance review, up to $65,000. The General Partner shall reimburse PNC for any costs which exceed this amount.

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 December 1, 2015, unless this date is extended in writing by PNC. The price and terms are also_are 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 commitment letter shall automatically expire, unless extended in writing, the earlier of December 1, 2015 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 commitment letter 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 commitment letter.

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

Sincerely:

PNC Bank, National Association

________________________________ Date: 11/10/14

Macy Kisilinsky, Vice President, Acquisitions

PNC REAL ESTATE

TAX CREDIT CAPITAL

VIA E-MAIL

November 10, 2014

John M. Wagner, Deputy Secretary and Chief Executive Officer
Kimiko Doherty, Project Manager
Catholic Health Care Services
222 North 17th Street
Philadelphia, PA 19103

RE: St. John Neumann Place II LP - Equity Bridge Loan

Dear John and Kimiko:

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 $8,143,241 to St. John Neumann Place II LP (the "Partnership"), which has been formed to own, develop, and manage a 52-unit single building new construction 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,

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 10, 2014 (the "Conditional Commitment Letter")

St. John Neumann Place II, LP

EQUITY BRIDGE LOAN – SUMMARY OF TERMS AND CONDITIONS

Borrower	St. John Neumann Place II, LP (the "Borrower"), in which Catholic Health Care Services 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 Catholic Health Care Services
Property	St. Francis Villa (the "Property"), a 52-unit single building new construction and rehabilitation affordable housing property for elderly and families 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 $8,143,241, 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 June 1, 2017 (assuming an initial closing date of December 1, 2015).
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, floating. For initial underwriting purposes, the interest rate on the bridge loan is estimated to be 3.25%. 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 $40,716, 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.