



November 10, 2014

Via E-Mail

Reverend Luis Cortes
President
Nueva Esperanza, Inc.
4261 N. 5th Street
Philadelphia, PA 19140

Roberto Clemente Homes, L.P. (the “Partnership”)
Roberto Clemente Homes, Philadelphia, PA (the “Property”)

Estimado Senore Cortes:

Thank you for the opportunity to present this letter of intent 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

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

Other Participants

Developer Nueva Esperanza, Inc. (the "Developer")
Guarantor Nueva Esperanza, Inc. (the "Guarantor")

Property

The Property will have 38 apartments targeted to families and will be located in Philadelphia, PA. The property will have no market rate units and 38 tax credit units.

2. PARTNERSHIP TAX CREDITS

	<u>Rehabilitation</u>
Annual Tax Credit Reservation	\$1,072,289
Assumed Tax Credit Rate	7.55%
Total Tax Credits	\$10,722,890

3. PROJECT TIMING

<u>KEY PROJECT BENCHMARKS</u>	<u>ESTIMATED DATE</u>
Investment Limited Partner Admission	December 2015
Construction Start	December 2015
Construction Completion	February 2017
Leasing Start	January 2017
Leasing Completion	April 2017
Achievement of Stabilized Operations, as defined in Section 4.	July 2017
Receipt of State Designation (form 8409(s))	July 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	\$11,124,998	103.75%

FIRST INSTALLMENT \$1,112,499 or 10.00% of \$11,124,998

- 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 \$556,250 or 5.00% of \$11,124,998

- 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 February 1, 2017.

THIRD INSTALLMENT \$8,834,777 or 79.41% of \$11,124,998

- A. Maturity of the PNC Bridge Loan
- B. No earlier than 16 months after initial closing.
- C. No earlier than April 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 loan of FHLB AHP funds 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 \$621,472 or 5.59% of \$11,124,998

- 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) 8409 for each building and an executed and a recorded copy of the Regulatory Agreement.
- E. No earlier than July 1, 2017.

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 1.07 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

Esperanza (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 \$160,274 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.

Transformation Reserve

The development budget would be required to include a Transformation Reserve in the amount of \$250,800 (the "Transformation Reserve") to be funded from the Second Installment and held at PNC Bank. The amount of the funds in the Transformation Reserve would be equal to one year of projected base year rental subsidies. Following the loss of the Property's rental subsidies, and the transformation of the property to restore originally projected operations, any remaining balance in the Transformation Reserve would be retained by the Partnership for the 15-year compliance period to supplement or restore any shortfall in the Operating Reserve or Replacement Reserve.

Tax and Insurance Escrow Account

The Tax and Insurance Escrow Account of \$41,457 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.

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	\$2,000,000	N/A	0.00%	0.00%	Draw
Loan of FHLB AHP Funds	\$760,000	N/A	0.00%	0.00%	Draw
CDBG	\$300,000	N/A	0.00%	0.00%	Draw
Reinvested Developer Fee	\$275,652	N/A	0.00%	0.00%	Draw
PNC Bridge Loan	\$8,834,777	One Month LIBOR	0.00%	3.25%	Draw

The PNC Bridge Loan shall be funded on a draw basis following the full disbursement of the City of Philadelphia loan and the loan of FHLB AHP funds, less any required retainage. The PNC Bridge Loan shall have a term of 16 months. The PNC Bridge Loan will have an interest rate of the PNC Prime Rate, floating (3.25% as of the date of this letter). PNC shall receive an origination fee for the PNC Bridge Loan of \$44,174. 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

City Loan of Philadelphia HOME/CDBG/HTF Funds	\$2,000,000	N/A	0.00%	0.00%	Draw
Loan of FHLB AHP Funds	\$760,000	N/A	0.00%	0.00%	Draw
Deferred Developer Fee	\$492,978	N/A	0.00%	0.00%	Draw
Reinvested Developer Fee	\$275,652	N/A	0.00%	0.00%	Draw

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 \$75 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 December 1, 2015, 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 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 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: 11/10/14

Macy Kisilinsky, Vice President, Acquisitions



TAX CREDIT CAPITAL

VIA E-MAIL

November 10, 2014

Reverend Luis Cortes
President
Nueva Esperanza, Inc.
4261 N. 5th Street
Philadelphia, PA 19140

RE: Roberto Clemente Homes, L.P. - Equity Bridge Loan

Estimado Senore Cortes:

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 \$8,834,777 to Roberto Clemente Homes, L.P. (the “Partnership”), which has been formed to own, develop, and manage a 38-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 blue ink, 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 10, 2014 (the "Conditional Commitment Letter")

Roberto Clemente Homes, L.P.

EQUITY BRIDGE LOAN – SUMMARY OF TERMS AND CONDITIONS

Borrower	Roberto Clemente Homes, L.P. (the "Borrower"), in which Esperanza 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 Nueva Esperanza, Inc.
Property	Roberto Clemente Homes (the "Property"), a 38-unit single building rehabilitation for affordable housing for 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 \$8,834,777, 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 sixteen (16) months from initial closing, and in no event earlier than April 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 \$44,174, 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.