



**SIGN THIS COPY!
AND RETURN TO:**

**Local Initiatives Support Corp.
ATTN: Grants and Contracts
Management Department
501 7th Ave, (7th floor)
NYC 10018**

July 9, 2014

Liberty Housing Development Corporation
Bruce Connus, Executive Director
714 Market Street Suite 402
Philadelphia, Pennsylvania 19106

Re: **LISC's Program Action Number 46428-0001**

Dear Mr. Connus:

I am pleased to inform you that Local Initiatives Support Corporation ("LISC") has approved recoverable grant financing in the amount of \$50,000 (the "Recoverable Grant") to Liberty Housing Development Corporation (the "Grantee"), the proceeds of which shall be used for the purposes set forth in Section 1, below. **Note that *one original of this letter agreement (this "Agreement")* must be countersigned by the Grantee and returned to LISC's New York City headquarters, in accordance with Sections 21 and 22, below.**

The Recoverable Grant is being made available to the Grantee in accordance with the following terms and conditions:

- (1) **Purpose of the Recoverable Grant.** The Recoverable Grant is being provided to the Grantee to support the predevelopment costs for a low-income housing tax credit (LIHTC) affordable housing development project, commonly referred to as Liberty 52, to be located at 616-36 North 52nd Street and the adjacent 5208-28 Poplar Street, in census tract 103, a qualified census tract. The site will contain approximately twenty-four (24) one-bedroom units for occupancy by senior citizens and individuals with physical disabilities (the "Project").
- (2) **Grantee's Principal Contact at LISC.** The Grantee's principal contact person at LISC with respect to the Recoverable Grant shall be *James Crowder, Program Officer for Philadelphia LISC*. Unless otherwise indicated in this Agreement, all correspondence concerning said Recoverable Grant should be addressed to him and include the Program Action Number stated above.
- (3) **Term of the Recoverable Grant.** The Recoverable Grant shall be available for disbursement to the Grantee commencing on the date that all the standard conditions contained in Section 6 herein, have been satisfied, beginning June 1, 2014, and continuing through and including May 31, 2016 (the "Recoverable Grant Term").

- (4) **Costs to be Paid with Recoverable Grant Proceeds.** During the Recoverable Grant Term, the Grantee hereby agrees to use the Recoverable Grant proceeds only to pay the costs described in the budget attached hereto as **Exhibit A**, which have been or shall be incurred in support of the Project.
- (5) **Repayment of Disbursed Recoverable Grant Amounts.** The Grantee shall repay all disbursed amounts of the Recoverable Grant to LISC in full, on the earlier to occur of (i) the permanent financing of the project or (ii) June 30, 2016 (the "Maturity Date"). The Maturity Date is the date all amounts disbursed under the Recoverable Grant shall be due and payable to LISC by the Grantee. However, in the event that LISC is satisfied that the Grantee has made best efforts to move the Project forward to development, completion, and/or successful operation (as the case may be), including but not limited to the obtainment and close of all required financing for the Project, and if LISC and the Grantee shall have mutually agreed in writing that the development of the Project cannot proceed due to a lack of financing, or a completed Project cannot generate sufficient revenue to repay the Recoverable Grant, or for some other reason beyond the Grantee's control the Recoverable Grant cannot be repaid (again, as the case may be), repayment of the portion of the Recoverable Grant that is unable to be repaid shall not be required.
- (6) **Conditions to Disbursement(s) of the Recoverable Grant.** The Recoverable Grant will be disbursed to the Grantee, upon fulfillment of the following conditions:
- (a) receipt by LISC's Grants and Contract Management department in New York City of one of the enclosed copies of this letter agreement (this "Agreement"), countersigned in accordance with Section 21, below;
 - (b) receipt by LISC's Financial Analyst in New York City of a good standing certificate issued in favor of the Grantee, *dated no more than 12 months prior to the date of this Agreement*;
 - (c) an original corporate resolution, signed by the Grantee's Secretary and issued by the Grantee's Board of Directors, authorizing the Project and receipt of the Recoverable Grant in support of the Project; and
 - (d) receipt by LISC's Financial Analyst in New York City of the Philadelphia LISC Program Officer's written approval of the disbursement.
- (7) **Right of Last Look for Other Project Financing.** In consideration for LISC providing the Recoverable Grant to the Grantee in furtherance of the Project, which is strategically important to LISC and the Grantee because it will facilitate the provision of affordable, decent, safe, and sanitary housing opportunities for seniors and individuals with physical disabilities that otherwise would not be available to them, the Grantee hereby agrees, covenants, and grants to LISC an unconditional right to make the last offer to the Grantee ("Right of Last Look") of suitable financing (including New Markets Tax Credit financing) for the Project or any new related real estate development projects undertaken by the Grantee during the term of this Recoverable Grant and for a period of one (1) year thereafter. If the Grantee

receives a bona fide offer from a third party for financing in connection with the Project, prior to executing any letter of intent or any binding agreement whatsoever, the Grantee shall give LISC written notice thereof and provide LISC with sufficient information to enable LISC to underwrite a proposed loan or other financing as well as copies of offers by said third parties. If LISC is interested in providing additional financing for the Project, LISC will exercise its Right of Last Look by delivering to the Grantee a written letter of interest setting forth the terms and conditions upon which LISC would be willing to provide such financing to the Project. As long as the material terms of LISC's offer in its letter of interest are at least as favorable as the best bona fide offer made by a third party, then within ten (10) days, the Grantee shall execute the LISC letter of interest giving LISC the right to provide the appropriate financing for the Project. If LISC and the Grantee are unable to reach an agreement within twenty (20) business days after LISC has received all pertinent information required by this paragraph, the Grantee shall be permitted to discuss the Project with other lenders and financial services providers.

By signing this Recoverable Grant Agreement, and accepting the proceeds of the Grant, the Grantee expressly represents, agrees, and covenants that it will comply with the requirements of this paragraph 7. This provisions of this paragraph 7 shall survive the termination or expiration of this Agreement.

- (8) **Funds Not Disbursed to the Grantee Prior to the Expiration of the Recoverable Grant Term.** Any Recoverable Grant funds not disbursed to the Grantee by the expiration of the Recoverable Grant Term shall be automatically reprogrammed by LISC, and shall no longer be available for disbursement to the Grantee; provided, however, that if the Recoverable Grant Term is extended pursuant to Section 20 of this Agreement, then the funds shall remain available for disbursement until the new Recoverable Grant Term.
- (9) **Funds Not Disbursed in a Timely Way:** Any funds not drawn down in a timely fashion during the term of the Grant may be deobligated by LISC in its sole discretion after notice to the Grantee. Such deobligation shall be effective as to any Grant proceeds not expended by the Grantee prior to the date of receipt of such notice.
- (10) **Return of Recoverable Grant Proceeds to LISC.** The Grantee will return to LISC any Recoverable Grant funds it has not expended by the expiration of the Recoverable Grant Term, unless such Recoverable Grant Term has been extended pursuant to Section 20 of this Agreement, in which case the Grantee will return to LISC any Recoverable Grant funds it has not expended by the expiration of the new Recoverable Grant Term.
- (11) **No Disbursement if Non-Compliance.** LISC shall not make any disbursement of the Recoverable Grant unless on the proposed date of disbursement the Grantee is in full compliance with all the terms and conditions of this Agreement. In addition,

LISC shall not make any disbursement of the Recoverable Grant if it will (i) violate any provision of law, regulation or administrative ruling to which LISC is subject, (ii) subject LISC to any tax, penalty, or fine, or (iii) not further the charitable purposes of LISC.

(12) No Disbursement if Default Exists, or Material Adverse Change Has Occurred.

LISC shall not make any disbursement of the Recoverable Grant if, at the time of the proposed disbursement, the Grantee, or any subsidiary of the Grantee, or any partnership affiliated with the Grantee, is in default under the terms of any LISC financing, whether for the Project or provided by LISC for any other project or purpose. In addition, LISC shall not make any disbursement of the Recoverable Grant if there has been a material adverse change in the financial or other condition of the Grantee or the Project, including, but not limited to, any adverse change in the Grantee key personnel working on the Project (with LISC determining, in its reasonable discretion, what constitutes a material adverse change in key personnel).

(13) Restrictions on Use of the Recoverable Grant.

Under Sections 501 and 4945 of the Internal Revenue Code (the "Code"), the Recoverable Grant may not be used to carry on propaganda, to attempt to influence legislation, or to participate in, intervene in, or attempt to influence the outcome of, political campaigns or elections.

Additionally, under the applicable provisions of the Code, LISC funds may only be used in furtherance of LISC's charitable purposes. By countersigning this Agreement and returning it to LISC, the Grantee agrees (i) not to use the Recoverable Grant for any purposes prohibited by the preceding two sentences; (ii) to use the Recoverable Grant in furtherance of the Grantee's charitable purposes (as set forth in its Articles of Incorporation and Application For Recognition of Exemption submitted to the IRS), and (iii) to promptly reimburse LISC any amounts of the Recoverable Grant not used to further charitable purposes.

(14) Compliance with Anti-Discrimination Rules.

In its use of Recoverable Grant funds provided by LISC, and in its development, marketing and operation of the Project, the Grantee shall fully comply with all applicable federal, state, local (and any other governmental), anti-discrimination laws, executive orders, rules and regulations.

(15) Tax-Exempt Status.

the Grantee confirms that it received a letter from the IRS in 2007 which determined that the Grantee is (i) exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and (ii) an organization that is not a private foundation under Section 509 (a)(1) of the Code, has not been revoked or modified, and that the Grantee has delivered a copy of said letter to LISC. *If either determination is revoked or modified, the Grantee shall immediately notify LISC.*

(16) Review of Operations.

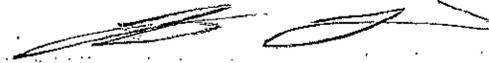
LISC may monitor and conduct an evaluation of activities funded by the Recoverable Grant. Such evaluation may include a visit from LISC

personnel to observe the activities funded by the Recoverable Grant, to discuss said activities with the Grantee's personnel, and/or to review financial and other records and materials relating to the activities financed or facilitated by the Recoverable Grant. In addition, upon LISC's providing of reasonable advance notice, the Philadelphia LISC Program Officer shall be allowed to attend at least one Board meeting of the Grantee a year.

- (17) **Publicity.** The Grantee agrees that LISC may include information regarding the Recoverable Grant and the Project in its periodic public reports. The Grantee shall also make best efforts to provide LISC with reasonable advance notice of any groundbreaking or ribbon-cutting events for the Project. LISC may refer to the Recoverable Grant in press releases, and asks that until such a press release is issued, the Grantee not make any public announcement relating to the Recoverable Grant without first consulting the LISC contact person referred to in Section 2, above. A copy of all issued press releases shall be promptly sent to such contact person.
- (18) **No Right of Assignment or Delegation.** The Grantee may not assign or otherwise transfer its rights, or delegate any of its obligations, under this Agreement.
- (19) **LISC's Authorization to Instruct.** The Grantee authorizes LISC, on the Grantee's behalf and prior to the expected financing event that will cause the Maturity Date to occur as described in Section 4, above, to instruct any funder expected to provide take-out financing to repay the Recoverable Grant to pay a portion of such take-out financing directly to LISC, as required, to fully repay the Recoverable Grant.
- (20) **Amendment of Term of Recoverable Grant.** LISC shall consider, but is not obligated to agree to, requests by the Grantee to extend the Maturity Date or make other modifications to the terms of the Recoverable Grant. Amendments to the Recoverable Grant shall be made only after (i) LISC's Program Officer has received a written request from the Grantee stating the nature of the amendment requested, and (ii) an authorized officer of LISC shall have executed a written agreement describing the terms of the amendment.
- (21) **Countersignature Required.** If this Agreement correctly sets forth the Grantee's understanding of the terms and conditions of the Recoverable Grant, please indicate acceptance of and agreement to said terms and conditions by having the enclosed copies of this Agreement countersigned and dated by an authorized officer of the Grantee in the space provided below. **Return one original of the Agreement to the following address: LISC, 501 Seventh Avenue, 7th Floor, New York, NY, 10018, Attn: Grants and Contract Management Department. Please send one PHOTOCOPY or PDF of the countersigned agreement to the Philadelphia LISC Program Officer.**
- (22) **Agreement Must be Returned.** Return one countersigned copy of this Agreement within 30 days of the date of this letter.

On behalf of LISC, may I extend every good wish to you for the success of the project.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

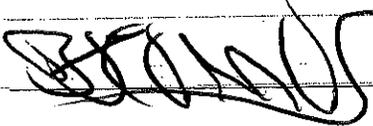
Vice President

cc: James Crowder, Program Officer for Philadelphia LISC,

(please see next page for countersignature)

TERMS OF RECOVERABLE GRANT ACCEPTED AND AGREED TO:

Liberty Housing Development Corporation

By: 

Please direct disbursement check to:

Name: Bruce J Connus CEO

Name: Bruce J Connus

Title: President & CEO

Title: President & CEO

Date: 8-1-14

Full Mailing Address:

Liberty Housing Development Corp

P.O. Box 1929

Philadelphia PA 19105

EXHIBIT A

RECOVERABLE GRANT BUDGET¹

Uses:	
Market Study	\$8,000
Architect Fee	\$12,000
Site Civil/Zoning	\$18,000
Legal	\$3,000
Environmental	\$5,000
Application Fee	\$2,500
Architectural Reimbursements	\$1,500
Total	\$50,000

¹ Any change in a line item of (1) 10% of the budget, or (2) \$1,000 or more (whichever is greater), shall be not be made without LISC's prior written approval. LISC reserves the right to approve any professionals or consultants hired with funds under this Recoverable Grant.