



Community Development Banking
225 Franklin Street, 2nd Floor
Boston, MA 02110
MA1-225-02-02

July 22, 2015

Riverway CDC
New Whitney Street
Boston, MA 02115

Re: **RTH Restoration Housing LP (the “Project”)**

Dear Riverway CDC:

This letter expresses the conditional commitment of Bank of America, N.A., and, or, its affiliates (‘Investor’) in making an equity investment in a Partnership for purposes of developing and owning a low-income family housing project (the “Project”). This letter is intended to describe the terms and conditions of Investor’s proposed equity investment. The Investor understands that the Project will benefit from a Project Based Vouchers Section 8 contract that will support 80 apartment units and that HUD may perform a subsidy layering review of the financing sources for the Project to ensure that the funds committed to finance the Project are not more than is financially feasible to complete construction of the Project. For purposes of the subsidy layering review and notwithstanding any language contained herein to the contrary, HUD may rely on the terms and conditions of this letter and consider the same to be a commitment from the Investor to make its investment in the Project, subject to the terms and conditions enumerated herein.

1. Project.

RTH Restoration Housing LP will be comprised of the acquisition and rehabilitation of 17 wood-frame structures in the Mission Hill-Longwood Medical Area (LMA) neighborhood clustered along Fenwood Rd, Francis St and St Alban’s Rd, including: 24, 30,32, 36, 40, 44, 50, 51, 52, 53, 54, 55, 56, 57 Fenwood Rd; 24 St. Alban’s Rd, and 36 & 52 Francis St. All 81 units will be affordable for households earning 50% of Area Median Income (“AMI”) or less and have a 15 year AHAP Section 8 contract for 80 units. Amenities will include access to the off-site RTH Community and Fitness center.

2. **Tax Credits.**

The Project is expected to receive a preliminary reservation of 2016 “as of right” 4% federal low-income housing tax credits (the “**Projected Federal Credits**”) totaling \$885,336 per annum from the Massachusetts Department of Housing and Community Development (the “**Credit Agency**”). In addition, the Project is expected to qualify for \$2,797,012 of federal historic tax credits (the “**Projected Federal Historic Credits**”) and \$1,500,000 of Massachusetts historic tax credits from the Massachusetts Historical Commission (the “**Projected State Historic Credits**”).

3. **Partnership.**

The Project will be owned and operated by RTH Restoration Housing LP, (the “Partnership”) with an affiliate of RTH, TBD-RTH Restoration GP LP as the General Partner, and Investor as Investor Limited Partner and an affiliate of Investor as Special Limited Partner. General Partner, Investor, and Special Limited Partner will enter into a Partnership Agreement (the “Partnership”). General Partner will own a 0.01% interest in the Partnership, Investor will own a 99.99% interest in the Partnership as Investor Limited Partner; and Special Limited Partner will own a 0.0% interest (the “Percentage Interests”). The structure and composition of the General Partner entity will also be subject to Investor’s review and approval.

4. **Project Financing.**

General Partner contemplates that the Partnership will obtain the loans set forth below (the “Loans”);

- A. **Construction Loan.** A Construction/ Bridge Standby Letter of Credit in an estimated amount of \$16,800,000 and with a term of 18 month(s) (the “Construction Loan”) will be provided by Bank of America Merrill Lynch/ MHP MATCH Program on terms to be approved by Investor.
- B. **Permanent Loans.** The following permanent loans (the “Permanent Loans”) are expected to be made to the Partnership:

Loan type	Lender	Loan Amount	Interest rate	Loan Term	Amortization Term
<u>First Mortgage Loan</u>	MHP MATCH	\$7,715,000	4.50%	20 years	30 years
Subordinate Loan (with fixed required payments)	Sponsor	\$10,318,008	TBD- 0.394%	50 Years	N/A
SHTC Loan	TBD	\$1,275,000	TBD- 0.10%	50 Years	N/A

The terms and conditions of each of the Loans and any other loan to the Partnership will be subject to Investor's approval. Such loans will (i) expressly permit the admission of Investor into the Partnership and the potential transfers of the limited partner interests by Investor and Special Limited Partner without consent of the maker of the loan provided that such transfers are permitted under the Partnership Agreement, and (ii) will provide Investor with notices of default and cure rights acceptable to Investor. All Permanent Loans will be non-recourse. The subordinate loans must be unconditionally committed at Construction Loan Closing with no conditions for appropriation or available funding.

5. Other Parties.

- A. Developer. Riverway CDC
- B. Guarantor. Riverway CDC
- C. Property Manager. TBD - Affordable Property Management, Inc. The Property Manager is not affiliated with Developer, Guarantor, General Contractor, or General Partner.
- D. General Contractor. GC Inc. The General Contractor is not affiliated with Developer, Guarantor, Property Manager, or General Partner. The General Contractor will provide a Stipulated Sum or Guaranteed Maximum Price Contract with 100% Payment and Performance bonding. The qualifications and financial condition of each of the foregoing parties must be acceptable to Investor.

6. Capital Contributions.

Investor will make a total Capital Contribution equal to \$1.09 for each \$1.00 of Federal Low Income Housing Tax Credits and \$0.95 for each \$1.00 of Federal Historic Tax Credit to which it will be entitled as a limited partner. Based on the Projected Federal Credits for the Partnership this would amount to a total Capital Contribution of \$12,306,090 (the "Total Capital Contribution"). The certificated Massachusetts Historic Tax Credits are discussed in section 8 below. The Total Capital Contribution will be paid as follows:

Milestone	Conditions to be satisfied prior to payment	% Equity	\$ Equity
<u>Initial Capital Contribution</u>	(i) closing of the Partnership (ii) closing and initial funding of all construction financing for the Project (iii) receipt of commitments for all permanent financing on the Project with the interest rate fixed for at least 15 years (iv) evidence of acquisition of the land and buildings (v) evidence the Partnership has 42(m) letters from the Credit Agency and Bond Issuer, approving 4% credits in an amount	11.00%	\$1,353,670 Federal Tax Credit Equity

Milestone	Conditions to be satisfied prior to payment	% Equity	\$ Equity
	<p>equal to the Projected Federal Low Income Housing Tax Credits</p> <p>(vi) receipt by the Investor of a tax opinion prepared by special tax counsel for the Partnership in a form which is acceptable to the Investor</p> <p>(vii) receipt of an executed AHAP contract for the 100% of the units receiving Section 8 assistance</p> <p>(viii) satisfactory completion of Investor's due diligence</p> <p>(ix) receipt of Part 1 Approval and Part 2 Approval from National Park Service with conditions acceptable to the Investor</p>		
<u>100% Construction Completion Capital Contribution</u>	<p>(i) the Bank has received the Bank's Construction Consultant's report evidencing 100% completion of the property</p> <p>(ii) evidence of awards totaling \$1,500,000 of Massachusetts historic tax credits from the Massachusetts Historical Commission;</p> <p>(iii) the owner's title policy has been amended to remove all mechanics lien exceptions</p> <p>(iv) all prior capital contribution requirements have been completed.</p> <p>This contribution will occur no earlier than 7/01/2016.</p>	7.00%	\$861,426 Federal Tax Credit Equity
<u>Conversion and Stabilization Capital Contribution</u>	<p>(i) the Project then has achieved at least three consecutive calendar months of a minimum of 1.15 to 1 debt service coverage on the Permanent Loans (which period must include the last day of the most recent calendar month)</p> <p>(ii) the Project is then at least 93% occupied</p> <p>(iii) all tax credit units have been leased to qualified tenants at least one time</p> <p>(iv) all Permanent Loans have closed and funded, or will close and fund concurrent with this Conversion and Stabilization Capital Contribution</p> <p>(v) permanent certificates of occupancy or receipt of Inspectional Services Department ("ISD") sign-off on building permits as evidence and approval of completion of rehabilitation has been issued for each building;</p> <p>(vi) all reserves have funded or will fund concurrent with this payment</p> <p>(vii) a draft cost certification reviewed by a</p>	76,00%	\$9,352,628 Federal Tax Credit Equity

Milestone	Conditions to be satisfied prior to payment	% Equity	\$ Equity
	<p>qualified accountant has been received in a form acceptable to Investor;</p> <p>(viii) the State Tax Credit Loan has been fully funded</p> <p>(ix) receipt of Part 3 of the Historic Preservation Certification Application approved by the National Park Service provided, however, if the approved Part 3 is not available once all other conditions precedent to payment of the Conversion and Stabilization Capital Contribution have been satisfied, receipt of the approved Part 3 shall become a condition of the Final Capital Contribution.</p> <p>(x) Investor has received a copy of an executed note evidencing the Partnership's obligation to pay the deferred Development Fee, if any.</p> <p>This contribution will occur no earlier than 10/01/2016.</p>		
<p><u>Final Capital Contribution</u> (The balance of the unpaid Total Capital Contribution)</p>	<p>(i) the Credit Agency has issued a Form 8609 for each building;</p> <p>(ii) a final cost certification reviewed by a qualified accountant has been received in a form acceptable to Investor;</p> <p>(iii) a copy of the recorded Extended Use Agreement has been received;</p> <p>(iv) a copy of the third-party compliance audit of the initial tenant files has been received;</p> <p>(v) calculations of final adjusters have been prepared and agreed to;</p> <p>(vi) receipt of Part 3 of the Historic Preservation Certification Application approved by the National Park Service, if not previously provided in connection with payment of the Conversion and Stabilization Installment.</p> <p>This contribution will occur no earlier than 11/01/2016.</p>	6.00%	<p>\$738,365</p> <p>Federal Tax Credit Equity</p>

7. General Partner and Guarantor Obligations.

- A. Completion and Development Deficit Guaranty. General Partner and Guarantor will guarantee lien-free completion of the Project in a good and workmanlike manner substantially in accordance with plans and specifications as approved by

Investor on or before December 31, 2016 (the "Completion Date"). General Partner and Guarantor will guaranty payment of all development costs, including all costs of achieving such lien-free completion, including all soft costs and construction period interest. Further, under this guaranty, General Partner and Guarantor will guaranty payment of all operating costs through the later of the date (i) the Project has achieved 93% occupancy for three consecutive calendar months, (ii) the Project is 100% complete, (iii) all tax credit units have been leased to qualified tenants at least one time, and (iv) all Permanent Loans have closed and funded. Payments made under this guaranty up to the amount of \$835,000 will constitute Development Loans and shall be repayable from Cash Flow and Sale or Refinancing Proceeds of the Partnership. Payments made under this guaranty in excess of \$835,000 will not constitute loans to the Partnership and neither General Partner nor Guarantor shall have any right to receive any repayment on account of such payments.

- B. Operating Deficit Guaranty. General Partner and Guarantors will agree to loan to the Partner any amounts required to fund operating deficits arising after the expiration of the Completion and Development Deficit Guaranty (the "Operating Deficit Guaranty") up to a maximum amount of \$835,000 (the "Operating Deficit Loan Maximum"). Any amounts so advanced will constitute interest-free loans ("Operating Loans") repayable only out of future available cash flow or out of available proceeds of a sale or refinancing. The Operating Deficit Guaranty will terminate upon the later of 60 months after the later of (i) the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of 1.15 to 1 debt service coverage on the Permanent Loans calculated over a period of 12 consecutive months. In addition, in order for the Operating Deficit Guaranty to terminate, the Project must average a 1.15 to 1 debt service coverage ratio for the last 12 months of the 60 month period or any subsequent 12 month period and the Operating Reserve must be replenished to a required balance of not less than \$822,232.
- C. Repurchase. General Partner and Guarantors will be required to repurchase the Investor's interest upon certain material events including but not limited to: failure to achieve completion by December 31, 2016, failure to achieve stabilization within 24 months of completion, failure to place the Project in service prior to the date required by the Internal Revenue Code, or loss of permanent financing commitments. The General Partner and Guarantors will repurchase the Investor's interest in the Partnership at a price equal to the Investor's Capital Contributions paid to date, plus the actual out of pocket costs to the Investor (including legal, accounting, and consulting) plus 10% interest per annum, less any net tax credits received and retained by the Investor.
- D. Tax Credit Guaranty and Indemnification. General Partner and Guarantors will indemnify Investor for the failure to achieve Projected Federal Credits. Should the actual tax credits be lower than the Projected Federal Credits, Investor's capital contributions will be adjusted downward by the amount of the difference and any

interest or penalties owed by Investor. Subsequent to the payment of Investor Capital Contributions, General Partner and/or Guarantors will, within 75 days of the end of each calendar year, pay to Investor an amount on an after tax basis equal to the difference in actual tax credits plus any interest or penalties owed by Investor. This guaranty will run for the 15-year term of the compliance period.

- E. Intentionally omitted: Adjuster Provisions. The Capital Contributions are based upon your projection of total federal Low-Income Housing Tax Credits of \$8,852,472 ("Original Projected Credit") to Investor, which in turn is based upon certain assumptions and projections. The following tax credits are to be delivered to the Investor:

Credit	2016-2025
<u>Federal Low Income Housing Tax Credit</u>	\$885,247

Credit	2016
<u>Federal Historic Rehabilitation Tax Credit</u>	\$2,797,012

Credit	2016
<u>State Historic Rehabilitation Tax Credit</u>	\$1,500,000

The actual amount of Low-Income Housing and Federal Historic Tax Credits may in fact change after the determination of eligible and qualified basis. Accordingly, the Capital Contribution may be adjusted when (i) final projections of the amount of Low-Income Housing Tax Credits are completed and/or (ii) upon or after actual completion of the project. Upon satisfaction of all conditions and prior to payment of the Final Capital Contribution, the Project Accountant will provide the Investor with Revised Economic Projections and the Final Credit Amount determined by the Accountants.

- F. Federal Credit Adjuster. To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted by \$1.09 per federal credit on such variance in the delivery of actual credits to original Projected Credit (as reflected in cost certifications or Form 8609). To the extent the actual Federal Historic Credit Amount varies from the original Projected Federal Historic Credit Amount, Investor's Capital Contribution will be adjusted by \$0.95 per federal historic credit on such variance in the delivery of actual credits to the original Projected Federal Historic Credit.

- G. Federal LIHTC Timing Adjuster. Investor's federal credit capital contribution will be adjusted to reflect the later or earlier than projected delivery of federal credits with respect to the first year and, if applicable, the second year, of the credit period, based on a reduction in price of \$0.65 for every federal credit dollar deferred, or an increase in price of \$0.65 for every federal credit dollar accelerated.
- H. Federal Historic Tax Credit Timing Adjuster. Investor's Capital Contribution is based on the assumption that \$2,796,732 in Federal Historic Tax Credits will be delivered by December 31, 2016 ("Outside Historic Credit Delivery Date"). If the tax credits are delayed beyond the Outside Historic Credit Delivery Date, Investor's Capital Contribution shall be reduced by \$0.01 per month from the \$0.95 purchase price of the Federal Historic Tax Credits.

The adjuster provisions for the Projected State Historic Credits are discussed in Section 8 below.

In no event will the application of the above adjusters cause Investor's Capital Contributions to increase by more than 5% without approval from Investor's Investment Committee. If due to such adjusters, Investor's capital contributions are to be adjusted downward by more than the amount of Investor's then unpaid capital contributions, then General Partner and Guarantor will guaranty payment of the shortfall in such adjustments. The General Partner's and Guarantor's obligations will be more specifically set forth in the Partnership Agreement and other related documents.

8. State Historic Tax Credit Sale.

The parties anticipate that the proceeds from the sale of the Projected State Historic Credits to Bank of America, N.A. in an amount equal to \$0.85 for each \$1.00 of State Historic Tax Credits will be loaned to the Partnership by MPCDC or another non-profit entity (the "State Credit Lender" or the "Non-Profit"). The Partnership will allocate all of the State Historic Tax Credits to the General Partner and General Partner will in turn make a charitable contribution of the State Historic Tax Credits to the Non-Profit. The Non-Profit will enter into a separate agreement to sell the State Historic Tax Credits to Bank of America, N.A. outside of the Partnership. Payment by Bank of America, N.A. for the State Historic Tax Credits will be made in one installment: 100% upon receipt of the State Determination of Eligibility and satisfaction of all conditions for purchase set forth in the Purchase and Transfer Agreement between BANA and the Non-Profit. The Non-Profit will loan the proceeds in the anticipated amount of \$1,275,000 from the sale of the State Historic Tax Credits to the Partnership (the "State Credit Loan"). The Partnership's receipt of the State Credit Loan will be a prerequisite to the payment by the Investor of its Conversion and Stabilization Capital Contribution. The parties anticipate that Bank of America, N.A. will receive State Historic Tax Credits in the amount of \$1,500,000 in Year 2016. To the extent the final amount of the State Historic Tax Credits varies from the Projected State Historic Credits, then the purchase price of the State Historic Tax Credits will be adjusted by \$0.85 per State Historic Tax Credit and payment of such adjustment amounts will be made to Bank of America, N.A. pursuant to

a guaranty agreement from Guarantors. If the tax credits are delayed beyond December 31, 2016, then Bank of America's Purchase Price will be reduced to reflect the later than projected delivery of State Historic Tax Credits by \$0.01 per month from the \$0.85 purchase price of the State Historic Tax Credits. In addition, the guaranty of Guarantors will also cover the following two events: (i) if the sale of the State Historic Tax Credits is deemed to result in taxable income being allocated to the Investor, payment to the Bank of America, N.A. in an amount sufficient on an after tax basis to make the Investor whole plus any interest and penalties, and (ii) if the transaction is not respected as a sale of State Historic Tax Credits, and as a result of such re-characterization, Bank of America, N.A. is unable to claim a federal deduction under Section 164(a) of the Code for state income taxes deemed paid pursuant to the purchase of State Historic Tax Credits, payment to Bank of America, N.A. of an amount sufficient to make Bank of America, N.A. whole on an after tax basis for the amount of such disallowed deduction plus any interest and penalties.

9. Allocation of Tax Credits, Depreciation, Profits and Losses.

The Tax Credits, depreciation, operating profits and losses will be allocated in accordance with the Percentage Interests.

10. Distribution of Cash Flow.

A. Operating Cash Flow. Operating cash flow will be utilized as follows:

- (i) payment of debt service on the Permanent Loans and other operating expenses;
- (ii) additions to a funded capital replacement reserve as provided in the Partnership Agreement;
- (iii) payment of the Asset Management Fee (\$5,000 per year increasing 3% per year) to the Special Limited Partner, which fee will accrue if not paid;
- (iv) payment of the Deferred Developer Fee,
- (v) payment of the Partnership Management Fee (\$7,500 per year increasing 3% per year) to the General Partner, which fee will accrue if not paid;
- (vi) repayment of any Operating Deficit Loans made by General Partner;
- (vii) replenishment of the Operating Reserve Account up to \$822,759; and
- (viii) until the expiration of the federal historic tax credit compliance period 99.99% to the Investor and 0.01% to General Partner; thereafter 90% to the General Partner, first as payment of an Incentive Management Fee and then as a distribution, and 10% to the Investor.

B. Sale or Refinancing Proceeds. Distributions of proceeds from a sale or refinancing of the Project will be distributed as follows:

- (i) payment of debt service on the Permanent Loans and other operating expenses;
- (ii) to the extent reasonably determined necessary by the General Partner, additions to a funded capital replacement reserve;
- (iii) payment of the federal and state “exit” taxes incurred on any negative capital account, if any, of the Investor;
- (iv) payment of any unpaid, accrued Asset Management Fee;
- (v) payment of the Deferred Developer Fee;
- (vi) payment of any unpaid, accrued Partnership Management Fee;
- (vii) repayment of any Operating Deficit Loans made by General Partner; and
- (viii) until the expiration of the federal historic tax credit compliance period 99.99% to the Investor and 0.01% to General Partner; thereafter 90% to the General Partner, first as payment of an Incentive Management Fee and then as a distribution, and 10% to the Investor.

C. Developer Fee. Developer will earn a Developer Fee, projected to be \$2,025,436. Subject to construction lender approval, up to 30% of the payable Developer Fee may be released prior to construction completion. Further, the timing of the payments toward the Developer Fee is subject to the terms of the Construction Loan, which will be subject to approval by Investor. In the event that the amount of the Final Capital Contribution is insufficient to pay the remaining balance of the Developer Fee, such unpaid balance will be deferred as provided in the Partnership Agreement, with interest at the Applicable Federal Rate per year, and will be paid out of Operating Cash Flow and Net Proceeds as provided above, provided that the amount of the unpaid balance must be paid within 13 years after 100% completion of the property.

11. Property Manager.

TBD – The Property Manager will earn a fee equal to a maximum of 4.5% of the Project’s gross collected rents. If the Property Manager is an affiliate of the General Partner, Guarantor, or Developer, then the Property Manager may be terminated as Property Manager in the event of the removal of General Partner.

12. Depreciation.

For the purposes of the pricing contained in this Conditional Commitment, we have assumed the Partnership will depreciate its residential rental property over a 27.5 year recovery period.

13. Replacement Reserves.

\$1,000 per unit annually, or greater if required by any Project lender, will be funded from cash flow into a reserve account.

14. Operating Reserve.

\$822,232, or greater if required by any Project lender, will be funded upon Permanent Loan Conversion into a dual control Operating Reserve account to be used for potential operating deficits. These funds may be used to fund operating deficits prior to any funding of operating deficits by the General Partner and Guarantor during the five year Operating Deficit Guaranty period identified in Section 7B above, but will be required to be replenished in an amount not less than \$822,232 prior to release of the Operating Deficit Guaranty.

SWAP Reserve. In addition, there will be a SWAP Reserve of \$350,000 as required by any Project lender that will be funded at Closing.

15. Investor Review.

As set forth in the Partnership Agreement, Investor will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.

16. Reporting.

The Partnership will be required to prepare quarterly and annual reports in form and substance satisfactory to Investor as set forth in the Partnership Agreement.

17. Additional Partnership Agreement Terms.

The Partnership Agreement will provide for customary covenants, rights to approve major Partnership matters, representations and warranties, defaults, (including the right to remove the General Partner for bankruptcy, fraud, violations of representations and warranties and other removal rights that are typically held by Investors in low-income housing tax credit transactions), remedies, and indemnities (including Environmental Indemnity) to be more fully described in the Partnership Agreement. The Partnership will carry insurance acceptable to Investor.

18. Transfer of Investor Interest

Investor will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute Investor: (i) to any affiliate of Investor, (ii) to any other person or entity provided that the net worth of the proposed transferee will be acceptable

to General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Investor is the general partner or managing member.

19. Transfer of General Partner Interest.

General Partner will not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of Investor.

20. Bank Accounts.

All bank accounts of the Partnership will be maintained with Investor.

21. Conditions to Closing.

Investor's investment in the Partnership in accordance with this letter is subject to the satisfaction of the following conditions precedent on or before the Closing Date, which is anticipated to occur on or before September 30, 2015.

- A. Due Diligence. Investor's satisfactory due diligence review, in its sole and absolute discretion, of all matters pertaining to the Partnership, the General Partner, the Guarantor, the Developer and the Project including, without limitation:
- (1) the construction budget, the scope of work, the construction schedule, all required permits, the construction contract, and all other construction and development matters;
 - (2) title, survey, zoning, engineering and environmental matters;
 - (3) market studies, appraisals*, and all other matters regarding project feasibility; (*appraisal must be completed within 6 months of Construction Loan Closing);
 - (4) all aspects of the project's capital structure: the terms of all loans, grants, tax increment financing if any and equity contributions;
 - (5) debt service coverage, reserves, rental subsidies, income, expenses, and all other assumptions underlying the Projections;
 - (6) tax matters;
 - (7) government benefits, government consents, government requirements and all other regulatory aspects of the Project;
 - (8) all formation documents and government filings of the Partnership, the General Partner and the Developer; and

- (9) the financial condition of the General Partner, Guarantor and the Developer.
- B. Negotiation of Satisfactory Documentation. The negotiation of a final Partnership Agreement and related documents (collectively the "Project Documents") that are satisfactory to Investor in its sole and absolute discretion. Investor's attorney will prepare and send to General Partner and its attorney the form of the Project Documents.
- C. Opinions. Investor's receipt of a corporate opinion rendered by counsel to General Partner satisfactory to Investor, in form and substance acceptable to Investor. Investor's counsel shall render the tax opinion.
- D. Consents. Receipt of all necessary consents of governmental authorities and lenders.
- E. Title Insurance. Receipt of a title insurance policy in an amount and in a form acceptable to Investor, provided the amount of such title insurance must be at least equal to the aggregate of the Total Capital Contribution plus all Permanent Loans. The policy must include a "Non-Imputation" endorsement.
- F. Miscellaneous. Receipt of other items or information reasonably required by Investor.

22. Transaction Expenses.

The Investor is responsible for all of the Investor's transaction expenses including its legal, market analysis, and accounting fees up to \$85,750. The General Partner is responsible for all such costs to the extent they exceed \$85,750. Investor's expenses will be paid in the form of capital contribution from the Investor, which is separate from and in addition to the Capital Contribution in paragraph 6. If the Partnership fails to close, the entity signing this letter of intent on behalf of the General Partner will be responsible for reimbursing the Investor for all of the Investor's transaction expenses.

23. Termination.

If the transaction contemplated by this letter fails to close by the Closing Date, as extended by the parties, this letter will be null and void and of no further force and effect, and, neither party will have any claim or demand whatsoever against the other party in connection with this letter, its execution or termination, except the Investor's transaction expenses identified above.

24. Right of First Refusal and Purchase Option.

At the end of the 15 year tax credit compliance period, the Developer, a 501(c)(3) corporation, shall have the right to purchase the Project for an amount equal to outstanding debt plus taxes payable as a result of the sale. In addition, at the end of the 15 year tax credit compliance period the developer shall have the option to purchase the

Project at an amount equal to the outstanding debt plus taxes payable as a result of the sale or the project's fair market value.

25. Put Option.

At any time after expiration of the initial tax credit delivery period, Investor may require that General Partner purchase Investor's Interest and Special Limited Partner's Interest subject to all then existing liens and encumbrances to title for an amount equal to \$100 (the "Put Option").

26. Tax Disclosure.

Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, Investor and each officer, employee, representative or agent of Investor may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership's transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to Investor regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.

27. Material Adverse Change.

Bank of America's obligations hereunder shall terminate if, prior to closing Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the Property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Developer or Guarantor or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the potential Investment to go into default or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the Investment or the Property.

28. Expiration.

This Letter of Intent will expire at 5:00 p.m. on that date which is ten (10) business days from the date hereof unless you execute this Conditional Commitment and return it to us prior to that time, which may be by facsimile transmission. This letter is not intended as a commitment or offer by Investor to invest in the Partnership or the Project, but is intended only to summarize for discussion purposes the equity investment it is considering at this time. Investor must obtain the approval of Its Investment Committee with respect to any such Investment. After receipt of your signature on this Conditional Commitment and after you provide any additional information that may be required, we will proceed with the necessary due diligence to process your request for Investment

Committee Approval; provided, however that in any event, if this investment is not closed within (90) days from the date hereof this Conditional Commitment will expire.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned. We look forward to working with you on this transaction.

Bank of America, N.A.
