

SUMMARY OF CITY OF PHILADELPHIA REDEVELOPMENT AUTHORITY POST CLOSING AGREEMENT

At time of closing, a Redevelopment Authority Agreement setting forth restrictive covenants and other development obligations will be placed of public record (the “**Redevelopment Agreement**”). The terms and conditions of the **Redevelopment Agreement** are summarized below and the complete agreement is available on the website of the Greater Philadelphia Association of Realtors, www.gpar.org, under Redevelopment Authority heading. This Summary is for informational purposes only. If there is any inconsistency between this Summary and the Redevelopment Agreement, the terms of the Redevelopment Agreement shall control. The **Redevelopment Agreement** sets forth:

1. Redevelopment plans showing all necessary final plans, designs and specifications for the development of the property including architectural and landscaping drawings, which comply with the Property Rehabilitation Standards of the Urban Renewal Plan applicable to that city redevelopment area and all appropriate City ordinances, statutes and codes (the “**Work Plans**”) must be submitted to the RDA for review and approval at least 30 days prior to commencement of construction.

NOTE: It is suggested that the purchaser commence preparation of the Work Plans during the 45 day due diligence period provided under the Agreement of Sale to identify the full extent and costs associated with the intended redevelopment work.

2. The purchaser is obligated to commence construction of the approved Work Plans within 90 days of closing and complete the renovations to the property within 18 months of closing and receive a “**Certificate of Completion**”. The time periods can be modified only upon extraordinary circumstances and the failure to comply may result in the declaration of default and reversion of title ownership of the property back to the RDA.

3. The purchaser is required to place the amount of ten (10%) of the purchase price in escrow at time of closing, which deposit can be utilized by the RDA to complete the Work Plans or retained as part of a default forfeiture (the “**Completion Escrow**”).

4. Only RDA approved mortgages or other property secured liens can be placed against the property with terms of the financing to be provided to the RDA at least 30 days prior to loan closing. The Redevelopment Agreement sets forth protective provisions for the lender in the event of a purchaser default under the financing or the Work Plan requirements (the “**Approved Mortgagee**”).

5. The purchaser will be required to waive the right of contractors, subcontractors, and material suppliers to file mechanics liens and will be required to post

an appropriate completion bond for prompt payment of the redevelopment costs (the “**Bond & Waiver**”).

6. The purchaser is required to obtain from a Best rated A or better insurer and name the RDA as an additional insured on a general liability insurance policy of not less than One Million Dollars (the “**Certificate of Insurance**”). The purchaser also indemnifies and holds the RDA harmless from and against all claims, losses and liabilities (the “**Losses and Liabilities**”).

7. The property will be subject to a 25 year restriction allowing only the residential and work plan approved use, which restriction follows the ownership of the property (the “**Use Restrictions**”).

8. The construction, use and sale of the property shall be subject to prohibition against any discrimination, and speculation by land holding or flipping is forbidden. A sale of the property can not occur until the **Certificate of Completion** has been issued.

Note: The RDA requires the use of qualified and available Minority Business Enterprises and Women’s Business Enterprises.

9. In the event the purchaser fails to satisfy the obligations set forth in the Redevelopment Agreement, and that failure continues after a 60 day notice of default, the RDA may declare the purchaser in default and among other legal remedies regain the title ownership of the property by use of an irrevocable power of attorney that the purchaser grants to the RDA in the Redevelopment Agreement (the “**Right of Re-Entry**”).