August 13, 2009

Jacksonville CDC
Ms. Susan Smith
Executive Director
1234 Main Street
Jacksonville, FL 32208

Dear Mrs. Smith:

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. NSP1, a term that references the NSP funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, provides grants to all states and selected local governments on a formula basis.

The City of Jacksonville received $26.2 million dollars as a grant for NSP1. The City is targeting foreclosed and abandoned properties in zip codes 32206, 32208, 32209, 32244 and 32254 based on a review of greatest needs. We are relying on you as a developer partner to purchase and rehabilitate these challenged homes to a "like-new" standard.

Please let this letter serve as verification that your property indicated below has successfully completed our due diligence process and your loan has been approved by the City of Jacksonville NSP program. The approval is subject to all of the NSP terms and conditions of the Developer Contract to be executed by you and the City including but not limited to the specific terms outlined below:

| | |
|---|---|
| **Property Address**: | 7890 Williams Street, Jacksonville, FL 32209 |
| **Loan Amount:** | $99,000 (Zero interest, deferred payment) |
| **Total Approved Project Cost Before Profit:** | $150,304 |
| **Proforma:** | Approved as attached |

**Acquisition**: The Recipient is required to purchase the Project at or below the NSP approved price as indicated in the approved pro-forma in but in no instance should that be greater than 99% of the "as-is" appraised fair market value as determined by the NSP approved appraisal.

The Recipient affirms that for at least 90 days prior to acquisition, the Project was vacant and owned by a lending institution by way of foreclosure or deed in lieu of foreclosure.

**Resale:** The Project sales price will be determined by the City based on the lesser of the actual total approved Project costs plus profit or the NSP "as completed" appraised value.

The Recipient agrees to diligently market the property to potential homebuyers and to participate in the City's NSP Marketing Program.

The Recipient is required to make the Project available for a subsequent purchase only to buyers meeting all of the NSP program requirements as determined by the NSP program, including but not limited to the programmatic income requirements.

The homebuyer must certify that the property will be their principal residence and that at the time of application and approval their annual income does not exceed 120% of the median family income for the City of Jacksonville, Florida.

**Exit Strategy:** In the event the Recipient is unable to sell the Project to an NSP approved buyer within six (6) months after the Project Completion, the Recipient has the *option* to sell the Project to the City or its designee.

In the event the Recipient is unable to sell the Project to an NSP approved buyer within twelve (12) months from Project Completion, the Recipient has the *obligation* to sell the Project to the City or its designee. This requirement shall survive the termination or expiration of the contract.

**Recipient/Developer Allowed Project Profit:** The Recipient will be required to document all expenses related to the Project. Only those actual expenses that are documented and approved within the limits of the approved pro-forma and in the Scope of Work will be allowed. Taking of project profit will not be allowed until the project is sold to an eligible NSP approved buyer, to COJ or its designee.

In the event the Recipient sells the Project to an NSP approved buyer, the allowed Recipient/Developer profit, estimated in the approved pro-forma, will become 16% of the documented approved Total Project Costs.

In the event the Recipient sells the Project to the City or its designee, the allowed Recipient/Developer profit, estimated in the pro-forma, will become 10% of the documented approved Total Project Costs.

**Gap Subsidy**: A portion of the Recipient's loan may be forgiven at the time of resale based on the difference between cost and value. This gap subsidy for the Project shall not exceed the actual documented Total Project Cost plus profit as allowed within the approved pro-forma or as amended, less the NSP approved appraisal of the completed Project.

**Down-payment Assistance and Principle Reduction**: At resale, the City of Jacksonville Housing and Neighborhoods Department will provide substantial down-payment assistance and principle reduction for the qualified NSP homebuyers. The project specific award will be calculated based on the buyers' needs.

We appreciate your participation in this program and we are looking forward to your help in making Jacksonville a better community

Sincerely,

Wight Greger
Director
Housing and Neighborhood Department

NSP REBUILDING NEIGHBORHOODS ONE HOME AT A TIME