

Dear

CITY OF PHILADELPHIA LAW DEPARTMENT TAX & REVENUE UNIT

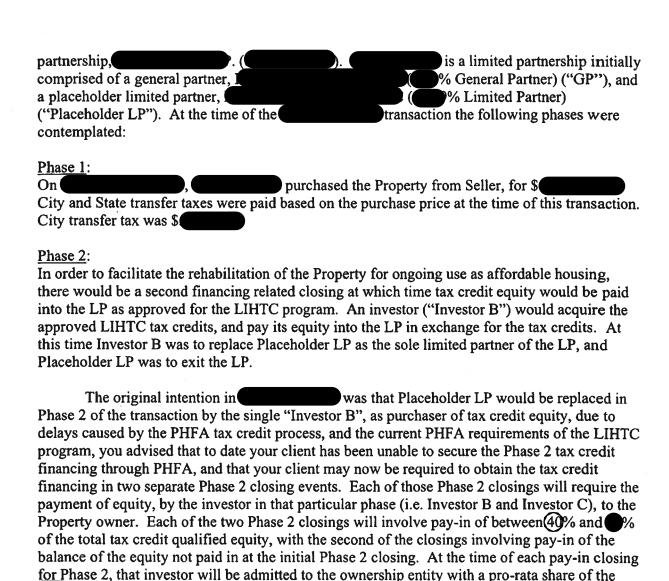
RE: Philadelphia, PA

On behalf of the City of Philadelphia through the Tax Unit of the Law Department and the Technical Staff of the Revenue Department in connection with the Philadelphia Realty Transfer Tax ("Philadelphia RTT".) We were asked to consider whether the City will accept a one-time Philadelphia RTT payment in a two-phase transaction wherein the above rental affordable housing property (the "Property") was acquired by your client, with the intention that it will be renovated for continued use as affordable housing using Federal Low Income Housing Tax Credit (LIHTC) program financing. The LIHTC program will require a long-term affordability restrictive agreement (typically 15-30 years in duration) in favor of PHFA, which restrictive agreement will be recorded against the Property. This Opinion Letter confirms the Law Department's position that the Phase 2 transactions, provided they occur in the manner and timeframe as set forth herein, shall not be considered a taxable event(s) for purposes of Philadelphia RTT.

In rendering this opinion set forth below, we examined and ruled upon the following representations you have made to us as counsel to compared to the facts as we have been given them and we have done no independent investigation.

You have represented that the LIHTC program is administered in Pennsylvania by the Pennsylvania Housing Finance Agency ("PHFA"). The LIHTC program requires that a forprofit entity own the Property, and that the partners who provide the equity which qualifies the development for the tax credits are generally admitted as limited partners in the ownership entity and have limited or no operational control of the development. PHFA imposes significant requirements and monitors compliance with those requirements related to the LIHTC program.

The Property was acquired by a limited partnership controlled by your client in The participants in the original transaction were the seller and initial owner of the Property, ("Seller"), and your client's limited



In addition to the change, Phase 2 will now require the admission of two tax credit investors. Due to the delay in securing PHFA financing, the original owner of the Property as of the

% Limited Partner interest.

After review, based on the foregoing scenario, in which the investor limited partners obtain the "winterest in the Limited Partnership, and the only effect of the Phase 2 transactions is to allow the infusion of tax credit equity and the necessary change in the membership composition of the LP to facilitate such infusion, it is the Opinion of the Law Department, together with Revenue Technical Staff, that the Phase 2 transactions, provided they

occur in the manner and timeframe as set forth herein, shall not be considered a taxable event(s) for purposes of the City's transfer tax.

This opinion is given to you as of the date hereof, and we express no opinion as to any matter not expressly set forth herein. We have not made any independent investigation of the facts as represented by you, and this opinion is void if any relevant fact has not been represented. By rendering this opinion, we do not undertake any obligation to advise you of any change in law or facts that may occur or come to our attention after the date hereof.

This opinion le	etter is directed only to	c/o I	
as it relates to	the above-mentioned transact	tion(s). This opinion letter is	not intended to
have nor does it have	precedential value. We offer	no assurance that we would:	reach the same
conclusion with respe	ct to other transfers. It is sole	ely for the benefit of	, c/o
I	and no other person	n may rely upon it without pr	rior written
consent.			

Sincerely,

Frances R. Beckley, Esquire

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Chief Counsel, Department of Revenue

Cc: Steven Wakefield, Deputy City Solicitor Law Department Mary-Kate Martin, Deputy City Solicitor Law Department Lauren Zrillo, Assistant City Solicitor, Law Department