

March 17, 2005

Paul Coletti, Chairman
Board of Alderman Finance Committee
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

RE: CPA Request for Funding - Falmouth/Jackson Apartments

Dear Alderman Coletti:

Please find enclosed the closing documents for both the CDBG funds in the amount of \$400,000 and the loan from Massachusetts Housing Investment Corporation (MHIC) in the amount of \$1,050,000 for a term of one year. I am sure you will notice that some of the documents are not executed by the MHIC. My attorney informs me, see attached e-mail, which we are still waiting for executed copies of the loan documents. In addition, I have enclosed copies of the appraisal for each of the properties and a development proforma.

CAN-DO purchased the properties in October of 2004 with the CDBG funds, which are grants secured by mortgages on the properties and a portion of the funds from the MHIC loan. The remaining funds in the MHIC loan were to be used for soft costs including interest payments, until we acquired funding for the renovations and permanent financing.

We applied for \$550,000 in CPA funds; \$450,000 to write-down the MHIC mortgage to \$600,000 and the remaining \$100,000 would be used to support the renovation costs. The other source for the renovation costs are funds from the Newton Housing Rehabilitation Fund (NHRF). The NHRF funds include funding for lead and asbestos removal as required by the federal government for projects utilizing CDBG funds.

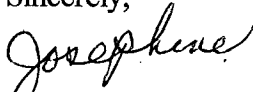
We are in discussion with two banks that are interested in the project and will provide a permanent mortgage in the amount of \$600,000 to payoff the balance of the MHIC loan. That loan will be a part of the operating expenses for the project. We will also apply for a \$100,000 grant from the Federal Home Loan Bank of Boston (FHLB) Affordable Housing Program. If we are unsuccessful in the competition for the FHLB funds, CAN-DO will forfeit its developer fee and overhead.

We plan to rent the four units to families who have Section 8 certificates and do not anticipate any difficulty in marketing the units. There are families, some of whom are currently living in transitional housing in Newton, who are seeking permanent housing. In addition, I am in contact with agencies outside of the city that have clients who would like the opportunity to live in Newton.

Finally, I wanted to reemphasize that CAN-DO makes an honest attempt to be fiscally responsible as we search for properties to purchase. In most instances where we have used CDBG funds, we ask Mike Duff of NHRF or someone from his staff to look at the properties and give us their opinion of its suitability for the desired use and the level of renovation deemed appropriate. We use their input, as well as the information in the inspection report, as we negotiate the purchase price with the owner. You should know that we are usually in competition with others in the open market and have been the losing bidder on many properties over the years.

Please feel free to call me with any questions of clarification and/or to request more information.

Sincerely,

A handwritten signature in cursive script that reads "Josephine".

Josephine McNeil
Executive Director

ALL

ITEM				
DEVELOPMENT BUDGET				
ACQUISITION COSTS:			\$	1,320,000
LAND				
BUILDING				
SUBTOTAL - ACQUISITION COST			\$	1,320,000
CONSTRUCTION COSTS:				
Direct Construction Costs			\$	312,824
Construction Contingency			\$	15,641
Subtotal: Construction			\$	328,465
GENERAL DEVELOPMENT COSTS				
Architecture & Engineering			\$	10,000
Survey and Permits			\$	5,022
Legal			\$	7,000
Title and Recording			\$	1,000
Accounting & Cost Cert.			\$	500
Real Estate Taxes			\$	8,022
Liability Insurance			\$	12,000
Builder's Risk insurance			\$	5,000
Appraisal			\$	600
Interest	6%	12 months	\$	63,000
Origination Fee			\$	5,250
Other:				
Subtotal soft costs			\$	117,394
Soft Cost Contingency			5%	\$ 5,870
Subtotal: Gen. Dev.			\$	123,264
Subtotal:Acquis.,Const.,				
and Gen. Development			\$	1,771,729
>Developer Overhead			3%	\$ 53,152
>Developer Fee			3%	\$ 53,152
Total Development Cost			\$	1,878,033
PAYOFF MHIC			\$	1,050,000
TOTAL			\$	2,928,033

ALL

FUNDING SOURCES:			
City of Newton Purchase Rehab		\$	400,000
MHIC		\$	1,050,000
NHRF Lead Paint Grant		\$	60,000
NHRF Asbestos Grant		\$	5,500
CPA		\$	550,000
FHLB		\$	100,000
BANK		\$	600,000
NHRF		\$	160,000
Owner Equity		\$	2,533
TOTAL		\$	2,928,033