

Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

March 2, 2020

Ms. Amy Zarechian
Executive Director
Newton Housing Authority
82 Lincoln Street
Newton Highlands, MA 02461

RE: Haywood House, Newton

Dear Ms. Zarechian:

On behalf of the Baker Polito Administration, I am pleased to inform you that funds in an amount not to exceed \$750,000 from the Community Based Housing (CBH) program have been conditionally reserved by the Department of Housing and Community Development (DHCD) as a permanent mortgage loan for the Project, subject to the terms stated herein. If all the requirements of this Conditional Funding Reservation are satisfied, the CBH loan will be made to the project's borrower/owner, NHA Haywood House LLC (the "Developer").

This Conditional Funding Reservation is issued pursuant to and in reliance on your application submitted to DHCD on October 31, 2019. It is also based upon your agreement that the Project will consist of 55 units of housing, of which 3 will be Community Based Housing-assisted. In general, all CBH-assisted units will be reserved for 30 years and remain available to a Person Considered Eligible (PCE) in accordance with the CBH regulations for the entire term of the CBH loan. These units shall be modified to reasonably accommodate disabled persons, and be fully compliant with CBH design guidelines (the "Eligible Uses"). Eligibility as a PCE shall be approved by EOHHS acting through its designee, Mass Rehabilitation Commission. These units shall be reserved for PCEs whose incomes may range from 15%-80% of AMI. Developers must have a rent structure that can accommodate this range and provide commitments of project-based subsidy to demonstrate this. All residents of CBH units shall receive the benefit of income or rental assistance such that no CBH resident shall be required to pay more than 35% of adjusted income towards rent. To accomplish this goal, the loan documents will contain appropriate restrictions on the use of the Project.

The loan term will be 30 years. The term may be extended under certain conditions with the approval of DHCD. The loan may be without interest or at an interest rate acceptable to DHCD which will be determined prior to loan closing, and there will be no periodic payments due under the loan and there will be no loan origination or other processing fees charged to the developer, with the exception of possible legal fees. Typically, there will be one payment due at maturity, in an amount (subject to adjustment for interest costs, penalties, and other charges under the terms of

the loan documents) representing the entire balance of the loan. However, DHCD reserves the right to require repayment of the Community Based Housing loan out of cash flow if DHCD deems there is or may be at some point in the future adequate cash flow to do so. DHCD's practice has been to pay the entire cost of the outside legal counsel assigned to close the loan. In an effort to reduce legal costs for the program and to preserve the program's ability to foster the creation of additional housing, we will budget \$7,000 for the closing of this loan. It is our desire and hope that the cost will actually be less. It is the borrower's responsibility to ensure that our legal counsel is provided with all the necessary documentation in a timely and professional manner. Any costs above this amount will be the responsibility of the borrower. Funds in an amount necessary to cover fees in excess of the \$7,000 will be paid by the borrower at the closing of the CBH loan from the proceeds of the loan or through terms mutually agreed upon by the borrower and DHCD.

As collateral for the loan, DHCD will take a mortgage and security position on the real property included in the Project. The priority position of the CBH mortgage may not be any more junior than a third mortgage, unless DHCD agrees otherwise in writing. A change in ownership of the Project or in the legal form of the owner of the Project, the placing of additional encumbrances on the Project without the prior written consent of DHCD, failure to maintain the Eligible Use of the Project, or default under senior mortgage loans, shall be among the events of default under the Community Based Housing loan.

This Conditional Funding Reservation will result in a CBH loan to the Project, provided the Developer meets the following conditions to the satisfaction of DHCD.

1. submission to and approval by DHCD of the following:
 - a. updated development and operating pro formas: With the issuance of this award, DHCD will not permit an increase in the total developer fee, overhead, and consulting costs, from the calculation submitted and approved in the One Stop Application, if additional project sources become available, DHCD may reduce its award;
 - b. evidence of a firm commitment of all acquisition, construction and permanent mortgage financing from those entities and in those amounts shown on the development pro forma, and on such terms as are acceptable to DHCD;
 - c. detailed time lines for the rehabilitation of the Project, including construction completion date, funding schedule, and move-in date;
 - d. documentation of the bid process, contractor selection process, and plan for monitoring of rehabilitation;
 - e. documentation that the general contractor is bonded or, if the general contractor is unable to meet this requirement, at DHCD's discretion the general contractor will be required to obtain a Letter of Credit for a minimum of 15% of the construction contract;
 - f. documentation of plans for meeting applicable state and/or federal requirements regarding Section 3, Minority and Women-Owned Business Enterprises, Davis-Bacon, Environmental Review, Uniform Relocation Act, and conflict of interest;
 - g. documentation that all contractors/subcontractors have been screened to confirm that they are not debarred or ineligible to work on a project;

2. submission of an instrument satisfactory to DHCD which indicates that by the date of the FCF-DMH loan closing, the Developer will have clear title to the Project, quality of the title to be satisfactory to DHCD's counsel;
3. submission to and approval by DHCD of a final construction budget with bid prices from the selected general contractor;
4. submission of final plans and specification satisfactory to DHCD;
5. submission of documentation that the building will meet federal and state requirements for accessibility;
6. submission of a Fair Housing narrative describing how the marketing, tenant selection, and other applicable policies and procedures will incorporate the Department's Fair Housing principles;
7. submission of satisfactory evidence that all other legal, design, regulatory, and environmental requirements for the Project are fulfilled and all approvals and site surveys required for the Project are obtained;
8. submission of and approval by DHCD of evidence of a satisfactory funding commitment for the Project's service plan.
9. submission of and approval by DHCD of incorporation in the project, to the extent feasible and possible, of all elements of green design in accordance with the most recent Qualified Allocation Plan.

Closing and funding of the CBH loan will be conditioned upon the fulfillment of all terms and conditions of the Conditional Funding Reservation and upon satisfactory submission of all documents required by a loan closing agenda to be prepared by DHCD's special counsel for this loan.

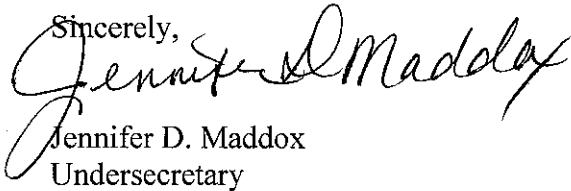
Funding for the CBH loan is also conditioned upon continued availability of state bond funds, and upon the release of funds for the CBH Program to DHCD by the Executive Office of Administration and Finance. The CBH Loan can only be disbursed in accordance with a Capital Plan that has been approved by Executive Office of Administration and Finance for each fiscal years funding. The state fiscal year for the project's CBH funds will be confirmed during the loan closing process. Any changes in the loan amount or the timing of its disbursement may require a change in the Capital Plan, and will be subject to approval of DHCD and the Executive Office of Administration and Finance. In the event that changes may be proposed, please contact DHCD and your CEDAC project manager immediately.

Closing and funding of the CBH loan will be conditional upon the fulfillment of this Conditional Funding Reservation and upon the satisfactory submission of all documents required by a loan closing agenda to be prepared by DHCD's special counsel for this loan. If you realize that you will not be able to meet these requirements, please notify Bronia Clifton, Supportive Housing and Special Projects Director at 617-573-1305. Please note that DHCD uses MassDocs loan documents. These documents are intended to be template documents to be employed "as is" with

the exception of project specific provisions. Sample MassDocs may be reviewed at www.massdocs.com.

I congratulate you on receiving this Conditional Funding Reservation from the CBH Program and I look forward to seeing the Project move towards completion.

Sincerely,



Jennifer D. Maddox
Undersecretary

This Conditional Funding Reservation shall be deemed accepted when it has been signed and a copy returned to DHCD.

Borrower Signature

Date: _____

cc: Roger Herzog, CEDAC
State Representative John Lawn, Jr.
State Senator Cynthia Creem
Congressman Joseph Kennedy III
U.S. Senator Edward Markey
U.S. Senator Elizabeth Warren