

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 Facilities Consolidation Fund (FCF-DMH) 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 FCF-DMH 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. The Project must proceed to a full financial closing by November 15, 2020 or this Conditional Funding Reservation will expire and may not be renewed by DHCD. It is also based upon your agreement that the Project will consist of 55 units of housing, of which 3 will be Facilities Consolidation Fund-assisted. In general, all FCF-DMH-assisted units will be reserved for 30 years for consumers of the Massachusetts Department of Mental Health whose incomes are no higher than 50% of area median. 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 for one or more periods of up to 10 years each 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. No periodic payments will be due under the loan. The FCF-DMH loan may not be prepaid during the term of the loan. However, DHCD reserves the right to require repayment of the Facilities Consolidation Fund 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. There will be no loan origination or other loan processing fees charged to the Developer, with the exception of possible legal fees.

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 FCF-DMH 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 FCF-DMH 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 FCF-DMH loan.

This Conditional Funding Reservation will result in a FCF-DMH loan to the Project, provided the Developer meets the following conditions to the satisfaction of DHCD by November 15, 2020:

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.

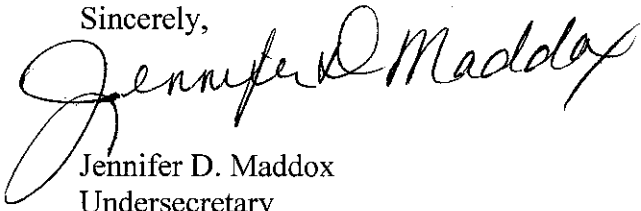
Closing and funding of the FCF-DMH loan will be conditioned upon the fulfillment of all terms and conditions of the Conditional Funding Reservation and upon satisfactory submission of all documents required by a loan closing agenda to be prepared by DHCD's special counsel for this loan.

Funding for the FCF-DMH loan is also conditioned upon release of funds for the FCF-DMH Program to DHCD by the Executive Office of Administration and Finance. This FCF-DMH loan is included in the Commonwealth's Capital Plan, with the exact amount of the loan approved for a specific fiscal year. This FCF-DMH loan can only be disbursed in accordance with the currently approved Capital Plan. 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 by DHCD and the Executive Office of Administration and Finance. In the event that changes may be proposed, please contact your CEDAC project manager immediately.

Again, the project must proceed to a full financial closing by November 15, 2020 or this Conditional Funding Reservation will expire and may not renew. If you realize that you will not be able to meet all the requirements within this time, please notify Bronia Clifton, Supportive Housing and Special Projects Manager at 617-573-1305. Closing and funding of the FCF-DMH 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. 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 FCF-DMH 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