



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

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

March 2, 2020

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

RE: Haywood House, Newton (the "Project")

Dear Ms. Zarechian:

On behalf of the Baker Polito Administration, I am pleased to inform you that funds in the amount of \$450,000 from the HOME Investment Partnerships Program ("HOME") have been contingently reserved by the Department of Housing and Community Development ("DHCD") for a permanent mortgage loan for the Project, subject to the terms stated herein. If all the requirements of this Conditional Funding Reservation and a state comptroller's Standard Contract for HOME projects are satisfied, the HOME loan will be made to the Project's borrower/owner, NHA Haywood House LLC.

This Conditional Funding Reservation is issued pursuant to and in reliance on your funding 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. The Conditional Funding Reservation is based upon your agreement that the Project will consist of fifty-five (55) units of rental housing, eleven (11) of which will be HOME-assisted, which will be reserved for 30 years for individuals and families whose incomes are no higher than 50% of area median for not less than 20% of the units, and no higher than 60% of area median for the remaining units (the "Eligible Use"). To accomplish this goal, the loan documents will contain appropriate restrictions on the use of the Project. All HOME units that also have project-based rental assistance will need to be classified as 'Low HOME' units in the HOME Standard Contract and relevant loan documents.

The loan term will be 30 years. The term may be extended under certain conditions with the approval of DHCD. Typically, the loan will carry an interest rate determined by the developer and DHCD. The interest rate may be the "applicable federal rate." 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 HOME 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.

As collateral for the loan, DHCD will take a mortgage and security agreement on the real property included in the Project. The priority position of the HOME mortgage will be determined at the time of execution of a HOME Standard Contract. 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 for the Project, or default under senior mortgage loans, shall be among the events of default under the HOME loan.

This Conditional Funding Reservation will result in the execution of a HOME Standard Contract for the Project, provided that the Developer meets the following general 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 (as calculated within HOME program guidelines), 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 firm commitment for construction and/or 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 construction 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 construction;
 - e. documentation that the general contractor is bonded or, if the general contractor is unable to meet this requirement, at DHCD's discretion 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 federal requirements regarding Section 3, Minority and Women-Owned Business Enterprises, Davis-Bacon, Uniform Relocation Act, Violence Against Women Act (VAWA) and conflict of interest;
 - g. documentation to support DHCD's completion of the required HUD Environmental Review process, as the project cannot proceed with any choice-limiting actions until this process has been completed and HUD has issued its release of funds letter;
 - h. documentation that all members of the development team, including contractors and subcontractors have been screened to confirm that they are not debarred or ineligible to work on a project;
2. submission of a purchase and sale agreement or other instrument satisfactory to DHCD which indicates that by the date of the HOME loan closing, the Developer will have clear title to the Project, quality of 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 specifications satisfactory to DHCD including evidence:
 - a. that high speed internet access will be provided in all units; and
 - b. that the final plans and specifications meet or exceed Energy Star standards and incorporate the sustainable design features pledged in the One Stop application dated October 31, 2019;
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 approvals obtained and all site surveys required for the Project are obtained;
8. submission to and approval by DHCD of proposed signage and press release material for groundbreaking, ribbon cuttings, etc., clearly referencing DHCD's financial support of this project;
9. Please note that these DHCD HOME funds will be available no earlier than MA FY19;
10. 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;
11. Upon completion of the development, any cost savings from the original budget for the development, including 100% of the unused soft cost contingency, shall be paid pro rata to the MassDocs Participating Lenders as a prepayment of their respective loan and/or grant. At the option of DHCD, the savings may be held as a capital reserve for the development.

Again, the project must proceed to a full financial closing by November 15, 2020 or this Conditional Funding Reservation will expire. If you become aware that the Project will not be able to meet all requirements for closing by that date, you should immediately contact Rebecca Frawley Wachtel, the HOME Program Director, at (617) 573-1318. Closing and funding of the HOME loan will be conditional upon the fulfillment of this Conditional Funding Reservation and the HOME Standard Contract 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 of the HOME loan also is conditional upon the continued availability of federal funds and release of funds by the Executive Office of Administration and Finance for the HOME Program.

I congratulate you on receiving this Conditional Funding Reservation from the HOME Program and on your commitment to creating housing opportunities for low-income individuals and families. I look forward to seeing the project move toward completion.

Sincerely,



Jennifer D. Maddox
Undersecretary

cc: Senator Elizabeth Warren
Senator Edward J. Markey
Congressman Joseph P. Kennedy III
State Senator Cynthia Stone Creem
State Representative Ruth B. Balser

This award letter shall be deemed accepted when it has been signed and a copy returned to DHCD.

Borrower Signature

Date

**Additional Project Conditions:
Haywood House, Newton (the "Project")**

Based on the DHCD funding sources awarded to the Project, Haywood House is subject to various federal and/or state requirements, including, but not limited to:

- Conformance with all HOME Rule requirements, including updates to the Final Rule, as published July 24, 2013, and per ongoing related HUD guidance
- Uniform Relocation Assistance Act (24 CFR Part 49) & 104 (d) (24 CFR Part 42)
- Massachusetts Relocation Act (M.G.L. c.79A and 760 CMR 27.00)
(<http://www.mass.gov/hed/community/planning/relocation-assistance-bor.html>)
- HUD Environmental Review (24 CFR Part 58 and related laws,
<http://www.gpo.gov/fdsys/pkg/CFR-2004-title24-vol1/pdf/CFR-2004-title24-vol1-part58.pdf>)
(http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/review)
- Massachusetts Historic Commission approval (950 CMR 71.00)
- Davis Bacon Wages (Davis-Bacon and Related Acts (40 USC 276(A)-7)) (N/A- 11 HOME Units)
- Section 3 of the Housing & Urban Development Act of 1968
- MBE/WBE hiring goals
- The Violence Against Women Reauthorization Act of 2013 (VAWA)
- Subsidy Layering Review (Internal HOME SLR)
- Section 504 of the Rehabilitation Act of 1973
- Massachusetts Architectural Access Board Guidelines (M.G.L. c. 22 and 521 CMR)
- Americans with Disabilities Act (ADA) (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, 225)
- Affirmative Marketing (<http://www.mass.gov/hed/docs/dhcd/hd/fair/afhmp.pdf>)
- Equal Opportunity
- Federal Lead-Based paint laws (various; see 24 CFR Part 92.355)

- Massachusetts Lead-Based paint laws (various, including 105 CMR 460.000 and 454 CMR 22.00)

The Project may be subject to additional requirements not indicated above, based on non-DHCD funding sources. Please check with all your funders to determine applicability of federal and state requirements.\

If you believe that your project is not subject to any of the requirements indicated above, or if you have questions about these requirements, please contact Rebecca Frawley Wachtel at 617-573-1318.