



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 \$500,000 from the Housing Stabilization Fund ("HSF") have been conditionally 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 HSF projects are satisfied, the HSF 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 no later than November 15, 2020 or this Conditional Funding Reservation will expire and may not be renewed by DHCD. The Conditional Funding Reservation is also based upon your agreement that the Project will consist of 55 units of rental housing, 32 of which will be HSF-assisted. Twenty-one (21) HSF-assisted units will be reserved for 50 years for individuals and families whose incomes are no higher than 60% of area median income and eleven (11) HSF-assisted units will be reserved for 50 years individuals and families whose incomes are no higher than 30% of area median income (the "Eligible Use"). To accomplish this goal, the loan documents will contain appropriate restrictions on the use of the Project.

The loan term will be 50 years. The term may be extended under certain conditions with the approval of DHCD. The loan may be without interest or an interest rate acceptable to DHCD which will be determined prior to closing. Typically, there will be one payment due at maturity, in an amount (subject to adjustment for 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 HSF 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 HSF mortgage will be determined at the time of execution of a HSF 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 HSF loan.

This Conditional Funding Reservation will result in the execution of a HSF 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 One-Stop: 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 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 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 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 HSF 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 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;

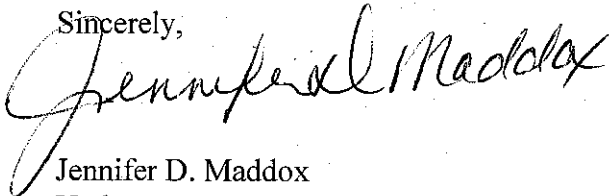
5. submission of and approval by DHCD of the project's service plan and evidence of a satisfactory funding commitment for the services, as applicable;
6. submission of final plans and specifications satisfactory to DHCD and in accordance with the current QAP including evidence:
 - a. that high speed internet access will be provided in all units;
 - 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, i.e. Appendix H;
 - c. that the building will meet federal and state requirements for accessibility;
7. 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;
8. 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;
9. submission to and approval by DHCD of proposed signage and press release material for groundbreakings, ribbon cuttings, etc., clearly referencing DHCD's financial support of the project;
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; and
11. upon completion of the development, any cost savings from the original development budget may be paid per the forthcoming MassDocs loan documents. At the option of DHCD, the savings may be held as a capital reserve for the development.

Closing and funding of the HSF loan will be conditional upon the fulfillment of all terms and conditions of the Conditional Funding Reservation and the HSF 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 Housing Stabilization Fund loan is also conditional upon the continued availability of state bond funds and release of funds by the Executive Office of Administration and Finance for the Housing Stabilization Fund. The HSF 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 HSF 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 immediately.

This Conditional Funding Reservation will be in effect until November 15, 2020 and the Housing Stabilization Fund loan for the project may close no later than that date. If you become aware that the Project will not be able to meet all requirements for closing by that date, you should immediately contact Bill Cole, HSF Program Director, at 617.573.1303.

I congratulate you on receiving this Conditional Funding Reservation from the HSF 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

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

Borrower Signature

Date

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

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/portal/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))
- Section 3 of the Housing & Urban Development Act of 1968
- MBE/WBE hiring goals
- Subsidy Layering Review
- 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>)
- Nondiscrimination and 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 Bill Cole at 617.573.1303.