

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

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

December 28, 2009

Mr. Steven Joncas
Executive Director
Common Ground Development Corporation
167 Dutton St
Lowell, MA 01852

RE: Old High School Commons, Acton ("the Project")

Dear Mr. Joncas:

I am pleased to inform you that funds in an amount not to exceed \$300,000 from the Community Based Housing ("CBH") program have been conditionally reserved by the Department of Housing and Community Development ("DHCD") as a deferred payment mortgage loan for the Project, subject to the terms stated herein. If all the requirements of this Conditional Funding Reservation and the CBH Firm Financing Commitment are satisfied, the CBH loan will be made to the Project's owner, Common Ground Development Corporation or an affiliated entity.

This Conditional Funding Reservation is issued pursuant to and in reliance on your CBH application. The project must proceed to a full financial closing by August 31, 2010 or this Conditional Funding Reservation will expire and will not be renewed by DHCD. It is based on your agreement that two (2) units in the Project shall be subject to all CBH requirements and remain available to a Person Considered Eligible (PCE) in accordance with the CBH Regulations for the entire term of the CBH loan. One unit shall be a one-bedroom unit and one unit shall be a two-bedroom, both modified to reasonably accommodate disabled persons, including if necessary, fully accessible ADA compliant units. All CBH units shall be reserved for PCEs with incomes of not more than 30% of the applicable area median income (AMI). All residents of CBH units shall receive 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 these goals, the loan documents will contain appropriate restrictions on the use of the project.

The loan term will be for a period of 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. Except in the event of default by the borrower, the CBH loan will not accrue interest. No periodic payments will be due under the loan except as follows: the borrower will pay DHCD the amount by which "Gross Cash Receipts" to the Project for each fiscal year just ended exceeds one hundred and five percent (105%) of "Cash Expenditures" for the Project for the same period (as both terms are defined in the CBH regulations); such payments will be applied first to interest and then to principal. The CBH loan may not be prepaid during the term of the

loan. 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 reimburse 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 budget \$7,000 for closing CBH loans. It is our desire and hope that the cost will actually be less for this loan. It is the borrower's responsibility to ensure that the designated legal counsel is provided with all the necessary documentation in a timely and professional manner. Any costs above this amount may be the responsibility of the borrower. Funds in an amount necessary to cover fees in excess of \$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 located on Massachusetts Avenue and Charter Road in Acton. 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 CBH loan.

This Conditional Funding Reservation will result in the issuance of a Firm Financing Commitment to the Project, provided the Developer meets the following conditions to the satisfaction of DHCD.

- 1) submission to and approval of a complete Final Application, which must include:
 - a) updated development and operating pro formas including a complete sources and uses of funds statement;
 - 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.
- 2) submission of a purchase and sale agreement or other satisfactory instrument indicating that by the date of the CBH loan closing, the Developer will have clear title to the Project, quality of the title to be satisfactory to DHCD's counsel;
- 3) submission and approval of a final construction budget with bid prices from the selected general contractor;
- 4) submission of satisfactory evidence that all legal, design, regulatory, and environmental requirements for the Project are fulfilled and all approvals and site surveys required for the Project are obtained;
- 5) submission and approval of evidence of a satisfactory funding commitment for the Project's service plan.

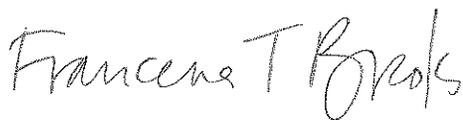
Closing and funding of the CBH loan will be conditioned upon the fulfillment of all terms and conditions of the Conditional Funding Reservation, the CBH Firm Financing Commitment, and upon satisfactory submission of all documents required for loan closing, in accordance with an agenda to be prepared by the outside legal counsel designated for closing this loan.

Funding for this CBH loan is also conditioned upon release of funds for the CBH Program to DHCD by the Executive Office of Administration and Finance. This CBH loan is included in the Commonwealth's Capital Plans. This CBH loan can only be disbursed in accordance with an 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 DHCD and your CEDAC project manager immediately.

Again, the project must proceed to a full financial closing by August 31, 2010 or this Conditional Funding Reservation will expire. If you realize that you will not be able to meet all the requirements within this time, please notify the CBH Program Director at DHCD and CEDAC immediately.

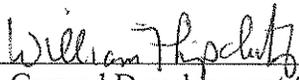
I congratulate you on receiving this Conditional Funding Reservation from the CBH Program and I look forward to seeing the Project move towards completion.

Sincerely,



Francena T. Brooks
Undersecretary

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



Common Ground Development Corporation
President

Date: 2/9/10