

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

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

December 28, 2009

Steven Joncas  
Chief Executive Officer  
Common Ground Development Corporation  
167 Dutton St  
Lowell, MA, 01852

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

Dear Mr. Joncas:

On behalf of Governor Deval L. Patrick, I am pleased to inform you that funds in the amount of \$675,000 from the HOME Investment Partnerships Program ("HOME") 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 HOME projects are satisfied, the HOME loan will be made to the Project's borrower/owner, Towne School Limited Partnership (the "Developer").

This Conditional Funding Reservation is issued pursuant to and in reliance on your funding application submitted to DHCD on June 25, 2008. The project must proceed to a full financial closing by August 31, 2010 or this Conditional Funding Reservation will expire. It is also based upon your agreement that the Project will consist of fifteen (15) 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.

The loan term will be 30 years. The term may be extended under certain conditions with the approval of DHCD. The loan will be at an interest rate to be determined by the developer, which may be the "applicable federal rate", and there will be no periodic payments due under the loan. 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.

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 August 31, 2010:

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;
  - 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 has a Letter of Credit for a minimum of 10% of the construction contract;
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 June 25, 2009;
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; and
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.

Again, the project must proceed to a full financial closing by August 31, 2010 or this Conditional Funding Reservation will expire. 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 is also conditional upon the continued availability of federal funds and release of funds by the Executive Office of Administration and Finance for the HOME Program.

This Conditional Funding Reservation will be in effect until August 31, 2010 and the HOME 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 Rebecca Frawley, the HOME Program Director, at (617) 573-1318.

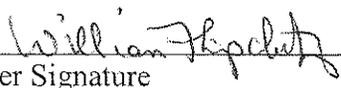
I congratulate you on receiving this Conditional Funding Reservation from the HOME Program and on your commitment to creating housing opportunities for low-income individuals and families. I look forward to seeing the project move toward completion.

Sincerely,



Francena T. Brooks  
Undersecretary

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

  
Borrower Signature

February 18, 2010  
Date

cc: Senator James B. Eldridge  
Representative Jennifer E. Benson  
U.S. Senator John F. Kerry  
U.S. Senator Paul G. Kirk, Jr.  
Congresswoman Niki Tsongas