

JAMES L. BUECHL, ESQ.

SUITE 502
27 SCHOOL ST.
BOSTON, MA 02108

TELEPHONE: (617) 523-1720
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E-MAIL: JAMESLBUECHL@EARTHLINK.NET

November 9, 2006

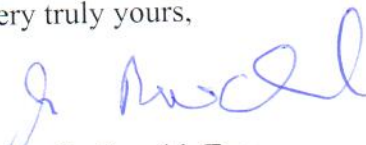
Irma Carter, Treasurer
Bedford Housing Trust, Inc.
12 Mudge Way, Box 1-9
Bedford, MA 01730

Re: Bedford Veterans Quarters, Inc.

Dear Ms. Carter:

At the request of Mark Winkeller of Bedford Veterans Quarters, Inc., I am enclosing a copy of the Promissory Note and Mortgage with regard to the loan of \$20,000.00 made by the Trust to Bedford Veterans Quarters, Inc. for the sixty (60) unit single room occupancy project to be located at Bldg. No 5 at 200 Springs Road in Bedford. The original of the Promissory Note was sent to David Foss, legal counsel to the Trust. The original Mortgage was recorded with the Middlesex South Registry of Deeds in Book 48455, Page 236 on November 7, 2006. Please feel free to call me should you have any questions.

Very truly yours,



James L. Buechl, Esq.

JLB:don

Enclosures

cc: Mark Winkeller (w/encs.)

JAMES L. BUECHL, ESQ.

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October 20, 2006

David M. Foss, Esq.
Cumsky & Levin LLP
6 University Road
Cambridge, MA 02138

RE: Bedford Veterans Quarters, Inc.

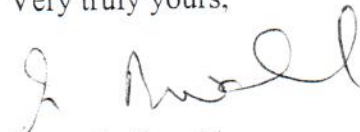
Dear Dave:

Enclosed please find the original Promissory Note from Bedford Veterans Quarters, Inc. to the Bedford Housing Trust, Inc. to evidence the \$20,000.00 loan for the Bedford SRO Project. Also enclosed is an original Leasehold Mortgage signed on behalf of Bedford Veterans Quarters, Inc.

Once all of Ken Gould's loan documents have been countersigned by his clients, I believe we will be ready to go to record. Once we were on record I will provide you with the recording information for the mortgage to the Bedford Housing Trust, Inc.

Thanks for your assistance.

Very truly yours,



James L. Buechl

JLB:maj
Enclosures

0025/0001/5465

PROMISSORY NOTE

\$20,000.00

Boston, Massachusetts
October 19, 2006

FOR VALUE RECEIVED, the undersigned **BEDFORD VETERANS QUARTERS, INC.**, a Massachusetts non-profit corporation, with a business address of c/o Caritas Communities, Inc., 150 Wood Road, Suite 300, Braintree, Massachusetts 02184 (the "**Borrower**"), promises to pay to the order of **BEDFORD HOUSING TRUST, INC.**, a Massachusetts non-profit corporation (the "**Lender**"), at its address at 12 Mudge Way, Box 1-9, Bedford, Massachusetts 01730, or at such other place as the Lender may from time to time designate in writing, the principal sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00), to be paid in lawful money of the United States of America in the manner and at the time set forth below.

Interest shall accrue hereunder at the rate of zero percent (0%) per annum. The indebtedness evidenced by this Note may be prepaid by the Borrower, in whole or in part, without premium or penalty, at any time, upon five (5) business day's notice to the Lender.

All interest, principal and other payments due under this Note shall be payable on October 19, 2036 (the "**Maturity Date**"). Except upon an Event of Default (as hereinafter defined), no payments of interest or principal or other amounts due under this Note shall be due from the Borrower to the Lender before the Maturity Date.

At the option of the holder, any amounts outstanding under this Note shall become immediately due and payable, without notice or demand, and notwithstanding any prior waiver of any breach or default or other indulgence, upon the occurrence at any time of any one or more of the following events (each an "**Event of Default**"): (i) failure to pay when due any payment of principal or interest due hereunder, or failure to pay any other charges due hereunder or under any other instrument executed in connection herewith; or (ii) an event of default continuing uncured past any applicable grace period, as set forth in any mortgage or other agreement or instrument now or hereafter executed in connection with the indebtedness evidenced hereby.

The Borrower shall not assign its rights or obligations under this Note without the prior written consent of the Lender. Upon the sale or other transfer of the Property, the entire amount of principal and interest, if any, remaining unpaid under this Note and all other amounts payable to the Lender hereunder shall, at the option of the Lender, become at once immediately due and payable, without further notice. The failure of the Lender to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

The indebtedness evidenced by this Note is secured by a Leasehold Mortgage, Security Agreement, and Financing Statement of even date herewith, to be recorded with the Middlesex South District Registry of Deeds, affecting certain real estate and other property located at 200 Springs Road, Bedford, Massachusetts, as more particularly described in said mortgage.

During the one-year period immediately preceding the Maturity Date, the Borrower may request that the Lender extend the Maturity Date for a period of up to the original term of this Note in order to maintain the affordability of the Property. To exercise this option, the Borrower shall give notice to the Lender no later than ninety (90) days prior to the Maturity Date requesting an extension of the Maturity Date. Said written notice shall be accompanied by documentation acceptable to the Lender evidencing compliance with all requirements of the Loan Documents through the date of such notice and a proposal by Borrower for tenant income and rent restrictions to be applicable to the Property during the requested

extension term. The Lender shall have the right to inspect the Property prior to acting on Borrower's extension request. The Lender shall review Borrower's request and proposal and such other information as is available from annual recertification procedures, monitoring procedures, inspections and other sources and shall in its sole discretion make a determination whether or not to grant an extension and the terms and conditions of any extension granted. In the event the Lender grants an extension of the Maturity Date, the Lender shall establish a new Maturity Date upon which this Note shall become due and payable. Borrower may accept or reject any extension granted by Lender on terms other than those proposed by Borrower. If Lender declines to grant an extension or if Borrower rejects an extension granted on terms other than those proposed, this Note shall continue to be due and payable on the original Maturity Date. Any extension of the Maturity Date shall be evidenced by an agreement in writing, signed by both parties. Such agreement shall set forth the new Maturity Date as well as the other terms and conditions of the extension and shall include appropriate means for Lender to monitor compliance with such terms and conditions during the extension term. At the request of either party, other Loan Documents shall be amended to reflect the terms and conditions of any extension and such amendments shall be filed or recorded if appropriate, at Borrower's expense.

Every Borrower, endorser and guarantor of this Note (i) waives presentment, demand, notice, protest and all other demands and notices except as expressly provided in the Loan Documents; (ii) agrees that no release of any security for the principal sum due under this Note nor any extension or postponement of the time for payment of this Note nor any other indulgence nor the addition or release of any other party or person primarily or secondarily liable hereunder nor the addition, substitution, exchange or release of security for this Note nor the alteration, amendment or waiver of any provision of this Note or any other Loan Document shall release, discharge, modify, change or affect the liability of any Borrower, guarantor or endorser hereof; (iii) agrees, in case of any default hereunder, that the Lender may, at its option, set off against the payment of this Note any sums due from the Lender to the Borrower, or any endorser or guarantor hereof, and may hold as additional security for the payment of this Note any property, real or personal, of the Borrower or endorser or guarantor hereof in the possession of the Lender; and (iv) agrees to pay, upon demand, all reasonable costs and expenses of collecting and enforcing this Note or any collateral or security therefor, including, without limitation, reasonable attorney's fees, incurred or paid by the Lender in connection therewith, whether or not litigation is commenced.

The Borrower shall indemnify, defend and hold the Lender harmless against any claim brought or threatened against the Lender by any third party (as well as from attorneys' fees and expenses in connection therewith) on account of the Lender's relationship with the Borrower, each of which claims may be defended, compromised, settled or pursued by the Lender with counsel of the Lender's selection, but at the expense of the Borrower, excepting from the foregoing any claim arising from an act or omission of the Lender.

Time is of the essence of this Note.

The word "holder" as used in this Note, shall mean the Lender or any successor payee or endorsee of the Note who is in possession of it or the bearer if this Note is at the time payable to bearer.

This Note shall be construed and enforced in accordance with, and the rights of the parties herein shall be governed by, the laws of The Commonwealth of Massachusetts. The terms of this Note may not be modified or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Promissory Note under seal as of the day and year first above written.

Signed in the presence of:

BORROWER:
BEDFORD VETERANS QUARTERS, INC.

James L. Buell
Name:

By: 

Name: MARK WINKLER

Title: PRESIDENT

Hereunto duly authorized

**LEASEHOLD MORTGAGE, SECURITY AGREEMENT
AND FINANCING STATEMENT**

**Property Address: 200 Springs Road, Building 5 of the Edith Nourse Rogers Veterans Affairs
Medical Center, Bedford, Massachusetts**

KNOW ALL MEN BY THESE PRESENTS that **BEDFORD VETERANS QUARTERS, INC.**, a Massachusetts non-profit corporation with a principal place of business at c/o Caritas Communities, Inc., 150 Wood Road, Suite 300, Braintree, Massachusetts 02184 (hereinafter called the "**Mortgagor**"), which expression shall include its successors and assigns, for consideration paid, hereby grants, conveys, and assigns a security interest in and releases unto **BEDFORD HOUSING TRUST, INC.**, a Massachusetts non-profit corporation with a business address of 12 Mudge Way, Box 1-9, Bedford, Massachusetts 01730 (collectively, with its successors and/or assigns, hereinafter called the "**Mortgagee**"), **WITH MORTGAGE COVENANTS**, to secure (i) the full payment of the obligations of the Mortgagor arising from or related to a Promissory Note of even date executed and delivered by the Mortgagor payable to the Mortgagee in the original principal amount of **TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00)** (as the same may be modified, extended or renewed from time to time, hereinafter the "**Note**") and the full performance of all obligations of the Mortgagor as provided therein, and (ii) performance and observance by Mortgagor of each and every covenant, condition and obligation contained in the Note, this Mortgage or any other document, instrument or agreement executed by Mortgagor in connection with the indebtedness evidenced by the Note (all of which documents and/or instruments shall be hereinafter collectively referred to as the "**Security Instruments**") (all of the foregoing being collectively referred to herein as "**Obligations**");

That certain leasehold estate in the real property and buildings located in the Town Bedford, Middlesex County, Massachusetts, created by the lease described on Exhibit A attached hereto, together with all existing and future rights and easements of every kind and nature appurtenant thereto, as more particularly described on Exhibit A attached hereto and made part hereof (hereinafter called the "**Mortgaged Premises**");

Together with all equipment, machinery and fixtures of Mortgagor, including without limitation any of the following property now or hereafter on the above-described Mortgaged Premises or used therein or thereon: portable or sectional buildings; bathroom, plumbing, heating, gas, electrical, lighting, water, refrigerating, ventilating and air conditioning, garbage or rubbish incinerators, receptacles and disposals; boilers, ovens, ranges and stoves; refrigerators; dishwashers; washing machines; dryers; tanks; motors; pipes; sprinkler and fire extinguishing systems; door bell and fire alarm systems; carpeting and other floor coverings; wall coverings; window shades; screens and screen doors; awnings and canopies; storm and other detachable windows and doors; all materials, apparatus and supplies intended to be incorporated into the construction, reconstruction, repair or remodeling of any building, structure or other improvement on said Mortgaged Premises or placed therein or thereon; and all other personal property, articles, materials, supplies, fixtures and equipment of whatsoever kind and nature now or hereafter on said Mortgaged Premises, together with any renewals, replacements or additions thereto or substitutions therefor (all hereinafter referred to as the "**Personal Property**");

Together with all tax and insurance escrow payments and all insurance and condemnation payments and proceeds for any damages or loss to the Mortgaged Premises, or any part hereof in connection with any condemnation or other taking of the Mortgaged Premises or conveyance in lieu thereof, all in accordance with the terms and conditions, as hereinafter set forth and all tax abatements (hereinafter sometimes collectively the "**Proceeds**");

Together with all leases, subleases, occupancy licenses, licenses, and other agreements or tenancies, however denominated, whether written or oral, now or hereafter existing and all amendments, renewals and extensions thereof or thereto and all guaranties and security therefor (hereinafter sometimes collectively the "**Leases**") and all accounts, contract rights, general intangibles, rents and payments of any kind due or payable or to become due or payable on account of any lease, use, possession or occupancy of any portion of the Mortgaged Premises (hereinafter sometimes collectively the "**Rents**");

Together with all easements, rights of way, licenses, permits and other matters of record appurtenant thereto; and

Together with all records and books of account now or hereafter maintained by Mortgagor.

The Mortgagor further covenants that, to the best of its knowledge, the Mortgaged Premises and its use complies in all material respects with all appropriate and applicable federal environmental and land use laws, ordinances and regulations and will continue to so comply so long as this Mortgage is in effect and represents and covenants that, to the best of the Mortgagor's knowledge, there presently exists on the Mortgaged Premises, no oil, asbestos, toxic or hazardous material, and Mortgagor agrees to keep, observe and satisfy in all material respects all applicable federal, state and local laws, ordinances, regulations, requirements and the like relating to the Mortgaged Premises or the occupancy and use thereof.

1. This Mortgage is upon the **STATUTORY CONDITION** and upon the further condition that all covenants and agreements on the part of the Mortgagor herein contained or herein referred to shall be fully kept and performed, for any breach of which the Mortgagee shall have the **STATUTORY POWER OF SALE**.

2. The Mortgagor hereby assigns to the Mortgagee all rents, profits and payments which, from time to time, hereafter may become due to the Mortgagor in connection with the Mortgaged Premises or any part thereof and all deposits held as security for obligations of persons in connection with the Mortgaged Premises or any part thereof, now or hereafter held and the Mortgagor covenants not to assign any such rents, profits, payments or deposits to others nor, without the written permission of the Mortgagee, to accept in advance any rents, profits or payments covering a period in excess of one (1) month, except for security deposits and last month's rent.

3. The Mortgagor covenants to pay when due all taxes, charges, assessments, water rates, sewer use charges and other charges which may form the basis of a lien or expense upon or in connection with the Mortgaged Premises or any interest therein or upon any of the Obligations secured hereby, provided, however, that the Mortgagor shall have the right to withhold payment and/or contest in good faith any such taxes or other charges, provided such nonpayment does not result in a lien against the Mortgaged Premises and the Mortgagor has adequately reserved for such unpaid taxes and/or other charges.

4. Mortgagor shall keep the Mortgaged Premises constantly and satisfactorily insured on an "all risk" basis, including without limitation, against loss by fire, collapse, earthquake and the risks covered under an extended coverage endorsement, explosion of boilers, and such other hazards, casualties and contingencies as Mortgagee shall from time to time require, in an amount equal to one hundred percent (100%) of the replacement cost of the improvements now or hereafter located on the Mortgaged Premises, said coverage to be endorsed with a replacement cost endorsement. Mortgagor shall obtain a policy of flood insurance if the Mortgaged Premises or any portion thereof is located in a federally designated flood hazard area, or is located in a flood prone area or flood plain under state or local law.

Mortgagor, during the term of this Mortgage, agrees to keep in full force and effect a policy of public liability insurance, against claims for bodily injury, death or property damage occurring upon, in or about any building constituting a portion of the Mortgaged Premises, or any vault space or sidewalk adjoining or comprising a part of the Mortgaged Premises or any area or passageway adjacent to the Mortgaged Premises under the control of Mortgagor, in which the limits of liability shall not be less than One Million Dollars (\$1,000,000.00) for each occurrence.

All such insurance shall be evidenced by valid and enforceable policies in form and substance acceptable to Mortgagee and shall be made payable to Mortgagee by means of a standard non-contributory mortgagee clause in favor of and in form acceptable to Mortgagee or, at the request of the Mortgagee, with the Mortgagee to be named as an additional insured. Upon request, copies of all such policies shall be delivered to Mortgagee, and thereafter, all renewal or replacement policies shall be delivered to Mortgagee not less than thirty (30) days prior to the expiration date of the policy to be renewed or replaced, accompanied, if requested by Mortgagee, by evidence satisfactory to Mortgagee that all premiums payable with respect to such policies have been paid in full by Mortgagor.

The Mortgagee shall have the right and is hereby constituted and appointed the true and lawful attorney irrevocable of the Mortgagor, in the name and stead of the Mortgagor, but in the discretion of said attorney, (i) to demand, adjust, sue for, compromise and collect any amounts due under such insurance policies in the event of loss; and (ii) to give releases for any and all amounts received in settlement of losses under such policies; and the proceeds shall be applied in the manner described in Paragraph 19 of this Mortgage; provided, however, that prior to the occurrence of an Event of Default hereunder, the Mortgagor shall be entitled to undertake the activities described in subparagraphs (i) and (ii) above with respect to losses which the Mortgagor, with the written consent of the Mortgagee, estimates to be in the amount of \$25,000.00 or less.

All such insurance policies shall (i) contain an endorsement requiring thirty (30) days written notice to Mortgagee prior to cancellation or change in the coverage, scope or amount of any such policy or policies, and (ii) provide that any loss shall be payable to Mortgagee notwithstanding any act or negligence of Mortgagor which might otherwise result in a forfeiture of said insurance.

5. The Mortgagor covenants to keep the Mortgaged Premises in good order, condition and repair, and further covenants that the Mortgagor will not permit or suffer any strip or waste of the Mortgaged Premises. The Mortgagee or its agents may, from time to time, as deemed reasonably necessary by Mortgagee, in its sole discretion, make reasonable entries upon and inspections of the Mortgaged Premises, provided that such inspections shall be conducted in such a manner so as to minimize disruption to the Mortgagor and damage to the Mortgaged Premises.

6. Mortgagor will promptly and fully keep, perform and comply with all the material terms, provisions, covenants, conditions and agreements imposed upon or assumed by Mortgagor as landlord under any lease, covering any part of the Mortgaged Premises or any other property owned or controlled by Mortgagor that is affected by terms, provisions, covenants, conditions and agreements imposed upon or assumed by Mortgagor in such lease.

If Mortgagor shall, in any manner, fail to comply as provided above, and, within fifteen (15) days of written notice, fail to cure, or for non-monetary matters which can not reasonably be cured within fifteen (15) days, commence to cure and proceed diligently to prosecute such cure thereafter, the Mortgagee may (but shall not be obliged to) take any action Mortgagee deems necessary or desirable to cure any default by Mortgagor in the performance of or compliance with any of Mortgagor's covenants or obligations as landlord under the Leases. Mortgagor shall promptly deliver to Mortgagee a copy of any notice of default received from any tenant that is a party to any of the Leases. Mortgagee shall have the

right to enter upon the Mortgaged Premises, and any other property owned or controlled by Mortgagor which is affected by any of the terms, conditions, provisions, covenants, and agreements of any of the Leases, to such extent and as often as Mortgagee deems necessary or desirable in order to prevent or cure any such default by Mortgagor. Mortgagee may expend such sums of money as are necessary for any such purpose, and all sums so expended by Mortgagee shall, unless otherwise agreed in writing, be repaid by Mortgagor immediately upon demand, and until repaid such sums shall be added to the unpaid principal of the indebtedness secured hereby, shall bear interest at the default rate specified in the Note (the "**Default Rate**"), and the repayment thereof, together with such interest, shall be secured by this Mortgage.

7. The Mortgagor covenants to and hereby does conditionally assign to the Mortgagee any leases now or hereafter made affecting the Mortgaged Premises, such assignments to be by instruments in form satisfactory to the Mortgagee and covenants to execute any and all instruments deemed necessary or appropriate by Mortgagee. The Mortgagor hereby appoints the Mortgagee its attorney irrevocable to assign as above provided any lease not assigned by the Mortgagor upon request, provided, however, such power of attorney shall not be exercised by Mortgagee unless and until the occurrence of an Event of Default.

8. The Mortgagor covenants that it shall not use, and that it will use reasonable efforts to prevent other occupants from using, the Mortgaged Premises or any portion thereof in violation of any law, and that whenever, in consequence of an alleged violation, the occupant's use of the Mortgaged Premises shall be prohibited or enjoined by any public official or court, the violation shall be deemed conclusively proved for the purposes of this Mortgage.

9. Upon request of the Mortgagee, which request shall only be made after an Event of Default, the Mortgagor covenants to make equal monthly payments to the Mortgagee sufficient to amortize the amount (estimated by the Mortgagee) of all taxes and assessments laid against the Mortgaged Premises, within a period ending one (1) month prior to the due date of such taxes and assessments. The Mortgagee shall hold such monthly payments to pay such taxes and assessments when due and payable in an interest-bearing escrow account, and in the event of the foreclosure of this Mortgage, all such payments shall be credited to the amount of the principal obligations remaining unpaid to the extent that they have not been used for the payment of taxes and assessments as provided herein.

10. If not otherwise paid by Mortgagor when due, and not paid within ten (10) days prior written notice to the Mortgagee from Mortgagor, then, unless the Mortgagor has, within said ten (10) days, by written notice advised the Mortgagee of its intention to contest such taxes or other charges, and such nonpayment does not result in a lien against the Mortgaged Premises and the Mortgagor has adequately reserved for such unpaid taxes and/or other charges, the Mortgagee shall be authorized to pay any taxes, charges, assessments and water rates and other exactions of governmental authority to whomsoever laid or assessed whether on the Mortgaged Premises or on any interest therein or on any of the Obligations secured hereby, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Mortgaged Premises or on any part thereof; to pay any amount which may become due under any mortgage, lien or encumbrance prior in right or junior in right to the Mortgage herein granted; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses, including reasonable attorneys' fees, in protecting the Mortgagee's rights hereunder and the security hereby granted; to pay any balance due under any security agreement on any articles or fixtures now or hereafter included as a part of the Mortgaged Premises or used in connection therewith; to expend such sums for repairs as may be reasonably necessary to keep the Mortgaged Premises in good order, condition and repair; to add all amounts so paid to the principal sum secured hereby, and until repaid such amounts to bear interest at the same rate as the principal sum secured hereby; to apply to any of these purposes or to the repayment of any amounts so paid by the Mortgagee any sums paid hereunder by the Mortgagor as

principal, interest, taxes or otherwise.

11. In the event that the Mortgaged Premises, or any part thereof, are sold, transferred or otherwise alienated or if title thereto becomes vested in anyone other than the Mortgagor named herein, then, at the option of the holder of the Note, any and all indebtedness outstanding under the Note shall become immediately due and payable. A transfer as referred to above in this paragraph 11 shall be deemed to include the sale or other transfer of either legal or beneficial ownership or interests in the Mortgaged Premises.

12. The Mortgagor covenants that in the event that the ownership of the Mortgaged Premises or any part thereof becomes vested in any other person than the Mortgagor, with or without consent, the Mortgagee may, without notice to the Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and the Obligations secured hereby in the same manner as with the Mortgagor, without in any way affecting or discharging the Mortgagor's liability hereunder or the Obligations hereby secured; and no forbearance on the part of the Mortgagee and no extensions of the time for the payment, the performance of any of the Obligations of the Mortgagor as set forth herein or other indulgences shall operate to release, discharge, modify, change or affect the liability of the Mortgagor herein, either in whole or in part.

13. Mortgagor covenants and agrees to use all reasonable efforts to comply in all material respects with the requirements of Chapter 21E of the Massachusetts General Laws and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as the same may be amended from time to time, and with all regulations adopted thereunder, and to notify the Mortgagee promptly in the event of any "release" of "oil" or "hazardous materials", as those terms are defined in said statute, upon the Mortgaged Premises. Mortgagor covenants and agrees that Mortgagor is not and will not become involved in operations at the Mortgaged Premises or at other locations which could lead to the imposition on Mortgagor of liabilities under said Chapter 21E or under any similar applicable Federal laws or regulations. In the event the Mortgagor fails to comply with the requirements of said Chapter 21E or CERCLA, as they are amended, the Mortgagee, may at its election, but without the obligations so to do, give such notices or cause such work to be performed at the Mortgaged Premises, or take any and all other actions as the Mortgagee deems necessary, as shall cure said failure of compliance (or clean-up the hazardous materials or oil on the site) and any amounts paid or incurred as a result thereof, together with interest thereon at the rate of interest set forth in the Note which is secured by this Mortgage from the date of payment, shall be immediately due and payable by the Mortgagor to the Mortgagee, and until paid shall be added to and become a part of the principal debt secured hereby, and the same may be collected as part of said principal debt in any suit hereon or upon the Note; or the Mortgagee, by the payment of any assessment, claim or charge, may, if it sees fit, be thereby subrogated to the rights of The Commonwealth of Massachusetts, but no such advance shall be deemed to relieve the Mortgagor from any default hereunder or impair any right or remedy consequent thereon. Additionally, without limiting the generality of the foregoing, at the option of the Mortgagee, the Note and other obligations secured by this Mortgage shall become immediately due and payable upon the discovery of hazardous material or oil or other toxic substance on the Mortgaged Premises or upon the filing of a Notice of Violation or other lien under Chapter 21E or CERCLA, unless the Mortgagor diligently commences and thereafter prosecutes to completion such further investigations, remediation and/or other activities as are required by law so as to achieve regulatory closure.

In addition, Mortgagor does hereby, for itself and its successors and assigns, agree to and hereby does indemnify, defend and hold harmless Mortgagee and its assigns, successors and grantees, of and from any and all liabilities, assessments, claims, suits, damages, reasonable costs and expenses, reasonable attorney's fees or judgments arising out of the handling and disposal of hazardous waste, oil and/or toxic substances including clean-up thereunder, including without limitation, the assertion of any

lien pursuant to Section 13 of said Chapter 21E taking priority over the lien; and the undersigned further indemnifies and hold harmless Mortgagee and its assigns, successors and grantees from any and all infractions and liens arising from any liability or indebtedness to the Commonwealth of Massachusetts arising pursuant to the provision thereof or any liens arising from other applicable laws or ordinances, excluding from the foregoing indemnity any matters arising from the Mortgagee's gross negligence, bad faith or willful misconduct. The rights and remedies of Mortgagee under this Paragraph are cumulative. This indemnity shall survive the discharge of this Mortgage and payoff of the Note.

14. In the event of redemption after foreclosure proceedings have been commenced, the Mortgagee shall be entitled to collect all reasonable costs, charges and expenses, including reasonable attorneys' fees, incurred up to the time of redemption. In case of foreclosure sale the Mortgagee shall be entitled to retain out of the monies arising from such sale all sums then secured by this Mortgage, whether then or thereafter payable, including all reasonable costs, charges or expenses, including reasonable attorneys' fees, incurred or sustained by the Mortgagee by reason of any default in the performance or observance of any condition of this Mortgage.

15. The Mortgagor covenants that in case the Mortgagee, in the exercise of the power of sale herein given, elects to sell in parcels the premises then subject to this Mortgage, the Mortgagee may sell all the parcels then subject to this Mortgage notwithstanding that the proceeds of such sales may exceed the Obligations then secured hereby.

16. It is the intent of the parties hereto that this instrument shall constitute a Security Agreement within the meaning of the Uniform Commercial Code with respect to (i) all Personal Property and all replacements thereof, substitutions therefor, additions thereto and proceeds thereof, (ii) all policies of insurance maintained with respect to the Mortgaged Premises, (iii) all Proceeds, and (iv) all Leases and Rents (all hereinafter collectively referred to as the "Collateral"), and that a security interest shall attach thereto for the benefit of Mortgagee to secure the indebtedness evidenced by the Note and all other obligations secured by this Mortgage, and all other sums and charges which may become due hereunder or thereunder. Mortgagor hereby authorizes Mortgagee to file financing and continuation statements with respect to the Collateral without the signature of Mortgagor whenever lawful. Mortgagee may exercise any and all rights of a secured party under the Uniform Commercial Code.

17. The Obligations of the Mortgagor hereunder, if more than one, shall be joint and several.

18. Forthwith upon the receipt by Mortgagor of notice of the institution of any proceeding or negotiations for the taking of the Mortgaged Premises, or any part thereof, in condemnation or by the exercise of the power of eminent domain, Mortgagor shall give notice thereof to Mortgagee. Mortgagee may appear in any such proceedings and participate in any such negotiations and may be represented by counsel, which prior to an Event of Default, shall be at Mortgagee's expense, but thereafter, at Mortgagor's expense. Mortgagor, notwithstanding that Mortgagee may not be a party to any such proceeding, will promptly give to Mortgagee copies of all notices, pleadings, judgments, determinations and other papers received by Mortgagor therein. Mortgagor will not enter into any agreement for the taking of the Mortgaged Premises, or any part thereof, with anyone authorized to acquire the same in condemnation or by eminent domain which will result in a payment in excess of Fifty Thousand (\$50,000.00) Dollars unless Mortgagee shall first have consented thereto, which consent shall not be unreasonably withheld.

Any award, whether paid as a result of a negotiated settlement or judgment, shall be paid to Mortgagee (Mortgagor hereby assigning and granting a security interest in such award to Mortgagee), and Mortgagee is hereby constituted and appointed the true and lawful attorney in fact of Mortgagor coupled with an interest and irrevocable with the power to collect and receive the total amount of such award,

including interest, and to give proper receipts and acquittances therefor.

If all or substantially all of the Mortgaged Premises shall be taken by condemnation or otherwise as result of the exercise of such power, the whole of the principal sum and interest evidenced by the Note, together with all other amounts, if any, then secured hereby, shall forthwith become due and payable, at the option of Mortgagee, and all awards paid or payable to Mortgagor on account of such taking shall be applied to the payment and discharge of the indebtedness secured hereby. To the extent that such award or awards exceed the amount required to pay in full the principal and interest under the Note and all other sums and charges then secured hereby, Mortgagee shall pay over to the person or persons legally entitled thereto the amount of such excess; and provided, further, however, that until the actual vesting of title in the condemning authority in such proceeding or pursuant to any agreement in lieu or in settlement thereof, the obligations of Mortgagor to perform the terms, covenants and conditions of the Note and this Mortgage shall continue unimpaired. In no event shall Mortgagee be required to satisfy or discharge this Mortgage until the principal, interest and all other sums and charges secured hereby are paid in full. As used in this subparagraph, taking of all or substantially all of the Mortgaged Premises shall mean a taking of so much as leaves a balance which cannot economically be operated for the purposes for which the same was operated prior to such taking.

In the event of a taking less than substantially all of the subject property and improvements thereon, in condemnation or by eminent domain, or by agreement or conveyance in lieu thereof, all awards payable to Mortgagor as a result of such taking shall forthwith be paid to Mortgagee, and the proceeds of such awards shall, subject to the next grammatical paragraph, be applied towards the payment of the indebtedness secured hereby. Mortgagor shall pay interest on said indebtedness at the rate or rates provided for herein or in the Note, as the case may be, notwithstanding any lesser rate required to be paid by the authorities making such award or awards. To the extent that the award or awards so received by Mortgagee shall exceed the amount required to pay in full such principal and interest under the Note and other sums and charges then secured hereby, Mortgagee shall pay over to the person or persons legally entitled thereto the amount of such excess. In no event shall Mortgagee be required to satisfy or discharge this Mortgage until the principal, interest and all other sums and charges then secured hereby are paid in full.

To the extent that the net proceeds of such awards exceed the cost of restoration, such excess shall be applied by Mortgagee to the payment of the indebtedness hereby secured, whether then due or not, in the order of priority hereinabove established and no prepayment penalty or fee shall be imposed as a result of such payment.

Notwithstanding anything to the contrary contained herein, if at the time of such taking or conveyance, Mortgagor shall be in default in the performance of any of its obligations hereunder or under the Note or Security Instruments, or if any of the above conditions are not satisfied, then, at the Mortgagee's option, the total amount of such awards shall be applied to the indebtedness.

19. The Mortgagee is hereby authorized to apply the proceeds of any insurance recovered by reason of any loss to the Mortgaged Premises to the satisfaction of the Obligations secured hereby, whether or not this Mortgage, the Note or any of the Obligations secured thereby are in default; provided, however, that in the event that the Mortgaged Premises are destroyed or damaged by fire or other casualty and the Mortgagee and the Other Lenders in their reasonable discretion shall determine that restoration of the Mortgaged Premises to its condition prior to such fire or other casualty is feasible and provided no Event of Default has occurred and provided that neither the financial condition, assets nor business of the Mortgagor has deteriorated in any material respect since the financial statements submitted in connection with the making of the mortgage loan secured by this Mortgage, then the proceeds payable to the Mortgagee pursuant to this Paragraph, or so much thereof as may be required for such purpose, shall be

paid out from time to time as the work of restoration progresses pursuant to the terms of a construction loan agreement and upon such architects' certificates or other certificates, including certificates from title insurance companies, as the Mortgagee may from time to time reasonably require with respect to the cost of such restoration and the status of title to the Mortgaged Premises; provided, however, the Mortgagee shall not be required to release or pay any portion of such proceeds unless (i) the Mortgagor shall first furnish additional funds from sources other than the net amount of such proceeds which, together with said proceeds, shall be sufficient to cover the cost of restoration as established by the certificate of an architect or engineer employed by the Mortgagee at the Mortgagor's expense; and (ii) such restoration shall be effected promptly and in accordance with plans and specifications submitted to and diligently approved by the Mortgagee, said approval not to be unreasonably withheld, and diligently pursued to completion. The Mortgagee shall at no time whatever, whether in possession of the Mortgaged Premises or not, have any obligation to advance or make funds other than said net proceeds available for the restoration of the Mortgaged Premises.

20. Mortgagor shall pay all indebtedness secured by any mortgage creating a senior and prior lien or junior and subordinate lien (if any) on the whole or any part of the Mortgaged Premises and perform all covenants, terms and conditions contained in any such mortgage on the part of Mortgagor to be performed and observed, all within the periods provided for payment, performance and observance in any such mortgage, thereby preventing an event of default from occurring thereunder, subject to the Mortgagor's right to contest in good faith such indebtedness or covenants, terms and/or conditions, provided the Mortgagor has made adequate reserves for any payments claimed to be due and, if reasonably requested by the Mortgagee, paid such reserves in escrow with the Mortgagee. If Mortgagor fails to pay any installment of principal or interest or any other amount on any senior and prior mortgage or junior and subordinate mortgage on the Mortgaged Premises when the same becomes due and payable, Mortgagee may, at Mortgagee's election, upon not less than ten (10) days prior notice, except to prevent a loss of priority of lien or other irreparable harm to the Mortgagee's collateral or lien, in which case such notice as can be reasonably be given, if any, pay the same, and Mortgagor on demand will repay the amount so paid with interest at the Default Rate, and the same shall be added to the mortgage indebtedness, constitute a further lien on the Mortgaged Premises and be secured by this Mortgage.

21. Notwithstanding anything to the contrary contained in this Mortgage, Mortgagor shall not encumber further nor suffer to be further encumbered the title to the Mortgaged Premises without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld.

22. The occurrence of any of the following events shall constitute an Event of Default hereunder:

- (a) The failure of Mortgagor to pay when due, beyond the applicable grace and/or cure periods, if any, any amount payable under the Note, this Mortgage, the Security Instruments or any related documents, or any supplement, modification or extension thereof;
- (b) The occurrence of any other Event of Default under the Note or any related documents executed concurrently herewith or supplemental hereto, and the continuance of such default beyond the applicable grace period, if any;
- (c) The failure of Mortgagor to perform or observe any of its other obligations, covenants, or agreements contained in this Mortgage, or in the Security Instruments, or in any other document, instrument or agreement executed concurrently herewith or supplemental hereto, pertaining to the indebtedness of the Mortgagor to Mortgagee or the security therefor, and (except where a specific time, cure or grace period is specified elsewhere)

the continuance of such failure for fifteen (15) days after written notice thereof from Mortgagee to Mortgagor, or in the event of non-monetary defaults which cannot reasonably be cured within fifteen (15) days such longer time as is reasonably necessary, provided the Mortgagor is diligently proceeding to cure;

- (d) Any warranty, representation or statement made or furnished to the Mortgagee by or on behalf of Mortgagor by an officer, agent or partner of the Mortgagor proves to have been false in a material respect when made or furnished;
- (e) The Mortgaged Premises are attached or liened and said attachment or lien is not removed within thirty (30) days;
- (f) The failure of the Mortgagor to perform or observe any of its obligations, covenants or agreements contained in any other agreement, instrument or document with the Mortgagee, whether or not related to this transaction or the Mortgaged Premises, and the continuance of such failure beyond the applicable grace period, if any; or
- (g) The failure of the Mortgagor to perform or observe any of its obligations, covenants or agreements contained in any agreement, instrument or document with any other lender to the extent related to, or concerning in any way, the Mortgaged Premises, and the continuance of such failure beyond the applicable grace period, if any.

23. No waiver, forbearance, extension of time or other indulgence shown by Mortgagee to Mortgagor or to any person now or hereafter interested herein or in the Mortgaged Premises or in the Note or in any related document to Mortgagee with respect to any condition or any combination of conditions, covenants or agreements on the part of the Mortgagor to be performed or observed, as set forth or referred to herein or in the Note, or the related documents, shall affect the right of Mortgagee thereafter to require performance or observance of the same or any other condition, covenant or agreement.

24. Upon the occurrence of any Event of Default hereunder, the Mortgagee may at any time thereafter, at its option and without notice, exercise any or all of the following rights, which rights shall be cumulative and not exclusive and in addition to any other rights granted to Mortgagee under this Mortgage and without presentation, protest or further demand or notice of any kind, all of which are expressly waived by Mortgagee (to the extent so permissible by law):

- (a) declare all indebtedness secured hereby due and payable, anything in this Mortgage or in the Note to the contrary notwithstanding;
- (b) foreclose the Mortgage in whole or in part;
- (c) sell and dispose of the Mortgaged Premises, and the benefit and equity of redemption of Mortgagor therein, at public auction upon the Mortgaged Premises, or at such other place, if any, as may be designated by the Mortgagee, and to bid for and become the purchaser of the Mortgaged Premises at any such sale, and in Mortgagee's own name or as the attorney of Mortgagor (Mortgagee being for that purpose by this instrument duly authorized and appointed with full power of substitution and revocation) to make, execute, acknowledge and deliver to the purchaser or purchasers thereof a good and sufficient deed or deeds of the Mortgaged Premises in fee simple and to receive the proceeds of such sale or sales, and from such proceeds to retain all sums hereby secured, whether then due or which may fall due thereafter, or the part thereof then remaining

unpaid, and also including the interest then due on the same, including, without limitation, all expenses incident to such sale or sales, for making deeds hereunder, for reasonable fees of counsel and attorneys, all reasonable costs or expenses incurred in the exercise or defense of the rights and powers of Mortgagee hereunder, all expenses incurred in repairing or preserving the Mortgaged Premises, all taxes, water and sewer rates, assessments and premiums for insurance, either theretofore paid by Mortgagee or then remaining unpaid, and any installments of principal and/or interest paid by Mortgagee under any senior and prior mortgage on the Mortgaged Premises, rendering and paying the surplus of said proceeds of sale, if any there be over and above the amounts so to be retained as aforesaid, together with a true and particular account of such sale or sales, expenses and charges, to Mortgagor; and/or

- (d) at its election, exercise any and all other rights available to it at law or in equity and take such other actions or proceedings as it deems necessary or available to protect its interest in the Mortgaged Premises and Obligations secured thereby.

25. At any time and from time to time until payment of the indebtedness evidenced by the Note and upon request of Mortgagee, Mortgagor will promptly execute, notarize and deliver to Mortgagee such additional instruments as Mortgagee may reasonably require to further evidence the lien of this Mortgage and further to protect the security position of Mortgagee with respect to the property subject to this Mortgage. Mortgagor shall pay any stamp taxes or any fees imposed by any governmental authority with respect to the execution, recordation, assignment or discharge of this Mortgage, or the Note or the Security Instruments, or any other instrument executed and delivered or assigned to Mortgagee in connection with this Mortgage or the indebtedness secured hereby.

26. In the event of the passage, after the date of this Mortgage, of any law imposing upon Mortgagee the obligation to pay, in whole or in part, the taxes, assessments, charges or liens herein required to be paid by Mortgagor, or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, so as to affect this Mortgage, Mortgagor shall immediately pay or reimburse the Mortgagee for the amount of such taxes.

27. Mortgagee may assign all or any portion of its rights under this Mortgage and in the event of such assignment Mortgagor shall accord full recognition thereto.

28. In the event any one or more of the provisions of this Mortgage is found to be invalid, illegal or unenforceable for any reason or in any respect, such invalidity, illegality or unenforceability shall not limit or impair any other provision hereof.

29. The Mortgage shall be governed by the laws of The Commonwealth of Massachusetts.

[End of Text – Signatures on Next Page]

Executed as an instrument under seal as of the 19th day of October, 2006.

BEDFORD VETERANS QUARTERS, INC.

By: 

Name: MARK LUNNELER


Title: PRESIDENT

Hereunto duly authorized

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

On this 19th day of October, 2006, before me, the undersigned notary public, personally appeared Mark Lunneller, as President of Bedford Veterans Quarters, Inc. (Borrower described above), and proved to me through satisfactory evidence of identification, which was ☒ a Massachusetts drivers license ☐ personal knowledge, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose.


Notary Public

My Commission Expires: 11/6/09

EXHIBIT A
Property Description

SCHEDULE A

That portion of the land and improvements thereon situated in Bedford, Massachusetts known as Building No. 5 of the Edith Nourse Rogers Memorial Veterans Hospital, all as more particularly described in a Notice of Lease dated September 10, 2004 and recorded with the Middlesex South Registry of Deeds in Book 47856, Page 1 as affected by Amendment to Lease, Assignment and Assumption Agreement dated March 22, 2006 and recorded with said Registry in Book 47856, Page 6.

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