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Middlesex South Registry of Deeds
Maria C. Curtatone, Register
208 Cambridge Street
Cambridge, MA 02141
617-679-6300
www.middlesexsouthregistry.com

REGULATORY AGREEMENT

This Regulatory Agreement (the "Agreement") made this 25th day of April, 2016 by **Lexington Ridge - Avalon, Inc.**, a Maryland corporation, with an address of 671 N. Glebe Road, Suite 800, Arlington, Virginia 22203 ("AvalonBay") and **the Town of Lexington**, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, with an address of 1625 Massachusetts Avenue, Lexington, Massachusetts 02420 (the "Town"), acting by and through its Board of Selectmen.

BACKGROUND:

A. AvalonBay owns and operates a 198-unit rental development with related amenities and improvements commonly known as "Avalon at Lexington" and having an address of 100 Lexington Ridge Drive, Lexington, Massachusetts (the "Development"). The Development is located on land more particularly described on Exhibit A attached hereto (the "Property").

B. The Development was developed pursuant to a comprehensive permit issued under M.G.L. c. 40B and its implementing regulations (collectively, "Chapter 40B") by the Lexington Zoning Board of Appeals on December 14, 1990 and upheld by the Massachusetts Housing Appeals Committee on June 25, 1992 in Case 90-13, and modified by the Lexington Zoning Board of Appeals on March 26, 1993. The foregoing are collectively referred to herein as the "Comprehensive Permit".

C. AvalonBay has repaid in full the loan in the original principal amount of \$15,660,000 (the "Loan") funded by revenue bonds issued by the Massachusetts Housing Finance Agency ("MHFA"), which Loan was secured by, among other things, (i) that certain Mortgage, Security Agreement, and Assignment of Rents and Leases with respect to the Property dated as of November 17, 1994 from AvalonBay to MHFA, which was recorded in the Middlesex South Registry of Deeds (the "Registry") in Book 25045, Page 413, and amended by a First Amendment to Multifamily Mortgage, Assignment of Rents and Security Agreement dated January 25, 1995, and recorded in Book 25147, Page 302; as assigned by Assignment to Multifamily Mortgage, Assignment of Rents and Security Agreement dated January 26, 1995, and recorded in Book 25147, Page 304; and as amended by a Second Amendment to Multifamily Mortgage, Assignment of Rents and Security Agreement dated February 3, 1995, and recorded in Book 25181, Page 325; and (ii) that certain Assignment of Lease and Subsidy Contracts between AvalonBay and MHFA dated November 17, 1994, and recorded in Book 25045, Page 488. The foregoing are collectively referred to herein as the "MHFA Security Documents".

D. In connection with the Loan, AvalonBay and MHFA also entered into (i) a certain Regulatory Agreement dated as of November 17, 1994, which was recorded with the Registry in Book 25047, Page 438 (the "Regulatory Agreement"), and (ii) that certain Land Use Restriction Agreement dated as of November 17, 1994, which was recorded with the Registry in Book 25047, Page 474 (the "Land Use Restriction Agreement"). The Regulatory Agreement, the Land Use Restriction Agreement and the MHFA Security Documents are sometimes collectively referred to herein as the "MHFA Agreements."

E. The MHFA Agreements, among other things, were discharged by an instrument dated July 29, 2011 which was recorded with the Registry in Book 57242, Page 502 (the "Discharge"). Accordingly, the MHFA Agreements are no longer in force and effect.

F. The MHFA Agreements, among other things, set forth certain requirements with respect to low or moderate income housing to be provided as part of the Development.

G. In light of the termination of the MHFA Agreement, the Town and AvalonBay wish to memorialize their understanding as to affordability requirements that will continue to apply to the Development so long as any portion of the Development or Property continues to be used as multi-family housing pursuant to the Comprehensive Permit.

NOW THEREFORE, in consideration of the agreements and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, AvalonBay and the Town hereby agree and covenant as follows:

1. To the maximum extent permitted by law, throughout the term of this Agreement, AvalonBay shall reserve, market and lease (or if a conversion occurs, sell), as "low or moderate income housing," as that term is defined in M.G.L. c. 40B, § 20, twenty eight percent (28%) of the units (i.e. fifty six (56) of the current total number of units in the Development), to Low or Moderate Income Persons or Families earning not more than eighty percent (80%) of the applicable area median income ("AMI"), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development ("HUD") and the Comprehensive Permit and this Agreement. The units reserved for low or moderate income housing are sometimes referred to in this Development as the "Affordable Units." The term of this Agreement shall commence as of the date the Loan was or is repaid in full and shall continue in perpetuity as may be permitted by law, subject to the provisions of Section 9 below. In entering into this Agreement, the parties intend for the restrictions, rights and obligations herein to be perpetual. To that end, if for any reason this Agreement or any of the restrictions, rights or obligations contained herein shall be deemed subject to sun-setting provisions, invalid, terminated, void or voidable on any grounds, or other principles requiring duration less than perpetual, then AvalonBay and its successors, assigns and transferees shall carry out all necessary measures to extend, adopt and/or renew the terms of this Agreement to renew and extend this Agreement and otherwise to ensure that the Town holds in perpetuity the rights and restrictions set forth herein for the benefit of the Town in a manner consistent with the terms and intent of this Agreement.

2. For so long as this Agreement is in effect, the annual rental expense for each of the Affordable Units shall be equal to the gross rent plus allowances for all tenant-paid utilities (including tenant-paid heat, hot water and electricity) and shall not exceed thirty percent (30%) of eighty percent (80%) of AMI, adjusted for household size (the "Maximum Rentals"). The Maximum Rentals shall be determined on an annual basis by AvalonBay in accordance with the rental determination regulations adopted by MHFA (or its successor agency), as the same may be amended from time to time, and any policy regulations promulgated thereunder. If MHFA (or its successor agency) ceases to promulgate any such regulations, then the Maximum Rentals shall be determined based on substitute regulations and requirements of Massachusetts Department of Housing and Community Development ("DHCD"), and if no such regulations or

requirements are available, on substitute regulations of a federal or state governmental agency providing subsidies for low or moderate income housing as shall be reasonably determined by AvalonBay, in order to ensure the continued availability of the Affordable Units for the purposes specified herein and in the Comprehensive Permit for the entire term of this Agreement.

3. AvalonBay will advise the Town's Director of Planning (the "Director") of any revisions to the designation of any Affordable Units on an annual basis and will provide a copy of its annual filing with MHFA to the Director with respect to the Development. The Affordable Units will be intermingled with all other dwelling units in the Development and will be of a quality comparable to the other units in the Development pursuant to MHFA's practices as of the date of this Agreement. Residents of the Affordable Units will have access to all common facilities of the Development for use and enjoyment equal to that of other tenants.

If, after initial occupancy, the income of a household occupying an Affordable Unit increases and, as a result of such increase, exceeds the maximum income permitted hereunder for such household, AvalonBay shall not be in default hereunder so long as either (i) the household's income does not exceed one hundred forty percent (140%) of the maximum income permitted (in which case the unit in question shall continue to be counted as an Affordable Unit), or (ii) AvalonBay rents the next available unit at the Development as an Affordable Unit in conformance with Section 1 of this Agreement, or otherwise demonstrates compliance with Section 1 of this Agreement. Subject to Section 1 above, if a unit that formerly was an Affordable Unit no longer qualifies as an Affordable Unit due to an increase in the income of the household occupying such unit to an amount in excess of one hundred forty percent (140%) of the maximum income permitted hereunder for such household, AvalonBay may charge a market rental rate for such unit, provided that AvalonBay promptly and continuously markets and leases a different unit or units that are not already Affordable Units as Affordable Units to mitigate the reduction in the number of Affordable Units and to maintain the total number of Affordable Units at the Development at twenty eight percent (28%) as required by Section 1 above.

Leases and occupancy agreements for Affordable Units shall meet the requirements of the Comprehensive Permit Rules, this Agreement, and all applicable guidelines. AvalonBay shall enter into a lease with each tenant for a minimum term of one year. Such leases shall contain clauses, among others, wherein each resident of such Affordable Unit agrees and certifies compliance with the accuracy of information provided. If the Town fails to respond to a submission of the proposed schedule of rents for the Affordable Units within thirty (30) days of the Town's receipt thereof, the Town shall be deemed to have approved the submission.

4. In fulfilling its obligations under this Agreement, AvalonBay will accept referrals of tenants from the public housing authority in the Town, and will not unreasonably refuse occupancy to any prospective tenants so referred who met the requirements of any applicable Tenant Selection Plan. In marketing and renting the Affordable Units, AvalonBay shall comply with any Tenant Selection Plan and Affirmative Fair Housing Marketing Plan, which plans, as the same may be amended, are incorporated herein by reference with the same force and effect as if set out in this Agreement. Such plans may be established and updated in accordance with all applicable guidelines now or then in effect. Notwithstanding the foregoing, in no event shall this Agreement require AvalonBay to take any action which would result in a violation of the federal Fair Housing Act or any other applicable federal, state or local law, rule, ordinance, regulation or

requirement or which is inconsistent with any applicable guidelines, rules or regulations. Without limiting the generality of the foregoing, there shall be no discrimination upon the basis of race, creed, color, religion, disability, sex, sexual orientation, national origin, age or familial status in the lease, use or occupancy of the Development.

5. AvalonBay will obtain, at the time of initial rental and on each anniversary of the rental during the term of such rental, and maintain on file Certifications of Tenant Eligibility with respect to the Affordable Units in substantially the form that were used during the period that the MHFA Agreements were in effect. Such Certifications shall be filed with the Director by attachment to the designation of Affordable Units required by Section 3 above. AvalonBay shall make good faith efforts to verify that the income provided by an applicant in an income certification is accurate.

6. Subject to the terms hereof, the Development may be converted from a rental development to a home ownership development upon approval by the Town in accordance with the provisions of Condition III.4 of the Comprehensive Permit. In the event of such a conversion, AvalonBay shall execute and record all necessary documents (including but not limited to deed restrictions on the unit deeds for the Affordable Units which will be subject to the affordability restriction and/or affordable housing restrictions approved by DHCD pursuant to G.L. c. 184) to ensure that the affordability restriction as to such units will continue in force for the entire term hereof, in accordance with the terms relative to qualifying purchasers and maximum sales prices for initial sales and re-sales in accordance with the regulations promulgated by MHFA (or, if MHFA has ceased to promulgate any such regulations, then such terms shall be determined based on substitute regulations and requirements of DHCD, and thereafter of a federal or state governmental agency providing subsidies for low or moderate income home ownership as shall be reasonably determined by AvalonBay). In addition, in the event of such a conversion, AvalonBay shall establish a mechanism (such as provisions in the master deed of the condominium if the Development is converted to a condominium) which shall provide for the maintenance of the subject premises, including, but not limited to, roadway maintenance and repair, snow plowing, trash removal / recycling pick-up and any other amenities relating to the Development.

Further, in the event of the conversion of the Development to a home ownership project, a Deed Rider shall be attached to the each Affordable Unit. Such Deed Rider shall be in a form which is reasonably acceptable to the Town, DHCD and any federal or state subsidizing agency providing a subsidy in connection with such conversion to a home ownership project. If such conversion includes the creation of a condominium, substantially similar restrictions as are in the Deed Rider shall be contained within the master deed for such condominium.

7. The Director shall represent the interests of the Town concerning the enforcement of the terms and conditions of this Agreement. As such, the Director and any person(s) designated by her (whether such person(s) are employees of the Town or agents acting on behalf of the Director or the Town) shall be the person authorized to monitor AvalonBay's compliance with the terms and conditions of this Agreement. AvalonBay will maintain complete and accurate records pertaining to the Affordable Units, and during reasonable business hours and upon reasonable notice, will permit the Director and any person(s) designated by her to inspect the books and records of AvalonBay pertaining to the Affordable Units.

8. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Any amendments to this Agreement must be in writing and executed by all of the parties hereto. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions hereof.

9. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when delivered by hand or when mailed by certified or registered mail, postage prepaid, return receipt requested, or by reputable overnight courier (such as Federal Express), to the parties hereto at the addressee set forth below, or to such other place as a party may from time to time designate by written notice:

To AvalonBay:

AvalonBay Communities, Inc.
Attn: Joanne Lockridge, Senior Vice President - Finance
1499 Post Road
Second Floor
Fairfield, Connecticut 06824
Phone: (203) 319-4926
E-mail: joanne_lockridge@avalonbay.com

with copies to:

AvalonBay Communities, Inc.
Attn: Legal Department
Ballston Tower, 671 N. Glebe Road, Suite 800
Arlington, VA 22203
Telephone: (703) 317-4767
E-mail: alan_adamson@avalonbay.com

and to:

Goulston & Storrs
Attn: Steven Schwartz, Esq.
400 Atlantic Avenue
Boston, MA 02110
Telephone: (617) 574-4147
E-mail: sschwartz@goulstonstorrs.com

To Town:

Town of Lexington
Department of Planning

1625 Massachusetts Avenue
Lexington, MA 02420
Telephone: (781) 862-0500
E-mail: _____

10. This Agreement and all of the covenants, agreements and restrictions contained herein shall be deemed to be an affordable housing restriction as that term is defined in M.G.L. c. 184, § 31 and as that term is used in M.G.L. c.184, § 26, 31, 32 and 33, in perpetuity. This Agreement is made for the benefit of the Town shall be deemed to be the holder of the affordable housing restriction created by this Agreement. The Town has determined that the acquiring of such affordable housing restriction is in the public interest. Notwithstanding the foregoing or anything in this Agreement to the contrary, the term of this Agreement shall expire, and this Agreement shall be of no further force and effect, at such time as no portion of the Development or Property is any longer used as multi-family housing pursuant to the Comprehensive Permit. Further, this Agreement shall terminate and be of no further force and effect with respect to all the Affordable Units to the extent that the provisions of Chapter 40B (or any amendment or successor statute thereto) no longer require that any of the units in the Development be restricted for low and moderate income housing.

11. AvalonBay intends, declares and covenants on behalf of itself and its successors and assigns, and the parties hereto agree (i) that this Agreement and the covenants, agreements and restrictions contained herein shall be and are covenants running with the land, encumbering the Development for the term of this Agreement accepted by the Town by its execution of this Agreement, and are binding upon AvalonBay's successors in title, (ii) are not merely personal covenants of AvalonBay, and (iii) shall bind AvalonBay, its successors and assigns for the term of the Agreement, and shall inure to the benefit of the parties hereto and their respective successors and assigns. AvalonBay hereby agrees that any and all requirements of the laws of the Commonwealth of Massachusetts to be satisfied in order for the provisions of this Agreement to constitute restrictions and covenants running with the land shall be deemed to be satisfied in full and that any requirements of privileges of estate are also deemed to be satisfied in full. AvalonBay shall cause this Agreement to be recorded in the Registry. AvalonBay shall pay all fees and charges incurred in connection with such recording or filing.

12. If any default, violation or breach by AvalonBay is not cured within thirty (30) days after notice to AvalonBay thereof (or such longer period of time as is reasonably necessary to cure such a default so long as AvalonBay is diligently and continuously prosecuting such a cure), then the Town may take one or more of the following steps: (a) by mandamus or other suit, action or other proceeding at law or in equity, require AvalonBay to perform its obligations under this Agreement; (b) have access to, and inspect, examine and make copies of all of the books and records of AvalonBay pertaining to the Development; or (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of AvalonBay under this Agreement. If the Town brings any claim to enforce this Agreement, and the Town finally prevails in such claim, AvalonBay shall reimburse the Town for its reasonable attorneys' fees and expenses incurred in connection with such claim.

13. Recognizing that each party may find it necessary to establish to third parties, such as accountants, banks, potential or existing mortgagees, potential purchasers or the like, the then current status of performance hereunder, either party on the request of the other party made from time to time, will promptly furnish to the requesting party a statement of the status of any matter pertaining to this Agreement, including, without limitation, acknowledgments that (or the extent to which) each party is in compliance with its obligations under the terms of this Agreement.

14. if the Development, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, AvalonBay shall have the right, but not the obligation, to repair and restore the Development to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Development in accordance with the terms of this Agreement. Notwithstanding the foregoing, in the event of a casualty in which some but not all of the buildings in the Development are destroyed, if such destroyed buildings are not restored by Developer, Developer shall be required to maintain the same percentage of Affordable Units [i.e. 28%] of the total number of units in the Development.

(Signatures on following page)

TOWN:

TOWN OF LEXINGTON

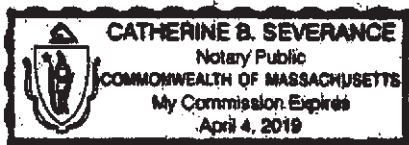
By: Carl F. Valente
Its Town Manager
Hereunto duly authorized per vote of BOS 4/11/2016

COMMONWEALTH OF MASSACHUSETTS)
) ss:
COUNTY OF MIDDLESEX)

On this 12th day of April, 2016 before me, the undersigned notary public, personally appeared Carl F. Valente, proved to me through satisfactory evidence of identification, which were personally known to me, to be the person whose name is signed on the preceding document, as the Town Manager of the TOWN OF LEXINGTON, and acknowledged to me that s/he signed it voluntarily for its stated purpose.

Catherine B. Severance
Notary Public
My commission expires: 4/4/19

(SEAL)



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument as of the date first above written.

AVALONBAY:

LEXINGTON RIDGE - AVALON, INC.

By: JM
Its Jeanne M. Lockridge
Senior Vice President
Hereunto duly authorized

STATE OF Connecticut)
COUNTY OF Fairfield) ss:

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by Jeanne M. Lockridge, the Senior Vice President of Lexington Ridge - Avalon, Inc., for and on behalf thereof, and acknowledged to me that s/he signed it voluntarily for its stated purpose.

Carleen Smith
Notary Public
My commission expires: 07/31/16

(SEAL)

LOT A

A certain parcel of land situated in Lexington, MA and Waltham, MA. bounded and described as follows;

Beginning at a point along the westerly sideline of Waltham Street, said point being $N34^{\circ}-12'-30''E$ and a distance of 150.00 feet along the westerly sideline of Waltham Street from the Town of Lexington and City of Waltham Town/City Line;

thence running $N61^{\circ}-23'-37''W$ a distance of 217.41 feet to a stonewall;

thence turning and running along a stonewall $S42^{\circ}-51'-53''W$ a distance of 118.80 feet to a point along the Town of Lexington and City of Waltham Town/City Line;

thence turning and running $N53^{\circ}-01'-19''W$ a distance of 150.90 feet along the Town/City Line to a concrete bound drill hole;

thence turning and running $S31^{\circ}-39'-00''W$ a distance of 59.68 feet to a drill hole in a stonewall;

thence turning and running along a stonewall $N53^{\circ}-27'-29''W$ a distance of 154.96 feet to a drill hole;

thence turning and running along a stonewall $N50^{\circ}-06'-37''W$ a distance of 50.52 feet to a drill hole;

thence turning and running along a stonewall $N51^{\circ}-59'-58''W$ a distance of 87.30 feet to a drill hole;

thence turning and running along a stonewall $N49^{\circ}-44'-05''W$ a distance of 58.12 feet to a drill hole;

thence turning and running along a stonewall $N52^{\circ}-28'-45''W$ a distance of 51.38 feet to a drill hole;

thence turning and running along a stonewall $N32^{\circ}-31'-48''W$ a distance of 11.30 feet to a drill hole;

thence turning and running along a stonewall $N21^{\circ}-26'-18''E$ a distance of 87.76 feet to a drill hole;

thence turning and running along a stonewall $N08^{\circ}-51'-59''W$ a distance of 16.59 feet to a drill hole;

thence turning and running along a stonewall N26°-30'-59"W a distance of 36.42 feet to a drill hole;

thence turning and running along a stonewall N19°-50'-17"E a distance of 107.57 feet to a drill hole;

thence turning and running along a stonewall N20°-05'-55"E a distance of 154.35 feet to a drill hole;

thence turning and running along a stonewall N19°-43'-12"E a distance of 167.17 feet to a drill hole;

thence turning and running along a stonewall N19°-38'-31"E a distance of 92.71 feet to a drill hole;

thence turning and running along a stonewall N17°-17'-13"E a distance of 74.17 feet to a drill hole;

thence turning and running along a stonewall N30°-10'-31"E a distance of 24.29 feet to a drill hole;

thence turning and running along a stonewall S61°-17'-43"E a distance of 108.18 feet to a drill hole;

thence turning and running along a stonewall S60°-49'-08"E a distance of 57.48 feet to a drill hole;

thence turning and running along a stonewall S60°-59'-42"E a distance of 119.86 feet to a drill hole;

thence turning and running along a stonewall S61°-09'-14"E a distance of 54.56 feet to a drill hole;

thence turning and running along a stonewall S60°-36'-44"E a distance of 67.81 feet to a drill hole;

thence turning and running along a stonewall N76°-25'-28"E a distance of 141.65 feet to a drill hole;

thence turning and running along a stonewall N76°-50'-32"E a distance of 55.71 feet to a drill hole;

thence turning and running along a stonewall N77°-27'-57"E a distance of 108.99 feet to a drill hole;

thence turning and running $N76^{\circ}-45'-54''E$ partial along a stonewall a distance of 118.98 feet to a point;

thence turning and running $S11^{\circ}-05'-48''W$ a distance of 34.07 feet to a point;

thence turning and running $S64^{\circ}-36'-00''E$ a distance of 63.19 feet to a point;

thence turning and running $S17^{\circ}-46'-51''W$ a distance of 111.71 feet to a point;

thence turning and running $S83^{\circ}-05'-00''E$ a distance of 160.98 feet to a point along the westerly sideline of Waltham Street;

thence turning and running $S24^{\circ}-45'-00''W$ a distance of 245.02 feet along the westerly sideline of Waltham Street to a point of curvature;

thence running, southerly along the westerly sideline of Waltham Street by a curved line to the right of radius 1,783.18 feet a distance of 294.37 feet to a point of tangency;

thence running $S34^{\circ}-12'30''W$ a distance of 316.12 feet along the westerly sideline of Waltham Street to the point of beginning;

containing an area of 17.544 acres and shown as Lot A on a plan entitled "Plan of Land, Lexington, Mass." by Benchmark Survey and dated April 29, 1993., recorded as Plan 445 of 1993.