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Name: Heritage at Bedford Springs
MassHousing No.:05-015-N
FHA No.: 023-98136
Execution Copy

REGULATORY AGREEMENT

Dated as of: June 23, 2008

Borrower's Name and Address: Heritage Middlesex Turnpike, LLC
505 Middlesex Turnpike, Suite 11
Billerica, MA 01821

Name and Location of Development: Heritage at Bedford Springs
48 and 50 Middlesex Turnpike
Bedford, MA

Initial Replacement Reserve Requirement: \$4,441.67 per month

Borrower's Equity: \$17,500,000

H8 Middlesex Turnpike, Bedford

REGULATORY AGREEMENT between **HERITAGE MIDDLESEX TURNPIKE, LLC**, a Massachusetts limited liability company ("Borrower") and **MASSACHUSETTS HOUSING FINANCE AGENCY** (the "Agency"), a body politic and corporate, organized and operated under the provisions of Chapter 708 of the Acts of 1966 of the Commonwealth of Massachusetts as amended (the "Act").

IN CONSIDERATION of the mortgage loan ("Mortgage Loan"), secured by the Mortgage (hereinafter defined) which the Agency has agreed to advance to Borrower in connection with the residential housing development identified above (the "Development"), Borrower covenants and agrees that, in connection with ownership and operation of the Development, it will comply with the following:

DEFINITIONS

1. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning given such terms in the Mortgage, Security Agreement, Financing Statement (Fixture Filing) and Assignment of Leases and Rents, of even date herewith (the "Mortgage"), from Borrower, as mortgagor, to the Agency, as mortgagee, or in any applicable Subsidy Contracts as defined in the Mortgage. As used in this Agreement the terms, "Adjusted Rental," "Below-Market Rental," "Housing Subsidy Programs," "Market Rental" and "Rentals" shall have the same meaning as in Section 6 of the Act and the Rental Determination Regulations adopted by the Agency on May 12, 1998, as the same may be amended from time to time, and any policy determinations promulgated

Land America
125 Summer St
Boston, MA 02110

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thereunder (said Regulations and policy determinations are herein called the "Rent Regulations"), and the term "annual income" shall have the same meaning as in Section 1(e) of the Act.

For the purposes hereof, the term "Mortgage Debt" shall mean all Obligations as defined in the Mortgage and the term "Note" shall mean the Mortgage Note.

RENTALS AND RENTS

2. (a) The Borrower shall rent certain units within the Development during the term hereof to low-income persons or families as defined in and upon the terms and conditions as set forth in the Residential Compliance Agreement, dated as of the date hereof (the "Residential Compliance Agreement"), between the Borrower and the Agency and otherwise in accordance with the terms and provisions hereof, including any Rider attached hereto. For the purposes hereof, low-income persons and families subject to the foregoing restrictions are herein referred to as "Low-Income Persons or Families". In fulfilling the foregoing requirement, Borrower will accept referrals of tenants from the Public Housing Authority in the city or town in which the Development is located, and will not unreasonably refuse occupancy to any prospective tenants so referred. The foregoing provisions shall not relieve Borrower of any obligations it may have under the provisions of other documents and instruments it has entered with respect to any applicable Housing Subsidy Program.

(b) Rentals in the Development shall be established as shown on the Rental Schedule attached as Appendix A hereto subject to change from time to time in accordance with: the terms and provisions hereof; the provisions contained in the Rent Regulations, as amended from time to time; the terms and provisions of the Residential Compliance Agreement; and any applicable Housing Subsidy Program. The Rent Regulations are incorporated herein by reference with the same force and effect as if set out in the full text of this Agreement and Borrower hereby acknowledges receipt thereof.

(c) Borrower shall obtain income certifications satisfactory in form and manner to the Agency at least every two (2) years for all tenants who are Low-Income Persons or Families ("Low Income Tenants"), or more frequently if required by the Residential Compliance Agreement or any applicable Housing Subsidy Program. Said income certifications shall be kept by the Management Agent and made available to the Agency upon request.

TENANT SELECTION AND OCCUPANCY

3. Borrower shall use commercially reasonable efforts during the term of this Agreement to maintain the Development at full occupancy, provided that Borrower shall comply with applicable Housing Subsidy Programs and other legal restrictions affecting the Development. Borrower shall comply with Borrower's Tenant Selection Plan, as approved by the Agency. The Borrower's Tenant Selection Plan, as approved by the Agency is incorporated herein by reference with the same force and effect as if set out in full text in this Agreement.

4. All occupancy agreements shall be expressly subordinated to the Mortgage. With respect to units not required hereunder or under the Residential Compliance Agreement to be rented at

Adjusted Rentals ("Restricted Units"), Borrower may use a residency agreement or lease form published by the Greater Boston Real Estate Board or other reasonably equivalent form approved by the Agency. Occupancy agreements for Restricted Units shall be in a form approved in the reasonable discretion of the Agency, subject to any requirements of any applicable Housing Subsidy Program, and, unless otherwise approved by the Agency, shall contain clauses, among others, wherein each resident of such units:

(a) certifies the accuracy of the statements made in the application and income survey;

(b) agrees that the family income, family composition and other eligibility requirements, shall be deemed substantial and material obligations of his occupancy; that he or she will comply promptly with all requests for information with respect thereto from Borrower or the Agency; and that his or her failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his occupancy; and

(c) agrees that at such time as Borrower or the Agency may direct, he or she will furnish to Borrower certification of then current family income, with such documentation as the Agency shall require; and agrees to such charges as the Agency has previously approved for any facilities and/or services which may be furnished by Borrower or others to such resident upon his or her request, in addition to the facilities and services, if any, included in the Rentals, as amended from time to time pursuant to Section 2 above.

LOAN PREPAYMENT - TENANT PROTECTIONS

5. (a) Borrower shall deliver a written notice to all Low Income Tenants of its election to prepay the Note in full prior to the maturity thereof (the "Prepayment Notice") at the same time that it shall provide such notice to the Agency as required by the Note. The Prepayment Notice shall inform all Low Income Tenants of the tenant protections described in this Section 5.

(b) For a period of one year after the date of prepayment ("Year 1")(the date of prepayment is hereinafter referred to as the "Prepayment Date"), as permitted by the terms of the Note, Borrower may not increase the Rentals payable by any tenant who is a Low-Income Person or Family on the Prepayment Date (a "Protected Low-Income Tenant"), except for Rental increases which would have been permitted by the terms and provisions of the applicable Housing Subsidy Program or the Agency's Rent Regulations if such prepayment had not occurred.

(c) For a period of two years after Year 1 ("CPI Index Period"), the Rentals for units occupied by Protected Low-Income Tenants may not be increased more than once annually by the greater of: (i) the consumer price index (applicable to the area in which the Development is located) times the Adjusted Rental in effect as of the Prepayment Date; or (ii) such higher amount as the Agency shall approve. In no event may Borrower increase Rentals for such units in excess of any limitations contained in a Housing Subsidy Program which remains in effect after the Prepayment Date.

(d) For three years after CPI Index Period (the "Transition Period"), Borrower shall provide Relocation Assistance, as defined herein, for any Protected Low-Income Tenant who voluntarily terminates his or her lease during the Transition Period as a result of Rental increases. For the purposes hereof, the term "Relocation Assistance" shall mean reasonable assistance in locating a comparable affordable unit, including the payment of any broker's fees and the payment of reasonable moving expenses within a thirty (30) mile radius of the Development.

(e) Upon prepayment, Borrower agrees to continue to use the form of occupancy agreement for all Protected Low-Income Tenants until the expiration of the periods described in (b) and (c), above. Thereafter, Borrower may require that all Protected Low-Income Tenants enter into the lease form used for tenants in the market-rental units or a lease substantially in the form published by the Greater Boston Real Estate Board, provided that any new occupancy agreement shall provide the Protected Low-Income Tenants with the benefits of subsection (d), above.

(f) The provisions of this Section 5 shall survive the termination of any other provisions of this Agreement as a result of prepayment until the expiration of the periods described in subsections (b), (c), and (d), above.

(g) Protected Low-Income Tenants shall have a right to enforce the protections provided them in this Section 5.

USE OF DEVELOPMENT REVENUES

6. (a) All Rentals, income, and other receipts derived from the Development (herein, "Development Revenues") shall, if not held by the Agency in one of its accounts, be deposited in the name of Borrower or a nominee for Borrower in a bank or banks, whose deposits are insured by the Federal Deposit Insurance Corporation or otherwise deposited in funds and accounts established hereunder. The Agency shall at all times be advised of the names of the accounts and the names of the banks. Development Revenues shall be used only in accordance with the provisions of this Agreement. Any person receiving funds of the Development other than as permitted by the Contract Documents shall immediately deposit such funds in a Development bank account, or if failing to do so in violation of this Agreement, shall hold such funds in trust for the Development.

(b) Except as provided in Section 7(f) below, the Agency agrees that during the term of the Mortgage and until all Obligations have been repaid in full, all development reserves, escrows and accounts will be Borrower's sole property, but shall be subject to the Contract Documents, Agency rules, regulations, controls and escrow arrangements. If an Event of Default under the Mortgage occurs, the Agency may, pursuant to the terms and provisions thereof, apply or authorize the application of any and all Development Revenues, including any balances, funds or accounts hereunder, for the purposes provided in Sections 22 ("Acceleration of Debt") and Section 23 ("Additional Rights of Lender") of the Mortgage.

(c) Borrower shall apply Development Revenues in the following order of priority: (i) payment of or adequate reserve for all sums due or currently required to be paid under the terms of the Mortgage Note and the Contract Documents relating thereto including operating expenses of the

Development and capital expenditures with respect to the Development; (ii) payment of or adequate reserve for all reasonable and necessary expenses of the Development as identified in Subsection (d), below; (iii) deposit of all amounts required to be deposited in the Replacement Reserve (as hereinafter defined); and (iv) payments of operating expense loans made by the partners, managers or members of Borrower for Development expenses, provided that Borrower shall have obtained prior written Agency approval for such loans and shall have supplied the Agency with such evidence as the Agency may reasonably request as to the application of the proceeds of such operating expense loans to Development expenses. Any amounts remaining after application of Development Revenue as provided above shall be applied as provided in Section 7 below.

(d) With respect to the application of Development Revenues as described above, Borrower agrees as follows:

(i) Payment for services, supplies, or materials shall not exceed the amount ordinarily and reasonably paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished;

(ii) Payment for any capital items shall be made or reimbursed only from the Replacement Reserve (as hereinafter defined), unless otherwise approved by the Agency;

(iii) Reasonable and necessary expenses which may be payable pursuant to subsection 6(c)(ii), above, shall be directly related to the operation, maintenance or management of the Development, other than a portion of management fees which shall be payable as provided in subparagraph (e) below; and

(iv) Without the Agency's prior written consent, Borrower may not assign, transfer, create a security interest in, dispose of, or encumber any Development Revenues except as expressly permitted herein and any such assignment, transfer, security interest, disposition, or encumbrance made in violation of this provision shall be void.

(e) In developing and operating the Development, Borrower shall not incur any liability, either direct or contingent, out of the ordinary course of business.

(f) All amounts payable from Development Revenues to any manager or member of the Borrower or any affiliate thereof under the Operating Agreement of the Borrower or any partnership agreement of any member of the Borrower shall be payable solely from amounts available as distributions under Section 7 hereof; provided, that the foregoing provision shall not apply to any management fees payable under a management contract approved by the Agency under Section 9 hereof.

DISTRIBUTIONS

7. (a) Distributions may be made: (i) only at the end of the Development's fiscal year; and (ii) only once all currently payable amounts as identified in Section 6 (c) above are paid as evidenced by a certificate provided by an independent accountant indicating that no such obligations are more

than thirty (30) days past due. Except with the prior written authorization of the Agency, distributions cannot be derived or made from borrowed funds or from the sale of capital assets.

(b) No distributions may be made when: (i) a default has occurred and is continuing under any Contract Document or some event has occurred that, with the passage of time, would become an Event of Default under any Contract Document; (ii) when there has been failure to comply with the Agency's notice of any reasonable requirement for proper maintenance of the Development; or (iii) when there is outstanding against all or any part of the Mortgaged Property any lien or security interest on the Development assets other than a lien securing the Mortgage Debt under the Contract Documents or a lien expressly permitted under the Contract Documents. If an Event of Default under the Mortgage occurs, the Agency may apply any amounts available for distribution to the payment of any Obligations as defined in the Mortgage.

(c) Subject to the provisions set forth above, distributions may be made to Borrower, provided that no distribution for any fiscal year may exceed that percentage of Borrower's Equity (as hereinafter defined) in the Development, which from time to time is permitted under the Act, and which, at the time of execution hereof, is ten percent (10%). The ten percent (10%) standard shall apply throughout the term hereof, except that if the Agency establishes a higher rate at a later date as permitted by the Act, Borrower may increase its equity distribution to the then permitted rate of distribution, subject to conditions established by the Agency in accordance with its Equity Policy or other policies or regulations with respect thereto (herein, the "Agency's Equity Policies").

(d) For the purposes hereof and in accordance with Section 5(d) of the Act, the amount of "Borrower's Equity" shall be as set forth on the first page of this Agreement. "Borrower's Equity" shall be adjusted upon completion of cost certification with respect to the construction or repairs to be financed in part from the Mortgage Loans. Thereafter, Borrower shall be allowed to adjust the amount of "Borrower's Equity" subject to the Act and such conditions as set forth in the Agency's Equity Policies.

(e) In the event that amounts available for distribution in a fiscal year exceed the distributions permitted for such fiscal year pursuant to Section 7(c) above, the amount of any such excess may be applied to pay the amount by which distributions made in any preceding fiscal year was less than the amount permitted to be paid plus a notional five percent (5%) simple interest on the unpaid amount, under Section 7(c) hereof for such fiscal years, subject to the provisions of subsections (a) through (c) above.

(f) Any amounts available for distribution which may not be distributed in any year pursuant to the provisions of Section 7(c) above ("Excess Equity"), shall be deposited in an interest bearing account established by the Agency hereunder pursuant to Section 6(c) above (the "Excess Equity Account") and maintained by the Agency in trust for the benefit of the Development during the term hereof. No distributions may be made to Borrower from the Excess Equity Account, except those permitted pursuant to Section 7(e) hereof. Upon the occurrence of an Event of Default under the Mortgage, the Agency may apply any amounts in the Excess Equity Account to the payment of any Obligations as defined in the Mortgage. Upon Borrower's request, amounts may also be withdrawn from the Excess Equity Account by the Agency during the term hereof and applied to any

purpose described in Section 6(c)(i)-(iv) hereof or for any purposes for which amounts in the Replacement Reserve (as hereinafter defined) may be applied, subject to a determination by the Agency that the expenditure is necessary to address the Development's physical or financial needs and that no other funds are available to address such needs. Upon Prepayment (as defined in the Note), or upon the maturity of the Note, the Agency, upon the request of the Borrower, may in its sole discretion make amounts available from the Excess Equity Account to: extend the affordability of units available to Low-Income Persons and Families; to reduce Rentals to Low-Income Persons and Families; or to provide relocation and transitional assistance to Low-Income Persons and Families. Upon the expiration of the term hereof, any balance remaining in the Excess Equity Account shall become the Agency's funds free from any restrictions contained herein and may be used by the Agency for any of its purposes under the Act.

(g) Borrower shall comply with the provisions of any applicable Housing Subsidy Program with respect to the application of Rentals, including the creation and maintenance of "excess rental" or similar accounts. The provisions of this Section 7 shall be subject to the requirements of any such Housing Subsidy Program and the provisions of any applicable regulations of the Agency with respect thereto.

REPLACEMENT RESERVE

8. (a) Borrower has established and will continue to maintain a reserve fund for replacements (the "Replacement Reserve") in an escrow account controlled by the Agency in an amount per month of \$4,441.67 commencing with the first day of the month following the expiration of sixty (60) days after the issuance of certificates of occupancies for all of the units within the Development (the "Replacement Reserve Commencement Date") with the sum of these contributions to be deposited with the Agency at the Permanent Loan Closing. Borrower hereby agrees that the replacement reserve amount specified above shall be increased each year by 3%. The replacement reserve amount may be further adjusted by the Agency based on a capital needs assessment which shall be completed at Borrower's expense. The interest earned on the account, shall remain in the Replacement Reserve for the benefit of the Development.

(b) Disbursements from the Replacement Reserve may be made only after receiving prior consent in writing from the Agency, which consent will not be withheld unreasonably.

MANAGEMENT OF THE DEVELOPMENT

9. (a) Borrower shall maintain the Development in good physical and financial condition in accordance with the Agency's requirements and standards and the requirements and standards of any applicable Housing Subsidy Program. Borrower shall provide for the management of the Development in a manner reasonably satisfactory to the Agency and consistent with accepted practices and industry standards for the management of multi-family market rate rental housing. Furthermore, Borrower shall at all times use commercially reasonable efforts to ensure that all management services are performed as efficiently and effectively as possible in a manner that, consistent with the requirements of any applicable Housing Subsidy Program, maximizes the Development's "Net Operating Income," as such term is defined by the Agency, provided that

nothing herein shall require Borrower to fail to provide necessary resident services or to compromise the physical integrity and long term viability of the Development.

(b) Borrower must execute a management contract substantially in the form prescribed by the Agency and subject to the Agency's prior written approval. Borrower shall not enter into any management contract other than as approved by the Agency. Any management contract entered into by Borrower shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon thirty (30) days notice by Borrower if such termination is requested by the Agency and be terminable immediately by the Agency if Borrower fails to implement such request by the Agency. Upon receipt of such request or notice of termination, Borrower shall immediately make arrangements reasonably satisfactory to the Agency for continuing proper management of the Development. Any Event of Default under the Contract Documents shall be cause for termination of the management contract by the Agency.

(c) Failure by Borrower to terminate the management contract pursuant to this section shall be an Event of Default under the Contract Documents. In the event that, subsequent to thirty (30) days after the termination of the management contract by Borrower (whether or not such termination is pursuant to the provisions of this section), Borrower has not made arrangements reasonably satisfactory to the Agency for continuing proper management of the Development, the Agency shall have the right to designate a new management agent for the Development.

LIMITED LIABILITY

10. This Agreement incorporates by reference the limited recourse provisions contained in the Mortgage.

CHANGE IN COMPOSITION OF OWNER ENTITY

11. (a) The following actions shall be subject to the Agency's prior written approval given in accordance with the Transfer of Ownership Policy adopted by its Board of Directors at its August 14, 2007 meeting (the "Transfer Policy"):

- (i) Level One Transfer: A Property Transfer or a Transfer resulting in a Change in Control of either the Borrower or a Controlling Entity.
- (ii) Level Two Transfer: Either:
 - (A) a Transfer (or series of Transfers occurring within any period of thirty-six (36) consecutive months, beginning on or after the date of the initial financing or later refinancing of the Mortgaged Property by the Agency) of Ownership Interests, which (1) results in an aggregate change (directly or through one or more Intermediaries) of more than forty-nine percent (49%) of the Ownership Interests in the Borrower (excluding from such calculation any Transfer to a Qualified Principal), and (2)

does not constitute an Exempt Transfer or result in a Change in Control of the Borrower; or

- (B) a Transfer (or series of Transfers) of Ownership Interests in a Controlling Entity which (1) results in an aggregate change (directly or through one or more Intermediaries) of more than forty-nine percent (49%) of the Ownership Interests in the Controlling Entity (excluding from such calculation any Transfer to a Qualified Principal) and (2) does not constitute an Exempt Transfer or a Change in Control of the Controlling Entity.
- (b) Any Transfer that is an Exempt Transfer (as defined herein) or an Unregulated Transfer in accordance with the Transfer Policy shall not require the written approval of the Agency.
- (c) In connection with any Transfer of a limited partnership interest in the Borrower that is either a Level One Transfer or a Level Two Transfer, as approved by the Agency, such transfer may provide for the transfer of or designation of a special limited partner within the Borrower.
- (d) The Agency agrees that any determination to be made regarding default by the Borrower shall consist of a determination as to whether the Borrower is in default on the loan for the property or whether any of the Borrower's Controlling Entities are Controlling Entities under any existing loan or other agreement which is in default with the Agency.
- (e) All capitalized terms in this Section 11, unless otherwise defined herein, shall have the meaning given such terms in Appendix C hereto.

12. Borrower agrees that in the event of retirement, death or mental incapacity of a general partner, manager or member, the business of Borrower will be continued by the remaining general partners, managers, or members, or with such additional general partners, managers or members as approved by the Agency.

BOOKS AND RECORDS

13. All records, accounts, books, tenant lists, applications, waiting lists, documents, and contracts relating to the Development shall at all times be kept separate and identifiable from any other business of Borrower which is unrelated to the Development, and shall be maintained, as required by regulations or guidelines issued by the Agency from time to time, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Agency. Failure to keep such books and accounts and/or make them available to the Agency will be an Event of Default pursuant to Section 22 of the Mortgage.

ANNUAL FINANCIAL REPORT: REQUIRED DATA COLLECTION INFORMATION

14. (a) Within ninety (90) days following the end of each fiscal year of the Development, Borrower shall furnish the Agency with a complete annual financial report for the Development based upon an examination of the books and records of Borrower containing a detailed, itemized statement of all income and expenditures, prepared and certified by a certified public accountant in accordance with the reasonable requirements of the Agency which include: (i) financial statements submitted in Agency format; (ii) the financial report on an accrual basis and in conformity with generally accepted accounting principles applied on a consistent basis; and (iii) amounts available for distribution under Section 7 above. A duly authorized agent of Borrower must approve such submission in writing.

(a) In compliance with regulations promulgated by the Department of Housing and Community Development ("DHCD") pursuant to Chapter 334 of the Acts of 2006, as the same may be amended from time to time (the "Assisted Housing Data Collection Act"), and all applicable DHCD guidelines and directives with respect thereto, as the same may be amended from time to time, Borrower shall submit to DHCD annually, in the format and by the applicable deadline reflected therein, all data relating to the Development required to be reported to DHCD thereunder.

FINANCIAL STATEMENTS AND OCCUPANCY REPORTS

15. At the request of the Agency, Borrower shall furnish quarterly financial statements and occupancy reports and shall give specific answers to questions upon which information is reasonably desired from time to time relative to the ownership and operation of the Development.

SOLE PURPOSE, SINGLE ASSET ENTITY

16. Borrower hereby declares that it is, and shall remain, a sole purpose, single asset mortgagor.

NO CHANGE OF DEVELOPMENT'S USE

17. Borrower shall not, without prior written approval of the Agency, change the type or number of residential units, permit the use of the dwelling accommodations of the Development for any purpose except residences or permit commercial use greater than that originally approved by the Agency, if any.

NO DISCRIMINATION

18. (a) There shall be no discrimination upon the basis of race, color, creed, religious creed, national origin, sex, sexual orientation, age, ancestry, handicap or marital status in the lease, use, or occupancy of the Development (provided that if the Development qualifies as elderly housing under applicable state and federal law, occupancy may be restricted to the elderly in accordance with said laws) or in connection with the employment or application for employment of persons for the operation and management of the Development. Borrower or its management company shall, with respect to the Development, take affirmative measures to advertise for employment or contracts for

goods and services, hire and promote employees, and enter into contract for goods and services in order to ensure compliance with Borrower's obligations under the Equal Opportunity Contract for Occupancy and Minority Business Development, executed by Borrower and the Agency in connection with the Mortgage Loans.

(b) There shall be full compliance with the provisions of all state or local laws prohibiting discrimination in housing on the basis of race, creed, color, religion, disability, sex, sexual orientation, national origin, age, or familial status, and providing for nondiscrimination and equal opportunity in housing. Failure or refusal to comply with any such provisions shall be a proper basis for the Agency to take any corrective action it may deem necessary including, but not limited to, the rejection of future applications for mortgage loans and the refusal to enter into future contracts of any kind with which Borrower or its partners, members, managers, shareholders, trustees, or beneficiaries are identified.

PAYMENTS UNDER MORTGAGE

19. Borrower agrees to make all payments when due and payable under the Mortgage and with respect to the Mortgage Debt in accordance with the terms and provisions of the Contract Documents subject to any applicable notice, grace or cure periods.

MORTGAGED PROPERTY

20. Attached hereto as Appendix B is a legal description of the land on which the Mortgaged Property is located.

MISCELLANEOUS CONTRACT PROVISIONS/TERM

21. This Agreement may not be modified or amended except with the written consent of the Agency or its successors and assigns and Borrower or its successors and assigns.

22. This Agreement shall bind, and the benefits shall inure to, respectively, Borrower and its successors and assigns, and the Agency and its successors and assigns, so long as the Mortgage continues in effect, whether or not the Agency shall continue to be the Mortgagee under the Mortgage. Subject to the provisions of Section 5 above, this Agreement shall become a nullity upon payment and discharge of the Mortgage Debt.

23. Borrower warrants that it has not, and will not, execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

24. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

NOTICES

25. Any Notice or other communication in connection with this Agreement shall be in writing and (i) deposited in the United States mail, postage prepaid, by registered or certified mail, or (ii) hand delivered by any commercially recognized courier service or overnight delivery service, such as Federal Express, as follows:

If to the Borrower:

Hertiage Middlesex Turnpike, LLC
505 Middlesex Turnpike, Suite 11
Billerica, MA 01821
Attention: Gary H. Ruping
Fax: (978) 670-2937

and to:

Keith Properties, Inc.
14 Page Terrace
Stoughton, MA 02072
Attention: John W. Keith
Fax (781) 821-5167

with copies by regular mail or such hand delivery to:

Bingham McCutchen LLP
150 Federal Street
Boston, MA 02210
Attention: Edward A. Saxe, Esq.
Fax: (617) 951-8736

If to Lender:

Massachusetts Housing Finance Agency
One Beacon Street
Boston, Massachusetts 02108
Attention: General Counsel
Fax: (617) 854-1029

Any such addressee may change its address for such notices to any other address in the United States as such addressee shall have specified by written notice given as set forth above.

A notice shall be deemed to have been given, delivered and received upon the earliest of: (i) if sent by certified or registered mail, on the date of actual receipt (or tender of delivery and refusal thereof) as evidenced by the return receipt; or (ii) if hand delivered by such courier or overnight

delivery service, when so delivered or tendered for delivery during customary business hours on a business day at the specified address. Notice shall not be deemed to be defective with respect to the recipient thereof for failure of receipt by any other party.

CAPTIONS

26. Any titles or captions contained in this Agreement are for reference only and shall not be deemed a part of this Agreement or play any role in the construction or interpretation hereof.

GENDER AND PLURALS

27. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

RISK SHARING

28. Attached hereto is Rider A which constitute a part of this Agreement and the agreements contained therein shall be in addition to and not in derogation of any other terms and conditions contained herein and shall continue in full force and effect for the duration of the Mortgage Debt and Mortgage.

CHAPTER 40B

29 For so long as this Agreement and the Subsidy Provider Loan Documents are undischarged of record, the Agency shall regulate all aspects of the operation of the Development pursuant to the Act, the Housing Subsidy Program and this Agreement. The Agency hereby preempts and prohibits any other body in regulating any provision, including without limitation, provisions relating to rentals and rents, tenant selection and occupancy, distributions, management and any other regulations provided for in the Act as they relate to the Development, all as determined by the Agency.

IN WITNESS WHEREOF, the parties have caused these present to be signed and sealed by their respective, duly authorized representatives, as of the day and year first written above.

BORROWER:

HERITAGE MIDDLESEX TURNPIKE, LLC

By Ruping Heritage Bedford Springs, LLC, its Manager

By: 
Name: Gary H. Ruping
Title: Manager

MASSACHUSETTS HOUSING FINANCE AGENCY

By: 
Laurie R. Wallach, General Counsel

Attachments:

- Rider A – Risk Sharing Rider
- Appendix A – Rent Schedule
- Appendix B - Legal Description of Property
- Appendix C – Defined Terms

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

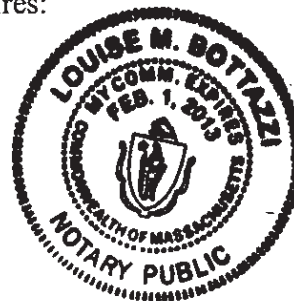
On this 7 day of MAY 2008, before me, the undersigned notary public, personally appeared Laurie R. Wallach, the General Counsel of the Massachusetts Housing Finance Agency, a body politic and corporate organized and operated under the provisions of Chapter 708 of the Acts of 1966, as amended, proved to me through satisfactory evidence of identification, which were personal knowledge of identity, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that she signed it voluntarily for its stated purpose.

Before me:

By: Louise M. Bottazzi

Notary Public:

My Commission Expires:




COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

On this 29th day of April, 2008, before me, the undersigned notary public, personally appeared before me the above-named Gary H. Ruping, the Manager of Ruping Heritage Bedford Springs, LLC who proved to me through satisfactory evidence of identification, which were personally known, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose as his/her free act and deed and the free act and deed of such limited liability company.

Before me:



Notary Public: TRACY KING
My Commission Expires: 5/12/11

Rider A
to
Regulatory Agreement

Re: Provisions of 24 CFR § 266.505(b)

The undersigned, the Borrower named in the Regulatory Agreement to which this Rider is attached (herein, together with this Rider, the "Regulatory Agreement"), hereby agrees with the Massachusetts Housing Finance Agency (the "Agency") as follows:

1. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning given such terms in the Regulatory Agreement.

2. The agreements contained in this Rider shall be in addition to and not in derogation of any other terms and conditions contained in the Regulatory Agreement and shall continue in full force and effect for the duration of the Mortgage Debt and Mortgage. Attached to the Regulatory Agreement as Appendix B is a description of the property subject to the Mortgage.

3. The Regulatory Agreement shall be binding upon the Borrower and upon any of its successors and assigns and upon the Agency and any of its successors for so long as the Mortgage shall remain insured by the Secretary of Housing and Urban Development ("HUD") under the provisions of Section 542(c) of the Housing and Community Development Act of 1992 and 24 CFR Part 266 (the "Risk Sharing Program") or HUD holds a debenture from the Agency issued in connection with a claim arising from the insured Mortgage. So long as the Mortgage shall remain insured under the Risk Sharing Program, the Agency may not assign the Regulatory Agreement.

4. The Agency is obligated under the provisions of 24 CFR 266.505(a)(3) to enforce the provisions of the Regulatory Agreement and take actions against the Borrower for violation of the provisions of the Regulatory Agreement. Such actions, subject to the giving of any applicable notice and the expiration of any applicable grace period, may include the declaration of a default under the Regulatory Agreement and application to any court for specific performance of the terms of the Regulatory Agreement.

5. The Borrower shall make all payments due under the Mortgage and with respect to the Mortgage Debt in accordance with the terms and provisions of the Contract Documents.

6. The Borrower has established and will continue to maintain the Replacement Reserve under the Regulatory Agreement for future capital needs of the Development.

7. The Borrower shall maintain the Development as affordable housing, as defined in 24 CFR § 266.5 as follows:

Not less than 20% of the units shall be rented during the term hereof to low-income persons or families whose annual income is less than or equal to 50% of the

area median income as determined by HUD and who shall pay as their share of Adjusted Rental not more than thirty percent (30%) of fifty percent (50%) of such area median income; or

[] Not less than 40% of the units shall be rented during the term hereof to low-income persons or families whose annual income is less than or equal to 60% of the area median income as determined by HUD and who shall pay as their share of Adjusted Rental not more than thirty percent (30%) of sixty percent (60%) of such area median income

8. The Borrower shall continue to use the dwelling units within the Development for their original purpose as set forth in the Regulatory Agreement.

9. The Borrower shall comply with such other requirements as established by the Agency and set forth in the Regulatory Agreement.

10. The Borrower shall maintain the Development in good physical and financial condition in accordance with the Agency's requirements and standards and the requirements and standards of any applicable Housing Subsidy Program.

11. The Borrower shall maintain complete books and records established solely for the Development in accordance with the requirements of the Regulatory Agreement and shall provide the Agency at the times and in the manner provided in the Regulatory Agreement with an annual audited financial statement based on these books and records and performed in accordance with standards for financial audits of the U.S. General Accounting Office's government auditing standards issued by the Comptroller of the United States.

12. The Borrower shall comply with the Affirmative Fair Housing Marketing Plan in effect with respect to the Development and all other fair housing and equal opportunity requirements.

13. The Borrower shall operate as a single asset mortgagor.

14. The Borrower shall make all Development books and financial records including those required to be maintained by the terms of the Regulatory Agreement available to HUD's Inspection General and/or the General Accounting Office for review with appropriate notification.

15. The Borrower shall permit HUD officials or employees to inspect the Development upon the request of the Federal Housing Commissioner.

16. The Borrower shall otherwise comply with all regulations and requirements under the Risk Sharing Program, as found at 24 C.F.R. Part 266, for as long as the Mortgage is insured by HUD.

[Signatures To This Rider A Attached on Following Page.]

IN WITNESS WHEREOF, the Borrower and the Agency have caused these present to be signed and sealed by their respective, duly authorized representatives, as of the day and year first written above.

BORROWER:

HERITAGE MIDDLESEX TURNPIKE, LLC

By:  **Ruping Heritage Bedford Springs, LLC
Its Manager**

By: _____
Name: Gary H. Ruping
Title: Manager

**MASSACHUSETTS HOUSING
FINANCE AGENCY**

By:  _____
PSS Laurie R. Wallach, General Counsel

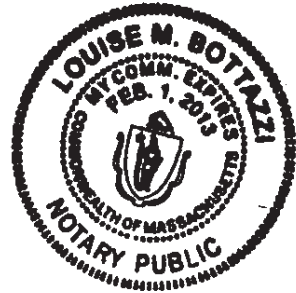
COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

On this 7 day of MAY, 2008, before me, the undersigned notary public, personally appeared Laurie R. Wallach, the General Counsel of the Massachusetts Housing Finance Agency, a body politic and corporate organized and operated under the provisions of Chapter 708 of the Acts of 1966, as amended, proved to me through satisfactory evidence of identification, which were personal knowledge of identity, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that she signed it voluntarily for its stated purpose.

Before me:

By Louise M. Botazzi
Notary Public: LOUISE M. BOTTAZZI
My Commission Expires:



COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

On this 29th day of April, 2008, before me, the undersigned notary public, personally appeared before me the above-named Gary H. Ruping, the Manager of Ruping Heritage Bedford Springs, LLC who 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 or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose as his/her free act and deed and the free act and deed of such limited liability company.

Before me:

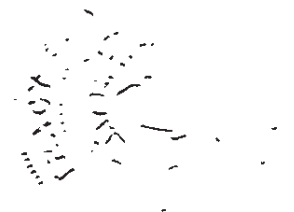
Tracy S. Kirk

Notary Public: TRACY S. KIRK

My Commission Expires:



TRACY S. KIRK
Notary Public
Commonwealth of Massachusetts
My Commission Expires
May 12, 2011



**APPENDIX A
RENT SCHEDULE**

Low Income Tax Credit Eligible

Number of Bedrooms	<u>1</u>	<u>2</u>	<u>3</u>
Number of Units	11	19	3
Net SF/Unit (ave.)	738	1146	1,420

Underwriting Rents*

Low (Assisted)**	1014	1171	1393
Low Home (50%Median)	0	0	0
Low (60% Median)	674	793	902
Utility Allowance	114	153	191

*Rents above are contract rents net of the utility allowances shown in chart for each bedroom size.

**The underwriting was premised on the assumption that ten units would be rented to Section 8 rental voucher holders.

Market

Number of Bedrooms	<u>1</u>	<u>2</u>	<u>3</u>
Number of Units	43	74	14
Net SF/Unit	738 - 955	1146 - 1319	1420

Underwriting Rents

Market - option one	1535	1910	2315
Market - option two	1845	2198	
Market - option three		2260	

**APPENDIX B
LEGAL DESCRIPTION**

48 Middlesex Turnpike

A certain parcel of land situated off the westerly side of Middlesex Turnpike in Bedford, Middlesex County, Massachusetts, being a lot containing 211,168 square feet of land as shown on a plan entitled "Plan of Land in Bedford, Ma." Scale 1" = 100', dated February 28, 1980, by Raymond C. Pressey, Inc., recorded with Middlesex South District Registry of Deeds as Plan No. 1512 of 1980, and being bounded and described as follows:

EASTERLY by Lot 10 on Land Court Plan 32815B, 223.81 feet;
SOUTHERLY by Lot 1 on Land Court Plan 32923A, 939.74 feet;
WESTERLY by the Premises shown on Land Court Plan 32697, 225.43 feet; and
NORTHERLY by Lot 3 on Land Court Plan 34759B, 940.99 feet.

50 Middlesex Turnpike

A certain parcel of land with the buildings and improvements thereon situated on the Easterly side of Crosby Drive in Bedford, Middlesex County, Massachusetts, and shown as Lot 6 on a plan filed with Land Registration Office as Plan No. 34759-C, a copy of a portion of which is filed with Certificate of Title No. 208063 in the South Registry District of Middlesex County.

50R Middlesex Turnpike (f/k/a 35 Crosby Drive)

Lot 13 on plan entitled "Plan of Land in Bedford, Mass (Middlesex County) being a Subdivison of Lot 5 on Land Court Plan 34759C" filed as Land Court Plan 34759F in Middlesex South Land Court Registry District, Massachusetts.

APPENDIX C

DEFINED TERMS

Borrower: An Entity which is the recipient of a mortgage loan from MassHousing.

Change in Control: Any Transfer which results in (i) a change in any individual or Entity having a Controlling Interest in the Borrower or in any Controlling Entity *and* (ii) the addition or substitution of an Ultimate Controlling Party.

Constituent Entity: A Controlling Entity or an Entity possessing (directly or through one or more Intermediaries) a greater than 49% Ownership Interest in the Borrower.

Controlling Entity: An Entity which has a Controlling Interest in a Borrower, either directly or through one or more Intermediaries. Without limitation of the foregoing, (i) a general partner of a Borrower which is a partnership and a manager of a Borrower which is a limited liability company shall each constitute a Controlling Entity of such a Borrower; (ii) a management agent acting under a management contract with a Borrower shall not be deemed, solely by virtue of its activities thereunder, a Controlling Entity with respect to such Borrower; (iii) an Entity which has contractual rights to direct or control business solely upon the happening of certain events shall not be deemed a Controlling Entity until such time as it elects to exercise such contingent management rights and (iv) an Entity, such as a limited partner or non-managing member, which merely has consent or approval rights with respect to certain actions undertaken or to be undertaken by a Controlling Entity shall not itself be deemed to be a Controlling Entity as a result of the possession or exercise of such rights. A limited partner of a limited partnership or non-managing member of a limited liability company will not be deemed a Controlling Entity of such limited partnership or limited liability company unless, in addition to the exercise of its consent or approval rights, it "participates in the control of the business" of such limited partnership or limited liability company as such phrase is construed for purposes of Section 19 of the Uniform Limited Partnership Act (M.G.L. Chapter 109).

Controlling Interest: An Ownership Interest, contractual right or other interest with respect to an Entity which confers upon its holder the authority or right, directly or indirectly, to manage or otherwise direct any material part of or all of the business or financial affairs and policies of the Entity and/or any material part of or all of the day-to-day or long-term operation of the Mortgaged Property.

Entity: Any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

Exempt Transfer: Any of the following Transfers shall be deemed Exempt Transfers: (i) a Transfer of Ownership Interests in an Intermediary which is implemented to accommodate the investment of any institutional fund or funds in connection with the syndication or resyndication of a Mortgaged

Property where (a) such syndication or re-syndication was contemplated as part of the initial financing transaction with MassHousing, provided for in the organizational documents of the Borrower submitted to MassHousing or otherwise disclosed to MassHousing in advance of the Transfer *and* (b) there is no Change in Control of such Intermediary; (ii) a Transfer from an individual or Entity to another individual or Entity where the Ultimate Controlling Party(ies) of the transferee is or are the same as the Ultimate Controlling Party(ies) of the transferor; (iii) a Transfer to a Qualified Principal or (iv) a Transfer or election by a special limited partner, special member or other participant in the Borrower as a result of which such person or Entity shall become a Controlling Entity *but only* if (x) such Transfer or election was provided for in the organizational documents of the Borrower or permitted by the MassHousing mortgage loan documents executed and delivered in connection with the Mortgaged Property and (y) the Ultimate Controlling Party of such Controlling Entity is the same as it was on the date of the initial financing or refinancing of the Mortgaged Property by MassHousing as disclosed to MassHousing at such time, or the same as it was on the date a transferee or substitute limited partner was admitted into the Borrower with MassHousing's consent.

If the Borrower shall be a corporation whose stock is owned or controlled by a pension fund or trust, any change in the structure or beneficiaries or management of such pension fund or trust shall constitute an Exempt Transfer hereunder.

Intermediary: An Entity which has, directly or indirectly, an Ownership Interest and/or Controlling Interest in a Borrower.

Mortgaged Property: A real estate project owned by a Borrower, including any and all Real Estate, Fixtures, Additional Appurtenances, Awards, Leases, Subsidy Contracts and Personal Property, as such terms are defined in the standard MassHousing form of Mortgage and Security Agreement.

Ownership Interest: Any right or indicia of ownership, possession or title of any kind or nature, including without limitation member interests in a limited liability company, stock in a corporation, limited and/or general partnership interests in a partnership, and/or beneficial interests in a trust.

Property Transfer: Any Transfer resulting in a change in the person or Entity holding any fee, leasehold or other direct ownership of a Mortgaged Property or any portion thereof, excepting only the following: (a) leases of portions of the Mortgaged Property to tenants in accordance with the provisions of applicable MassHousing loan documentation, (b) Transfers made in connection with a bona fide condemnation or eminent domain action, (c) the disposal in the ordinary course of business of personal property constituting a part of the Mortgaged Property that is obsolete or no longer useful, so long as the same is replaced with similar items of comparable value and utility and in which MassHousing has a first lien and mortgage and (d) the granting of easements, licenses, rights of way and other similar encumbrances which are approved in writing by MassHousing.

Qualified Principal: A natural person who, at the time of the initial financing transaction between the Borrower and MassHousing involving the Mortgaged Property, either (i) owned, directly or indirectly, at least 30% of the Ownership Interests in the Borrower or (ii) executed a written guaranty in favor of MassHousing guaranteeing the Borrower's obligations in connection with such financing.

Transfer: Any sale, lease, ground lease, conveyance, mortgage, grant, grant of security interest or other financing, bargain, encumbrance, pledge, hypothecation, assignment or transfer of any kind or nature, including without limitation any of the foregoing accomplished in installments or in more than a single transaction and including any transfers that are triggered by operation of law or by the death or incapacity of an individual. A transaction pursuant to which an individual or Entity is admitted directly to a Borrower or Intermediary without the assignment to such individual or Entity of the interests of another individual or Entity shall be nevertheless construed as a Transfer.

Ultimate Controlling Party: Any individual or Entity which, either directly, or indirectly through one or more Intermediaries, has the *ultimate* authority or right to manage or otherwise direct the major part or all of the business or financial affairs and policies of the Borrower.

Unregulated Transfer: Any Transfer which does not constitute a Level One Transfer, Level Two Transfer or Exempt Transfer.



Attest Middlesex S. Register