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Name: Bedford Veterans Quarters, Inc.
AHTF No.: 05-127R

AFFORDABLE HOUSING RESTRICTION
[RENTAL]

MASSACHUSETTS HOUSING PARTNERSHIP FUND BOARD
HOUSING STABILIZATION FUND

THE AFFORDABLE HOUSING TRUST FUND under M.G.L. c. 121D

200 Springs Rd. Bedford

BEDFORD VETERANS QUARTERS, INC., a Massachusetts non-profit corporation with an address c/o Caritas Communities, Inc., 150 Wood Street, Suite 300, Braintree, Massachusetts 02184 (the "Borrower") grants with quitclaim covenants, to the MASSACHUSETTS HOUSING PARTNERSHIP FUND BOARD, a Massachusetts public instrumentality and body politic and corporate, having a mailing address of 160 Federal Street, 2nd Floor, Boston, Massachusetts 02110, its successors and permitted assigns ("MHPFB"), and to THE COMMONWEALTH OF MASSACHUSETTS, acting by and through the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute, M.G.L. c. 121D, by its administrator, Massachusetts Housing Finance Agency, with an address of One Beacon Street, Boston, Massachusetts 02108 ("AHT", which together with MHPFB is referred to herein jointly and severally as the "Lenders"), exclusively for the purpose of ensuring retention of housing for occupancy by low income persons and families, the following described Affordable Housing Restriction on land leased by the Borrower located in Bedford, Massachusetts, pursuant to an Enhanced Use Lease between the United States Department of Veterans Affairs, as Lessor, and the Borrower, as Lessee, dated as of September 10, 2004, Notice of which Lease as amended is recorded with the Middlesex South Registry of Deeds in Book 47856, Page 001 as amended by a certain Amendment to Lease, Assignment and Assumption Agreement dated as of March 22, 2006, recorded with said Middlesex South Registry of Deeds in Book 47856, Page 006 (as amended, the "Lease"), said land and the leased premises being described in Exhibit A attached hereto, and all improvements located thereon (the "Property").

The terms of this Affordable Housing Restriction, authorized by G.L. c. 184, §§31-33 and otherwise by law, are as follows:

1. Purposes. The purpose of this Affordable Housing Restriction is to assure that the Property will be retained as affordable housing for occupancy by Very Low, Extremely Low and Moderate Income Families as defined below.

2. Scope. The Borrower intends, declares and covenants, on behalf of itself and its successors and assigns, that the covenants and restrictions set forth in this Affordable Housing Restriction regulating and restricting the use, occupancy and transfer of the Property (i) shall be and are covenants running with the Property, encumbering the Property and binding upon the Borrower's successors in title and all subsequent owners of the Property, (ii) are not merely personal covenants of the Borrower, and (iii) shall bind the Borrower and its successors and assigns (and the benefits shall inure to the Lenders and to any past, present or prospective tenant of the Property). The Borrower acknowledges that it has received assistance from the Lenders in

developing the Property as affordable rental housing, which assistance includes (i) a loan from MHPFB in the original principal amount of \$750,000.00 (the "HSF Loan") funded with proceeds of an award to MHPFB from The Commonwealth of Massachusetts acting by and through the Department of Housing and Community Development ("DHCD") under the Housing Stabilization Fund (the "HSF Program") created pursuant to St. 1993, c. 494, budget line item 3722-8900 and continued by St. 1998, c. 257, budget line item 7004-8987 and St. 2002, c. 244, budget line item 7004-7014 (the "Act"), and pursuant to regulations adopted thereunder and promulgated at 760 CMR 24.00 and guidelines clarifying and elaborating thereon (collectively, the "Regulations"), and (ii) a loan from AHT in the original principal amount of \$1,000,000.00 (the "AHT Loan"). This Affordable Housing Restriction shall continue in force for its stated term regardless of the prior repayment of either or both of such loans.

3. Duration Not Limited. This Affordable Housing Restriction is intended to be construed as an affordable housing restriction as defined in Section 31 of Chapter 184 of the Massachusetts General Laws which has the benefit of Section 32 of said Chapter 184, such that the restrictions contained herein shall not be limited in duration by any rule or operation of law. The Borrower hereby agrees that any and all requirements of the laws of The Commonwealth of Massachusetts to be satisfied in order for this Affordable Housing Restriction to constitute deed restrictions and covenants running with the land with respect to the leasehold interest in the Property shall be deemed to be satisfied in full and that any requirements of privity of estate are intended to be satisfied, or in the alternative, that an equitable servitude has been created to insure that this Affordable Housing Restriction runs with the land with respect to the leasehold interest in the Property.

4. Term of the Restriction. (a) With respect to the HSF Loan, the term of this Affordable Housing Restriction shall be the sum of the Base Term plus the Option Term. The "Base Term" shall be 51 years from the date hereof, provided that if completion of rehabilitation of the Property for any reason, is not completed within 12 months after the date of this Affordable Housing Restriction, MHPFB shall have the right to extend the Base Term by recording in the Registry of Deeds or filing in the Registry District of the Land Court, as applicable, for the county or district in which the Property is located ("recorded and/or registered") a certificate of extension certifying the length of the delay in completing such rehabilitation, whereupon the Base Term shall automatically be extended by an amount of time equal to the length of such delay. The "Option Term" shall be the period from the expiration of the Base Term through the Option Exercise Deadline (as defined in Section 13 below) plus any additional period necessary for the consummation of a purchase of the Property under either the Purchase Option or the First Refusal Right, if applicable, under Sections 13 or 14 below.

(b) With respect to the AHT Loan, the term of this Affordable Housing Restriction shall be fifty (50) years following the completion of the rehabilitation of the Property.

5. Subsequent Conveyances. Each and every contract, deed or other instrument hereafter executed conveying the Property or portion thereof shall expressly provide that such conveyance is subject to this Affordable Housing Restriction, provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract,

deed or other instrument hereafter executed conveying the Property or portion thereof provides that such conveyance is subject to this Affordable Housing Restriction.

6. Permitted Use. The Property shall be used for sixty(60) units of single room occupancy housing (the "Housing Units"), all of which units (the "Assisted Units") shall be deemed assisted under the HSF Program and also under the AHT Program. The Borrower shall not permit the use of any Housing Unit for any purpose other than rental housing. Each Housing Unit shall contain complete facilities for living, sleeping and eating and shared facilities for cooking and sanitation, which are to be used on other than a transient basis. Each unit of the Housing Units shall meet the housing quality standards set forth in the regulations of the United States Department of Housing and Urban Development ("HUD") at 24 C.F.R. §982.401 or any successor thereto, the accessibility requirements at 24 C.F.R. Part 8 or any successor thereto (which implement Section 504 of the Rehabilitation Act of 1973) and, if applicable, the design and construction requirement of 24 C.F.R. §100.205 or any successor thereto (which implement the Fair Housing Act). The Borrower shall at all times maintain a social service program administered by a social service provider acceptable to the Lenders.

7. Tenant Selection.

(a) Nondiscrimination. The Borrower shall not discriminate on the basis of race, creed, color, sex, age, handicap, marital status, sexual preference, national origin or any other basis prohibited by law in the lease, use and occupancy of the Housing Units or in connection with the employment or application for employment of persons for the operation and management of the Housing Units.

(b) Selection Policies. The Borrower shall adopt and submit to the Lenders for approval resident selection policies and criteria acceptable to the Lender that:

- (i) Are consistent with the purpose of providing housing for Extremely Low Income Families, Very Low Income Families and Moderate Income Families, as defined below and required herein; and
- (ii) Are reasonably related to HSF Program and AHT eligibility of prospective tenants and to the prospective tenants' ability to perform the obligations of the Borrower's form lease;
- (iii) Give reasonable consideration to the housing needs of Families (as defined below) that would have preference under Section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. §1437 et seq.); and
- (iv) Provide for (x) the selection of residents from a written waiting list in the chronological order of their application, insofar as practicable and (y) the prompt written notification to any rejected applicant of the grounds for any rejection.

(c) The Borrower shall also provide the Lenders with an affirmative marketing plan acceptable to the Lenders. The affirmative marketing plan must comply with all

applicable statutes, regulations and executive orders, with the Lender's affirmative marketing requirements and with the Lender's directives reflecting the agreement between the Lender and HUD in the case of NAACP, Boston Chapter v. Kemp. The approved marketing plan and the approved resident selection policies and criteria shall be adhered to in every respect.

8. Income and Rent Restrictions.

(a) Income Limits. During the entire term of this Affordable Housing Restriction, the Assisted Units shall be leased exclusively to Families (as defined herein) whose annual incomes are less than or equal to fifty percent (50%) of the median income for the Area ("Very Low Income Families") based upon family size as determined by the U.S. Department of Housing and Urban Development ("HUD"), and at least thirty-six (36) of the Assisted Units (being 60% of all of the Housing Units) shall be leased exclusively to families whose annual incomes are less than or equal to thirty percent (30%) of the median income for the Area ("Extremely Low Income Families"); provided, however, that after the first 10 years of the term of this Affordable Housing Restriction, at any time when there are fewer than fifty-six (56) project-based state or federal rental subsidies in effect with respect to the Project, then not less than twenty-six (26) of the Assisted Units shall be leased to Extremely Low Income Families, and all other Assisted Units shall be leased to Very Low Income Families. A "Family" is defined as one or more individuals occupying a unit and satisfying the standards adopted by HUD for the so-called Section 8 Program under the United States Housing Act of 1937 and promulgated at 24 C.F.R. Part 812. The "Area" is defined as the Boston, MA-NH, Primary Metropolitan Statistical Area. A Family's annual income shall be the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the Family (other than children under the age of 18 years), including all net income derived from assets for the 12-month period following the effective date of certification of income. Annual income specifically includes and excludes certain types of income as set forth in, and shall be determined in accordance with, 24 C.F.R. Part 813 (or any successor regulations).

(b) General Rent Restriction. The monthly rent charged to tenants of Assisted Units shall not exceed the lesser of:

- (i) The fair market rent for existing housing for comparable units in the Area as established by HUD under regulations promulgated at 24 C.F.R. §888.111 (or successor regulations), less the monthly allowance established by the Lender for the utilities and services (excluding telephone) to be paid by the tenant; or
- (ii) An amount equal to thirty percent (30%) of the monthly income of a Family whose annual income equals sixty-five percent (65%) of the median income for the Area, as determined by HUD, with adjustment for the number of bedrooms in the unit, as provided by HUD. In determining the maximum monthly rent that may be charged for a unit under this clause (ii), the Borrower shall subtract from the above amount an allowance established by the Lender for any utilities and services

(excluding telephone) to be paid by the resident. Monthly income shall equal one-twelfth of annual income.

(c) Rent Restrictions for Very Low Income Units. With respect to the Affordable Units required to be occupied by Very Low Income Families, either:

- (i) The annual rent charged for such units shall not be greater than 30 percent of the Family's adjusted income. The maximum monthly rent that may be paid by a Family under this clause shall be determined by (x) multiplying the annual adjusted income of the Family (determined under 24 C.F.R. §5.611) by 30 percent and dividing by 12 and (y) if applicable, subtracting a monthly allowance established by Lenders for any utilities and services (excluding telephone) to be paid by the Family; or
- (ii) The annual rent charged for such units shall not be greater than thirty percent (30%) of the annual income of a Family whose income equals fifty percent (50%) of the median income for the Area, as determined by HUD, with adjustment for size of the theoretical Family. In determining the maximum monthly rent that may be charged for a unit under this clause, there shall be subtracted from the amount computed under the prior sentence a monthly allowance established by the Lenders for any utilities and services (excluding telephone) to be paid by the occupants of the unit. In no event shall the rent determined by the foregoing method be higher than the fair market rent for existing housing for comparable units in the Area as established by HUD under regulations promulgated at 24 C.F.R. §888.111 (or successor regulations), less a monthly allowance established by the Lenders for the utilities and services (excluding telephone) to be paid by the tenant.

(d) Rent Restrictions for Extremely Low Income Units. Furthermore, with respect to the Assisted Units required to be occupied by Extremely Low Income Families, either:

- i. The annual rent charged for such units shall not be greater than 30 percent of the Family's annual adjusted income. The maximum monthly rent that may be paid by a Family under this clause shall be determined by (x) multiplying the annual adjusted income of the Family (determined under 24 C.F.R. §5.611) by 30 percent and dividing by 12 and (y) if applicable, subtracting a monthly allowance established by the Lender for any utilities and services (excluding telephone) to be paid by the Family; or
- ii. The annual rent charged for such units shall not be greater than thirty percent (30%) of the annual income of a Family whose income equals thirty percent (30%) of the median income for the Area, as determined by HUD, with adjustment for size of the theoretical Family. In determining the maximum monthly rent that may be charged for a unit under this

clause, there shall be subtracted from the amount computed under the prior sentence a monthly allowance established by the Lender for any utilities and services (excluding telephone) to be paid by the occupants of the unit. If the rent determined by the foregoing method is higher than the maximum rent determined by Subsection 8(b) above, then the maximum rent for units under this Subsection shall equal that calculated under Subsection 8(b).

(e) Federal or State Rental Subsidy. If an Assisted Unit or the Family occupying such Unit receives federal or state rental subsidy and the Family pays as a contribution towards rent not more than 30 percent of the Family's adjusted income, then the maximum rent (i.e., tenant contribution plus rental subsidy) is the rent allowable under the federal or state rental subsidy program.

(f) Next Available Unit Rule. If at any time less than the required number of Housing Units are leased, rented or occupied by Extremely Low Income Families, the next available Housing Units shall all be leased, rented or otherwise made available to Extremely Low Income Families, until the required number of Housing Units occupied by Extremely Low Income Families is again obtained. Subject to the foregoing, available units shall be leased, rented or otherwise made available exclusively to Low or Moderate Income Families, as the case may be. The foregoing provisions shall be applied so as to maintain a mix of Assisted Units that are comparable in size, features and number of bedrooms to the originally designated Assisted Units (i.e., a Housing Unit will not be considered an available Housing Unit for purposes of this subsection if classification of such Housing Unit as an Assisted Unit would cause the then current mix of HSF Assisted Units to no longer be comparable to the original mix of Assisted Units described in Section 6 above).

9. Income Certifications. The Borrower represents, warrants and covenants that the determination of whether a Family occupying an Assisted Unit meets the income requirements set forth herein shall be made by the Borrower at the time of leasing of a Housing Unit and thereafter at least annually on the basis of the current income of such Family. In initially verifying a Family's income, the Borrower shall examine the source documents evidencing annual income (e.g. wage statements, interest statements, unemployment compensation statements) for the Family. The Borrower shall maintain as part of its Project records copies of all leases of Assisted Units in the Project and all initial and annual income certifications by tenants of the Assisted Units. Within 60 days after the end of each calendar year of occupancy of any Assisted Unit, the Borrower shall provide to each Lender annual reports consisting of certifications regarding the annual and monthly gross and adjusted income of each Family occupying an Assisted Unit. With respect to Families who moved to Assisted Units in the prior year, the annual report shall also include certifications regarding the annual and monthly gross and adjusted incomes of such Families at the time of their initial occupancy of a Housing Unit. The annual reports shall be in a form approved by the Lenders and shall contain such supporting documentation as the Lenders shall reasonably require. In addition to the foregoing, the Borrower shall keep such additional records and prepare and submit to the Lenders such additional reports as the Lender may deem necessary to ensure compliance with the requirements

of this Affordable Housing Restriction and of the Program and of the Affordable Housing Trust Fund Program.

10. Rent Schedule. Initial monthly rents and allowances for utilities and services for all Assisted Units shall be as set forth in Exhibit B attached hereto. Annually, as part of the annual reports required under Section 9 above, the Borrower shall submit to the Lenders a proposed schedule of monthly rents and monthly allowances for utilities and services for all Assisted Units. The rent schedule shall include the maximum rents applicable to Assisted Units under Section 8 above. Except for rents approved under a state or federal project-based rental subsidy contract, such schedule shall be subject to the approval of the Lenders for compliance with the requirements of Section 8 above. Rents for Assisted Units shall not be increased without the Lender's prior written approval of either (x) a specific request by the Borrower for a rent increase or (y) the next annual schedule of rents and allowances. Notwithstanding the foregoing, rent increases shall be subject to the provisions of outstanding leases and shall not be implemented without at least 30 days' prior written notice by the Borrower to all affected tenants.

11. Lease Form. The Borrower shall not include in any lease for an Assisted Unit any of the following provisions:

- (a) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the Borrower in a lawsuit brought in connection with the lease.
- b. Agreement by the tenant that the Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the unit after the tenant has moved out of the unit. The Borrower may dispose of such personal property in accordance with state law.
- c. Agreement by the tenant not to hold the Borrower or the Borrower's agents legally responsible for any action or failure to act, whether intentional or negligent.
- d. Agreement of the tenant that the Borrower may institute a lawsuit without notice to the tenant.
- e. Agreement by the tenant that the Borrower may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- f. Agreement by the tenant to waive any right to a trial by jury.
- g. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- h. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Borrower against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

All leases for Assisted Units shall be on a form reasonably approved by the Lenders, shall be for terms of not less than one (1) year, unless by mutual agreement between the tenant and the Borrower, and shall require tenants to provide information required for the Borrower to meet its reporting requirements hereunder. The Borrower may not terminate the tenancy or refuse to renew the lease of an occupant of a Assisted Unit except (i) for serious or repeated violation of the terms and conditions of the lease; (ii) for violations of applicable federal, state or local law; (iii) for completion of the tenancy period for transitional housing; or (iv) for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) days by the Borrower's service on the tenant of a written notice specifying the grounds for the action.

12. Transfer Restrictions. The Borrower shall not sell, transfer, convey, rent (except for leases or occupancy agreements made in connection with the Permitted Uses that are substantially in the form approved by the Lenders), encumber as security for financing, or in any other way exchange all or any portion of (i) the Property, or (ii) interests in the Borrower without the express written permission of the Lenders. Without limiting the generality of the foregoing, the Permitted Encumbrances are hereby approved by the Lenders.

(a) Any sale, transfer or other disposition (each, a "transfer") of all or any part of the Property shall further be subject to the Purchase Option and First Refusal Right, as described below, and to such further terms and conditions with respect thereto as may be set forth in the Act and the Regulations.

(b) Upon request by the Borrower, DHCD shall sign a certificate, in form and substance reasonably acceptable to DHCD, stating whether, as of a specified date, any Purchase Option or First Refusal Right remains in effect, or has been exercised, terminated, waived or assigned, and otherwise conforming with the certification requirements described below.

(c) No transfer of all or any part of the Property to any party other than DHCD or its assignee shall be consummated unless and until (i) the period for the exercise of the Purchase Option and/or the First Refusal Right, as applicable, shall have expired without DHCD's exercise of its rights thereunder, or (ii) DHCD shall have unconditionally waived its rights thereunder in writing.

13. Purchase Option.

(a) Upon the expiration of the Base Term, DHCD shall have the right to purchase the Borrower's interest in the Property from the Borrower, at a price equal to the then-current appraised value of the Property, less the total outstanding balance, at the time of such purchase, of all principal, interest and any other charges payable under the Loan, and any and all other outstanding obligations of the Borrower with respect thereto (the "Purchase Option"), by delivering written notice to the Borrower of its election to exercise the Purchase Option by or before the date that is one hundred twenty (120) days after the expiration of the Base Term (the "Option Exercise Deadline"). If DHCD shall have failed to deliver such written notice of its election to exercise the Purchase Option to the Borrower by the Option Exercise Deadline, DHCD shall be deemed to have

unconditionally waived the Purchase Option, and the Purchase Option shall automatically terminate, and shall have no further force or effect.

(b) DHCD shall have the right at any time to assign its rights under this Purchase Option to a qualified developer selected by DHCD in accordance with the Act and the Regulations, and effective as of any such assignment, all rights and obligations of DHCD with respect to such Purchase Option shall automatically be deemed to apply to such assignee, and all references to "DHCD" in this Section shall automatically be deemed to refer to such assignee (except to the extent a provision explicitly provides otherwise).

(c) Promptly upon request by DHCD at any time or from time to time, either before the Option Exercise Deadline or after DHCD's exercise of the Purchase Option, the Borrower shall provide DHCD with a copy of, or otherwise make available for DHCD's review at a mutually convenient time and location, any and all material owned by or readily available to the Borrower that an unrelated third-party potential buyer would reasonably request in connection with its due diligence for the acquisition of the Property, including, by way of example but not of limitation, deeds, title insurance policies, appraisals, studies, reports, and other materials relating to the Property and/or any encumbrance(s) subject to which the Property is to be conveyed, or otherwise reasonably necessary or appropriate for DHCD to review in connection with its exercise of the Purchase Option.

(d) The appraised value of the Property shall be determined at DHCD's request by the method specified in the Act (as may be more fully described in the Regulations and in accordance with DHCD policies, and the costs of the appraisers shall be shared equally by DHCD and the Borrower (unless the Regulations provide otherwise).

(e) The closing for the sale of the Property to DHCD shall take place in accordance with applicable provisions of the Regulations, by or before the date that is one hundred twenty (120) days after the Option Exercise Deadline (i.e., on or before the date that is two hundred forty (240) days after the expiration of the Base Term), by the close of the business day, at the Registry of Deeds for the county or district in which the Property is located; provided, however, that if DHCD reasonably determines additional time is necessary to effect the closing due to delays of the Borrower in providing DHCD with the diligence material described above or any other failure by the Borrower fully to cooperate with preparations for the sale or for other reasons (excepting only delays for which DHCD is solely responsible), the closing date may be extended to a date reasonably determined by DHCD, which shall be specified in a written notice from DHCD setting forth the reasons for such extension, delivered to the Borrower by or before the date originally scheduled for the closing. The parties may also mutually agree to extend the date of the closing by written instrument.

(f) The transfer to DHCD pursuant to this Purchase Option shall be subject to such other requirements as may be more fully described in the Regulations

consistent with the Act. Adjustments in the purchase price for recording fees, deed stamps and other charges shall be made, and any other issues associated with the transfer shall be resolved, in accordance with standard conveyancing practice in The Commonwealth of Massachusetts. If either party so desires, the parties shall enter into a purchase and sale agreement memorializing the terms of the sale, consistent with the terms hereof and of the Act; provided, however, that this Purchase Option shall be binding regardless of whether the parties execute a purchase and sale agreement. Notwithstanding any other provision hereof to the contrary, if, after delivering notice of its intention to exercise the Purchase Option, DHCD determines, in its sole discretion, that it is not in the best interests of DHCD to effect the purchase, DHCD may terminate the Purchase Option at any time, upon written notice to the Borrower recorded and/or registered; provided, however, that such termination right shall apply to DHCD only and not to any assignee.

(g) Concurrently with its acquisition of the Property, DHCD shall cause to be recorded and/or registered an affordable housing restriction, in compliance with the Act and any other applicable statutory requirements for the same (and, in the case of an assignee, in form acceptable to DHCD, in its discretion), which shall require that the Property shall be used only for the purposes of preserving or providing affordable housing thereon, which housing shall remain affordable for a period of not less than forty (40) years.

14. First Refusal Right.

(a) If the Borrower intends at any time or from time to time prior to DHCD's exercise (or unconditional waiver) of the Purchase Option, as described above, to transfer all or any part of its interest in the Property, and the Borrower receives a bona fide offer for such transfer that the Borrower desires to accept (each, an "Offer"), the Borrower shall promptly deliver to DHCD written notice of the same (which shall not be deemed to have been duly delivered to DHCD unless it contains a copy of §14(c) below), together with a copy of such Offer (the "Offer Notice"). The Borrower shall provide DHCD with such reasonable evidence as DHCD may require to satisfy the DHCD as to the bona fide nature of the Offer.

(b) DHCD shall have the right to purchase the Borrower's interest in the Property (or the portion(s) thereof to which the Offer relates), at the same price and on the same terms set forth in such Offer (the "First Refusal Right"), by delivering to the Borrower and recording and/or registering written notice of its election to exercise such First Refusal Right, in accordance with the terms set forth below (the "Exercise Notice"), by or before the date that is one hundred twenty (120) days after DHCD's receipt of such Offer Notice (such 120-day period, the "First Refusal Period"). If DHCD does not intend to exercise the First Refusal Right, DHCD may, but shall have no obligation to, notify the Borrower in writing that the First Refusal Right will not be exercised (the "Waiver Notice").

(c) If, by the expiration of the First Refusal Period with respect to an Offer, DHCD shall have failed to deliver to the Borrower such written Exercise Notice or a Waiver Notice, DHCD shall be deemed to have waived its First Refusal Right with respect to such Offer, subject to any revised First Refusal Right with respect to a modified Offer, as described below. However, DHCD shall retain a First Refusal Right for subsequent Offers and the Purchase Option as described above, notwithstanding any prior actual or deemed waiver of the First Refusal Right, or any intervening transfer of the Property or any portion(s) thereof. The First Refusal Right shall automatically expire upon the waiver, expiration or exercise of the Purchase Option.

(d) If any of the terms of an Offer shall be revised from the terms reflected in the Offer Notice in such a manner as to be materially more favorable to the Borrower or if a closing pursuant to the Offer has not occurred on or before the date six months after the date of the Offer Notice but the Borrower desires to continue pursuing a sale pursuant to such Offer, the Borrower shall promptly deliver to DHCD an Offer Notice with respect to such revised or continued Offer (which shall not be deemed to have been duly delivered to DHCD unless it contains a copy of Section 14(c) above), and DHCD shall have a new First Refusal Right with respect to such modified or continued Offer. The First Refusal Period for such new First Refusal Right shall run for a period of one hundred twenty (120) days from the date of DHCD's receipt of the Offer Notice with respect to such revised or continued Offer.

(e) DHCD shall have the right at any time to assign its rights under the First Refusal Right to a qualified developer selected by DHCD in accordance with the Act and the Regulations, and effective as of any such assignment, the rights and obligations of DHCD with respect to such First Refusal Right shall automatically be deemed to apply to such assignee, and all references to "DHCD" in this Section shall automatically be deemed to refer to such assignee (except to the extent a provision explicitly provides otherwise).

(f) In accordance with the provisions of the Act:

(i) An Offer Notice containing the required language as described above shall be deemed to have been duly delivered if sent by regular and certified mail, return receipt requested (or by such other method as may be authorized under the Act or Regulations), addressed to DHCD (or to any assignee of DHCD, if DHCD has previously given the Borrower notice of such assignment, including the name and notice address of such assignee, in accordance with the notice provisions set forth herein) in the care of the keeper of records for DHCD, which, for purposes hereof shall be deemed to be the General or Chief Counsel of DHCD (or in care of the keeper of records for such assignee of DHCD, as applicable).

(ii) The Exercise Notice or Waiver Notice shall be duly signed by a designated representative of DHCD or of the assignee of DHCD, as the case may be, and (x) mailed to the Borrower by certified mail (or such other method as may be

authorized under the Act) at the notice address set forth in the Offer Notice and (y) recorded and/or registered.

(iii) An affidavit acknowledged by a notary public that DHCD or its designated representative has mailed an Exercise Notice or a Waiver Notice (the "Affidavit") shall conclusively establish the manner and time of the giving of such notice. Any Affidavit may be recorded and/or registered by either party.

(iv) Each Offer Notice, Exercise Notice and Waiver Notice shall contain the name of the record owner of the Property and a description of the premises to be transferred, in form adequate to identify the same. Each Affidavit shall have attached to it a copy of the Offer Notice to which it relates.

(g) The closing for the sale of the Property (or, if applicable, the part thereof that is the subject of the Offer) to DHCD shall take place in accordance and compliance with applicable provisions of the Regulations, by or before the date that is one hundred twenty (120) days after the expiration of the First Refusal Period (i.e., on or before the date that is two hundred forty (240) days after DHCD's receipt of the relevant Offer Notice), by the close of the business day, at the Registry of Deeds for the county or district in which the Property is located (such date, the "Closing Deadline"); provided, however, that if DHCD reasonably determines additional time is necessary to effect the closing, due to delays of the Borrower in providing DHCD with the diligence material described below or any other failure by the Borrower fully to cooperate with preparations for the sale or for other reasons (excepting only delays for which DHCD is solely responsible), the closing date may be extended to a date reasonably determined by DHCD, which shall be specified in a written notice from DHCD setting forth the reasons for such extension, delivered to the Borrower and recorded and/or registered, by or before the date originally scheduled for the closing. The parties may also mutually agree to extend the date of the closing, by written instrument; provided, however, that in such event, the parties shall execute an instrument reflecting such extension, which shall be recorded and/or registered by or before the date originally scheduled for the closing.

(h) Concurrently with the delivery of the Offer Notice, the Borrower shall provide DHCD with a copy of, or otherwise make available for DHCD's review at a mutually convenient time and location, all material relating to the Property (or the part thereof that is the subject of the Offer) and/or the proposed sale, transfer, or other disposition thereof that has been made available to the party making the Offer, and shall thereafter promptly make available to DHCD any additional material made available to such party. Promptly upon any request therefor by DHCD, the Borrower shall provide DHCD with a copy of, or otherwise make available for DHCD's review at a mutually convenient time and location, any and all other material owned by or readily available to the Borrower that an unrelated third-party buyer would reasonably request in connection with its due diligence for an acquisition of such Property, including, by way of example but not of limitation, deeds, title insurance policies, appraisals, studies, reports, or other materials relating to such Property and/or any encumbrance(s) subject to which the Property is to be conveyed, or otherwise reasonably necessary or appropriate for DHCD to review in connection with its exercise of the First Refusal Right.

(i) The transfer to DHCD pursuant to this First Refusal Right shall be subject to such other requirements as may be more fully described in the Regulations consistent with the Act. Adjustments in the purchase price for recording fees, deed excise stamp taxes and other charges shall be made, and any other issues associated with the transfer shall be resolved, in accordance with standard conveyancing practice in the Commonwealth of Massachusetts. If either party so desires, the parties shall enter into a purchase and sale agreement memorializing the terms of the sale, consistent with the terms hereof and of the Act; provided, however, that this First Refusal Right shall be binding regardless of whether the parties execute a purchase and sale agreement. Notwithstanding any other provision hereof to the contrary, if, after delivering notice of its intention to exercise the First Refusal Right, DHCD determines, in its sole discretion, that it is not in the best interests of DHCD to effect the purchase, DHCD may terminate the First Refusal Right at any time, upon written notice delivered to the Borrower and recorded and/or registered; provided, however, that such termination right shall apply to DHCD only, and not to any assignee.

(j) Concurrently with its acquisition of the Property, DHCD shall cause to be recorded and/or registered an affordable housing restriction, in compliance with the Act and any other applicable statutory requirements for the same (and, in the case of an assignee, in form acceptable to DHCD, in its discretion), which shall require that such Property shall be used only for the purposes of preserving or providing affordable housing thereon, which housing shall remain affordable for a period of not less than forty (40) years.

15. No Demolition. The Borrower shall not demolish any part of the Project or substantially subtract from any real or personal property included within the Property except in conjunction with renovation or rehabilitation of the Housing Units or construction of a new project on the Property, in either case subject to the prior written consent of the Lenders, which consent may be granted or withheld in each Lender's sole judgment.

16. Casualty. The Borrower represents, warrants and agrees that if the Property, or any part thereof, shall be damaged or destroyed, the Borrower (subject to the approval of the lender(s) providing financing) will use its best efforts to repair and restore the Housing Units to substantially the same condition as existed prior to the event causing such damage or destruction, and the Borrower represents, warrants and agrees that the Housing Units shall thereafter continue to operate in accordance with the terms of this Affordable Housing Restriction.

17. Other Federal Requirements; Inspection. Any use of the Property or activity thereon which is inconsistent with the purpose of this Affordable Housing Restriction is expressly prohibited. The Borrower hereby grants to the Lenders and their duly authorized representatives the right to enter the Property (a) at reasonable times and in a reasonable manner for the purpose of inspecting the Property to determine compliance with this Affordable Housing Restriction or any other agreement between the Borrower and either Lender and (b) after 30 days prior written notice, to take any reasonable and appropriate action under the circumstances to cure any violation of the provisions of this Affordable Housing Restriction. The notice referred to in clause (b) shall include a clear description of the course and approximate cost of the proposed cure.

18. Enforcement. The rights hereby granted shall include the right of the Lenders and DHCD to enforce this Affordable Housing Restriction by appropriate legal proceedings and to obtain injunctive and other equitable relief against any violations, including without limitation relief requiring restoration of the Property to its condition prior to any such violation (it being agreed that the Lenders will have no adequate remedy at law), and shall be in addition to, and not in limitation of, any other rights and remedies available to the Lenders. The Borrower covenants and agrees to reimburse the Lenders all reasonable costs and expenses (including without limitation reasonable counsel fees) incurred in enforcing this Affordable Housing Restriction or in taking reasonable measures to cure any violation hereof, provided that a violation of this Affordable Housing Restriction is acknowledged by the Borrower or determined by a court of competent jurisdiction to have occurred. By its acceptance of this Affordable Housing Restriction, the Lenders do not undertake any liability or obligation relating to the condition of the Property. If any provision of this Affordable Housing Restriction shall to any extent be held invalid, the remainder shall not be affected.

19. Further Assurances. Each Lender is authorized to record and/or register any notices or instruments appropriate to assuring the enforceability of this Affordable Housing Restriction; and the Borrower on behalf of itself and its successors and assigns appoints each Lender its attorney-in-fact to execute, acknowledge and deliver any such instruments on its behalf. Without limiting the foregoing, the Borrower and its successors and assigns agrees to execute any such instruments upon request. The benefits of this Affordable Housing Restriction shall be in gross and shall be assignable by the Lenders. The Borrower and the Lenders intend that the restrictions arising hereunder take effect upon the date hereof, and to the extent enforceability by any person ever depends upon the approval of governmental officials, such approval when given shall relate back to the date hereof regardless of the date of actual approval or the date of recording and/or registering of any instrument evidencing such approval.

20. Foreclosure. Notwithstanding anything herein to the contrary, but subject to the next succeeding paragraph hereof, if the holder of record of a first mortgage granted to a state or national bank, state or federal savings and loan association, cooperative bank, mortgage company, trust company, insurance company or other institutional or governmental lender shall acquire the Property by reason of foreclosure or similar remedial action under the provisions of such mortgage or upon conveyance of the Property in lieu of foreclosure, and provided that the holder of such mortgage has given the Lenders not less than sixty (60) days' prior written notice of its intention to foreclose upon its mortgage or to accept a conveyance of the Property in lieu of foreclosure, then the rights and restrictions herein contained shall not apply to such holder upon such acquisition of the Property or to any purchaser of the Property from such holder, and the Property shall, subject to the next two succeeding sentences, thereafter be free from all such rights and restrictions. The rights and restrictions contained herein shall not lapse if the Property is acquired through foreclosure or deed in lieu of foreclosure by (i) the Borrower, (ii) any person with a direct or indirect financial interest in the Borrower, (iii) any person related to a person described in clause (ii) by blood, adoption or marriage, (iv) any person who is or at any time was a business associate of a person described in clause (ii), and (v) any entity in which any of the foregoing have a direct or indirect financial interest (each a "Related Party"). Furthermore, if the Property is subsequently acquired by a Related Party during the period in which this Affordable Housing Restriction would have remained in effect but for the provisions of this Section, this

Affordable Housing Restriction shall be revived and shall apply to the Property as though it had never lapsed.

In the event such holder conducts a foreclosure or other proceeding enforcing its rights under such mortgage and the Property is sold for a price in excess of the sum of the outstanding principal balances of all notes secured by mortgages of the Property plus all future advances, accrued interest and all reasonable costs and expenses which the holders thereof are entitled to recover pursuant to the terms of such mortgages, such excess shall be paid to the Lenders in consideration of the loss of the value and benefit of the rights and restrictions herein contained and released by the Lenders pursuant to this Section in connection with such proceeding (provided, that in the event that such excess shall be so paid to the Lenders by such holder, the Lenders shall thereafter indemnify such holder against loss or damage to such holder resulting from any claim made by the mortgagor of such mortgage to the extent that such claim is based upon payment of such excess by such holder to the Lenders in accordance herewith, provided that such holder shall give the prompt notice of any such claim and shall not object to intervention by the Lenders in any proceeding relating thereto). To the extent the Borrower possesses any interest in any amount which would otherwise be payable to the Lenders under this paragraph, to the full extent permissible by law, the Borrower hereby assigns its interest in such amount to said holder for payment to the Lenders.

21. Notices. Any notice, request or other communication which either party hereto may be required or may desire to give hereunder shall be made in writing, and shall be deemed to have been properly given if hand delivered, if sent by recognized overnight courier, receipt confirmed, or if mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Borrower:

Bedford Veterans Quarters, Inc.
c/o Caritas Communities, Inc.
150 Wood Street, Suite 300
Braintree, MA 02184

If to the MHPFB:

Massachusetts Housing Partnership Fund Board
160 Federal Street, 2nd Floor
Boston, Massachusetts 02110

If to AHT:

Commonwealth of Massachusetts acting by and through its
Department of Housing and Community Development
Under the Affordable Housing Trust Fund Statute, M.G.L. c.121D
c/o Massachusetts Housing Finance Agency, its Administrator
One Beacon Street
Boston, Massachusetts 02108

If to DHCD:

Department of Housing and Community Development
100 Cambridge Street, 3rd Floor
Boston, Massachusetts 02114
Attention: Office of the Chief Counsel

or such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. A notice sent by certified or registered mail shall be deemed given three days after mailing; a notice sent by overnight courier shall be deemed given one day after deposit with such courier; and a notice delivered by hand shall be deemed given upon receipt.

22. Amendment. This Affordable Housing Restriction may not be amended, nor may any obligation hereunder be waived or released, without first obtaining the written consent of the Lenders and of DHCD.

23. Governing Law. This Agreement shall be governed by the laws of The Commonwealth of Massachusetts.

No documentary stamps are required as this Affordable Housing Restriction is not being purchased by the Lender.

Executed under seal as of October 19, 2006.

BEDFORD VETERANS QUARTERS, INC.

By: 

Name: Mark Winkeller

Title: President

COMMONWEALTH OF MASSACHUSETTS

County of Suffolk, ss.

On this 19th day of October, 2006, before me, the undersigned notary public, personally appeared Mark Winkeller, as President for Bedford Veterans Quarters, Inc., a non-profit corporation, proved to me through satisfactory evidence of identification, which were MA license, 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 President for Bedford Veterans Quarters, Inc.

Judith L. D'Ambrosio
 Notary Public *Judith L. D'Ambrosio*
 My Commission Expires: *11/12/10*

EXHIBIT A - Property Description
 EXHIBIT B - Initial Rent Schedule

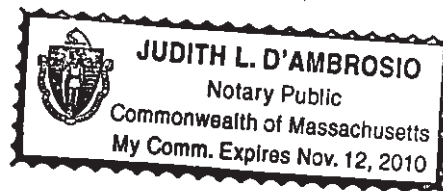


EXHIBIT AProperty Description

The Borrower's leasehold interest in 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, consisting of approximately 23,686 square feet, 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 001, as affected by Amendment to Lease, Assignment and Assumption Agreement dated March 22, 2006 and recorded with said Registry in Book 47856, Page 006.

EXHIBIT B

Initial Rent Schedule

56 rooms @ \$804/month [Section 8 units]

4 rooms @ \$490/month


Attest. Middlesex S. Register

Return to
James J. Riney, Esq.
52 School Street, Suite 303
Boston, MA 02108