



Massachusetts Housing Finance Agency  
One Beacon Street, Boston, MA 02108

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September 24, 2012

Kimloch Farm, LLC  
390 Goodrich Street  
Lunenburg, Massachusetts 01462  
Attention: W. D. Chisholm

RE: Kimloch Farms, Littleton, MA (PE-487)  
**Final Approval Letter**

Dear Mr. Chisholm:

This letter constitutes final approval under 760 CMR 56.04(7) of the project known as Kimloch Farms (the "Project"), following the issuance of a comprehensive permit, pursuant to Massachusetts General Laws Chapter 40B, 760 CMR 56.00, and the Comprehensive Permit Guidelines (the "Guidelines") issued by the Department of Housing and Community Development ("DHCD") (collectively, the "Comprehensive Permit Rules"). In accordance with the Comprehensive Permit Rules, the applicant must present final written approval ("Final Approval") for the Project from the Subsidizing Agency prior to the issuance of any municipal permits for the Project.

On June 26, 2009, the Massachusetts Housing Finance Agency ("MassHousing") issued a Site Approval/Project Eligibility Letter for the Project under the following programs:

- MassHousing's Housing Starts Program
- New England Fund Program of the Federal Home Loan Bank of Boston

The Project (the "Final Project"), as approved under the Comprehensive Permit issued by the Town of Littleton Board of Appeals (the "Board") dated July 25, 2011 (the "Comprehensive Permit"), consists of the construction of 8 units of ownership housing on approximately 6 acres of land located at 120 Goldsmith Street (the "Site") in Littleton (the "Municipality"). According to information presented by Kimloch Farm, LLC (the "Applicant"), the Project will receive construction financing from Fidelity Co-operative Bank. At least 25% of the loan amount will be assigned to Fidelity Co-operative Bank under the Federal Home Loan Bank of Boston's (FHLBB) New England Fund (NEF) Program. Pursuant to the Comprehensive Permit and the Comprehensive Permit Rules, the Final Project will contain two affordable units of housing

available for sale to persons or families earning not greater than 80 percent of the area median income ("Income Requirement") in perpetuity ("Term Requirement"). The affordable units shall consist of one (1) single family condominium unit containing three (3) bedrooms, and one (1) single family condominium unit containing four (4) bedrooms. Profit to the developer shall be limited to no more than 20 percent of total development costs for the Project ("Limited Dividend Requirement").

In connection with our determination herein, we have reviewed (i) the Site Approval (prior to the issuance of which an on-site inspection was performed), (ii) the Comprehensive Permit, (iii) the revised, preliminary plans on which the Comprehensive Permit was based (the "Plans"), (iv) the form of regulatory agreement (including the form of deed rider and affordability and limited dividend monitoring services agreements attached thereto, the "Regulatory Agreement") to be recorded with the land records in the registry district in which the Municipality is located, (v) an updated initial pro forma for the Final Project (the "Updated Pro Forma"), (vi) the terms of the financing to be used for the Final Project, including provisions for monitoring of the Project during construction (the "Financing"), (vii) if not set forth on the Plans, a unit locator plan showing the preliminary location of the affordable units (the "Unit Locator Plan"), and (viii) other pertinent information presented by the applicant and others.

As the sole principle and manager of Kimloch Farm, LLC has changed since Site Approval was issued, MassHousing has received and reviewed information regarding the qualification and experience of the new principle and manager of Kimloch Farm, LLC, W. D. Chilshom.

As a result of our review, we have made the following findings as required by 760 CMR 56.04(7)(a), as informed by 56.04(1) and (4): (1) the Final Project appears generally eligible under the requirement of the housing subsidy program, (2) the site of the Final Project is generally appropriate for residential development, (3) the Final Project design is generally appropriate for the site on which it is located, (4) the Final Project appears financially feasible within the housing market in which it will be situated based on comparable sales figures, (5) the Updated Pro Forma has been reviewed, and the Final Project appears financially feasible on the basis of estimated development costs and consistent with the Comprehensive Permit Rules, (6) the Regulatory Agreement and attached form of deed rider, when properly recorded, contain provisions which reasonably ensure compliance with the Income Requirement, Term Requirement and Limited Dividend Requirement (thereby qualifying the Applicant as a limited dividend organization), and (7) the Applicant controls the site. In addition, the affordable units, if located in general conformance with the Unit Locator Plan or the Plans, will be reasonably interspersed with the market rate units.

In addition to the above, and as required by 760 CMR 56.04(7)(b) and (c), this Final Approval (i) confirms that the Regulatory Agreement (a copy of which is annexed hereto as Exhibit A), as the proposed Use Restriction, is in a form consistent with the Comprehensive Permit Rules, (ii) verifies that the cost examination requirements have been acknowledged and that a commitment has been made by the Applicant to comply with the cost examination requirements defined in 760 CMR 56.04(8), as evidenced by the Developer's executed Acknowledgement of Obligations

(a copy of which is annexed hereto as Exhibit B), and (iii) verifies that adequate financial surety, as defined in the Comprehensive Permit Rules, has been secured sufficient to ensure completion of the cost examination and the distribution of excess funds, in the form of letter of credit entitled Irrevocable Standby Letter of Credit and issued by Fidelity Co-operative Bank, dated April 27, 2012, received by MassHousing on June 14, 2012, and held by MassHousing acting as Subsidizing Agency (formerly, "Project Administrator") under the Comprehensive Permit Rules.

We note that the permit as issued contains a local preference condition. Such conditions are subject to the requirements of applicable state and federal fair housing laws. To the extent such conditions conflict with said laws, the provisions of the fair housing laws must govern.

Submission of an examined cost certification will be required upon completion of the development in order to determine that developer profits do not exceed 20% of total development costs. The developer must adhere to the Land Value Policy described in the Guidelines. The land acquisition cost, for cost certification purposes, has been established at \$400,000, based on an appraisal prepared for MassHousing by Fred Bucklin as of May 14, 2008. Please note that while MassHousing has reviewed the Updated Pro Forma and determined that it appears reasonable and consistent with the Comprehensive Permit Rules, this Final Approval is not an approval of the Updated Pro Forma's individual line items and all line items other than land acquisition cost will need to be properly supported when the Final Project's cost examination is submitted.

Please note that this Final Approval does not constitute site plan or building design approval. Furthermore, please note that we have not reviewed nor approved the Plans for compliance with federal, state or local codes or other laws pertaining to construction since such approvals are within the jurisdiction of the local building official and zoning enforcement officer. Similarly, we are relying on the local building official and zoning enforcement officer to ensure that the final plans and specifications comply with the Comprehensive Permit prior to issuing a building permit. We view issuance of the building permit as evidence of such compliance.

This Final Approval is contingent upon recording of the Regulatory Agreement executed on behalf of Kimloch Farm, LLC and dated as of September 24, 2012, in the form prescribed by MassHousing in its role as Subsidizing Agency. Furthermore, this Final Approval will be effective for a period of the earlier of (a) six months following the date of this letter, or (b) the expiration date of the construction loan commitment submitted as part of the Final Approval application. Should the applicant not apply for building permits for the Project within this period or should MassHousing not extend the effective period of this letter in writing, the letter shall be considered to have expired and no longer be in effect. In addition, we are requiring that MassHousing be notified at the time of the issuance of the building permits for the Project.

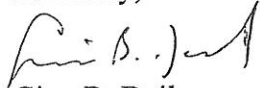
Please note that the maximum initial sales prices to be inserted on Exhibit B of the Regulatory Agreement are determined by reference to the Area median income for the appropriately sized household for the affordable units. In accordance with DHCD's formula, the appropriately sized

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household for the unit is the number of bedrooms in the unit plus one. Please contact Gregory P. Watson of our office should you need assistance in calculating figures.

If you have any questions concerning this letter, please contact Robert Smith at 617-854-1247, or Gregory P. Watson at 617-854-1880.

Sincerely,



Gina B. Dailey  
Director, Comprehensive Permit Programs

Attachments:

Exhibit A – Regulatory Agreement  
Exhibit B – Developer's Acknowledgement of Obligations

cc: Mr. Aaron Gornstein, Undersecretary, Department of Housing and Community Development  
Mr. Gregg Champney, Chair, Littleton Board of Selectmen  
Ms. Sherrill Gould, Chair, Littleton Zoning Board of Appeals  
Ms. Lynne Sweet, LDS Consulting Group, LLC