



September 26, 2019

Mr. Khosro Sanieoff  
385 Harvard Street  
Brookline, MA 02446

Re: 217 Kent Street, Brookline, MA

Dear Sassan:

Thank you for giving Citizens Bank ("Bank") an opportunity to bid on the construction and option to convert to short term permanent financing, for the 217 Kent Street, Brookline, MA Ch.40B housing development. This Letter of Interest outlines the general terms and conditions under which Citizens Bank would consider financing for the development. This Letter of Interest is for discussion purposes only and does not represent a commitment to lend on the part of Citizens Bank or any of its affiliates, as all terms are subject to review and approval of the Bank's Commercial Credit Committee.

We understand that the proposed project is the conversion of an existing 23 unit building into 17 units of mixed income housing, and the new construction of an adjacent land lot into 73 units of mixed income housing. 23 (25%) of the 90 total units will be designated as Ch.40B affordable, and targeted to families with annual income at or below 80% of the Area Median Income. This development is expected to be permitted by the City of Brookline in following with Massachusetts General "Comprehensive Permit" Laws.

You have requested up to \$23MM in construction financing, and a short term permanent loan financing conversion option from Citizens Bank. Based upon a review of the due diligence material supplied by your office, the Bank would be willing to consider construction financing and an amortizing loan conversion option, on the following general terms:

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|-----------|---|
| Sponsor:  | Khosro Sanieoff   |
| Borrower: | a "to be named" Owner, and affiliate of the Sponsor.  |
| Guaranty: | <p>Repayment Guaranty: During the construction/bridge loan term, Khosro Sanieoff shall provide a 100% unconditional repayment guarantee of the construction/bridge loan amount. At conversion to permanent loan, the repayment guarantee will be reduced to 50%</p> <p>Completion Guaranty: During the construction/bridge loan term, Khosro Sanieoff shall provide a 100% completion guarantee, which will guarantee lien-free completion of the Project's improvements in accordance with the approved plans and specifications, including any funds needed to supplement any deficit needed during construction.</p> |

Security: First mortgage and assignment of rents on the proposed property.

Expenses: Borrower to be responsible for any and all closing costs relating to the loan.

Financing Requirements: Borrower/Sponsors shall provide or arrange sufficient funding sources including equity and permanent financing, to provide the funds necessary to meet the final project construction budget. The terms of any and all financing shall be subject to the Bank's review and approval. In addition, it is expected that Borrower equity will be funded prior to the requested Citizens Bank construction/bridge loan funding.

Construction Terms

Loan Amount: The principal amount of the Loan shall be an amount not to exceed Twenty Three Million and no/100 U.S. Dollars (\$23,000,000) subject to 75% LTV and 75% LTC limits.

Loan Term: up to Thirty Six (36) months

Interest Rate: The One-Month London Interbank Offered Rate (LIBOR) plus 250 basis points (2.50%), adjusted monthly. Borrower shall make monthly payments during the term of interest only.

Loan Fee: 50 basis points, (0.50%)

Permanent Loan Conversion Option

Rental Attainment: Prior to conversion to the Amortizing Loan, the Project shall have achieved actual occupancy of not less than 90% for three (3) consecutive months at rents which provide pro forma debt service coverage of 1.25 for three (3) consecutive months prior to the conversion date. Pro forma debt service coverage shall include: (1) replacement reserves at the greater of actual reserves or \$300/unit and (2) a management fee equal to the greater of 5%, or actual management fee. Debt service shall be calculated using the Amortizing Loan terms.

Loan Amount: The principal amount of the Loan shall be an amount not to exceed Twenty Three Million and no/100 U.S. Dollars (\$23,000,000) subject to 75% LTV limits.

Loan Term: Three (3) years

Loan Amortization: Thirty (30) years

Interest Rate: Fixed at time of conversion at the 3 year US SWAP rate, plus 350 basis points (3.50%). Borrower shall make monthly payments during the term of principal and interest.

Loan Fee: 75 basis points, (0.75%)

This letter should not be construed as approval for a loan commitment. Terms discussed herein are based upon preliminary information regarding the development provided by the Sponsor and Bank reserves the right to modify and/or add to any terms described in this letter following receipt and review of additional due diligence materials. A commitment by the Bank to lend remains subject to the Bank's approval process and review and approval of all the due diligence information, including without limitation:

- (1) Satisfactory receipt, review and acceptance by Bank of an appraisal indicating the appraised values of the Project supporting the loan-to-values set forth above.
- (2) An acceptable environmental review of the subject Project and property in compliance with the Bank's environmental protocols.
- (3) Review and acceptance of the final Project budget indicating sufficiency of costs and funding sources to complete the project.
- (4) Completion of a satisfactory plan and cost review by Bank's inspecting architect.
- (5) Current ALTA boundary and location survey of the property certified to Bank and Title Insurer.
- (6) Property hazard, liability, rent loss and other insurance naming Bank as mortgagee, loss payee and additional insured; evidence relating to the flood plain status of the Project and flood insurance where required by Bank.
- (7) Acceptable ALTA Loan Policy of Title Insurance issued by a title company satisfactory to Bank and insuring Bank has a first mortgage lien upon all of the sites in the project.
- (8) Receipt and review of Borrower's ownership structure and documents.
- (9) Receipt, review and acceptance of all permits and approvals for the Project.
- (10) Receipt, review and acceptance of Guarantor's financial statements.

All documents shall be satisfactory to Bank in its sole and absolute discretion. Thank you for considering Citizens Bank for this financing. If you have any questions please contact me at (781) 718-9640. I look forward to your response.

Sincerely,



Eugene J. Clerkin  
Senior Vice President  
Community Development Lending