

5/27/72
FHA FORM NO. 3223-A
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FHA FORM NO. 3223-A
(For use by cooperatives
in Section 236 areas)
New April 1969

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

REGULATORY AGREEMENT

AGREEMENT dated this 18th day of May, 1972, by and between
Cohitauto Homen, Inc.,
(the Mortgagor), whose address is 120 Boylston St., Boston, Mass. 02116
party of the first part, and Eugene A. Gullidge, as Federal
Housing Commissioner (hereinafter called the Commissioner) acting pursuant to authority granted him by the National Housing
Act, as amended, (hereinafter referred to as the Act), party of the second part.

WHEREAS, the Mortgagor is the owner of certain premises upon which is to be erected, or has been erected, a coop-
erative housing project, designated as FHA Project No. 023-44109 NP, -and has requested subject to a
mortgage loan to Massachusetts Housing Finance Agency
referred to as the Mortgagee) to lend the sum of in the sum of Three Million Six Hundred Thirty Five
Thousand Three Hundred Dollars (\$3,635,000) to be secured by a
Mortgage and Modification Agreement
certain Note and Mortgage (hereinafter referred to as the Mortgage); and

WHEREAS, the premises encumbered (or to be encumbered) by the above referred to mortgage are located in
Town of Framingham, County of Middlesex
and State of Massachusetts, and are more particularly described in Exhibit A attached hereto,
and made a part hereof; and

WHEREAS, the Mortgagor and Mortgagee have requested the Commissioner to endorse said Note for mortgage insur-
ance pursuant to Section 236 of Title II of the Act; and the Mortgagor has this day received a
conveyance of said property from Interfaith Housing Corporation and has
conveyed a mortgage to the Mortgagee;
WHEREAS, the Mortgagor is unwilling to lend said sum to the Mortgagee without a Contract of Mortgage Insurance
evidenced by such endorsement, and the Commissioner is unwilling to endorse the Note for mortgage insurance unless and
until the Mortgagor shall, by entering into the covenants and agreements set forth below, consent to be regulated and
restricted by the Commissioner as provided in the Act.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) in hand paid, and other good and valuable con-
sideration by each party to the other, the receipt of which is hereby acknowledged, and in order to induce the Commission-
er to endorse the Note secured by said mortgage, and in order that the Mortgagor may be regulated
and restricted by the Commissioner as provided for in said Section 236 and the applicable Rules, the parties hereto agree
as follows: that as long as the Contract of Mortgage Insurance continues in effect, and during such further period of time
as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or during any time the Commissioner is ob-
ligated to insure a mortgage on the mortgaged property:

1. The Mortgagor shall promptly make all payments due under the note and mortgage; provided, however, that the
Commissioner shall make payments to the mortgagee on behalf of the mortgagor in accordance with the interest
reduction contract between the mortgagee and the Commissioner.
2. The Mortgagor shall establish and maintain a reserve fund for replacements by the allocation to such reserve
fund in a separate account with the Mortgagee or in a safe and responsible depository designated by the Mortga-
gee, commencing on the date of the first payment towards amortization of the principal of the Mortgage insured by
the Commissioner, of an amount equal to \$ 961.00, and a like amount monthly there-
after. Such fund may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to prin-
cipal by the United States of America, and shall at all times be under the control of the Mortgagee. Such fund is
for the purpose of effecting replacements of structural elements and mechanical equipment of the project and for
such other purposes as may be agreed to in writing by the Commissioner. Disbursements from such fund may be
made only after receiving the consent in writing of the Commissioner.
3. Commencing with occupancy, the Mortgagor shall establish and maintain a general operating reserve by alloca-
tion and payment thereto monthly of a sum equivalent to not less than 3 percent of the monthly amount otherwise
chargeable to the members pursuant to their occupancy agreements. Upon accrual in said General Operating Re-
serve Account, of an amount equal to 3 percent of the current annual amount otherwise chargeable to the mem-
bers pursuant to their Occupancy Agreements, the rate of such monthly allocations may, by appropriate action of
the mortgagor, be reduced from 3 percent to 2 percent provided, however, that in the event withdrawals from such
account reduce it below said 15 percent accrual; the rate of such monthly deposits shall immediately be restored

to 3 percent; at any time thereafter upon accrual in said General Operating Reserve Account of an amount equal to 25 percent of the current annual amount otherwise chargeable to the members pursuant to their Occupancy Agreements, such monthly deposits may, by appropriate action of the mortgagor, be discontinued and no further deposits need be made into such General Operating Reserve so long as said 25 percent level is maintained and provided, further, that upon any reduction of such reserve below said 25 percent level, monthly deposits shall forthwith be made at the 3 percent rate until the 25 percent level is restored. (This reserve shall remain in a special account and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, and shall at all times be under the control of the Mortgagor. This cumulative reserve is intended to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent payments by individual cooperators, to provide funds for the repurchase of stock of withdrawing members, and other contingencies. Disbursements totaling in excess of 20 percent of the total balance in the reserve as of the close of the preceding annual period may not be made during any annual period without the consent of the Commissioner. Reimbursement shall be made to the account upon payment of delinquencies or sale of stock for which funds were withdrawn from the reserve).

4. The Mortgagor covenants and agrees that:

- (a) with the prior approval of the Commissioner, it will establish for each dwelling unit (1) a basic carrying charge determined on the basis of operating the project with payments of principal and interest under a mortgage bearing interest at one percent and (2) a fair market carrying charge determined on the basis of operating the project with payments of principal, interest and mortgage insurance premiums due under the insured mortgage on the project.
- (b) (1) the actual carrying charges to be collected for each unit, in cases where the carrying charges include all utilities except telephone, will be equal to 25% of the member's income or the basic carrying charge, whichever is greater, but in no event shall the actual carrying charge exceed the fair market carrying charge.
- (2) in cases where the member pays directly for utilities in addition to telephone, the basic carrying charges, fair market carrying charges, and actual carrying charges will be determined in the same manner as in (b)(1) above but the amounts to be paid by the member to the cooperative will be decreased by the estimated amount of personal benefit expense excluding telephone costs approved by the Commissioner as listed in the Information Bulletin.
- (3) the Commissioner from time to time may direct or approve a change in the amount of the basic carrying charges, the fair market carrying charges, or the estimated amount of the personal benefit expenses.
- (c) it shall limit occupancy in the project to those families whose incomes do not exceed the limits prescribed by the Commissioner, with the exception of those occupants who agree to pay fair market rental.
- (d) preference for occupancy shall be given in a manner to be specified by the Commissioner, to those families displaced from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the President to be a major disaster, and to those families whose incomes are within the lowest practicable limits for obtaining membership in the project.
- (e) it will obtain from each applicant for membership a certification of income on a form, at a time and in a manner approved by the Commissioner.
- (f) it will obtain from all members, who are not paying a fair market carrying charge, a recertification of income on a form and in a manner approved by the Commissioner at intervals as required by the Commissioner.
- (g) if any required recertification or one made voluntarily by a member reveals a change in income which would make the member eligible for a lower or higher actual carrying charge, such adjustment in actual carrying charge shall be made, provided that such carrying charge shall never be less than the basic carrying charge and shall never exceed the fair market carrying charge.
- (h) in a manner prescribed by the Commissioner, it will obtain written evidence substantiating the information given on the certification and recertification of income and shall retain the evidence in its files for three years.
- (i) it shall forward to the Commissioner a monthly report of excess income on a form approved by the Commissioner and shall remit the difference between the total carrying charge collections and the approved basic carrying charge per unit for all occupied units, provided that a monthly report on such form must be submitted even if no remittance is due.
- (j) it shall not in approving members discriminate against any person or persons by reason of the fact that there are children in the family if the unit involved is adequate in size for such occupancy.

- (k) no change will be made in the basic carrying charge, the fair market carrying charge or the estimate of personal benefit expense unless approved by the Commissioner;
- (l) the size of the unit to be occupied shall be in relation to the number of persons in the family;
- (m) subject to the foregoing, The Mortgagor shall establish and collect monthly carrying charges pursuant to the conditions set forth herein. Monthly carrying charges charged to members during the initial occupancy period shall be made by the mortgagor in accordance with a schedule of charges filed with and approved in writing by the Commissioner prior to the opening of the project for occupancy. Such charges shall be in an amount sufficient to meet the FHA estimate of cooperative management expense, operating expense and maintenance expense, debt service, taxes, special assessments and ground rents, if any, reserves, and all other expenses of the Mortgagor. Subsequent to the initial occupancy period, charges made by the Mortgagor for its accommodations shall be in accordance with a schedule of charges filed with and approved in writing by the Commissioner and shall be in amounts sufficient to meet the mortgagor's estimate of expenses set forth in an operating budget which shall be prepared and submitted to the FHA 60 days prior to the beginning of each fiscal year. The operating budget shall set forth the anticipated income of the project and a sufficiently detailed estimate of expenses which will include separate estimates for administration expense, operating expense, maintenance expense, utilities, hazard insurance, taxes and assessments, ground rent, interest and amortization, mortgage insurance premium, replacement reserve and operating reserve. The Mortgagor shall not permit occupancy of its accommodations except in accordance with a schedule of charges approved by the Commissioner and such schedule shall not be changed except with the written approval of the Commissioner; nor shall occupancy be permitted by the Mortgagor except upon the execution of an occupancy agreement in a form approved by the Commissioner. The property of the Mortgagor shall not be rented as an entirety. Commercial accommodations and non-dwelling facilities, if any, shall be rented only according to a schedule of charges fixed by the directors and approved in writing by the Commissioner, and the form of lease shall be subject to the written approval of the Commissioner. The Mortgagor shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by the mortgagor involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the mortgagor and the management agent. Upon receipt of such request the mortgagor shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.

5. The Mortgagor shall not without prior approval of the Commissioner, given in writing,

- (a) sell, assign, transfer, dispose of or encumber any real or personal property, except as specifically permitted by the terms of the Mortgage;
- (b) remodel, reconstruct, demolish or subtract from the premises constituting the project and subject to the Mortgage;
- (c) permit the occupancy of any of the dwelling accommodations of the Corporation except at the charges fixed by the schedule of charges provided herein;
- (d) permit occupancy of any of the dwelling accommodations of the Corporation except by members of the Corporation;
- (e) consolidate or merge the Corporation into or with any other Corporation; go into voluntary liquidation; carry into effect any plan of reorganization of the Corporation; effect any changes whatsoever in its capital structure; alter or amend its Certificate of Incorporation; or amend its by-laws;
- (f) fail to establish and maintain the Fund for Replacements and general operating reserve as set forth herein;
- (g) incur liabilities (direct or contingent) which will at any time exceed in the aggregate \$36,353.00,* except the indebtedness secured by the Mortgage or necessarily incidental to the execution and delivery thereof;
- (h) enter into any contract or contracts for supervisory or managerial services;
- (i) invest any funds of the Corporation in any property, real, personal or mixed, except obligations of, or fully guaranteed as to principal by, the United States of America;
- (j) encumber or dispose of in any manner whatsoever any funds derived from the proceeds of its insured Mortgage in excess of sums required to pay the applicable statutory percentage of the actual cost of legitimate obligations incurred in the construction of the physical improvements on the mortgaged property and for which mortgage funds were made available, nor fail to apply such excess funds to the reduction of the principal due under the insured Mortgage;

* Not more than 1% of the insured mortgage amount.

~~*(h) fail to keep in full force and effect a contract satisfactory to the FHA covering the maintenance and replacement of parts of any elevator, air conditioning or related equipment, or, if such contract shall be allowed to expire, then fail to accrue an additional sum in such amount as shall be designated by the Commissioner to be sufficient to allow for deferred and future replacements as part of the annual Reserve for Replacement Fund collected by the Corporation so as to insure that funds will be available for replacement of related parts and equipment.~~

6. ~~During the period between initial and final encroachment for mortgage insurance by the Federal Housing Administration, no compensation or fee shall be paid nor obligation therefor incurred by the Mortgagor except with the prior written approval of the Commissioner. Thereafter,*~~ No compensation or fee shall be paid by the Mortgagor except for necessary services and except at such rate as is fair and reasonable in the locality for similar services, nor, except with the prior written approval of the Commissioner, shall any compensation be paid by the Mortgagor to its officers, directors or stockholders, or to any person, or corporation, for supervisory or managerial services; nor shall any compensation be paid by the Corporation to any employee in excess of \$6,000 per annum, except with such prior written approval. No officer, director, stockholder, agent, or employee of the Mortgagor shall in any manner become indebted to the Mortgagor, except on account of approved occupancy charges.
7. The Mortgagor shall maintain its project, the grounds, buildings and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of its occupants.
8. The Mortgagor, its property, equipment, buildings, plans, office, apparatus, devices, books, contracts, records, documents and papers shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times.
9. The books and accounts of the Mortgagor shall be kept in accordance with the Uniform System of Accounting prescribed by the Commissioner. The Mortgagor shall file with the Commissioner and the Mortgagee the following reports verified by the signature of such officers of the Mortgagor as may be designated and in such form as may be prescribed by the Commissioner:
 - (a) monthly or quarterly operating reports, when required by the Commissioner;
 - (b) semi-annual financial statement within sixty days after the semi-annual period when required by the Commissioner;
 - (c) annual reports prepared by a certified public accountant or other person acceptable to the Commissioner, within sixty days after the end of each fiscal year;
 - (d) specific answers to questions upon which information is desired from time to time relative to the operation and condition of the property and the status of the Mortgage;
 - (e) copies of minutes of all stockholders' meetings certified to by the secretary of the Mortgagor within thirty days after such meetings, and when required by the Commissioner, copies of minutes of directors' meetings.
10. The Mortgagor shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of the property subject to the insured mortgage, or any part thereof, on the basis of race, color or creed.
11. No litigation seeking the recovery of a sum in excess of \$3,000 nor any action for specific performance or other equitable relief shall be instituted nor shall any claim for a sum in excess of \$3,000 be settled or compromised by the Mortgagor unless prior written consent thereto has been obtained from the Commissioner. Such consent may be subject to such terms and conditions as the Commissioner may prescribe.
12. The Mortgagor agrees to observe and perform each and every one of the covenants, and provisions required to be observed and performed under or pursuant to the terms of the Mortgage, or of the Building Loan Agreement referred to in said Mortgage, or of the Construction Contract for the construction of the project, or of any rent supplement contract executed by the Mortgagor and the Commissioner or of any modifications thereof. Any rent supplement contract executed by the Mortgagor and the Commissioner is incorporated in and made a part hereof.
13. The Mortgagor agrees that any membership shall be sold by the Mortgagor or by a member only in the manner and for the amount as provided in the By-Laws, and that to this end a sale by a member shall be supported by a certification by the seller and the purchaser as to the amount of the sales price not in excess of that permitted by the By-Laws.
14. The Mortgagor shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy, or the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale.

* Delete, if not applicable.

** In Insurance Upon Completion cases and in cases where a cooperative is purchasing the project from an Investor Sponsor, delete the first sentence of the paragraph and the word, "Thereafter" from the second sentence.

15. As security for the payment due under this Agreement for the Reserve Fund for Replacements, and to secure the Commissioner because of his liability under the endorsement of the Note for insurance, and as security for the other obligations under this Agreement, the Mortgagor assigns, pledges and mortgages to the Commissioner its rights to the rents, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein: Provided, however, that permission is granted to the Mortgagor to collect and retain under the provisions of this Agreement the rent, profits, income and charges, during any such period or periods of time for which the Commissioner has not declared a default. Upon declaration by the Commissioner of a default, the said permission is terminated and shall not be deemed to be reinstated until the Commissioner has declared the default to be cured.
16. Mortgagor agrees that there shall be full compliance with the provisions of (1) any laws prohibiting discrimination in housing on the basis of race, color, creed or national origin, and (2) with the Regulations of the Federal Housing Administration providing for nondiscrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the rejection of future applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the Mortgagor is identified, and further, if the Mortgagor is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates, or stockholders of the Mortgagor; and (2) with respect to any corporation or any other type of business association or organization with which the officers, directors, trustees, managers, partners, associates or stockholders of the Mortgagor may be identified.
17. Upon a violation of any of the above provisions of this Agreement by the Mortgagor, the Commissioner may give written notice, thereof, to the Mortgagor, by registered or certified mail, addressed to the addressee stated in this Agreement. If such violation is not corrected to the satisfaction of the Commissioner within 15 days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, or where the Mortgagor proceeds immediately and diligently, within such further time as the Commissioner determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement and upon such default the Commissioner may:
 - (a) (i) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
 - (ii) If said note is not held by the Commissioner - notify the holder of the note of such default, and the holder, with the prior written consent of the Commissioner, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;
 - (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Mortgagor's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;
 - (c) Take possession of the mortgaged property, bring any action necessary to enforce any rights of the Mortgagor of the project, and any rights of the Commissioner, arising by reason of the Agreement, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Mortgagor is again in a position to operate the project in accordance with the terms of this agreement and in compliance with the requirements of the note and mortgage;
 - (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
 - (e) Terminate the interest reduction payments to the mortgagee.
18. The covenants and agreements herein set out shall be deemed to run with the land herein described so long as there is a mortgage on said property insured or owned by the Commissioner and to bind any future purchasers of the real property or any part thereof.
19. As used in this Agreement the term:
 - (a) "Mortgage" shall include "Deed of Trust";
 - (b) "Note" shall include "Bond";
 - (c) "Mortgagor" shall include "Grantor" under any Deed of Trust;
 - (d) "Mortgagee" shall include the "Beneficiary" under Mortgage or Deed of Trust however designated;

(e) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement on such further time as may be allowed by the Commissioner after written notice;

(f) "Stock" shall include membership certificates or other forms designating member ownership;

(g) "Family" means:

- (1) not less than two persons related by blood, marriage or operation of law who occupy the same unit; or,
- (2) a handicapped person who has a physical impairment which is expected to be of a long continued and indefinite duration which impedes his ability to live independently and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; or
- (3) a single person 62 years of age or older; and
- (4) a single person less than 62 years of age, provided, that occupancy by such persons is limited to 10 per centum of the dwelling units in the project.

(h) "Income" means all gross annual income of the family from all sources, before taxes and withholding, after excluding the following:

- (1) 5% of such income as an allowance in lieu of amounts withheld from income for social security and similar payroll deductions;
- (2) All unusual or temporary income (as defined by the Commissioner);
- (3) The earnings of each family member who is a minor under 21 years of age (except the tenant or his spouse) and living with the family;
- (4) The sum of \$300 for each such minor;
- (5) Any change, deletion or addition to the above which the Commissioner may direct.

(The use of the plural shall include the singular; the singular the plural; and the use of any gender shall be deemed to include all genders.)

20. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.

21. The invalidity of any clause, part or provision of this agreement shall not effect the validity of the remaining portions thereof.

22. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Mortgagor will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that such damage will be irrespective of and in addition to any damage to the security of the mortgaged premises or to any financial damage the Commissioner may suffer as insurer; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue his Contract of Mortgage Insurance, and that the Mortgagee would not lend the sum above-mentioned to the security of the said Mortgage unless the same were insured by the Commissioner.

IN WITNESS WHEREOF the parties hereto have duly executed this agreement the day and year first above written:

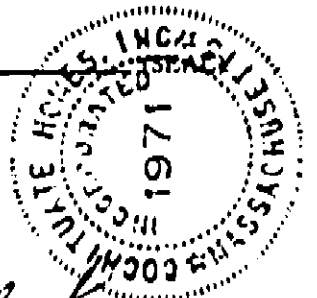
WITNESS:

COCHITUATE HOMES, INC.

Roland S. Larsen (STATE)
Roland S. Larsen

FEDERAL HOUSING COMMISSIONER.

By Edward J. Pellack
(Authorized Agent)



ACKNOWLEDGMENT OF MORTGAGOR

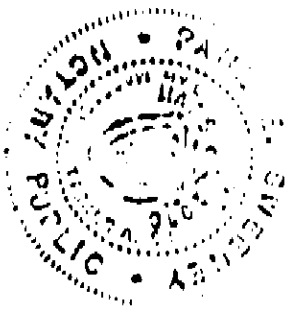
(In accordance with form in State where property is located)

Commonwealth of Massachusetts

Suffolk, S.S.

May 18 - 1972

Now came Roland S. Larsen and made oath that the foregoing instrument was his free act and deed and the free act and deed of Cochituate Homes, Inc., before me.



[Signature]
Notary Public
Paul E. Sweeney

Commission Expires 5/8/78