

**Escrow Agreement  
for Non-critical,  
Deferred Repairs**

U.S. Department of Housing  
and Urban Development  
Office of Housing

OMB Approval No. 2502-0598  
(Exp. 04/30/2014)

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**This ESCROW AGREEMENT FOR NON-CRITICAL, DEFERRED REPAIRS (Agreement)** made this 16<sup>th</sup> day of July, 2014, by and between **OAK GROVE COMMERCIAL MORTGAGE, LLC**, a Delaware limited liability company (**Lender**), whose principal address is 7233 Solution Center, Chicago, Illinois 60677-7002, and **CCBA WATERFORD PLACE, LLC**, a Massachusetts limited liability company (**Borrower**), whose principal address is 90 Tyler Street, Boston, Massachusetts 02111, in connection with HUD Project No. 023-11321, located in the City of Boston, County of Suffolk, Commonwealth of Massachusetts, which Project is being refinanced from the proceeds of a Loan insured by HUD and made by Lender. (The definition of any capitalized term or word used herein can be found in this Escrow Agreement for Non-critical, Deferred Repairs, the Regulatory Agreement between Borrower and HUD, the Note, and/or the Security Instrument, except that the term **Program Obligations** means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor location to that site)).

**RECITALS:**

A. HUD has issued a Firm Commitment to insure said Loan pursuant to Section 207 pursuant to Section 223(f) of the National Housing Act, as amended, and Program Obligations, on which mortgage insurance Borrower is relying for financing of the Project.

B. The Firm Commitment is conditioned upon assurance that funds in the amount of \$598,692.00 be available for the completion of non-critical repairs deferred until after endorsement of the Note (**Escrow**), including all amounts identified in sections 1, 2 and 3 of this Agreement.

C. The non-critical, deferred repair cost estimate and list of repairs itemized in Exhibit "A" (**Repair Work**) are attached to and made part of this Escrow Agreement for Non-critical, Deferred Repairs.

D. As used herein, **Completion Date** means the date that is twelve (12) months following endorsement of the Note by HUD for mortgage insurance.

#### AGREEMENTS:

In consideration of the mutual promises and undertakings contained herein, and for the purpose of inducing the Lender to make and HUD to insure said Loan, the parties acknowledge and agree as follows:

1. Cash in the amount of \$498,910.00, equal to one hundred percent (100%) of the estimated cost of the Repair Work, has been withheld by Lender from the proceeds of the Loan, or deposited by Borrower with Lender or subject to the control and order of Lender with a depository institution satisfactory to Lender in accordance with Program Obligations, and is hereby included in the Escrow (**Repair Estimate Amount**). A letter of credit may not be substituted for this amount.

2. An additional cash amount of \$99,782.00, consisting of not less than twenty percent (20%) of the estimated cost of the Repair Work, has been deposited by Borrower with Lender or subject to the control and order of Lender with a depository institution satisfactory to Lender in accordance with Program Obligations, and is hereby included in the Escrow (**Additional Deposit Amount**), in the form of [*specify as applicable*]:

cash, and/or

one or more unconditional irrevocable letter(s) of credit issued to Lender by a banking institution, attached hereto as Exhibit "B". The rating of the issuing banking institution and the duration of such letter(s) of credit shall comply with Program Obligations.

3. In the event of a cash out refinancing under Section 223(f) of the National Housing Act, a further additional cash amount of \$N/A equal to fifty percent (50%) of the cash out proceeds, has been withheld by Lender from the proceeds of the Loan, and is hereby included in the Escrow (**Cash Out Proceeds Amount**).

4. Borrower shall complete the Repair Work, free of all liens, on or before the Completion Date. Borrower shall remedy or cause to be remedied all defects in the Repair Work due to faulty materials or workmanship, defective materials, or damage to the Project resulting from such defects, which defects or damage become apparent within twelve (12) months from completion of the Repair Work to the satisfaction of HUD (**Latent Defects**).

5. Subject to the prior written approval of HUD, Lender may release funds from the Escrow for completed work pursuant to the estimated amounts set forth in Exhibit "A" Repair Work, less a 10% holdback, which will be held until all work is satisfactorily completed, as determined by HUD.

6. Disbursements from this Escrow shall be made only upon prior written approval of HUD, with the exception of those amounts expended by Lender pursuant to Paragraph 7 of this Agreement, to meet any established cost for which the Escrow was intended.

7. If Borrower has not completed all the Repair Work by the Completion Date, Lender will have the right, subject to HUD approval, to complete the Repair Work, and to pay the cost thereof, including all costs and a reasonable fee of the Lender, from the Escrow. For this purpose, Borrower irrevocably appoints Lender as its attorney-in-fact, with full power of substitution, to do and perform for Borrower in Borrower's name, place and stead, all matters and things which Lender shall in its judgment deem necessary and proper to effectuate the completion of the Repair Work, and to apply the amount deposited under the Escrow to the payment of debts, expenses, costs and charges of any kind contracted or incurred in connection therewith. The orders given by Lender as attorney-in-fact for Borrower shall be good and sufficient vouchers for all payments made by virtue thereof. In this connection, this power of attorney shall provide Lender with full and sufficient authority to enter into and upon the Project and take charge thereof, together with all materials, appliances, Fixtures and other improvements and to call upon and require contractors to complete the Repair Work. Except for intentional misconduct or gross negligence on the part of Lender, Borrower shall indemnify, hold harmless and defend Lender from and against claims of third parties arising from Lender's performance under this paragraph. Lender shall have the right to obtain any property and/or liability insurance coverage which Lender shall in its judgment deem necessary or appropriate in connection with Lender's performance under this paragraph. Subject to written HUD approval, Lender may extend the Completion Date. Lender will not be responsible for performance of the Repair Work beyond the expenditure of the amount available from the Escrow, and if that amount is insufficient, Lender will be under no obligation to proceed further with the Repair Work. The power granted herein is coupled with an interest, and Borrower acknowledges and agrees that all powers granted herein to Lender may be assigned to HUD. Lender will provide Borrower with a breakdown of the repairs, and the costs of completion (including administrative expenses). Funds remaining in the Escrow after completion will be returned to the Borrower pursuant to Section 8 below, less administrative costs incurred in completion of the repairs.

8. Subject to Paragraph 7 of this Agreement, provided that an Event of Default does not then exist,

(a) any balance remaining in the Escrow that is attributable to the Additional Deposit Amount, the Cash Out Proceeds Amount, and any portion of the Repair Estimate Amount funded by Borrower separate from Loan proceeds, may be released to Borrower when: (i) all Repair Work has been satisfactorily completed, as determined by HUD, (ii) evidence of clear title has been provided to HUD, and (iii) Latent Defects assurances that are compliant with Program Obligations have been provided in the form of a cash escrow, letter of credit, or a surety bond from a surety on the accredited list of the U.S. Treasury, in an amount equal to two and one-half percent (2 ½ %) of the Repair Estimate Amount (**Latent Defects Deposit**), which shall be held as part of the Escrow. Said sums may be used for the correction of Latent Defects in the event Borrower fails to make such corrections; and

(b) any balance remaining on account of the Latent Defects Deposit shall be released to Borrower, upon the latter of (i) fifteen (15) months from the completion of the Repair Work, or (ii) at such time as the Latent Defects have been corrected to the satisfaction of HUD.

9. In cases where the actual cost of the Repair Work is less than estimated, any resulting excess funds in the Escrow attributable to the Repair Estimate Amount that were funded from Loan proceeds may be used for the following purpose(s): (a) to pay for additional repairs approved by Lender and HUD, the funds for which shall continue to be subject to this Agreement, in addition to further cost certification if Program Obligations so require; (b) to reduce the outstanding Loan balance; (c) to deposit in the Reserve for Replacement.

10. The Escrow, when in the form of cash, shall be held by Lender or a depository institution satisfactory to the Lender and in accordance with Program Obligations. Lender may, at any time, for any reason, draw upon any letter of credit included in the Escrow and convert the same to cash, which cash shall then be held and disbursed pursuant to the terms of this Agreement. Fees charged by Lender and any interest earned on the Escrow shall be governed by Program Obligations.

11. The Escrow may, at HUD's direction, be subject to immediate application to the Indebtedness if an Event of Default by Borrower occurs at any time.

Each signatory below hereby certifies that each of their statements and representations contained in this Agreement and all their supporting documentation thereto are true, accurate, and complete. This Agreement has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Exhibit "A" – Repair Work

IN WITNESS WHEREOF, the parties have duly executed this Escrow Agreement for Non-critical, Deferred Repairs as of the day and year first above written.

[SIGNATURES APPEAR ON SUCCEEDING PAGE]

**Warning:**

**Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.**

Waterford Place Apartments  
Boston, Suffolk County, Massachusetts  
FHA Project No. 023-11321

**SIGNATURE PAGE TO ESCROW AGREEMENT FOR NON-CRITICAL,  
DEFERRED REPAIRS**

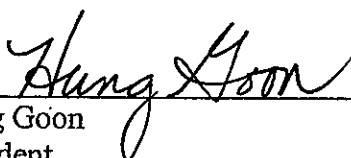
**BORROWER:**

**CCBA WATERFORD PLACE, LLC**, a Massachusetts  
limited liability company

By: **WATERFORD PLACE MANAGEMENT, LLC**, a  
Massachusetts limited liability company, its  
manager

By: **CHINESE CONSOLIDATED  
BENEVOLENT ASSOCIATION OF NEW  
ENGLAND, INC.**, a Massachusetts non-  
profit corporation, its sole member

By:

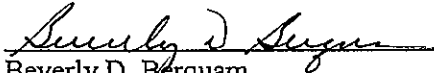
  
Hung Goon  
President

Waterford Place Apartments  
Boston, Suffolk County, Massachusetts  
FHA Project No. 023-11321

**SIGNATURE PAGE TO ESCROW AGREEMENT FOR NON-CRITICAL,  
DEFERRED REPAIRS**

**LENDER:**

**OAK GROVE COMMERCIAL MORTGAGE,  
LLC, a Delaware limited liability company**

By:   
Beverly D. Berquam  
Vice President

**EXHIBIT "A"**

Repair Work

<b>Repair</b>	<b>Units</b>	<b>Unit Price</b>	<b>Cost</b>
Unit 602 was observed with a window in the master bedroom with a cracked seal causing the window to appear "fogged". The window sash requires replacement. The owner has elected to replace the windows at the property; therefore, no cost is associated with this repair.	1	\$1.00	No cost
Unit 602 was observed with a broken towel bar in the bathroom. The towel bar requires replacement.	1	\$25.00	\$25.00
The bathroom ceiling in unit 607 was observed with drywall damage. The drywall damage requires repairs and repainting.	1	\$150.00	\$150.00
The existing fully ballasted EPDM was observed in fair physical condition and approaching the end of it's estimated useful life (EUL). Additionally, site management mentioned continuous service issues related to existing roof. The roof requires replacement to prevent further damage to the building envelope.	6256 sf	\$19.89	\$124,450.00
<b>Owner Elected Repairs</b>			
The owner has elected to refurbish the balconies at the property	27	\$411.00	\$11,097.00
The owner has elected to replace the storefront doors at the property	2	\$1,026.00	\$2,052.00
The owner has elected to replace the single hollow metal doors at the property	4	\$399.00	\$1,596.00
The owner has elected to replace the double hollow metal doors at the property	2	\$729.00	\$1,458.00
The owner has elected to replace the aluminum sliding patio doors at the property.	27	\$0.00	\$0.00
The owner has elected to refurbish the roof-top patios	4040 sf	\$0.00	\$0.00
The owner has elected to perform technical pointing on the brickwork at the property.	5000 sf	\$1.76	\$8,800.00
The owner has elected to paint the exterior stucco	3360 sf	\$0.89	\$2,990.40
The owner has elected to paint the exterior CMU	1350 sf	\$0.89	\$1,201.50
The owner has elected to replace the aluminum storefront windows	990 sf	\$0.00	\$0.00
The owner has elected to replace the single hung insulated glass windows at the property	260	\$805.15	\$209,340.00
The owner has elected to replace the picture windows at the property	16	\$0.00	\$0.00

The owner has elected to replace the HVAC boilers at the property	4	\$33,000.00	\$132,000.00
Replace the water circulation pump for the HVAC boilers	2	\$0.00	\$0.00
Patio Roof Warranties	5	\$750.00	\$3,750.00
<b>Non-Critical Subtotal</b>			<b>\$ 498,910.00</b>
<b>20% Contingency Reserve</b>			<b>\$ 99,782.00</b>
<b>Total</b>			<b>\$ 598,692.00</b>