

Date: May 15, 2007

MANAGEMENT AGREEMENT

1. Property

- 1.1 Name. **Waterford Place** is a 40 unit residential property consisting of land, buildings, and other improvements located at 180-192 Shawmut Avenue, Boston, MA 02118 (Property).

2. Parties

- 2.1 Names. This Management Agreement is made as of **May 15, 2007** by and between, **CCBA Waterford Place, LLC**, a Massachusetts corporation, with its principal place of business at **90 Tyler Street, Boston, Massachusetts 02111** (Owner) and **Winn Management Company, LLC**, a Massachusetts corporation, with its principal place of business at **6 Faneuil Hall Marketplace, Boston, Massachusetts 02109** (Agent). The Owner hereby appoints the Agent and the Agent hereby accepts appointment to provide exclusive management and leasing services for the Property described in Section 1 of this Agreement.

- 2.2 Relationship. The relationship of the Owner and the Agent (collectively the Parties) shall be that of Principal (Owner) and Agent (Agent), and all duties to be performed by the Agent under this Agreement shall be for and on behalf of Owner, in Owner's name and on Owner's account.

3. Financing

- 3.1 MASSHOUSING Financing. This Property is financed by the Massachusetts Housing Finance Agency (MASSHOUSING, or Agency), and identified by it as MASSHOUSING # **87-015-S**.

- 3.2 Agreements. In connection with the financing of the Property, Owner and MASSHOUSING have executed a Regulatory Agreement and other documents. The Agent agrees that the provisions of this Management Agreement are subject to the Regulatory Agreement and to other agreements with respect to the Property or to the MASSHOUSING financing of the Property, including but not limited to the Mortgage, Mortgage Note, Land Use Restriction Agreement, Subsidy Contracts, and any workout or modification agreement (collectively, the "MASSHOUSING Documents"), and agrees to comply with all applicable provisions thereof. Nothing contained in this Management Agreement shall in any way be construed as adding to or detracting from the rights of MASSHOUSING or Owner as set forth in the aforementioned MASSHOUSING Documents.

- 3.3 MASSHOUSING Approval. MASSHOUSING joins in the execution of this Agreement solely to evidence its approval of the terms and conditions herein.

Owner and Agent agree that, to the extent this Agreement creates any obligation of the Owner or Agent and their successors and assigns, it shall inure to the benefit of and be enforceable by MASSHOUSING and its successors and assigns. Notwithstanding the preceding sentence, it is agreed that MASSHOUSING shall have no liability under this agreement.

4. Subsidy

4.1 Subsidy and/or Loan Program Requirements. The Property and tenants have the benefit of one or more rentals, interest reduction, operational, tax credit, or tax exempt bond programs funded or authorized by the federal government or the Commonwealth of Massachusetts. These programs are administered by various governmental entities including the Department of Housing and Community Development of the Commonwealth of Massachusetts (DHCD); the United States Department of Housing and Urban Development (HUD); the Internal Revenue Service (IRS); and the MASSHOUSING. In performing the services required herein, the Agent must comply with all applicable subsidy and/or loan program requirements.

The Subsidy and/or Loan Programs in effect at the Property are denoted with an asterisk (*) below:

4.2 Tax-Exempt Bond Programs authorized under Section 142 or Section 501(C) (3) of the Internal Revenue Code;

4.3 Tax Credit Program authorized under Section 42 of the Internal Revenue Code;

4.4 Section 8 Housing Assistance Payments Program authorized by the United States Housing Act of 1937, 42 U.S.C. 1437, et. seq;

4.5 Chapter 707/Massachusetts Rental Voucher Program of the Commonwealth of Massachusetts;

*4.6 State Housing Assistance Rental Production Program (SHARP) of the Commonwealth of Massachusetts authorized pursuant to Chapter 574 of the Acts of 1983 as amended;

4.7 Rental Housing Development Loan Program (RDAL) of the Commonwealth of Massachusetts;

4.8 Miscellaneous: Linkage, Urban Development Action Grant (UDAG); Community Development Action Grant (CDAG); Housing Development Action Grant (HODAG); Housing Innovations Fund (HIF), etc.

5. Term and Termination

5.1 Term and Termination. The Term of this Agreement shall be in force for an initial period of one year, from **May 15, 2007** to **May 14, 2008** and thereafter

shall be automatically renewed from year to year, unless terminated for one of the following reasons:

- 5.1.1 by the mutual consent of the Owner and the Agent, upon 30 days written notice to each of the Parties and MASSHOUSING;
 - 5.1.2 by the Owner or the Agent upon 90 days written notice to the other party and to MASSHOUSING;
 - 5.1.3 by the Owner or the Agent, immediately upon written notice to the other party and to MASSHOUSING in the event of a filing by the other party of a petition in bankruptcy, an assignment for the benefit of creditors or proceedings under an insolvency act;
 - 5.1.4 by written notice to the Agent by the Owner, immediately upon request of MASSHOUSING, or as otherwise directed by MASSHOUSING in writing, without penalty and with or without cause, such termination to be effective thirty (30) days from receipt of the notice of termination, provided that such termination may be effective immediately or as otherwise directed by MASSHOUSING in the event that MASSHOUSING makes a determination that the Agent has committed fraud, engaged in willful misconduct, acted with gross negligence, or that an emergency exists requiring the Agent's immediate termination, provided further that nothing in the foregoing provision shall be construed to require cause for MASSHOUSING's request to terminate the Agent;
 - 5.1.5 by MASSHOUSING, immediately upon written notice to the Agent and Owner in the event the Owner fails to implement a request made by MASSHOUSING pursuant to Section 5.1.4 within five (5) business days of receipt of such request from MASSHOUSING; or
 - 5.1.6 by MASSHOUSING, immediately upon written notice to the Owner and Agent, in the event of a default by the Owner under the Mortgage.
- 5.2 New Management. Upon receipt of a notice of termination, Owner shall make arrangements satisfactory to MASSHOUSING for continued management of the Property. Owner, with the approval of MASSHOUSING, may retain the terminated Agent for up to thirty (30) days until a replacement Management Agent is selected. If MASSHOUSING exercises the option to terminate pursuant to Section 5.1.5 herein, or the Owner has not made arrangements satisfactory to MASSHOUSING for a replacement Management Agent, MASSHOUSING shall have the right to designate a new agent. Agents included on a list of approved management companies by MASSHOUSING shall be presumed satisfactory to MASSHOUSING for continued management of the Property, provided that the agent selected may be deemed unsatisfactory by MASSHOUSING if it has not had experience managing a development of similar type, size, and location as the subject Property, it has not complied with MASSHOUSING's regulatory requirements in managing

other MASSHOUSING-financed developments, or it is not otherwise in good standing with MASSHOUSING or other governmental entities.

5.3 Transfer of Records and Funds. The Agent shall transfer all records, financial statements, and funds pertaining to the Property to Owner or the new management agent upon the effective date of termination, or sooner as the Owner may request. After the Owner and Agent have accounted to each other, with respect to all matters outstanding as of the date of termination, the Owner will furnish the Agent with security against any obligations or liabilities which the Agent may properly have incurred on behalf of the Owner.

6. Duties of Agent

6.1 General. The Agent shall perform all services described herein "Management Services" as efficiently and effectively as possible so as to manage the Property in accordance with accepted practices and industry standards for the management of multi-family, market rate housing with a low income component. Consistent with such policies, practices and standards, the Agent hereby agrees to manage the Property in a manner that maximizes the Property's Net Operating Income, as defined in Section 7 below, while making appropriate resources available to address tenant needs and the Property's long term value as an attractive, stable housing resource. Achievement by the Agent of the NOI Target established for the Property, as described in Section 7 below, shall be evidence that the Agent is managing the Property in accordance with the standards set forth in this Agreement.

6.2 Office. The Agent shall establish and maintain a Management and Rental Office at the Property or make other arrangements acceptable to the Owner and MASSHOUSING.

6.3 Employees. In consultation with the Owner, the Agent, as employer, shall hire, supervise, pay and, if necessary, discharge employees to manage and maintain the Property appropriately.

6.3.1 Compensation. Compensation of on-site employees, or employees situated at a satellite office performing front-line duties; including wages, payroll taxes and fringe benefits, shall meet minimum wage requirements, adhere to the MASSHOUSING-approved budget, be established and paid by the Agent and be reimbursed, as provided in Section 6.6.3.a., from the Rental Agency Account, as defined in Section 6.4.9 herein. All other employees of the Agent and other overhead costs shall be paid for by the Agent and may not be reimbursed from the Rental Agency Account, except as provided in Section 6.3.2.

6.3.2 Off-Site Employees. In order to supplement the employees at the site, the Agent may use the services of the Agent's central office and supervisory staff, provided that the Agent shall be responsible for the compensation of the Agent's central office and supervisory staff.

- 6.3.3 Employment of Tenants. While personnel will be employed on the basis of ability, the Agent shall make a conscientious effort to employ residents of the Property, provided that the Agent shall take reasonable measures to ensure that the privacy of other residents is not compromised.
- 6.3.4 Fidelity Bond. The Agent shall cause all employees who are responsible for funds of the Owner, to be covered by a Fidelity Bond equal to at least two months gross potential income of the Property. This expense shall be borne by the Agent and not reimbursed from the Rental Agency Account.
- 6.4 Leasing. In order to achieve an optimal level of occupancy at the Property, the Agent shall perform the following functions:
- 6.4.1 Tenant Selection Plan. The Agent shall implement a Tenant Selection Plan in accordance with MASSHOUSING requirements and requirements of applicable subsidy programs.
- 6.4.2 Marketing. The Agent shall advertise and market the dwelling units in accordance with its Tenant Selection Plan and Affirmative Marketing Plan, and shall cooperate with community groups and public service organizations.
- 6.4.3 Applications. The Agent shall show the Property and process applications during normal business hours and at other times as may be required by the Owner and MASSHOUSING. The process must be open and fully accessible to applicants with disabilities.
- 6.4.4 Eligibility. The Agent shall counsel all applicants regarding eligibility and prepare and verify for applicable subsidy programs, eligibility certifications for subsidized units. The Agent shall select or reject applicants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administration responsibilities in accordance with the Tenant Selection Plan and other applicable requirements.
- 6.4.5 Waiting List. A current list of eligible prospective tenants for subsidized units shall be maintained in accordance with the Tenant Selection Plan and applicable HUD, DHCD, and/or MASSHOUSING requirements.
- 6.4.6 Rent Schedule. For market units, the Agent shall establish rents at a level sufficient to maximize rental income in accordance with MASSHOUSING requirements. For subsidized or assisted units, the Agent shall ascertain the appropriate rent for each unit in accordance with applicable HUD, DHCD, and/or MASSHOUSING requirements.
- 6.4.7 Occupancy Agreements and Leases. For subsidized or assisted units, the Agent shall prepare Occupancy Agreements, renewals and extensions in the form approved by HUD and/or MASSHOUSING and shall execute them as Agent for the Owner. For market units, the form of lease shall be agreed upon by Owner and Agent. Agent shall negotiate and prepare all market leases, renewals and extensions, and shall execute them as Agent for the Owner.

- 6.4.8 Security Deposits. Upon execution of the Occupancy Agreement or lease, the Agent may collect a security deposit and/or last month's rent. The Agent shall issue receipts and apartment condition statements, deposit the security deposits in an interest bearing escrow account for the Property in a financial institution in the Commonwealth of Massachusetts with deposits insured by an agency of the United States, and pay interest, all in compliance with State Law. For residents in subsidized or assisted units, however, either the security deposit or the last month's rent shall be collected, not both.
- 6.4.9 Rents and Other Receipts. In connection with the management and operation of the Property, the Agent shall collect all rents and other receipts. Agent shall prepare monthly statements of receipts, expenses, and charges, and shall deposit the funds in an account for the Property in a financial institution in the Commonwealth of Massachusetts with deposits insured by an agency of the United States. This account shall be known as the Rental Agency Account.
- 6.4.10 Enforcement of Leases. The Agent shall enforce compliance with each tenant with the terms of its Occupancy Agreement or lease in accordance with the remedies provided therein or otherwise by law. If the Agent institutes an eviction action or other lawful procedure to terminate a tenancy, it may settle, compromise, and release such actions or reinstate such tenancies where appropriate, subject to MASSHOUSING requirements and requirements of applicable subsidy programs.
- 6.4.11 Engagement of Counsel. In connection with any legal actions involving the Agent or the Property, the Agent may engage legal counsel approved by the Owner. Reasonable attorneys' fees, costs, expenses, and liabilities associated with actions involving the operation of the Property may be paid from the Rental Agency Account, provided such fees shall not exceed the amount ordinarily and reasonably paid for such services, given the nature and scope of the matter. If such costs exceed, or are expected to exceed \$5000, Agent shall so notify MASSHOUSING.
- 6.4.12 Monthly Reporting. The Agent shall provide the Owner, and if requested by HUD, DHCD, and/or MASSHOUSING, with current rent roll and other occupancy information, by the 20th of each month.
- 6.5 Social Services. The Agent shall establish and maintain a program of resident services acceptable to the Owner.
- 6.6 Financial Responsibilities. The Agent shall perform the following functions:
- The Agent will collect and deposit rents in accordance with the terms of each tenant's lease. All funds collected by the Agent shall be deposited by the Agent promptly in a bank account in an institution within the Commonwealth of Massachusetts whose deposits are insured by an Agency of the United States of America; this account shall be used exclusively by the Agent for funds of this Project and be known as the Rental Agency Account and titled **Waterford Place Rental Agency Account.**

6.6.1 Record Keeping. The Agent shall establish, maintain and make available for inspection, the Property's financial records, accounts, and books in accordance with the Owner, HUD, and/or MASSHOUSING administrative requirements and in a condition which will facilitate audit. All financial statements and reports should be prepared on an accrual basis either in conformity with generally accepted accounting principals or in conformity with the Internal Revenue Code.

6.6.2 Monthly Reports. The Agent shall provide the following reports for the preceding month:

6.6.2.1 to the Owner, by the 20th of each month:

- A statement of receipts and disbursements;
- A schedule of accounts payable and receivable;
- Rental Agency Account and Security Deposit Account statements and reconciliations; and
- Tax Credit Compliance Certification, if applicable.

6.6.2.2 to MASSHOUSING, quarterly by the 20th of each month in January, April, July, and October, or as requested (not more frequently than monthly):

- A statement of receipts and disbursements;
- A schedule of accounts payable and receivable;
- Rental Agency Account operating statements and reconciliations; and
- A narrative explanation of any material deviations from the Agent's approved budget. "Material deviations" shall mean deviations from the budget which exceed the budgeted item by the greater of five percent or \$1,000 on an annual basis.

6.6.2.3 to HUD, DHCD, Local Housing Authority or other governmental agencies, such reports as they may require:

6.6.3 Disbursements. The Agent shall make the disbursements described below when due and payable from the Rental Agency Account

- a. to the Agent as reimbursements for all wages, taxes, benefits, assessments, and other compensation for on-site employees permitted by this Agreement.
- b. to the MASSHOUSING, for the following:
 - 1 payments for principal, interest, mortgage insurance premiums, fees, ground rents;
 2. escrow for taxes, assessments, insurance premiums, and replacement reserve; and

3. special escrows established in accordance with loan documents.
- c. to other payees for authorized expenses due and payable;
- d. to the Agent as compensation for its services, pursuant to Section 7;
- e. to other payees only as authorized in writing by the Owner.

In the event that the balance in the Rental Agency Account is at any time insufficient to pay disbursements due, the Agent shall, within 30 days, inform the Owner of that fact, and the Owner shall remit to the Agent sufficient funds to cover the deficiency. In no event will the Agent be required to use its funds to pay such disbursements.

6.6.4 Annual Budget. The Agent shall prepare an annual operating budget and narrative plan which, after approval by the Owner, shall be submitted for approval to MASSHOUSING at least 60 days prior to the commencement of the calendar year. Agent shall use best efforts to cause the income and expenses to conform to the budget, and shall promptly inform the Owner of any anticipated material deviation. Agent shall also promptly inform the Owner and MASSHOUSING of any anticipated material operating deficit.

6.6.5 Annual Audit. The Owner shall provide to MASSHOUSING an annual financial report for the Property within 90 days after the end of the calendar year or as otherwise reasonably required by MASSHOUSING. This report shall be based upon an examination of the books and records; contain an itemized statement of all income and expenditures; be prepared by a Certified Public Accountant, in accordance with the requirements of HUD and/or MASSHOUSING; and be signed by the Owner or his duly authorized representative. The expense of preparation shall be paid from the Rental Agency Account.

6.7 Physical Maintenance. The Agent shall maintain the Property in compliance with all applicable statutes, ordinances, laws, regulations, orders or other requirements and agreements, and shall perform the following functions:

6.7.1 Routine Maintenance. The Agent shall ensure that all routine repairs and replacements are completed by maintenance employees. For extraordinary repairs beyond the capability of the maintenance employees, the Agent shall engage qualified contractors.

- 6.7.2 Preventive Maintenance. The Agent shall establish a Preventive Maintenance Plan and Schedule and maintain records of performance of individual items.
- 6.7.3 Emergency Repairs. The Agent shall maintain a 24-hour answering service and maintenance capability to ensure that all emergency repairs are addressed in a timely manner.
- 6.7.4 Capital Needs. The Agent shall monitor the capital need studies, as necessary, and advise the Owner of anticipated needs and potential sources of funding. After consultation with the Owner and/or MASSHOUSING, the Agent shall contract for and oversee capital improvements and arrange for payment through the Replacement Reserve Account or other financial sources in accordance with HUD and/or MASSHOUSING requirements.
- 6.7.5 Bidding Requirements. The Agent shall contract for materials, equipment, supplies, utilities, and other goods and services at prices and on terms advantageous to the Property. Prior to making expenditures greater than \$5000, for goods or services available from more than one source, the Agent shall, to the extent practicable, obtain three written bids.
- 6.7.6 Owner Approval. Except for monthly or recurring charges and/or emergency expenditures to protect the Property or to maintain necessary services, the Agent shall secure the prior approval of the Owner for all contracts or expenditures in excess of \$5000.
- 6.7.7 MASSHOUSING Approval. Except for emergency expenditures to protect the Property or maintain necessary services, the Agent shall secure the prior approval of MASSHOUSING for capital expenditures and expenditures from the Replacement Reserve which are in excess of \$5000.
- 6.7.8 Related Parties. The Agent may contract for materials, equipment, supplies, utilities, and other services with a party, which has an identity of interest with the Agent or Owner, at a price and on terms advantageous to the Property. The Agent shall secure the prior approval of the Owner and MASSHOUSING for such transactions which are in excess of \$5000.
- 6.8 Insurance Requirements. The Agent shall arrange for and maintain such casualty, liability and other insurance as is appropriate for the Property and/or required by the Owner and/or MASSHOUSING. The Agent shall investigate all accidents, claims, and potential claims,

provide the Owner and/or MASSHOUSING with full reports, and cooperate with the insurer.

6.9 Indemnification of Agent. The Agent shall not be liable to the Owner for any loss or damage not caused by the Agent's own negligence or failure to comply with its obligations hereunder. The owner will indemnify the Agent against and hold the Agent harmless from:

- a. Any liability, damages, costs, and expenses (including reasonable attorney's fees) sustained or incurred for injury to any person or property in, about, and in connection with the buildings, from any cause whatsoever, unless such injury shall be caused by the Agent's own negligence or failure to comply with its obligations hereunder; and
- b. Any liability, damages, penalties, costs and expenses, statutory or otherwise, for all acts properly performed by the Agent pursuant to the instructions of the Owner; provided, in each of the foregoing instances, that the Agent promptly advises the Owner of its receipt of information concerning any claim of injury and the amount of any such liability, damages, penalties, costs, and expenses.

6.10 Non-Discrimination. In the performance of their obligations under this Agreement, the Agent and Owner shall comply with all federal, state, and local requirements prohibiting discrimination in housing or employment on the grounds of race, color, sexual orientation, creed, religion, sex, disability, or national origin, including Title VI of the Civil Rights Acts of 1964 (Public Law 88-352-78, Stat. 241); Title VIII of the 1968 Civil Rights Act; The American With Disabilities Act; Chapter 151B of the General Laws; requirements of HUD and/or MASSHOUSING providing for non-discrimination and equal opportunity in housing; and the provisions of any applicable Tenant Selection Plan.

7. Compensation of Agent

7.1 Fee. The Agent shall be paid a fee for the performance of Management Services in accordance with the terms described herein.

7.1.1 Base Fee. The Owner shall compensate the Agent for Management Services by providing an annual fee of **\$300 per unit** (the "Base Fee"), which fee shall be **paid in monthly installments of \$25 per unit** to the Agent by the Owner, except as otherwise noted in this document.

7.1.2 Incentive Fee. The Agent shall be entitled to an Incentive Fee in lieu of its Base Fee if the Agent meets the Net Operating Income Target for the Property (the "NOI Target"), provided the Agent is otherwise in

compliance with the terms of this Agreement and receives satisfactory ratings on the Property Management and Financial Management Reviews conducted by MASSHOUSING. Net Operating Income (the "NOI") is the amount shown on Line 62 on the FC-1 Financial Statement less amounts on Lines 14A, 14B, 14C, 15B, 18A, 18B, 19 and 78 of such Statement, provided that HODAG/RDAL rent gap funding included on such lines shall not be excluded from the calculation of NOI. The NOI Target for the Property shall be established annually by written notice from Owner to Agent in accordance with procedures set forth in the MASSHOUSING Documents.

The Incentive Fee shall be **4.5% of Total Effective Rental Income**. "Total Effective Rental Income" is the amount shown on **Line 17** of the FC-1 Financial Statement less the amounts shown on Lines 14A, 14B, 14C, 15B, and 78 of the FC-1 Financial Statement (SHARP, RDAL, Annuity Interest, or other subsidy, provided that any HODAG/RDAL rent gap funding included on Line 14C shall not be excluded from the calculation of Total Effective Rental Income).

The difference between the Incentive Fee and the Base Fee (where applicable) for a particular year may, in the discretion of the Owner, be paid semi-annually to the Agent in July and January of such year, subject to the provisions in the following paragraph.

The payment of the Incentive Fee for a particular year shall be subject to the Agent achieving the NOI Target for such year. The determination of whether the NOI Target has been achieved for a particular year shall be made by MASSHOUSING based upon its reconciliation and approval of the Property's annual audited statement. In the event it is determined that the NOI Target for a particular year was not achieved, the Agent shall be required to reimburse the Rental Agency Account for the excess of (a) the amount of any Incentive Fee advanced by the Owner during such year as provided above, over (b) the Base Fee advanced for such year.

8. General Provisions

8.1 Notice. Notices required by this Agreement shall be mailed to Owner and Agent at the addresses listed in Section 2.1 hereof and to MASSHOUSING at One Beacon Street, Boston, MA 02108, to the attention of the Multi-Family Asset Management Analyst or such other party as may be designated by MASSHOUSING.

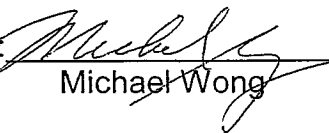
8.2 Invalidity. If any provision, portion of such provision or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement, provision or application shall not be affected.

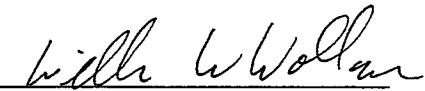
8.3 Entire Agreement. This Agreement constitutes the entire Agreement between the Owner and Agent with respect to the management and operation of the Property and no modifications, deletions, or additions hereto will be valid unless made by supplemental written agreements executed by the parties and approved by MASSHOUSING in the same manner as this Agreement.

IN WITNESS WHEREOF, the parties have, by their duly authorized officers, executed this Agreement on **May 15, 2007**.

OWNER:
CCBA Waterford Place, LLC

AGENT:
Winn Management Company, LLC


By: 
Michael Wong

By: 
William W. Wollinger

Title: President

Title: President

Approved:
MassHousing

By: 
Brian DeLorey, Director
Multi-Family Asset Management