

LOAN AND GRANT AGREEMENT

This Loan Agreement and Grant Agreement, in the total amount of Five Million Five Hundred ~~Fifteen~~ ^{Forty} Thousand Two Hundred and 00/100 DOLLARS (\$5,540,200.00) of Community Development Block Grant Disaster Relief ("CDBG-DR2") Funds, is entered into and effective this ~~31st~~ ^{31st} day of March 2015, by and between the Vermont Agency of Commerce and Community Development, an instrumentality of the State of Vermont, with an address of One National Life Drive, Montpelier, VT 05620-0501, ("Lender" or "Agency") and Red Clover Commons Limited Partnership, a Vermont limited partnership, with its principal place of business in Burlington, Vermont, ("Borrower"). The Borrower's federal ID # is 471267302 and the DUNS # is 079604258. Chh
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This Loan and Grant Agreement consists of the provisions stated herein and the appendices itemized below, all of which are incorporated herein, and together constitute the entire agreement between the Lender and the Borrower and no representations, inducements, promises or agreements not embodied herein shall be of any force or effect, unless the same are in writing.

Appendix 1- UCC-1

Appendix 2- Description of Real Property

Appendix 3- Budget dated March 27, 2015

Appendix 4- Certifications and Assurances

Appendix 5- Standard State Provisions (Attachment C), 3/1/2015 Revision

PART I DEFINITIONS

A) As used in this document, the words and phrases set forth below shall have the following meanings:

- 1) **"Agency Procedures"** means the procedures of the Agency described as Agency procedures for the Vermont Community Development Program, as they may be amended from time to time. A copy may be found in the VCDP Grants Management Guide; users are encouraged to consult VCDP staff for current language.
- 2) **"Collateral"** means a mortgage on certain real property owned by the Borrower and located at 30 Fairground Road (formerly 464 Canal Street), in Brattleboro, Vermont, together with a security interest in all machinery, equipment, appliances, furniture, fixtures, cash accounts, accounts receivable and other items of Personal Property associated with operating a 55-unit housing project at 30 Fairground Road, Brattleboro, Vermont.
- 3) **"Conversion"** means changing the form of financing of a project, e.g. from bridge financing to permanent financing, that does not increase the amount of debt.
- 4) **"Debt"** means the loan from Lender to Borrower in the principal amount of \$5,515,200 (the "Loan"), any **and** all renewals thereof, the indebtedness represented thereby, and any other indebtedness which is now or may hereafter become due from and owed by Borrower to Lender.
- 5) **"Grant"** means the grant from Lender to Borrower in the amount of \$25,000, which shall be used for Program Delivery.
- 6) **"HUD"** means the U.S. Department of Housing and Urban Development.

- 7) **“National Objective”** means the specific purposes of this Project set forth in this Agreement.
- 8) **“Personal property”** means the personal property owned or to be acquired by Borrower for the Project as described in the UCC-1 attached hereto as Appendix 1.
- 9) **“Priority Agreement”** means an agreement to be executed and recorded in the Brattleboro land records, establishing the priority positions of loans and covenants to the Borrower from the Vermont Housing Finance Agency, the Vermont Housing and Conservation Board, People’s United Bank, Brattleboro Housing Authority, Housing Vermont and the Lender.
- 10) **“Project”** means the acquisition of property, brownfields clean-up and mitigation through the implementation of the CAP, and construction of 55 senior and non-elderly disabled independent living rental apartments in one energy-efficient building. The building will be a 3-story, wood framed building totaling approximately 55,000 square feet and fully sprinklered; the building will have two elevators. The site work will involve the construction of a new interior roadway, surface and structural parking and sidewalks on the site and connecting to the existing municipal sidewalks. The building will connect to the municipal water and sewer services. All new LED street lighting and landscaping will be developed.

The Project also includes Program Delivery activities, which include the Fidelity Bond insurance premium(s) and the cost of the Partnership Single audit report

- 11) **“Real property”** means the real property (including improvements) located at 30 Fairground Road (formerly 464 Canal Street), Brattleboro, Vermont, described in Appendix 2 to this Agreement.
- 12) **“Refinancing”** means the restructuring of all or a portion of a debt.
- 13) **“Right of First Refusal”** means the rights of refusal to purchase the Project to be conveyed by Borrower to Brattleboro Housing Authority, Housing Vermont and the Vermont Housing and Conservation Board by instrument to be recorded in the Brattleboro land records.
- 14) **“Sale”** means the transfer, exchange, or other disposition, in consideration of something of value, of all or substantially all of the real property, personal property or both, which transfers title and possession of the property. “Sale” includes but is not limited to a sale under foreclosure (including a non-judicial foreclosure sale pursuant to 12 V.S.A. section 4531a, et seq.) or a sale in lieu of or transfer pursuant to condemnation by a public authority. “Sale” shall not include a sale, partial sale, refinancing, exchange, transfer or other disposition pursuant to the Right of First Refusal upon the condition that any such transferee assumes and agrees to perform all of the Borrower’s obligations hereunder and under the Note and the Commercial Mortgage securing the Debt.
- 15) **“Secretary”** means the Secretary of the Agency.
- 16) **“Security Interest”** means the Lender’s security interest in the personal property listed on the UCC-1 attached hereto as Appendix 1, evidencing the interest in the Personal Property, and the mortgages, evidencing the interest in the real property, that Borrower gives to Lender pursuant to this Loan Agreement.

PART II CONSIDERATION AND PERIOD OF PERFORMANCE

- A) Lender makes the Loan and Grant to Borrower as consideration for Borrower’s activities as set forth herein.

- B) Borrower agrees to repay the Loan under the terms of Borrower's Promissory Note to Lender evidencing the Debt.
- C) Borrower shall complete the Project by **November 30, 2015** ("Completion Date").

PART III SURVIVAL OF THIS LOAN AND GRANT AGREEMENT

This Agreement shall survive the closing contemplated hereunder, and all obligations pursuant to this Agreement of each party hereto shall continue until the Debt has been repaid in full.

PART IV PURPOSE OF THE LOAN, NATIONAL OBJECTIVE, AND BUDGET

- A) The Loan and Grant are funded, in whole or in part, with federal funds authorized by Title X, Chapter 9 of the Disaster Relief Appropriations Act, 2013, through a grant provided to the Agency by the United States Department of Housing and Urban Development ("HUD").
- B) The Appropriations Act provides for disaster relief of unmet needs, long-term recovery and restoration of housing, economic revitalization, and infrastructure resulting from severe damaging storms that occurred in Vermont in 2011 and 2012; and declared by the President under Title IV of the Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*) in FEMA Disaster Declaration 1995 (April 23-May 9, 2011 flood), FEMA Disaster Declaration 4001 (May 26-27, 2011 flood), FEMA Disaster Declaration 4022 (August 27-September 2, 2011 Tropical Storm Irene), FEMA Disaster Declaration 4043 (May 20, 2011 flood) and FEMA Disaster Declaration 4066 (June 29, 2012 Tornado and flood).
- C) The Secretary of HUD waived specific provisions of the CDBG program and published alternative requirements for the CDBG-DR2 in the Federal Register, Vol. 78, No. 43 (March 5, 2013) and Vol. 78, No. 76 (April 19, 2013). Unless otherwise waived or altered by the Secretary, the statutory and regulatory provisions governing the CDBG program, including Title I of the federal Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5301 *et seq.* (the "Federal Act"), and its implementing regulations promulgated at 24 C.F.R. Part 570, shall apply to the use of CDBG-DR2 funds.
- D) The use of the CDBG-DR2 funds provided under this Agreement is also governed by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121-5207, as amended (the "Stafford Act"); the "Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees," published in the Federal Register, Vol. 76, No. 221, on November 16, 2011; the Vermont Community Development Act, 10 V.S.A. chapter 29 (the "State Act"); and the Grants Management Guide, including the Agency Procedures contained therein to the extent such requirements are not waived by the Secretary of the Agency (the "Secretary") as permitted therein.
- E) Pursuant to the Federal Act, the State of Vermont has elected to administer the federal program of Community Development Block Grants through the Agency. The Agency, in accordance with the Vermont CDBG Disaster Recovery II Partial Action Plan will provide CDBG-DR2 funds to the Grantee as detailed in this Agreement.
- F) This Agreement shall be governed by all applicable provisions, as amended, contained in the Federal Act, the Stafford Act, State Act, and the Grants Management Guide, including the Agency Procedures contained therein, whether specifically referred to in this Loan Agreement or not.

G) The purpose of the Loan and Grant is to achieve the National Objective of creating 55 units of housing, all of which will be filled by low and moderate income households at or below 80% of area median income.

Activity	National Objective	Performance Indicator(s)	Proposed
Housing - Acquisition	Low & Moderate Income	Number of Structure(s)/Parcel(s) Assisted	1
		Number of Persons Served	55
		Number of Low or Moderate Income Persons Served	55
Housing - New Construction	Low & Moderate Income	Number of Units	55
		Number of Households	55
		Number of Low to Moderate Income Households	55
		Number of Persons Served	55
		Number of Low or Moderate Income Persons Served	55
Housing - Brownfield Clean Up	Low & Moderate Income	Number of Structure(s)/Parcel(s) Assisted	1
		Number of Persons Served	55
		Number of Low or Moderate Income Persons Served	55

H) The proceeds of the Loan and Grant shall be used in accordance with the Project Budget attached hereto as Appendix 3.

PART V TERMS OF THE LOAN

Loan:

- i. **Principal:** Five Million Five Hundred Fifteen Thousand Two Hundred and 00/100 Dollars (\$5,515,200.00)
- ii. **Source:** CDBG-DR2, CFDA#14.269
- iii. **Interest Rate:** Zero Percent (0%)
- iv. **Term:** Thirty (30) Years
- v. **Payment Terms:** This is a non-interest loan with payment of principal being deferred until 30 years from the date of this Agreement
- vi. **Disbursements:** To be structured as managed disbursements as work is completed based upon periodic requests from the Borrower with supporting documentation as to cost of material, labor and construction costs as work is completed.
- vii. **Commitment Fee:** None
- viii. **Maturity Date:** Thirty (30) years from the date of this Agreement

The Borrower understands that this Loan is funded in whole or in part by federal funds. In the unlikely event the federal funds supporting this Loan become unavailable or are reduced, the Agency may terminate or amend this Loan and will not be obligated to provide fund the from State revenues for work contracted for, or purchases agreed to, after receipt of written notice from the Agency. In no event shall this Agreement be construed as a commitment by the Agency to fund future applications and/or programs.

Grant: In addition to the Loan, the Agency hereby grants \$25,000 to Borrower to be used for Program Delivery. More specifically, the grant funds will be used to cover the Fidelity Bond insurance premium(s) and the cost of the Borrower's single audit.

PART VI PREPAYMENT

Borrower may prepay any portion or all of the Loan at any time without penalty.

PART VII SECURITY

Borrower shall grant a mortgage on the Real Property, together with all improvements situated thereon and all easements benefiting the property, as well as a security interest in all Personal Property associated with the Project to Lender in the form of a Mortgage and Security Agreement satisfactory to Lender.

PART VIII PRIORITY

The priority of each security interest set forth above shall be as set forth in the Priority Agreement.

PART IX CLOSING

- A) Date of Closing. The closing (“Closing”) of the Loan shall take place on the date this Loan Agreement is executed, unless otherwise mutually agreed by Borrower and Lender.
- B) Lender’s Approval of Documents. The necessity for and the form and substance of each and every Loan Document evidencing the Loan and the Collateral or incident thereto and any proceedings incident thereto, the title and evidence thereof, and all questions relating to the validity and priority of the Collateral shall be determined by and must be satisfactory to Lender and its counsel at the time of Closing; Lender’s funding of the Loan shall evidence such satisfaction. The “Loan Documents” shall include this Loan Agreement, all documents executed in connection therewith, and such other documents as are designated by the Lender or its counsel.

PART X LOAN AND GRANT ADVANCES.

- A) Advances of the Loan and disbursement of the Grant Funds shall be disbursed for the purposes set for in this Agreement in accordance with Part IV above and the Project Budget attached as Appendix 3 as the development of the Project progresses, unless otherwise agreed in writing, subject to the conditions set forth herein.
- B) The Agency will process requisitions on or about the first and fifteenth of the month. Borrower must submit requisitions a minimum of seven (7) business days prior to processing.
- C) Borrower shall submit requisition requests through the Intelligrants Management System to requisition CDBG-DR2 funds. For reimbursement for Borrower’s personnel, the supporting documentation must detail the expenditures by identifying the personnel, the time worked, the rate being charged per each respective individual, and a description of the work that was performed. For any other costs that are billed directly to Borrower and for which Borrower is seeing reimbursement, Borrower shall provide supporting documentation to identify the sources of the expenditures and attach copies of the supporting invoices.
- D) The Grantee shall develop an overall financial management system sufficient to demonstrate the tracking of all expenditures and receipts. The Grantee shall track all contracts using the HUD template available at: <https://www.hudexchange.info/resource/3898/public-law-113-2-contract-reporting-template/>.
- E) The Lender may review any or all costs incurred by the Borrower and any or all payments made. Upon such review the Lender shall disallow any items of expense which are determined to be in excess of approved expenditures and shall inform the Borrower of any such disallowance by written notice. If the Lender disallows costs for which payment has not yet been made, it shall

refuse to pay such costs. If payment has been made with respect to costs which are subsequently disallowed, the Lender may deduct and/or withhold the amount of disallowed costs from any future payments under this Agreement or require that such costs be refunded to the Lender.

- F) Allowable Costs. The Borrower may incur only such costs as are reasonable and necessary to the Borrower's Program and as are allocable and allowable under the Agency Procedures, Chapters 5 through 7, the CDBG and CDBG-DR2 Regulations, including Borrower's costs of funds advanced pending requisitions, and overhead related to Borrower's staff time.
- G) Impermissible Expenditures Pending Environmental Review. The Borrower shall not incur costs on CDBG-DR2 activities, except as provided in Subparagraph (H) below, until the Environmental Review required by §104(f) of the Federal Act has been completed and HUD has issued the "Notice of Release of Funds."
- H) Allowable Expenditures Pending Loan Agreement. As of November 27, 2014 (date of Environmental Release), reasonable costs may be incurred for Environmental Studies, Planning, Project Delivery Costs, Program Engineering and Design, and Public Information to the extent they are applicable to this Agreement.
- I) Prerequisites to First Advance. At or prior to the first advance, Borrower shall deliver to Lender:
 - 1) Insurance. Certificates from the insurance carrier or agency for Borrower indicating: (1) that Borrower has obtained insurance relative to the Project in such coverage, amounts, and form as are satisfactory to Lender; (2) that Borrower has obtained adequate commercial general liability and workers' compensation insurance, all in the amounts and form acceptable to Lender; and (3) that Lender is named as loss payee or mortgagee.
 - 2) Evidence of a firm commitment of Other Resources called for by the Project Budget, Appendix 3.
- J) Prerequisites to Second Advance: Prior to the second advance, Borrower shall deliver to Lender:
 - 1) Housing Subsidy Covenant. Evidence that the housing subsidy covenant referred to in Part XIII(B) has been recorded in the Brattleboro, Vermont Land Records.
 - 2) Construction Contracts. An executed copy of the construction or construction management contract, the architect contract and the Plans and Specifications for the Project prepared by a licensed Vermont architect and/or engineer, which have been approved in writing by Lender. Borrower's general contractor must obtain and submit to the construction lender either (i) payment and performance bonds in form, in amounts, and with sureties acceptable to construction lender covering full and complete payment, performance, labor, and materials for the construction contracts, including a dual obligee rider for the benefit of the construction lender or (ii) a letter of credit from a bank or other collateral acceptable to the construction lender securing performance and payment, in an amount acceptable to the construction lender. The Borrower shall submit to the Lender a letter stating that the construction lender has approved of the construction contract together with copies of the payment and performance bonds and dual obligee rider.
 - 3) Consent of Architect. Copy of an agreement between the Borrower, construction lender and Architect that: (1) authorizes the construction lender, in the event of default with respect to the Loan, to use the approved plans; and (2) agrees to continue any supervision services, in the event of default with respect to the Loan and if so requested by the construction lender.

- 4) Consent of Contractor. Copy of an agreement between the Borrower, construction lender and Contractor that the general contractor will continue to perform for the construction lender the services which it has contracted to perform for Borrower, notwithstanding Borrower's default or construction lender's subsequent foreclosure.
 - 5) An opinion of counsel that that each of the documents required to be provided by this Part X(I) is a legal, valid and binding instrument of the Borrower, enforceable against the Borrower in accordance with its terms; that such documents meet the requirements of this Agreement and provide for use of the CDBG-DR2 funds in compliance with this Agreement; and that the Borrower has met all conditions required under such documents which must predate the requisition.
- K) Prerequisites to Each Advance. Prior to each advance, including the first advance, Borrower must be in full compliance with all of the terms and conditions of the Loan Documents and shall submit appropriate supporting data in form and content satisfactory to Lender, including, without limitation, the following:
- 1) Borrower's Application and Certification for Loan Disbursement. A completed AIA Document G 702 including the certification from Borrower's architect based on a physical inspection (on Form G 702) must be submitted, both of which must include a certification that there has been no material deviations from the approved Plans and Specifications except for any Change Order approved by Lender.
 - 2) Lien Waivers. Lien waivers from the general contractor and all subcontractors and materialmen; and
 - 3) Additional Information. Such additional information and data as Lender may reasonably request.
- L) Revision of Plans or Specifications. The construction of improvements to the Project shall be in accordance with all permits, approvals and the approved Plans and Specifications and Change Orders as approved by the Lender from time to time. Lender shall not be obligated to make Loan Advances for any sums requisitioned by Borrower in the event of any material deviation from approved Plans and Specifications to the extent said changes were not approved in writing in advance by Lender.

PART XI LENDER'S COVENANTS

- A) Loans. Lender shall, in accordance with the terms and conditions of this Agreement, make this Loan to Borrower.
- B) Payments by Lender. Lender shall have the right, in Lender's sole discretion, to make payments to protect this Loan. All such payments shall be added to the principal of this Loan, and interest at the rate of this Loan shall accrue thereon from the date the payment is made.

PART XII BORROWER'S REPRESENTATIONS & CERTIFICATIONS

In addition to Borrower's Certifications and Assurances contained in Appendix 4, Borrower hereby makes the following additional certifications, in form satisfactory to Lender, that, as of the date of execution of this Agreement:

- 1) Borrower is in good standing with respect to, or in full compliance with a plan to pay, any and all federal, state and local taxes;
- 2) Borrower is current on or is in full compliance with a plan to pay, any and all debt financing;
- 3) There are no liens, judgments or encumbrances, other than those already disclosed by the Borrower prior to the execution of this Agreement;
- 4) Borrower's representations with respect to the financial and operational aspects of the business in the written documents previously provided to Lender remain accurate and not misleading;
- 5) Borrower has provided to Lender a copy of a currently effective certificate of authority to do business in the State of Vermont; and
- 6) The Borrower and its principals are not suspended or debarred by GSA from federal procurement and non-procurement programs. Non-federal entities are prohibited by Federal Executive Orders 12549 and 12689 from granting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement grants for goods or services equal to or in excess of \$25,000 and non-procurement transaction (grants).

PART XIII BORROWER'S COVENANTS

- A) National Objective. Borrower commits to achieve the National Objective as identified in Part IV of this Agreement, and to maintain documentation as may be required by this Agreement, applicable laws, regulations and procedures, or otherwise necessary to clearly demonstrate that Borrower has achieved, and continues to maintain, the National Objective.
- B) Perpetual Affordability. Within sixty (60) days of closing Borrower shall, as a condition of this Agreement and in a form acceptable to the Agency, record in the Brattleboro, Vermont Land Records a housing subsidy covenant ensuring the Property remains perpetually affordable to low income households.
- C) Notice of Change. Borrower, its successors and assign, for a period of five years from the Completion Date set forth in this Loan Agreement, shall give timely notice to Lender should there be the anticipation of a sale of all or a portion of the facility assisted using CDBG-DR2 funds to any person or entity who will use it for any changed purpose; of discontinuance of operation of all or a portion of the facility; or of material alteration or expansion of its purpose or function. All such actions shall constitute a default, in which case Lender may exercise all options available at law as may be required to protect or recapture the CDBG-DR2 funds.
- D) Insurance. For the duration of the Loan, or for a period beginning with the execution of this Loan Agreement and continuing for at least five (5) years after the Completion Date, whichever is longer, Borrower shall take out, pay for and keep in full force, insurance on the Collateral against such risks, in such amounts, with such insurance carrier, and with such loss payable clause as shall be satisfactory to Lender, and shall furnish Lender with the satisfactory evidence of such insurance.
- E) Permits: Borrower shall secure all federal, state and local permits that are necessary, and shall comply with any conditions related to the disbursement of funds imposed by agencies requiring them. Borrower has identified all permits necessary for the project, and has secured those necessary to commence activities.
- F) Environmental Review. Borrower shall comply with the Notice of Environmental Release issued by HUD to the Agency as the Responsible Entity with an effective date of November 27, 2014, and

with the conditions set forth by the Agency to implement the Corrective Action Plan (CAP) approved by the Department of Environmental Conservation (DEC). The Approval of Corrective Action Letter and Certificate of Completion Letter issued by DEC shall be submitted to the Agency upon completion of the mitigation as outlined in the CAP.

- G) Title Insurance. Promptly after the closing Borrower shall provide Lender with proof that Borrower has a policy for title insurance in no less than the sum of the full amount of this Loan and the amounts of all mortgages, liens and other encumbrances having a higher priority than this Loan.
- H) Refinancing: Borrower shall not refinance the loan or restructure the Debt without the prior written approval of Lender. The Loan proceeds shall not be used to restructure debt in any way, except where the project involves the use of CDBG-DR2 funds to convert temporary bridge or construction financing to permanent financing.
- I) No Financial Change. Borrower shall make no material change in the financial or operational aspects of the business, specifically including but not limited to the borrowing of additional money, the granting of additional liens significantly altering the plan for capital expenditures, salaries of partners or employees, or Borrower's product or service, without the prior written consent of Lender, except as otherwise provided for in this Loan Agreement.
- J) Other Liens and Encumbrances. Borrower shall use no proceeds of this Loan to discharge any lien or other encumbrance except the present bridge loan used by the Borrower for acquisition of the Project.
- K) Agreements with Third Parties. Borrower shall ensure that all activities funded by this Agreement and performed by one or more third parties are conducted pursuant to one or more written contracts consistent with this Agreement. The Borrower shall remain fully liable and obligated for compliance with this Agreement with respect to each and every use of the Loan funds subject to this Agreement, notwithstanding the contracting with any third party(s). The Borrower shall require any third party to comply with all lawful requirements necessary to insure that the Project is carried out in accordance with this Agreement, shall provide a copy of this Agreement to any such third party, and shall, when appropriate, attach and incorporate by reference this Agreement to any governing contract with such third party.
- L) Indemnification. The Borrower will act in an independent capacity and not as officers or employees of the State. The Borrower shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Borrower or of any agent of the Borrower. The Lender shall notify the Borrower in the event of any such claim or suit, and the Borrower shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. After a final judgment or settlement the Borrower may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Borrower shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Borrower.
- M) Public Communication. If the Borrower issues a press release or public communication pertaining to the Project assisted by this Agreement, it shall include a statement that the project is funded by a CDBG-DR2 grant awarded by the Agency of Commerce and Community Development, and shall reference the Total Award amount. Any construction sign posted at the Project Site shall identify that funding is provided by the U.S. Department of Housing and Urban Development through a CDBG-DR2 grant awarded by the Agency of Commerce and Community Development.

N) Documentation. All documents required to be filed with the Agency by this Agreement shall become a part of this Agreement. The Borrower understands that the filing of documents with the Agency does not require that the Agency review and comment upon any such documents, nor does the Agency in any way assume such obligation by requiring the filing of such documents. It shall be the Borrower's sole responsibility to take appropriate steps through the negotiation, execution, and, when appropriate, the enforcement, of legally binding agreements to ensure that the obligations of this Agreement are met. Filing of such documents with the Agency or use of model documents provided by the Agency shall in no way diminish Borrower's obligations hereunder.

O) Retention of and Access to Records.

- 1) Financial records, supporting documents, statistical records, and all other records pertinent to this Agreement shall be retained for a period of three years from the date the Borrower submits its Final Program Report in accord with Part XIV, below.
- 2) Authorized representatives of the Secretary of the Agency, the Secretary of HUD, the Inspector General of the United States, or the U.S. General Accounting Office shall have access to all books, accounts, records, reports, files, papers, things, or property belonging to, or in use by, the Borrower pertaining to the receipt and administration of the Loan, as may be necessary to make audits, examinations, excerpts, and transcripts.
- 3) Any contract or Agreement entered into by the Borrower shall contain language comparable to Subparagraph (B) above so as to assure access by an authorized party(s) to the pertinent records of any subrecipient, contractor, or subcontractor.

P) No Gifts or Gratuities.

Borrower shall not give title or possession of anything of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the Lender during the term of this Agreement.

Q) Taxes Due To the State.

- 1) Borrower understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- 2) Borrower certifies under the pains and penalties of perjury that, as of the date this Agreement is signed, the Borrower is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- 3) Borrower understands that any payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Borrower is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- 4) Borrower also understands the State may off-set taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Borrower has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Borrower has no further legal recourse to contest the amounts due.

R) Compliance with Section 3 of the Housing and Urban Development Act of 1968.

Borrower shall ensure that when employment or contracting opportunities are generated because a Covered Project (for more information on what constitutes a Covered Project see link provided below) or activity necessitates the employment of additional persons or the awarding of contracts for work, preference shall be given to low- and very low-income persons or business concerns residing in the community where the project is located. Additional information on Section 3 compliance can be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3.

S) Compliance with Davis-Bacon and Related Acts.

Borrower shall ensure compliance with the Davis Bacon Act, including its prevailing wage and reporting requirements, for all construction contracts paid with funds under this Agreement in excess of \$2,000. Borrower shall also ensure compliance with all other applicable federal labor requirements including the Copeland Anti-Kickback Act and the Contract Work Hours and Safety Standards Act. Additional information on these and other applicable Federal Labor Standards Requirements can be found in the Agency's Grants Management Guide, Chapter 7 and on HUD's website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/sech/13441.

T) Conflict of Interest. In the procurement of supplies, equipment, construction, and services by the Borrower all officers or employees of the Borrower, or their designees, or agents, or other persons who exercise any functions or responsibilities with respect to the program shall be bound by the provisions of Agency Procedures, Chapters 9 and 10.

PART XIV REPORTING AND MONITORING REQUIREMENTS

A) Borrower shall submit financial and operational reports to Lender as Lender may reasonably request in addition to the following reporting requirements:

- 1) The Borrower shall submit or cause the submission of Progress and Financial Reports through the Intelligrants Management System to the Lender on a quarterly basis, starting with the period ending June 30, 2015, until all Grant and Loan Proceeds are expended and all activities funded by the Grant and Loan Proceeds are complete, and the National Objective has been met. Said reports shall be due within fifteen (15) days of the end of the quarter.
- 2) After the obligation of Quarterly Reporting ceases, Borrower shall submit a Certification to the Lender concurrent with every annual submittal of the audited financial statements relative to the repayment of the Loan. Said Certification shall demonstrate the maintenance of the National Objective specified in Part IV of this Agreement.

B) The Lender shall conduct, and the Borrower shall permit, on-site inspections of the Project upon reasonable request during the rehabilitation activities and thereafter on an annual basis, or more frequently, as the Lender may reasonably request.

C) The Borrower shall submit to the Agency a Final Program Report and an Interim Audit Report(s) and/or Final Audit Report covering the Period of Performance under this Agreement. Additionally, one copy of all reports shall be maintained with other program documents available for public review, and at least one copy must remain in the Borrower's files.

D) Certificate of Program Completion shall be issued to the Borrower when the Agency determines that all required work under this Agreement has been satisfactorily completed, including the execution of a Closeout Agreement if applicable and the submission of the Final Program Report,

the Interim Audit Report(s), and/or the Final Audit Report. The Agency must determine that all program and financial compliance issues have been addressed and that the findings and/or concerns, if any, of monitoring reports, program reports, and audit reports have been resolved and cleared in writing.

PART XV BANK ACCOUNTS FOR LOAN FUNDS

- A) Depository Accounts. Funds disbursed under this Agreement shall be deposited in a separate, non interest-bearing account, dedicated to the loan and grant funds, and held in the name of and under the ownership of the Borrower. Any interest earned on funds in the depository account shall be remitted to the State for subsequent return to the United States Treasury.
- B) Depository Institutions. All accounts into which are deposited funds involved with the activities covered by this Agreement shall be held by a financial institution authorized to take deposits in the State of Vermont. All such funds shall be fully insured by the Federal Deposit Insurance Corporation (FDIC) or its equivalent. Any balance exceeding such coverage must be collaterally secured by U.S. Government obligations.
- C) Fidelity Bond Requirements. All individuals who are authorized to deposit receipts and/or pay out funds from any of the accounts covered by this Part shall have fidelity bond coverage in an amount commensurate with the total losses which might be incurred.
- D) Timely Expenditure. The Borrower shall establish procedures to insure that any amounts of CDBG-DR2 funds in excess of \$5,000 shall be expended within ten (10) calendar days of receipt in the depository account established in accordance with this Part. The Borrower shall not requisition CDBG-DR2 funds for amounts that are withheld from contractors or subcontractors to assure satisfactory completion of the work. These amounts may be requisitioned when the Borrower makes final payment, including the amounts withheld.

PART XVI FINANCIAL MANAGEMENT

The Borrower shall establish and maintain a system which assures effective control over, and accountability for, all funds, property and other assets used and/or attained under this Agreement. Such system shall:

- A) Maintain separate accounting records and source documentation for the activities funded under this Agreement and provide accurate financial information in the Progress Reports and any other status reports in the form specified by the Lender;
- B) Provide for accurate, current and complete disclosure of the financial status of the Project; and
- C) Establish records of budgets, receipts, and expenditures for each activity and demonstrate the sequence and status of receipts, obligations, disbursements, and fund balance.

PART XVII PASS THROUGH PROVISIONS

The following provisions shall be included in all contracts between Borrower and any contractor related to the Project, and shall bind all such other contractors:

- A) Retention of Records. Financial records, supporting documents, statistical records, and all other records pertinent to this Agreement shall be retained for a period of three years from final disbursement of Loan proceeds with the following qualifications:
- 1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigants, claims, or audit findings involving the records have been resolved.
 - 2) Records for nonexpendable property acquired with Loan funds shall be retained for three years after final disposition of the property.
 - 3) Records for any displaced person shall be retained for three years after that person has received final payment.
 - 4) Records pertaining to each real property acquisition shall be retained for three years after settlement of the acquisition, or until disposition of the applicable relocation records in accordance with paragraph (3) above, whichever is later.
- B) Access to Records. Authorized representatives of the Secretary of the Agency, the Secretary of HUD, the Inspector General of the United States, or the U.S. General Accounting Office shall have access to all books, accounts, records, reports, files, papers, things, or property belonging to, or in use by, the contractor pertaining to the receipt and administration of Loan funds, as may be necessary to make audits, examinations, excerpts, and transcripts.
- C) Equal Opportunity. Borrower agrees to comply with the requirements of Part XIII(N) above, Title 21 V.S.A. Chapter 5, Subchapter 6 (495-495h), relating to fair employment practices, and Title 9 V.S.A. Chapter 139, Sections 4503 and 4504, relating to fair housing practices.
- D) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont and the laws of the United States of America, where applicable.

PART XVIII MISCELLANEOUS PROVISIONS

- A) Revisions and Amendments. All amendments to this Agreement shall be reduced to writing and shall be executed by all parties to the document. Borrower acknowledges that the Lender may require an amendment to this Agreement to ensure, or enhance the possibility of, Borrower's achieving the National Objective.
- B) Paragraph Titles. The titles to the paragraphs of this Agreement are used solely for purposes of identification, and are not to be construed as affecting the meaning of the language of the paragraphs.
- C) Notice Addresses. Borrower and Lender shall give one another notice pursuant to this Agreement at the addresses set forth below for each, and shall keep the other informed in any change of address for notice purposes:

Lender: National Life Building,
One National Life Drive
Montpelier, VT 05620-0501

Borrower: Red Clover Commons Limited Partnership
123 St. Paul Street
Burlington, Vermont 05401

PART XIX DEFAULT AND REMEDIES

A) Default. If any of the following events of default shall occur without being cured within fifteen (15) days from the date that written notice of such default is received by Borrower from Lender, the Debt secured by this Agreement shall immediately become due and payable.

The following events shall constitute events of default:

- 1) failure to comply with any applicable provisions of this Agreement;
- 2) failure to perform any of Borrower's obligations under this Agreement;
- 3) failure to perform as required by any document that secures this Loan; or
- 4) permitting or committing any waste or destruction of the Project and, notwithstanding anything to the contrary contained herein or elsewhere, such event shall be an immediate event of default without grace period or notice.

B) Remedies. If Borrower fails to pay the Debt or cure any breach or default prior to the expiration of the fifteen (15) day notice period, Lender may invoke foreclosure of this Loan Agreement, or any other remedy allowed by this Agreement, or any other document related to this Agreement, or by law.

C) Remedies Cumulative. All remedies provided in this Agreement are distinct and cumulative to any other right or remedy under this Agreement, or otherwise available by law, and may be exercised concurrently, independently or successively.

D) Forbearance Not A Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

IN WITNESS WHEREOF this Agreement is executed at the place and on the date noted for each party.

BY LENDER:
VERMONT AGENCY OF COMMERCE AND
COMMUNITY DEVELOPMENT

By: Patricia Moulton
Patricia Moulton, Secretary

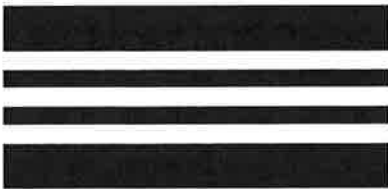
April 3, 2015

BY BORROWER:
RED CLOVER COMMONS LIMITED PARTNERSHIP
By: H.V. Red Clover, Inc., general partner

By: BHA RCC, Inc., general partner

By: [Signature]
authorized agent
March 31, 2015

By: [Signature]
authorized agent
March 31, 2015



VERMONT SECRETARY OF STATE

Corporations Division

MAILING ADDRESS: Vermont Secretary of State, 128 State Street, Montpelier, VT 05633-1104

DELIVERY ADDRESS: Vermont Secretary of State, 128 State Street, Montpelier, VT 05633-1104

PHONE: 802-828-2386

WEBSITE: www.scc.state.vt.us

UCC FINANCING STATEMENT

**** ELECTRONICALLY FILED ****

NAME AND PHONE OF CONTACT AT FILER [optional]
Carolyn A. Greaves, 8027485338
E-MAIL CONTACT AT FILER (optional)
carolyn@neklaw.net
SEND ACKNOWLEDGEMENT TO (Name and Address)
Gensburg, Atwell & Greaves
PO Box 248
St Johnsbury VT 05819 USA

IFS NUMBER: 15-281191
FILING DATE: 03/31/2015 06:13 PM

DEBTOR'S EXACT FULL LEGAL NAME

OR	ORGANIZATION NAME: Red Clover Commons Limited Partnership			
	INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
123 St. Paul Street	Burlington	VT	05401	United States

SECURED PARTY'S NAME (or name of TOTAL ASSIGNEE of ASSIGNOR S/P)

OR	ORGANIZATION NAME: Vermont Agency of Commerce and Community Development			
	INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
One National Life Drive	Montpelier	VT	056200501	United States

4. COLLATERAL: This financing statement covers the following collateral:

All personal property associated with a housing project located at 30 Fairground Road, in Brattleboro, Vermont including without limitation contract rights, notes, documents, instruments, fixtures, equipment, inventory, goods, furniture and furnishings and building supplies, whether now owned or hereafter acquired, plus any proceeds, products or replacements thereof, including insurance proceeds.

5. Check only if applicable and check only one box: held in a Trust (see UCC1Ad, item 17 and being administered by a Decedent's Personal Collateral is **Instructions** **Representative**

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

OPTIONAL FILER REFERENCE DATA: Red Clover Commons Limited Partnership



**VERMONT SECRETARY OF STATE
Corporations Division**

MAILING ADDRESS: Vermont Secretary of State, 128 State Street, Montpelier, VT 05633-1104
DELIVERY ADDRESS: Vermont Secretary of State, 128 State Street, Montpelier, VT 05633-1104
PHONE: 802-828-2386 WEBSITE: www.sec.state.vt.us

UCC FINANCING STATEMENT ADDENDUM

****ELECTRONICALLY FILED****

NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT	
ORGANIZATION NAME Red Clover Commons Limited Partnership	
9b. INDIVIDUAL'S SURNAME	
OR	FIRST PERSONAL NAME
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

IFS NUMBER: 15-281191
FILING DATE: 3/31/2015

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

OR	ORGANIZATION NAME			
	9b. INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME			
	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX	
CITY	STATE	POSTAL CODE	COUNTRY	

ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

OR	ORGANIZATION NAME				
	INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)	This FINANCING STATEMENT covers <input type="checkbox"/> timber to be cut or <input type="checkbox"/> as- extracted collateral, or is filed as a <input checked="" type="checkbox"/> fixture filing.
Name and address of a RECORD OWNER of above described real estate (if Debtor does not have a record interest): Red Clover Commons Limited Partnership 123 St. Paul Street Burlington, VT 05401	Description of real estate: Being a parcel of land located at 30 Fairgrounds Road formerly known as 464 Canal Street in Brattleboro, Vermont.

MISCELLANEOUS

Appendix 2: Description of Real Property
07110-DR-IG-2014-RedClover-00005

Being a parcel of land located at 30 Fairgrounds Road, formerly known as 464 Canal Street in Brattleboro, Vermont, being all and the same land and premises conveyed to Red Clover Commons Limited Partnership by warranty deed from 230 Canal Street, LLC of even date herewith to be recorded in the Brattleboro land records, being more particularly described as follows:

Being a portion of the premises conveyed to 230 Canal Street, LLC by Warranty Deed of E. James Roberts dated September 13, 1999 and recorded October 8, 1999 in Book 277, Page 15 of the Brattleboro Land Records and by Vermont Executor's Deed of Joseph B. Garb, Executor for the Estate of Frederick J. Myerson dated September 1, 1999 and recorded October 8, 1999 in Book 277, Page 21 of the Brattleboro Land Records and being further described as follows:

A certain parcel of land and any buildings thereon located in the Town of Brattleboro, State of Vermont shown as Lot 2 on a plan entitled "Subdivision of Property of 230 Canal Street, LLC, Canal Street & Fairground Road, Brattleboro, Vermont," dated April 3, 2002 and revised August 27, 2002, prepared by DiBernardo Associates, LLC, said plan was recorded in the Brattleboro Town Clerk's Office, on October 10, 2002 at Slide 96, being more particularly bound and described as follows:

Lot 2

Beginning at a point marked by a magnail found in the easterly bounds of Canal Street, so-called, said point is the northwesterly corner of the parcel described herein and the southwesterly corner of lands of Stratos and Giota Livanis;

Thence easterly and northerly along the bounds of lands of said Livanis the following courses and distances:

South 62° 18' East 175.0 feet to a point marked by on iron pin to be set;

North 28° 30' East 80.0 feet to a point marked by an iron pin to be set in the southerly bounds of lands of Donald and Emily Parker;

Thence easterly and northerly along the bounds of lands of said Parkers the following courses and distances:

South 62° 16' East 156.8 feet to a point marked by on iron pin to be set;

North 24° 25' East 114.2 feet to a point marked by a concrete bound found, said point is the northeasterly corner of lands of said Parkers and the southeasterly corner of lands of Dennis D. Boyd;

Thence North 23° 59' East along the easterly bounds of lands of said Boyd 55.8 feet to a point marked by an iron pin found, said point is the northeasterly corner of lands of said Boyd and the southeasterly corner of lands of Susan M. Greenbaum;

Thence North 24° 44' East along the easterly bounds of lands of said Greenbaum 56.1 feet to a point marked by an iron pin to be set, said point is the southwesterly corner of lands of James M. Simson;

Thence South 58° 03' East along the southerly bounds of said Simson 99.7 feet to a point marked by an iron pin to be set, said point is the southeasterly corner of lands of said Simson, and lies in the westerly bounds of lands of the Wilsons Woods Subdivision, so-called;

Thence South 23° 45' West along the westerly bounds of said Wilsons Woods Subdivision, 619.4 feet to a point marked by an iron pin to be set in the northerly bounds of Fairground Road, so-called, said point is the southeasterly corner of the parcel described herein;

Thence North 62° 14' West along the northerly bounds of said Fairground Road 229.3 feet to a point marked by on iron pin to be set, said point is the southeasterly corner of Lot 1;

Thence northerly, northwesterly and westerly along the bounds of said Lot 1 the following courses and distances:

North 28° 30' East 251.0 feet to a point marked by on iron pin to be set;

North 33° 50' West 65.0 feet to a point marked by an iron pin to be set;

North 56° 58' West 63.8 feet to a point marked by on iron pin to be set;

North 62° 06' West 115.8 feet to a point marked by an iron pin to be set in the easterly bounds of said Canal Street;

Thence North 28° 30' East along the easterly bounds of said Canal Street 31.2 feet to the point and place of beginning.

This conveyance is SUBJECT to the following:

1. Slope and embankments rights and easements conveyed to the State of Vermont by deed dated July 24, 1953, appearing in the Brattleboro Land Records at Book 93, Page 340;

2. Terms and conditions of Subdivision Permit #EC-2-2103 dated April 12, 1995, appearing in the Brattleboro Land Records at Book 247, Page 821;

3. Easements for parking and access granted to Livanis and covenants regarding parking, paving and shared costs, all as set forth in the deed from Roberts to Livanis dated March 29, 1995 appearing in the Brattleboro Land Records at Book 247, Page 773;

4. Provisions of Agreement between Stratos and Giota Livanis and E. J. Roberts and the Estate of Frederick J. Meyerson dated April 10, 1995, appearing as Exhibit D in two deeds to 230 Canal Street, LLC dated September 13, 1999 and September 1, 1999, respectively, appearing in the Brattleboro Land Records at Book 277, Pages 15 and 21;

5. Terms and conditions of Water Supply/Waste Water Disposal Permit WW-2-0807-1 dated November 1, 2002 and recorded in Book 303 at Page 333 of the Brattleboro Land Records, as amended by WW-2-0807-2 dated August 25, 2014 and recorded in Book 423, Page 827 of the Brattleboro Land Records;

6. Declaration of Easements, Covenants, Conditions and Restrictions between Bush Brattleboro, LLC and 230 Canal Street, LLC recorded November 6, 2002 at Book 303, Page 342 of the Brattleboro Land Records. Agreement Regarding Declaration of Easements, Covenants, Conditions and Restrictions between WitJer Properties LLC and Red Clover Commons Limited Partnership dated March 4, 2014 and recorded in Book 425 at Page 551 of the Brattleboro Land Records, together with Consent of Tenant dated January 20, 2014 and recorded in Book 425 at

Page 554 of the Brattleboro Land Records and Joinder and Consent of Mortgagee acknowledged on July 30, 2014 and recorded in Book 425 at Page 555 of the Brattleboro Land Records;

7. Easement granted to Central Vermont Public Service Corporation and Verizon New England, Inc. dated November 11, 2002 and recorded in Book 303, Page 745 of the Brattleboro Land Records;

8. Land Use Permit 2W1322 dated October 23, 2014 and recorded in Book 425 at Page 72 of the Brattleboro Land Records, as amended by 2W1322 (Altered) dated November 21, 2014 and recorded in Book 426 at Page 174 of the Brattleboro Land Records.

Other Resources	Type	Amount	Status
Bank Financing (BANK)	Loan	\$800,000	Pending
Efficiency Vermont (EVT)	Loan	\$27,500	Pending
HOME Investments Partnerships (HOME)	Loan	\$425,000	Committed
Low Income Housing Tax Credit (LIHTC)	Equity	\$7,169,114	Committed
Vermont Housing & Conservation Board (VHCB)	Loan	\$1,040,000	Pending

Activity	Program Area	Code	VCDP Amount	HOME	VHCB	LIHTC	EVT	BANK	Total Activity Costs
Acquisition - Real Property	Housing	3001	\$700,000			\$39,558			\$739,558
New Construction	Housing	3021	\$4,300,000	\$75,000	\$540,000	\$5,422,651	\$27,500	\$800,000	\$11,165,151
Brownfield Clean Up	Housing	3032	\$515,200						\$515,200
Program Delivery	Housing	IG	\$25,000	\$350,000	\$500,000	\$1,706,905			\$2,581,905
Total Costs			\$5,540,200	\$425,000	\$1,040,000	\$7,169,114	\$27,500	\$800,000	\$15,001,814
Percentage of Total			37%	3%	7%	48%	0%	5%	

CERTIFICATIONS AND ASSURANCES

The Grantee hereby certifies and assures that CDBG-DR Funds will be utilized in accordance with all the following, to the extent applicable, and that:

With regard to Legal Authority:

- (1) The legislative body has duly adopted and passed an official act or resolution authorizing the acceptance of and agreement to the conditions and provisions of this *Agreement*, including all understandings, certifications, and assurances contained herein; and designating and authorizing the Chief Executive Officer or designee to execute this *Agreement* and other such documents as may be necessary.

With regard to Debarment, Suspension, Ineligibility and Voluntary Exclusion from Federal Procurement and Non-procurement Programs:

It certifies that:

- (2) The Chief Executive Officer certifies that the Grantee is not listed in the Exclusions portion of Performance Information in the System for Award Management ("SAM") at www.sam.gov, in accordance with Executive Orders 12549 and 12689; nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>. In addition, it certifies that no awards will be made to any subgrantees/borrowers/contractors, or permit any award at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs.

With regard to Labor, the Grantee further assures that it:

- (3) Will comply with:
 - (a) Executive Order 11246 (Equal Employment Opportunities) as amended by Executive Orders 11375 and 12086 and the regulations issued pursuant thereto [24 CFR 130 and 41 CFR 60]; and
 - (b) Section 3 of the Housing and Urban Development Act of 1968 [12 USC 1701u] as amended, (equal employment and business opportunities) and the regulations at 24 CFR 135.

And if a single project involves eight or more units on contiguous parcels it:

- (4) Will administer, enforce, and comply with:
 - (a) the Davis-Bacon Act [40 USC 276a et seq.];
 - (b) the Federal Fair Labor Standards Act [29 USC 201 et seq.];
 - (c) the Contract Work Hours and Safety Standards Act [40 USC 327-333]; and

- (d) the Copeland Anti-kickback Act of 1934, [18 USC 874 and 40 USC 276c].

With regard to Relocation and Acquisition, the Grantee further assures that it:

- (5) Will comply with:
 - (a) the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970, as amended [42 USC 4601 et seq.], referred to as the "Uniform Act;"
 - (b) the implementing regulations of the Uniform Act issued by the Department of Housing and Urban Development (CFR Title 49, Part 24) contained in HUD Acquisition and Relocation Handbook 1378; and
 - (c) the requirements of the Vermont Community Development Disaster Recovery Acquisition and Relocation Policy.

With regard to Equal Opportunity and Fair Housing, the Grantee further assures that it:

- (6) Will affirmatively further fair housing and will comply with Pub. Law 90-284 [Title VIII of the Civil Rights Act of 1968; 42 USC 3601 known as the "Fair Housing Act"], as amended and the regulations issued pursuant thereto [24 CFR 100 to 115].
- (7) Will comply with and will immediately take any measures necessary to effectuate compliance with Pub. L. 88-352 [Title VI of the Civil Rights Act of 1964; 42 USC 2000d] and the regulations at 24 CFR 1.
- (8) Will comply with:
 - (a) Executive Order 11063 as amended by Executive Order 12259 (Leadership and Coordination of Fair Housing in Federal Programs) and the regulations at 24 CFR 100 and 107;
 - (b) Section 109 of the Federal Act [42 USC 5309] and the regulations issued pursuant thereto [24 CFR 570.496(b)];
 - (c) the Age Discrimination Act of 1975 [42 USC 6101 et seq.]; and
 - (d) the Americans with Disabilities Act of 1990 [42 USC 12010-12213; 42 USC 225-611] and the regulations issued pursuant thereto.

Grantee further assures, that it:

- (9) Will comply with the provisions of the Hatch Act [5 USC 1501 et seq.] which limits the political activities of employees.

- (10) Will provide a drug-free workplace according to the requirements set forth in the Drug Free Workplace Act [Public Law 100-690 Title V, Subtitle D, 41 USC 701 et seq.].
- (11) Will comply with the Single Audit Act of 1984, as amended, OMB Circular No. A-133, and the State of Vermont Administration Bulletin No. 5, Certification of Audit Requirement and Schedule of Federal Expenditures.

STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS (3/1/2015 Version)

1. **Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to

cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations

Products and Completed Operations

Personal Injury Liability

Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence

\$1,000,000 General Aggregate

\$1,000,000 Products/Completed Operations Aggregate

\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

8. **Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
9. **Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, the Subrecipient will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a Single Audit is required for the prior fiscal year. If a Single Audit is required, the Subrecipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Subrecipient Annual Report is required.

For fiscal years ending before December 25, 2015, a Single Audit is required if the subrecipient expends \$500,000 or more in federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends \$750,000 or more in federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F. The Subrecipient Annual Report is required to be submitted within 45 days, whether or not a Single Audit is required.

10. **Records Available for Audit:** The Party shall maintain all records pertaining to performance under this agreement. "Records" means any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the Party in the performance

of this agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

11. **Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.
12. **Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
13. **Taxes Due to the State:**

- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

14. **Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:
 - a. is not under any obligation to pay child support; or
 - b. is under such an obligation and is in good standing with respect to that obligation; or
 - c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

15. **Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the

State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

16. **No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.
17. **Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.
18. **Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>

19. **Certification Regarding Use of State Funds:** In the case that Party is an employer and this Agreement is a State Funded Grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.
20. **Internal Controls:** In the case that this Agreement is an award that is funded in whole or in part by Federal funds, in accordance with 2 CFR Part II, §200.303, the Party must establish and maintain effective internal control over the Federal award to provide reasonable assurance that the Party is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
21. **Mandatory Disclosures:** In the case that this Agreement is an award funded in whole or in part by Federal funds, in accordance with 2CFR Part II, §200.113, Party must disclose, in a timely manner, in writing to the State, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures may result in the imposition of sanctions which may include disallowance of costs incurred, withholding of payments, termination of the Agreement, suspension/debarment, etc.
22. **Conflict of Interest:** Party must disclose in writing any potential conflict of interest in accordance with Uniform Guidance §200.112, Bulletin 5 Section IX and Bulletin 3.5 Section IV.B.

(End of Standard Provisions)

\$5,515,200.00

March 31, 2015

PROMISSORY NOTE

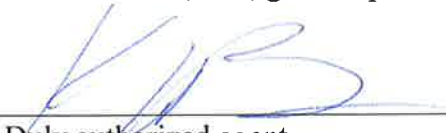
For value received **Red Clover Commons Limited Partnership**, a Vermont limited partnership (the "Borrower"), promises to pay to the **Agency of Commerce and Community Development** (the "Lender") or its order the sum of \$5,515,200.00 without interest thereon. Payments on this note shall be deferred for thirty years and the entire unpaid principal balance shall be due exactly thirty years from the date of this note.

This note is secured by real property located at 30 Fairground Road in Brattleboro, Vermont and evidenced by a mortgage deed of even date herewith.


NON-RECOURSE PROVISION. Notwithstanding any of the foregoing terms or conditions of this Promissory Note or the terms and conditions of any mortgage deed, security agreement or other collateral document securing this note, in the event of a default hereunder, the Lender hereof expressly and specifically covenants and agrees that (a) no partner of the Borrower shall have any personal liability to pay any of the principal of or interest on the debt of which this Mortgage Note is evidence, and (b) the Lender will look solely to the property, real and personal, described in the Mortgage and Security Agreement which secures the indebtedness of which this Promissory Note is evidence for satisfaction of the same. This Note is intended to be a non-recourse liability as defined in Treasury Regulation § 1.752-1(a)(2) and shall be construed consistently therewith.

Should it become necessary to collect this note, promissor hereby agrees to pay all reasonable costs of such collection.

RED CLOVER COMMONS LIMITED PARTNERSHIP
By: H.V. Red Clover, Inc., general partner

By: 
Duly authorized agent

RED CLOVER COMMONS LIMITED PARTNERSHIP
By: BHA RCC, Inc., general partner

By: 
Duly authorized agent

Grantor(s)	Red Clover Commons Limited Partnership
Grantee(s)	Vermont Agency of Commerce and Community Development
Street Address	464 Canal Street to be known as 30 Fairground Road
GL Parcel #	00355125.100

COPY

MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement dated March 31, 2015 is granted by **Red Clover Commons Limited Partnership** to the **Vermont Agency of Commerce and Community Development** to secure the Borrower's performance of its obligations to the Mortgagee under the Note and the Loan and Grant Agreement of even date herewith.

DEFINITIONS

As used in this Mortgage Agreement, the words and phrases set forth below shall have the following meanings:

"Borrower" means Red Clover Commons Limited Partnership, a Vermont limited partnership having its principal office in Burlington, Vermont.

"Debt" means the Borrower's \$5,515,200 debt to the Mortgagee that is evidenced by the Note.

"Grant" means the grant from the Mortgagee to Borrower in the amount of \$25,000.

"Mortgage" means this Mortgage and Security Agreement.

"Mortgagee" means the Vermont Agency of Commerce and Community Development, an instrumentality of the State of Vermont with an address of One National Life Drive, Montpelier, VT 05620-0501.

"Note" means the Promissory Note from the Borrower to the Mortgagee of even date herewith evidencing the Loan.

"Personal Property" means all furniture, equipment, machinery, fixtures and all other tangible items of personal property now owned and hereafter acquired by Borrower located in the Project.

"Project" means the Borrower's affordable housing development to be located at 30 Fairground Road in Brattleboro, Vermont.

"Real Property" means all of the Borrower's right, title and interest in and to the real property conveyed to Borrower by warranty deed from 230 Canal Street, LLC of even date herewith to be recorded simultaneously in the Brattleboro land records.

"Refinancing" means the refinancing or restructuring of all or a portion of the Debt, but excludes (a) capital contributions from the Partners of the Borrower, (b) any Borrower indebtedness incurred other than in connection with such refinancing or restructuring, (c) any replacement or take-out of construction financing for the Project, and (d) any refinancing, pursuant to a call or take-out right required to obtain financing for the Project.

"Right of Refusal" means the right of refusal to purchase the Project which will be granted by the Borrower to Brattleboro Housing Authority, Housing Vermont, and to VHCB to be recorded in the Brattleboro land records.

"Sale" means the sale, exchange, transfer or other disposition or series of related sales, exchanges, transfers or dispositions of all or substantially all of the Project, including, without limitation, a sale under foreclosure or a sale in lieu of or transfer pursuant to condemnation by a public authority. The term "Sale" does not include (i) an assignment or other transfer for security purposes under a Refinancing, (ii) a transfer of title to the Project to a limited partnership of which the Borrower is a general partner or a limited liability company of which the Borrower is a manager, or (iii) a transfer of title pursuant to the Right of Refusal.

"Security Interest" means the security interest in the Personal Property given to Mortgagee pursuant to this Mortgage and Security Agreement. The Security Interest has been perfected by the filing of financing statements with the Brattleboro Town Clerk and the Vermont Secretary of State.

"VHCB" means the Vermont Housing and Conservation Board.

GRANT OF MORTGAGE AND SECURITY INTEREST

1. Mortgage of Real Property. The Borrower, in consideration of the Debt, does freely give, grant, sell, convey and confirm to the Mortgagee and its successors and assigns forever the Real Property TO HAVE AND TO HOLD such property unto the Mortgagee, its successors and assigns forever, to secure to the Mortgagee (i) the repayment of the Debt in accordance with its terms, (ii) the payment of all other sums advanced by the Mortgagee in accordance with this Mortgage to protect the security of this Mortgage; (iii) the payment of all other sums that are now or may hereafter become due and owing from the Borrower to the Mortgagee; and (iv) the performance and satisfaction by the Borrower of all agreements and covenants contained in this Mortgage, the Note, and the Loan Agreement subject, however, to the condition of this Mortgage described in Section 3 below.

2. Security Interest in Personal Property. Borrower hereby grants to Mortgagee, its successors and assigns, a Security Interest in the Personal Property, for the security purposes set forth in Section 1 above.

3. Condition. The condition of this deed is such that if the Borrower, its successors or assigns, shall well and truly pay the Debt to the Mortgagee or cause the same to be paid to the Mortgagee and its successors and/or assigns, and shall keep, observe and perform all covenants,

conditions and agreements set forth herein, then the mortgage and security interest granted hereby shall be null and void, otherwise to remain in full force and virtue by law.

COVENANTS OF TITLE

The Borrower hereby covenants for itself and its successors and assigns, that the Borrower is the lawful owner of the Real Property and the Personal Property and has the right to grant a mortgage of the Real Property and a security interest in the Personal Property, that the Real Property and the Personal Property are free from all encumbrances except encumbrances of record, and that the Borrower will warrant and defend the title to the Real Property against any and all lawful claims and demands whatsoever, except as aforesaid.

GENERAL COVENANTS

The Borrower, for itself and its successors and assigns covenant as follows:

1. Payment of Governmental Charges. The Borrower will pay all local, municipal, county, state and federal taxes and assessments, water rates, and other governmental or municipal charges, fines or impositions levied upon or against the Real Property and the Personal Property, provided that in the event the Borrower in good faith and with due diligence contests any such charge, fine or imposition in an appropriate proceeding, the Borrower shall not be required to pay such charge, fine or imposition until a final determination is made in such proceeding.

2. Insurance. The Borrower will maintain a policy or policies of insurance insuring the improvements now existing or hereinafter erected on the Real Property and the Personal Property, against loss by fire or other hazards, casualties and contingencies as reasonably required by the Mortgagee. In no event will the amount of such insurance be less than the sum of the outstanding principal balance from time to time of the Note plus the outstanding principal balance of all of the Borrower's obligations the payment of which are secured by the Real Property and/or the Personal Property.

3. Protection of the Property. The Borrower will keep the Real Property and Personal Property in as good or better repair, order and condition as it now is or hereafter may be put and will not commit nor permit any waste of the Real Property and Personal Property or any part thereof, except for reasonable wear and tear.

4. Acceleration of Debt. The outstanding balance of the Debt shall be immediately due and payable upon the occurrence of any of the following:

- (a) a default;
- (b) the dissolution, winding up, and termination of the Borrower;
- (c) the filing of a voluntary case under any applicable bankruptcy, insolvency, debtor relief or other similar law now or hereafter in effect on behalf of the Borrower, or the Borrower's

consent to the appointment of or taking possession by any custodian, trustee, receiver, conservator or liquidator of the Borrower or of all or any substantial part of its properties or interest in the Project;

(d) the entry by a court of competent jurisdiction of an order for relief or decree in respect of the Borrower under any bankruptcy, insolvency, debtor relief or other similar law now or hereafter in effect or any order or decree appointing a custodian, trustee, receiver, conservator or liquidator of the Borrower or of all or any substantial part of its properties or interest in the Project or ordering the winding up or liquidation of the affairs of the Borrower and such order or decree shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive); or

(e) a Sale of the Real Property and/or the Personal Property, unless the Mortgagee consents to the assumption of this Mortgage by a transferee, which consent may not be unreasonably withheld. If the Mortgagee consents to such assumption, the transferee shall be deemed to have assumed the rights and duties of the Borrower hereunder, and the Borrower shall thereupon be released from any obligation or duties hereunder to the extent of such assumption. Notwithstanding the provisions of this Section 4(e), Borrower may, in its sole discretion, remove and sell or otherwise dispose of any of the Personal Property described in this Mortgage for its then fair market value when, in the reasonable judgment of Borrower, the same shall have become obsolete, worn out or unnecessary for the use of the Project. Sale shall not include a sale, partial sale, refinancing, exchange, transfer or other disposition pursuant to the Right of Refusal upon the condition that any such transferee assumes and agrees to perform all of Borrower's obligations hereunder, and all of Borrower's obligations under the Note and the Loan Agreement.

5. Condemnation. Any award of damages on account of any condemnation for public use or injury by public action to the Real Property shall be paid as required by the holders of debt secured by such property.

6. Mortgagee's Right of Inspection. The Mortgagee and those claiming by, through or under the Mortgagee pursuant to the Loan Agreement shall have the right to inspect the Real Property and the Personal Property at reasonable times upon the giving of reasonable notice to determine whether the Borrower is in compliance with the terms of this Mortgage and Security Agreement. The Mortgagee acknowledges that the Real Property and the Personal Property will be used as the residences and commercial space of the Borrower's tenants and will not exercise its rights under this Section in a manner that will diminish those tenants' privacy nor their quiet enjoyment of their dwelling units.

DEFAULT AND REMEDIES

1. Default. If any of the following events of default shall occur without being cured within 30 days from the date that written notice of such default is received by the Borrower from the Mortgagee, the Debt shall be immediately due and payable.

Any one of the following events shall constitute an event of default:

- (a) the Borrower's failure to pay the Debt according to the Note;
- (b) the Borrower's failure to observe or perform any covenant, condition or agreement contained in this Mortgage and the Loan Agreement that are applicable to the Borrower; or
- (c) the Borrower's failure to observe or perform any covenant, condition or agreement contained in any other Mortgage that encumbers the Real Property.

2. Remedies. If the Borrower fails to pay the Debt or cure any default prior to the expiration of any applicable cure period, the Mortgagee may foreclose this Mortgage. In the event of the foreclosure hereof, either the Borrower or the Mortgagee may exercise its right to a power of sale pursuant to 12 V.S.A. § 4531a.

3. Remedies Cumulative. All remedies provided in this Mortgage and Security Agreement are distinct and cumulative to any other right or remedy under this Mortgage and Security Agreement, or otherwise at law or in equity, and may be exercised concurrently, independently or successively.

4. Forbearance not a Waiver. Any forbearance by the Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

GENERAL PROVISIONS

1. Notices. Notice, demand or request to the Borrower under this Mortgage shall be given when delivered in hand to the Borrower or five days after being mailed, by certified mail, postage prepaid, return receipt requested, to the following addresses:

Recipient: Vermont Agency of Commerce and Community Development
Attn: Ann Kroll
One National Life Drive
Montpelier, Vermont 05620-0501

Borrower: Red Clover Commons Limited Partnership
c/o H.V. Red Clover, Inc.
123 St. Paul Street
Burlington, VT 05401

2. Future Advances. This Mortgage is not intended to and shall not secure the repayment of any future advances made by the Mortgagee to the Borrower.

3. Successors and Assigns Bound. All covenants and agreements contained in this Mortgage shall be binding on and inure to the benefit of and be enforceable by the respective heirs, successors and assigns of the Borrower and the Mortgagee.

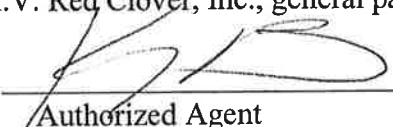
4. Headings. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning thereof.

5. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Vermont.

Executed on March 31, 2015.

RED CLOVER COMMONS
LIMITED PARTNERSHIP
by H.V. Red Clover, Inc., general partner

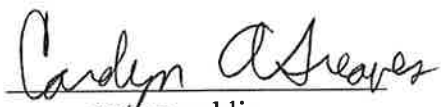
By: _____


Authorized Agent

STATE OF VERMONT
CHITTENDEN COUNTY, ss:

At Burlington in said County and State, Kathy Bejer, authorized agent for H.V. Red Clover, Inc. and Red Clover Commons Limited Partnership personally appeared this 31st day of March, 2015 and acknowledged that his/her execution of this Mortgage and Security Agreement was his/her free act and deed and the free acts and deeds of H.V. Red Clover, Inc. and Red Clover Commons Limited Partnership,

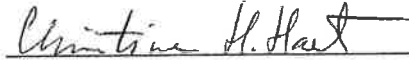
before me, _____


notary public

My Commission Expires February 10, 2019

RED CLOVER COMMONS
LIMITED PARTNERSHIP
by BHA RCC, Inc., general partner

By: _____


Authorized Agent

STATE OF VERMONT
WINDHAM COUNTY, ss:

At Brattleboro in said County and State, Christine Hart, authorized agent for BHA RCC, Inc. and Red Clover Commons Limited Partnership personally appeared this 31st day of March, 2015 and acknowledged that her execution of this Mortgage and Security Agreement was her free act and deed and the free acts and deeds of BHA RCC, Inc. and Red Clover Commons Limited Partnership,

before me, _____


notary public

My Commission Expires 2/10/2019

Grantor(s)	Red Clover Commons Limited Partnership
Grantee(s)	Brattleboro Housing Authority, Housing Vermont and Vermont Housing and Conservation Board
Street Address	30 Fairgrounds Road
GL Parcel #	00355125.100

RIGHT OF REFUSAL

In consideration of One Dollar and other good and valuable consideration **Red Clover Commons Limited Partnership**, a Vermont limited partnership with a principal office care of H.V. Red Clover, Inc. in Burlington, Vermont (the "Partnership"), hereby grants to **Brattleboro Housing Authority**, a body corporate and politic of the Town of Brattleboro, a municipality located in Windham County, Vermont ("BHA"); to **Housing Vermont**, a Vermont non-profit corporation of Burlington, Vermont ("HVT"); and to the **Vermont Housing and Conservation Board**, a body politic and corporate created pursuant to 10 V.S.A. § 311 having its principal office in Montpelier, Vermont ("VHCB"), exclusive, successive and irrevocable Rights of Refusal to purchase an affordable housing development located at 30 Fairgrounds Road in Brattleboro, Vermont to contain 55 apartments, as more particularly described in Schedule A attached hereto (the "Development").

1. Right of Refusal. BHA, HVT and VHCB (collectively the "Holders") are hereby granted irrevocable, successive and exclusive Rights of Refusal to purchase the Development on the terms and conditions hereinafter set forth.

2. Receipt of Offer to Purchase the Development; Certain VHCB Rights. The terms and conditions of this Right of Refusal are triggered by the Partnership's receipt of a written offer from any party, including a Holder, to purchase the Development (the "Offer"). Upon its receipt of an Offer, the Partnership shall immediately deliver a true and complete copy of the Offer to VHCB. VHCB shall have fifteen calendar days from its receipt of the copy of the Offer to notify the Partnership in writing whether VHCB approves of the Offer. Failure to give such notice shall constitute approval of the Offer. VHCB shall approve the Offer unless the terms or conditions of the Offer are materially inconsistent with VHCB policy, including but not limited to such terms or conditions as the identity of the Offeror, the offered purchase price, the terms of any financing or security for any financing, the preservation of the Development as perpetually affordable housing for low- and moderate-income households, and any other matters relating to housing policy that VHCB has established either explicitly or by its course of conduct. If VHCB disapproves of the offer, VHCB shall specifically set forth in the written notice of disapproval all of the reasons for the disapproval. The Partnership shall reject any Offer that is not approved by VHCB. The Partnership may accept any Offer that is approved by VHCB.

3. Notice of Acceptable Offer. The Partnership shall give BHA, HVT and VHCB written notice of the identity of the offeror and all of the terms and conditions of the Offer on the date the Partnership decides to accept the Offer (the "Notice Date").

4. Outstanding Debt. The Partnership shall, within 15 days following the Notice Date, provide the Holders with evidence from all lenders of all debt financing for the Development, setting forth the principal outstanding balance and other charges which would be payable as of the Closing Date, assuming payment of installments by the Partnership in a timely fashion. Such evidence shall be supplemented at or prior to the Closing Date to show the actual amount due at closing.

5. Exercise of Right of Refusal. Within 90 days of receipt by the Holders of the certificate described in Paragraph 4 above, BHA, or its designee may exercise its Right of Refusal by giving the Partnership and the other Holders written notice of its election to do so, together with an earnest money deposit of \$500 in readily available funds. If BHA fails to exercise, then HVT or its designee shall have a period of 5 business days following the expiration of such period to exercise its Right of Refusal in the same manner. If HVT fails to exercise, then VHCB or its designee shall have a period of 5 business days following the expiration of such period to exercise its Right of Refusal in the same manner. If any Holder exercises its Right of Refusal, then the remaining succeeding Rights of Refusal shall terminate. In addition to all other applicable conditions set forth in this Agreement, the Right of Refusal shall be effective only if the Holder is currently and remains at all times hereafter, until the Right of Refusal has been exercised and the resulting purchase and sale has been closed, a qualified nonprofit organization as defined in Section 42(h)(5)(C) of the Code, a tenant organization (in cooperative form or otherwise) or resident management corporation of the Development, or a municipal corporation or instrumentality of the State of Vermont. In addition, any assignment of the Right of Refusal permitted under this Agreement shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Right of Refusal has been exercised and the resulting purchase and sale has been closed, a qualified nonprofit organization as defined in Section 42(h)(5)(C) of the Code, a tenant organization (in cooperative form or otherwise) or resident management corporation of the Development, or a municipal corporation or instrumentality of the State of Vermont. Following such an election, the Holder making such election will use its best efforts to obtain binding commitments for debt and equity financing in an aggregate amount equal to the purchase price. If, despite its best efforts, such Holder is unable to provide the Partnership with satisfactory written evidence of such commitments within ninety (90) days following such election, either the Partnership or the Holder may elect, by written notice to the other, to terminate that Holder's purchase rights and obligations, in which case the earnest money deposit will be refunded to the Holder. If the purchase rights and obligations are not so terminated, and the Holder fails to close the purchase, the Partnership may, in addition to any other remedy available to it at law or in equity, retain the earnest money deposit as liquidated damages. A Holder's right to purchase after exercising the Right of Refusal shall be assignable, provided that the Holder offers its right to purchase to the assignee at a price no greater than \$500, and provided further that the assignee is either (i) another Holder or (ii) approved by VHCB. The Five Hundred Dollar earnest money deposit shall be credited towards the purchase price at the Closing. If a Holder elects to purchase the Development but fails to close, such failure shall constitute an assignment of such Holder's purchase rights to the next successive Holder, which shall have 60 days from the date of such failure to purchase the

Development from the Partnership for the same consideration and on the same terms and conditions.

6. The Closing. In the event a Holder elects to exercise its Right of Refusal, the closing for such purchase shall be held no later than 10:00 o'clock in the forenoon on the 180th day (or the next succeeding business day if such date is a Saturday, a Sunday or a holiday) following the Notice Date (the "Closing Date"), or at such other time and at such place as mutually agreed to by the parties. At such closing, the Holder shall pay the purchase price in readily available funds and the Partnership shall deliver to the Holder a Vermont warranty deed, conveying good and marketable title to the Development subject to encumbrances and defects of record provided that such encumbrances and defects do not materially impair the Holder's ability to use the Development as perpetually affordable housing. If the Holder, with the consent of the mortgagee, assumes and agrees to pay any debt secured by any mortgage that encumbers the Development, the amount of such debt shall be credited towards the purchase price. All rent, taxes, utilities and other recurring charges shall be prorated to the Closing Date and the Holder shall pay the Vermont Property Transfer Tax and any similar tax on recording of deeds or transfer of property.

7. Purchase Terms. If a Holder exercises its Right of Refusal, such Holder shall purchase the Development for the greatest of (i) the same consideration and on the same terms and conditions contained in the Offer, (ii) the Limited Partner's Target Return as defined in the agreement pursuant to which the Partnership was formed, or (iii) the Minimum Purchase Price as defined in Section 42(i)(7)(B) of the Internal Revenue Code of 1986 (the "Code").

8. Termination of Rights of Refusal.

(i) With respect to Offers received prior to the expiration of the compliance period [as defined in Section 42(i)(1) of the Code] applicable to the Development (the "Compliance Period"), (a) if VHCB does not approve the Offer or (b) if VHCB approves the Offer and the Partnership accepts the Offer and none of the Holders exercises its Right of Refusal as provided hereunder, then the Rights of Refusal shall not expire, and the Holders shall continue to have the Rights of Refusal granted hereby.

(ii) With respect to Offers received after the expiration of the Compliance Period and that are approved by VHCB and that the Partnership decides to accept, if none of the Holders exercises its Right of Refusal, all of the Rights of Refusal shall expire, no Holder shall have any right to purchase the Development by reason hereof, and the Partnership may offer the same for sale to third parties, free and clear of such Rights of Refusal and the approval rights granted to VHCB pursuant to paragraph 2 hereof.

9. Right to Sell. Nothing contained in this Right of Refusal shall prohibit the Partnership from selling, conveying, assigning, or transferring its leasehold interest in the Development, or any other interest in the Development, provided that any such sale shall be subject to the terms of this Right of Refusal.

10. Notices. All notices provided for hereunder shall be in writing and shall be deemed given and received when (i) a period of two business days has elapsed after the same is deposited in the U.S. mail sent by certified or registered mail, postage prepaid, or (ii) delivered by hand, in each case to a party's principal business address.

11. Governing Law. This agreement shall be construed in accord with the laws of the State of Vermont in effect at the time of the execution thereof.

12. Binding Effect. This agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

Executed this ___ day of _____, 2015.

**RED CLOVER COMMONS
LIMITED PARTNERSHIP**
By H.V. Red Clover, Inc., general partner

**RED CLOVER COMMONS
LIMITED PARTNERSHIP**
By: BHA RCC, Inc., general partner

By: _____
authorized agent

By: _____
authorized agent

STATE OF VERMONT
CHITTENDEN COUNTY

At Burlington in said County and State this ___ day of _____, 2015
_____ and Christine Hart, authorized agent for H.V. Red Clover, Inc. and BHA RCC, Inc. as general partners of **Red Clover Commons Limited Partnership** personally appeared and acknowledged that their execution of the foregoing Right of Refusal was their free acts and deeds and the free acts and deeds of **Red Clover Commons Limited Partnership, H.V. Red Clover, Inc. and BHA RCC, Inc.,**

before me, _____
Notary Public

APPROVED AND ACCEPTED:

Housing Vermont

Vermont Housing
and Conservation Board

by: _____

by: _____

Brattleboro Housing Authority

by: _____