



REGULATORY AGREEMENT

This Regulatory Agreement (this "Agreement") is made this 12th day of April, 2006, by ASN READING LLC, a Delaware limited liability company having an address at 186 Lincoln Street, Boston, MA 02111 ("Developer") and the TOWN OF READING, a Massachusetts municipal corporation whose town government offices are located at 16 Lowell Street, Reading, MA 01867 (the "Municipality").

BACKGROUND:

A. The Developer intends to construct a 204-unit rental development on a 11.55 acre site located at 40, 42, 66 and 70 West Street in Reading, Massachusetts, more particularly described in Exhibit A attached hereto and made a part hereof (the "Project");

B. The Developer has received a comprehensive permit from the Zoning Board of Appeals for the Town of Reading (the "Municipality") under Chapter 40B of the Massachusetts General Laws, which permit is recorded in the Middlesex South Registry of Deeds in Book 44230 at Page 261 as Document No. 00304583, and which permit was subsequently modified by the Modification to Permit, recorded in Book 44230 at Page 279 as Document No. 00304584 in the Middlesex South Registry of Deeds, by the Second Modification to Permit, recorded in Book 44230 at Page 283 as Document No. 00304585 in the Middlesex South Registry of Deeds, and by the Third Modification to Permit, recorded in Book 44230 at Page 286 as Document No. 00304586 in the Middlesex South Registry of Deeds (together, the "Comprehensive Permit");

C. The Comprehensive Permit specifies that 41 units, or 20% of the total units in the Project will be affordable units as more fully described herein (the "Affordable Units") and will be rented to households earning no more than fifty percent (50%) of the Area Median Income, adjusted for household size, for the Boston Primary Metropolitan Statistical Area (the "Base Income") as published from time to time by the U.S. Department of Housing and Urban Development ("HUD") or successor agency;

D. The Project is being financed with funding under the federal Low Income Housing Tax Credit Program, administered by the Massachusetts Development Finance Agency ("MassDevelopment") under which the Developer must execute a Tax Regulatory Agreement (the "Tax Agreement"). Under the Tax Regulatory Agreement dated as of December 15, 2004 and recorded at the Middlesex (South) Registry of Deeds in Book 44314, Page 186, the Developer has obligations to provide affordable housing on the Premises for the duration of a period of time that begins on the first day on which at least 10% of the residential units in the Project are first occupied, and ending on the latest of (i) the date which is (15) years after the date on which at least fifty percent (50%) of the residential units are first occupied; (ii) the first day on which no bonds are actually outstanding; and (iii) the date on which any assistance provided to the Project under Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), terminates (the "Qualified Project Period").

E. Pursuant to Condition No. 12 of the Comprehensive Permit, the Developer and the Municipality have mutually agreed that Alexander Aronson Finning & Co., P.C. ("Monitoring

BOSTI-884634-3

RETURN TO

ROBINSON & COLE LLP ONE BOSTON PLACE, BOSTON, MA 02108
85/20563.0027

West Street, Reading

24

Agent") shall be the initial monitoring agent to monitor compliance of the Project with the Affordability Requirement set forth in Section 2 below and compliance of the Developer with the Limited Dividend Requirement set forth in Section 3 below, as specified in the Monitoring Services Agreement among the Developer, the Municipality, and the Monitoring Agent of even date herewith ("Monitoring Services Agreement").

NOW THEREFORE, in consideration of the agreements and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Developer hereby agrees and covenants as follows:

1. **Distribution of Affordable Units.** The distribution of the Affordable Units by unit size shall be as set forth below:

	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>
Number of Units	14	25	2
Household Size	1-2	2-4	4-5
Maximum Monthly Rent	\$775	\$930	\$1,075

The current Maximum Monthly Rent for the Affordable Units are based upon the Base Income at the date of this Agreement and may be adjusted annually as permitted hereunder.

2. **Affordability.**

- (a) During the term of the Qualified Project Period, the Affordable Units shall be occupied by households earning no more than fifty percent (50%) of the Base Income.
- (b) The Affordable Units shall be rented at rents, including all utilities (but not food or the cost of supportive services, including, but not limited to telephone and cable service), which shall not exceed 30% of the Base Income, provided that for tenants who are participants under any governmental rent subsidy program, the Affordable Units shall be made available for rental at the maximum rent permitted under such program.
- (c) Throughout the term of this Agreement, the Developer shall annually determine the income of each tenant of an Affordable Unit. This determination shall be certified to the Monitoring Agent and the Municipality on an annual basis. Any Affordable Unit occupied by a certified household at the commencement of occupancy shall be deemed an Affordable Unit so long as (i) such unit continues to be rent restricted and (ii) the tenant's income does not exceed 140% of the Base Income. If the tenant's income exceeds 140% of the Base Income at the time of the annual income determination, his/her unit shall be deemed an Affordable Unit until the next available unit with the same or greater number of bedrooms which is not an Affordable Unit is rented, which Developer shall make a good faith effort to rent to a qualified household.

3. Dividend Limitation. Developer agrees that during the Qualified Project Period, the distribution of return to the Developer or to the partners, shareholders, or other owners of Developer or of the Project shall not exceed ten percent (10%) of imputed equity, calculated according to the limited dividend requirement of MassDevelopment (the "Allowable Profit"), as reflected on statements provided to the Monitoring Agent (the "Allowable Profit"). Distributions of the Allowable Profit not made in any one year may be deferred and made in subsequent years. Proceeds of any refinancing, or insurance or condemnation proceeds, or from the sale of any of Developer's assets shall be excluded from the determination of the Allowable Profit. Upon issuance of a final Certificate of Occupancy for all of the units in the Project, the Developer shall deliver to the Monitoring Agent an itemized statement of total development costs and imputed equity together with a statement of gross income from the Project received by the Developer to date certified by the Developer ("Certified Cost and Income Statement"). If all units in the Project have not been rented as of the date the Certified Cost and Income Statement is delivered to the Monitoring Agent, the Developer shall at least once every ninety (90) days thereafter, until such time as all of the units are rented, deliver to the Monitoring Agent an updated Certified Cost and Income Statement. After all units in the Project have been rented, the Developer shall, on or before March 31 of every year thereafter during the term of this Agreement, deliver to the Monitoring Agent an itemized statement of income and expenditures in form reasonably satisfactory to the Monitoring Agent for the prior year. During the term of this Agreement, unless otherwise terminated pursuant to Section 11 hereof, all profit realized in excess of the Allowable Profit shall be promptly remitted to the Town of Reading, on a calendar year basis, to the extent not payable to MassDevelopment under the Program (as defined below), for deposit in an affordable housing fund to be used by the Municipality for the purposes of encouraging, creating or subsidizing the construction or rehabilitation of affordable housing elsewhere in the Municipality. The terms of the Tax Agreement (including MassDevelopment's interpretation thereof) shall govern with respect to all issues relating to the Allowable Profit.

4. MassDevelopment Program. The Municipality acknowledges that the Developer has obtained financing for the Project from MassDevelopment under the federal Low Income Housing Tax Credit Program (the "Program"). The Municipality acknowledges that under the Program, the Developer must execute the Tax Agreement. For the duration of the term of the Tax Agreement, in the event that any terms or provisions of this Agreement conflict with those of the Tax Agreement, the terms or provisions of the Tax Agreement shall govern, including the provisions of the Fannie Mae Rider attached to the Tax Agreement and also attached hereto as Exhibit B. In addition to the foregoing, if for any reason there is a foreclosure, deed-in-lieu of foreclosure or comparable conversion of a mortgage or security agreement granted in connection with the MassDevelopment financing, the provisions of Sections 3 through 5 of the Tax Agreement shall be deemed incorporated herein by reference for the benefit of the Municipality with all references to "Borrower" therein being deemed to refer to Developer and all references to "Issuer" or "Trustee" therein being deemed to refer to the Municipality.

5. Affirmative Marketing. The Developer shall not discriminate on the basis of race, creed, color, sex, age, handicap, marital status, national origin or any other basis prohibited by law in the selection of the tenants for the Affordable Units. The Developer shall affirmatively market the Affordable Units to minority households through direct outreach efforts to local churches, social service and civic organizations as well as local and area-wide newsprint media where minority households are most likely to be contacted. This outreach effort must continue for a period of at least 60 days prior to the selection of tenants for the Affordable Units. In

addition, the-Developer agrees to adopt a preference for local resident households and such local preference will remain in effect during a 60 day marketing period after which the occupants for the Affordable Units will be selected by the Developer, and shall report on the status of this effort to the Monitoring Agent and the Municipality. The Developer agrees to maintain for at least five (5) years following the rental of the Affordable Units, a record of all newspaper ads, outreach letters, translations, leaflets and any other outreach efforts, which may be inspected by the Municipality.

6. Recording. Upon execution hereof, the Developer shall immediately cause this Agreement to be recorded with the Registry of Deeds for the County where the Project is located and/or, if the Project consists in whole or in part of registered land, to be filed with the Registry District of the Land Court for the County where the Project is located. Upon recording and/or filing as applicable, the Developer shall immediately transmit to the Municipality evidence of such recording and/or filing.

7. Representations. The Developer hereby represents, covenants and warrants as follows:

- (a) The Developer is a limited liability company duly organized under the laws of Delaware and is qualified to transact business under the laws of the Commonwealth of Massachusetts, (ii) has the power and authority to own properties and assets and to carry on its business as now being conducted, and (iii) has full legal right, power and authority to execute and deliver this Agreement.
- (b) The execution and performance of this Agreement by the Developer (i) will not violate or, as applicable, has not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, has not violated any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Developer is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.
- (c) The Developer will, at the time of execution and delivery of this Agreement, have good and marketable title to the Project free and clear of a lien or encumbrance, subject to the encumbrances created pursuant to this Agreement, any loan documents relating to the Project, or other encumbrances permitted by any mortgagee of the Project.

8. Governing Law/Amendments/Severability. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Any amendments to this Agreement must be in writing and executed by all of the parties hereto. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions hereof.

9. Monitoring Agent. The Developer shall retain Alexander Aronson Finning & Co., P.C. ("Monitoring Agent") for purposes of administration, monitoring and enforcement under this Agreement pursuant to an agreement substantially in the form of the Monitoring Services

Agreement attached hereto as Exhibit C. All notices and reports required to be submitted under this Agreement shall be submitted simultaneously to the specified entity and to the Monitoring Agent. In the event that the Monitoring Agent shall cease to serve or shall fail to exercise diligence and care in its duties, a successor monitoring agent shall be selected in accordance with the provisions of Sections 8 and 9, as applicable, of the Monitoring Services Agreement.

10. Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when delivered by hand or when mailed by certified or registered mail, postage prepaid, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate by written notice:

Developer:

ASN Reading LLC
186 Lincoln Street Suite 900
Boston, MA 02111
Attention: Eric Buchanan

With copy to:

Robinson & Cole LLP
One Boston Place
Boston, MA 02108
Attention: Brian W. Blaesser, Esq.

Municipality:

Town of Reading Zoning Board of Appeals (ZBA)
16 Lowell Street
Reading, MA 01867
Attn: Chairman of ZBA

With copy to:

Brackett & Lucas
165 Washington Street
Winchester MA 01890
Attention: Ellen Doucette, Esq.

11. Term of Restriction and Agreement. The term of this Agreement, the rental restrictions, and other requirements provided herein shall be in perpetuity, or the maximum term allowed by law, but in no case less than 99 years; provided, however, that this Agreement shall terminate if the Project is acquired by foreclosure or by instrument in lieu of foreclosure of a first mortgage granted to a state or national bank, state or federal savings and loan association, cooperative bank, mortgage company, trust company, insurance company or other lender, provided that the holder of the mortgage gives the Municipality not less than sixty (60) days

prior written notice of the mortgagee's intention to foreclose upon the Project or to accept an instrument in lieu of foreclosure.

12. Successors and Assigns. The Developer intends, declares and covenants on behalf of itself and its successors and assigns (i) that this Agreement and the covenants, agreements and restrictions contained herein shall be and are covenants running with the land, encumbering the Project for the term of this Agreement, and are binding upon the Developer's successors in title, (ii) are not merely personal covenants of the Developer, and (iii) shall bind the Developer, and its successors and assigns for the term of the Agreement. Developer hereby agrees that any and all requirements of the laws of the Commonwealth of Massachusetts to be satisfied in order for the provisions of this Agreement to constitute restrictions and covenants running with the land shall be deemed to be satisfied in full and that any requirements of privity of estate are also deemed to be satisfied in full.

13. Default. If any default, violation or breach by the Developer of this Agreement is not cured or waived to the satisfaction of the Municipality within thirty (30) days after notice to the Developer thereto then the Municipality may send notification to the Municipality's zoning enforcement office and any other mortgagee that the Developer is in violation of the terms and conditions hereof. Any mortgagee shall have the option at its sole discretion (but not the obligation) to cure such default, violation or breach within the sixty (60) day notice of cure period set forth above. The Municipality may exercise any legal remedy available to it with respect to such default. The Developer shall pay all costs and expenses, including legal fees, incurred by the Municipality in enforcing this Agreement, and Developer hereby agrees that the Municipality shall have the right to place a lien on the Project to secure payment of any such costs and expenses. The Municipality may perfect such a lien on the Project by recording a certificate setting for the amount of the costs and expenses due and owing in the Registry of Deeds or the Registry District of the Land Court for the county in which the Project is located. A purchaser of the Project or any portion thereof shall be liable for the payment of any unpaid costs and expenses which were the subject of a perfected lien prior to the purchaser's acquisition of the Project or portion thereof.

14. Mortgagee Consent. The Developer represents and warrants that it has obtained the consent of all existing mortgagees of the Project to the execution and recording of this Agreement and to the terms and conditions hereof and that all such mortgagees have executed a consent to this Agreement.

15. Counterparts. This Agreement may be executed as two or more fully or partially executed counterparts, each of which shall be deemed an original, but all counterparts together constitute one and the same instrument.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument as of the date first above written.

DEVELOPER:

ASN READING LLC

By: 

ERIC D. BUCHANAN

TOWN OF READING

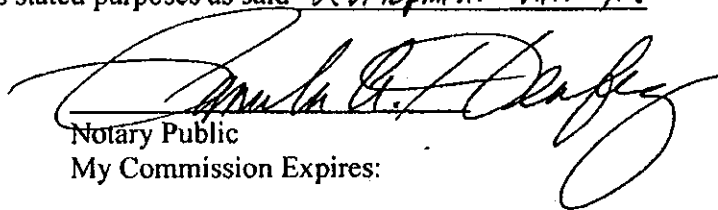
By: 

Pam Meege

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

On this 27th day of April, 2006, before me, the undersigned notary public, personally appeared Eric D. Buchanan, proved to me through satisfactory evidence of identification, which was Colorado Drivers License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purposes as said Development Manager of ASN Reading LLC.


Notary Public
My Commission Expires:



PAMELA A. HEAFEY
Notary Public
Commonwealth of Massachusetts
My Commission Expires
September 8, 2008

COMMONWEALTH OF MASSACHUSETTS

MIDDLESEX, ss.

On this 1ST day of MAY, 2006, before me, the undersigned notary public, personally appeared PETER HECHENBLEIKNER, proved to me through satisfactory evidence of identification, which was PERSONAL KNOWLEDGE, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purposes as said TOWN MANAGER of TOWN OF READING.

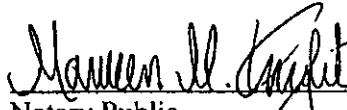
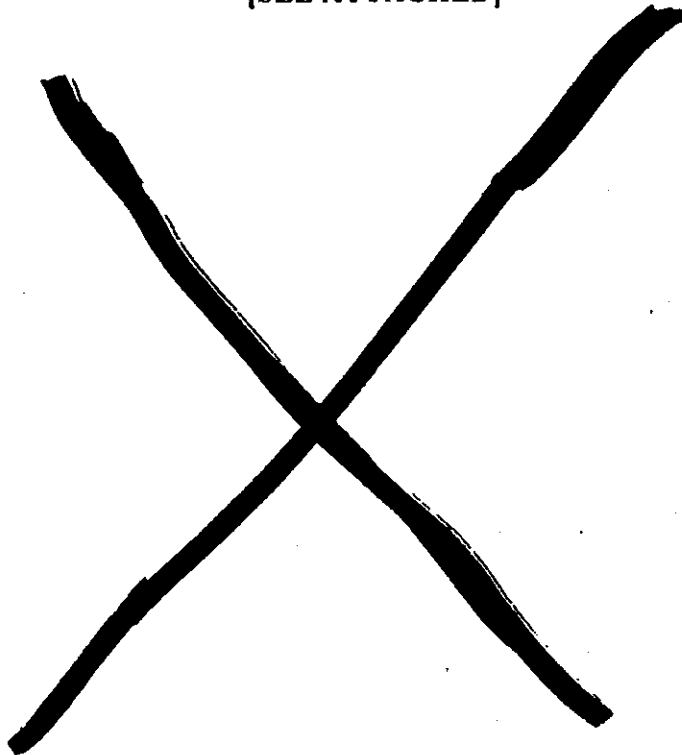

Notary Public
My Commission Expires: 07-23-2010

EXHIBIT A

Description of the Project

[SEE ATTACHED]



Bk: 44314 Pg: 179

Bk: 44014 Pg: 321

SCHEDULE A - 1

Quitclaim Deed
Anthony V. and Loretta C Marino, Trustees
to
Archstone-Smith Operating Trust

The land with the buildings thereon known as and numbered 66 and 70 West Street, Reading, Middlesex County, Massachusetts being shown as Lot B on a plan entitled "Assessor's Lots 2, 3, 4 & 9 at No 40-42 & 70 West Street in Reading, Massachusetts" prepared by Daylor Consulting Group, Inc. dated February 28, 2002 and recorded with Middlesex South District Registry of Deeds as Plan No. 264 of 2002, more particularly bounded and described as follows according to said plan:

Beginning at a point on the Westerly line of West Street, such point being the Southeasterly corner of Lot A, as shown on said plan, thence running:

N 35° 35' 32" W, by said Lot A, Nine Hundred Two and 73/100 (902.73) feet to a point; thence

N 85° 12' 57" E, Three Hundred Seven and 33/100 (307.33) feet to a point; thence

S 31° 48' 59" E, Four Hundred Sixteen and 40/100 (416.40) feet to a point; thence

N 73° 34' 55" E, Ninety-Five and 81/100 (95.81) feet to a point on the Westerly line of West Street, thence

S 01° 22' 20" E, by the line of West Street, Eighty-Nine and 27/100 (89.27) feet to a point; thence

S 01° 22' 20" E, by the line of West Street, Three and 53/100 (3.53) feet to a point; thence

Southwesterly by the line of West Street by a curve to the right, the radius of which is Two Hundred Seventy-Four and 85/100 (274.85) feet, Eighty-Three and 90/100 (83.90) feet to a point, thence continuing by the line of West Street

S 16° 07' 40" W, One Hundred Fourteen and 34/100 (114.34) feet to a point; thence

N 73° 30' 41" W, One and 15/100 (1.15) feet to a point; thence

Southwesterly by the line of West Street by a curve to the right, the radius of which is One Thousand Seven Hundred Seventy-Four and 19/100 (1,774.19) feet, One Hundred Fifty-Six and 36/100 (156.36) feet to the point of beginning.

Containing One Hundred Ninety Thousand and Forty-Five (190,045) square feet according to said plan.

Loretta C. Marino
Loretta C. Marino, Trustee

Bk: 44314 Pg: 180

Bk: 44014 Pg: 313

Schedule A - Z

SPENCE FARM DESCRIPTION

A certain parcel of land with the buildings thereon known as and numbered 40-42 West Street, Reading, Middlesex County, Massachusetts being shown as Lot A on a plan entitled "Assessor's Lots 2, 3, 4 & 9 at No 40-42 & 70 West Street in Reading, Massachusetts" prepared by Daylor Consulting Group, Inc. dated February 28, 2002 and recorded with Middlesex South District Registry of Deeds as Plan No. 264 of 2002, more particularly bounded and described as follows:

Beginning at a stone bound in the Westerly line of West Street and the Easterly line of Route 93, as shown on said plan and thence running:

N 33° 48' 44" W by the Easterly line of Route 93 as shown on said plan, One Thousand One Hundred Sixty-Three and 16/100 (1,163.16) feet to a point; thence

N 56° 11' 16" E, by the line of Route 93, Forty (40.00) feet to a stone bound, as shown on said plan; thence

N 33° 48' 44" W, by the line of Route 93 Thirty-Three and 9/100 (33.09) feet to a pin at land now or formerly of James W. & Nancy M. Killam, as shown on said plan; thence

N 82° 46' 22" E, One Hundred Twenty-Three and 13/100 (123.13) feet to a point; thence

N 83° 55' 49" E, One Hundred Forty-Seven and 51/100 (147.51) feet to a point, being the Northwesterly corner of Lot B as shown on said plan; thence

S 35° 35' 32" E, by said Lot B, Nine Hundred Two and 73/100 (902.73) feet to a point on the Westerly line of West Street, as shown on said plan; thence

Southwesterly by the Westerly line of West Street by a curve to the right with a radius of One Thousand Seven Hundred Seventy Four and 19/100 (1,774.19) feet, a distance of Two Hundred Thirty-Seven and 7/100 (237.07) feet to a point; thence

Continuing southwesterly by the line of West Street by a curve to the right with a radius of One Thousand Five Hundred Seventy (1,570.00) feet, One Hundred and Sixteen and 6/100 (116.06) feet to the point of beginning.

Containing Three Hundred Twelve Thousand Nine Hundred and Ninety-Nine (312,999) square feet according to said plan.

* more or less

Bk 44314
Pg 177

BOSTI-726564-4

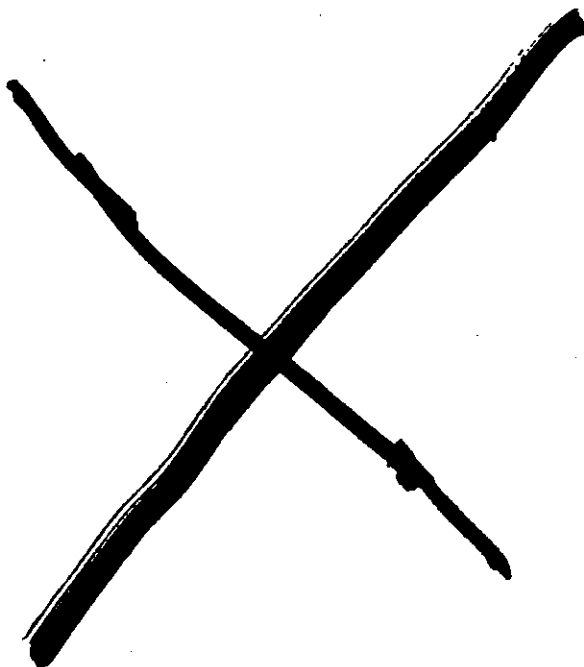
09/22/04 5:21 PM

[Signature]
Notary Public in the State of Massachusetts

EXHIBIT B

Fannie Mae Rider to Regulatory Agreement

[SEE ATTACHED]



FANNIE MAE RIDER TO REGULATORY AGREEMENT

THIS FANNIE MAE RIDER TO REGULATORY AGREEMENT ("Rider") is attached to and forms a part of the Tax Regulatory Agreement ("Regulatory Agreement"), dated as of _____, 2004, by and among Archstone-Smith Operating Trust ("Borrower"), its successors and assigns, the Massachusetts Development Finance Agency ("Issuer") and _____ ("Trustee"), as Trustee.

1. Definitions. All capitalized terms used in this Rider have the meanings given to those terms in the Regulatory Agreement or the Indenture, as applicable.

2. Applicability. This Rider shall amend and supplement the Regulatory Agreement. In the event any provision of this Rider conflicts with the Regulatory Agreement, this Rider shall supersede the conflicting provision of the Regulatory Agreement. This Rider shall apply in spite of the fact that the covenants, reservations and restrictions of the Regulatory Agreement run with the land and may be deemed applicable to any successor in interest to the Borrower.

3. Obligations not Secured by the Project. The obligations of the Borrower and any subsequent owner of the Project under the Regulatory Agreement shall not be secured by or constitute a lien on, or security interest in, the Project. The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

4. Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Section 3 through 5; are and shall at all times remain subject and subordinate, in all respects, to: (a) the liens, rights and interests created under the Loan Documents and (b) the liens, rights and interests of the Construction Lender under the Construction Phase Credit Documents and as a potential successor to Fannie Mae's rights and interests pursuant to the terms of the Construction Phase Finance Agreement. Upon a conveyance or other transfer of title to the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, the Person who acquires title to the Project pursuant to such foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan (unless such Person is the Borrower or a Person related to the Borrower within the meaning of Section 1.103-10(e) of the Regulations, in which event the Regulatory Agreement shall remain in full force and effect in its entirety) shall acquire such title free and clear of the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Section 3 through 5 and, from and after the date on which such Person acquires title to the Project, the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Section 3 and 5, shall automatically terminate and be of no force and effect; provided that Section 3 and 5 shall also terminate and be of no force or effect under the circumstances set forth in Section 3 through 5 of the Regulatory Agreement. Notwithstanding anything in this Rider or the Regulatory Agreement to the contrary, the terms, covenants and restrictions of the Regulatory Agreement set forth in Section 19 shall automatically terminate and be of no force and effect unless such requirements, in the opinion of counsel knowledgeable in such matters delivered to Fannie Mae and the Issuer, shall be required by applicable law to survive the conveyance or other transfer of title to the Project by foreclosure.

5. Obligations Personal. The Issuer agrees that no owner of the Project (including Fannie Mae) subsequent to the Borrower will be liable for, assume or take title to the Project subject to:

(a) any failure or any prior owner of the Project to perform or observe any representation or warranty, affirmative or negative covenant or other agreement or undertaking under the Regulatory Agreement; and

(b) the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owned by any prior owner of the Project under the Regulatory Agreement.

The Borrower and each subsequent owner of the Project shall be responsible under the Regulatory Agreement for its own acts and omissions occurring during the period of its ownership of the Project. All such liability and obligations shall be and remain personal to such person even after such person ceases to be the owner of the Project.

6. Sale or Transfer. All restrictions on sale or transfer of the Project or of any interest in the Borrower, consents of the Issuer or the Trustee, transfer agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to Fannie Mae or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan or to any subsequent transfer by Fannie Mae following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Loan. Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any of the other Loan Documents which requires the Borrower to obtain the consent of Fannie Mae as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument. No covenant obligating the Borrower to obtain an agreement from any transfer to Fannie Mae upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Loan by Fannie Mae, or to any subsequent transfer by Fannie Mae following foreclosure, deed-in-lieu for foreclosure or comparable conversion of the Loan. Any written consent to a sale or transfer obtained from the Issuer shall constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions of the Regulatory Agreement.

7. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the treat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Security Instrument and the other Loan Documents.

8. Regulatory Agreement Default. Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

(b) The occurrence of an event of default under the Regulatory Agreement shall not be or be deemed to be a default under the Loan Documents, except as may be otherwise specified in the Loan Documents.

(c) Upon any default by the Borrower under the Regulatory Agreement, the Assignment shall govern the remedies and other actions which the Issuer may take on account of such default.

9. Amendments. Unless the Assigned Rights (as that term is defined in the Assignment) are transferred to the Trustee pursuant to Section 5.1 of the Assignment, the Issuer shall not consent to any amendment, supplement to, or restatement of the Regulatory Agreement without the prior written consent of Fannie Mae.

10. Termination. The Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, the Credit Provider and the Borrower upon receipt of an opinion of a nationally recognized bond counsel acceptable to the Trustee that such termination will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income purposes. So long as the Bonds have been

redeemed or are redeemed within a reasonable period thereafter, the Regulatory Agreement shall terminate and be of no further force or effect from and after the date of any transfer of title to the Property by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Property; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Property for federal income tax purposes.

11. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Fannie Mae and are entered into for the benefit of various parties, including Fannie Mae. Fannie Mae shall accordingly have contractual rights in the Regulatory Agreement. In addition, the Borrower and the Issuer intend that Fannie Mae be a third-party beneficiary of the Regulatory Agreement.

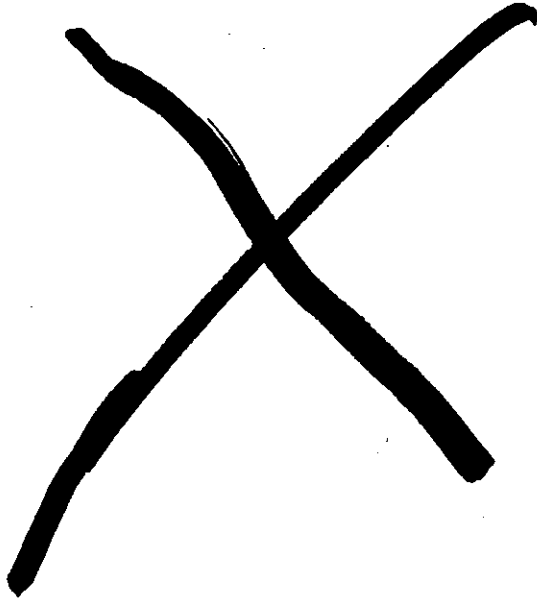
12. Copies of Notices under the Regulatory Agreement. Copies of all notices under the Regulatory Agreement shall be sent to the Loan Servicer at the address set forth below or to such other address as the Loan Servicer may from time to time designate:

KeyCorp Real Estate Commercial Markets, Inc
Mailcode: OH-01-27-0824
127 Public Square
Cleveland, OH 44114-1306

EXHIBIT C

Form of Monitoring Services Agreement

[SEE ATTACHED]



MONITORING SERVICES AGREEMENT

This Monitoring Services Agreement (this "Agreement") is made this ____ day of ____, 2006, by ASN READING LLC, a Delaware limited liability company having an address at 186 Lincoln Street, Boston, MA 02111 ("Developer"), the TOWN OF READING, a Massachusetts municipal corporation whose town government offices are located at 16 Lowell Street, Reading, MA 01867 (the "Municipality"), and ALEXANDER ARONSON FINNING & CO., P.C., a private corporation organized and existing under the laws of Massachusetts ("AAF") with an address at 21 East Main Street, Westborough, MA 01581 ("Monitoring Agent").

BACKGROUND:

A. The Developer intends to construct a 204-unit rental development on a 11.55 acre site located at 40, 42, 66 and 70 West Street in Reading, Massachusetts, more particularly described in Exhibit A attached hereto and made a part hereof (the "Project");

B. The Developer has received a comprehensive permit from the Zoning Board of Appeals for the Town of Reading (the "Municipality") under Chapter 40B of the Massachusetts General Laws, which permit is recorded in the Middlesex South Registry of Deeds in Book 44230 at Page 261 as Document No. 00304583, and which permit was subsequently modified by the Modification to Permit, recorded in Book 44230 at Page 279 as Document No. 00304584 in the Middlesex South Registry of Deeds, by the Second Modification to Permit, recorded in Book 44230 at Page 283 as Document No. 00304585 in the Middlesex South Registry of Deeds, and by the Third Modification to Permit, recorded in Book 44230 at Page 286 as Document No. 00304586 in the Middlesex South Registry of Deeds (together, the "Comprehensive Permit");

C. The Comprehensive Permit and the Regulatory Agreement between the Developer and the Municipality of even date herewith ("Regulatory Agreement") specify that 41 units, or 20% of the total units in the Project will be affordable units as more fully described herein (the "Affordable Units") and will be rented to households earning no more than fifty percent (50%) of the Area Median Income, adjusted for household size, for the Boston Primary Metropolitan Statistical Area (the "Base Income") as published from time to time by the U.S. Department of Housing and Urban Development ("HUD") or successor agency;

D. The Project is being financed with funding under the federal Low Income Housing Tax Credit Program, administered by the Massachusetts Development Finance Agency ("MassDevelopment") under which the Developer must execute a Tax Regulatory Agreement (the "Tax Agreement"). Under the Tax Regulatory Agreement dated as of December 15, 2004 and recorded at the Middlesex (South) Registry of Deeds in Book 44314, Page 186, the Developer has obligations to provide affordable housing on the Premises for the duration of a period of time that begins on the first day on which at least 10% of the residential units in the Project are first occupied, and ending on the latest of (i) the date which is (15) years after the date on which at least fifty percent (50%) of the residential units are first occupied; (ii) the first day on which no bonds are actually outstanding; and (iii) the date on which any assistance provided to the Project under Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), terminates (the "Qualified Project Period");

E. Pursuant to the requirements of the Regulatory Agreement and the Comprehensive Permit, the Developer has agreed to retain the Monitoring Agent to monitor compliance of the Project with the Affordability Requirement set forth in the Regulatory Agreement and Section 2 herein and compliance of the Developer with the Limited Dividend Requirement set forth in the Regulatory Agreement and Section 3 herein, as specified below;

F. In accordance with Condition No. 12 of the Comprehensive Permit, the Developer and Municipality have mutually agreed upon Alexander Aronson Finning & Co., P.C. as the initial Monitoring Agent.

NOW THEREFORE, in consideration of the agreements and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Developer, the Municipality and the Monitoring Agent hereby agree and covenant as follows:

1. **Monitoring Services.** Monitoring Agent shall monitor the compliance of the Project with the Affordability Requirement set forth in the Regulatory Agreement and Section 2 herein and compliance of the Developer with the Limited Dividend Requirement set forth in the Regulatory Agreement and Section 4 herein, as specified below.

- (a) Monitoring Agent shall monitor the compliance of the Project with the Affordability Requirement and the compliance of the Developer with the Limited Dividend Requirement, and monitor compliance with all purposes as may be required in order for the Project to continue to qualify as low and moderate income housing within the meaning of M.G.L. c. 40B §§ 20-23, based on, and in accordance with, the following:
 - (i) Receipt of annual reports from the Developer, within 90 days after the end of each calendar year, with respect to compliance of the Project with the Affordability Requirements, which reports shall include copies of tenant income certifications.
 - (ii) Receipt of annual audited financial reports for the Developer, within 90 days after the end of each fiscal year of the Developer.
 - (iii) Review of (1) the adequacy and completeness of the annual reports and annual financial statements and (2) the substantive compliance of the Project with the Affordability Requirement and of the Developer with the Limited Dividend Requirement.
 - (iv) Preparation annually of a report (the "Annual Compliance Report") within 120 days after the end of each fiscal year of the Project to the zoning enforcement officer of the Municipality on the compliance (1) of the Developer with reporting requirements and (2) of the Project with the Affordability Requirement and (3) of the Developer with the Limited Dividend Requirement. The Annual Compliance Report shall indicate the

extent of noncompliance with the relevant reporting and/or substantive requirements, describe efforts being made by the Developer to remedy such noncompliance and, if appropriate, recommend possible enforcement action against the Developer.

The Monitoring Agent shall provide reasonable supplemental monitoring on its own initiative in order to ensure to the extent practicable the compliance of the Project and the Developer with the Affordability Requirement and the Limited Dividend Requirement. The services hereunder shall not include any construction period monitoring. The services hereunder shall include follow-up discussions with the Developer after an event of noncompliance.

The Developer shall deliver to the Monitoring Agent the reports described in (i) and (ii) above within the specified times.

- (b) The Monitoring Agent shall receive a fee of \$10,000.00 from the Developer at the time of execution of this Agreement. In addition, the Developer shall pay the Monitoring Agent an additional fee in the amount of \$100.00 per Affordable Unit for every subsequent year thereafter, increasing by no more than eight percent (8%) annually, payable within thirty (30) days after receipt by Developer of the Annual Compliance Report. Such annual fee shall constitute payment in full for the services of the Monitoring Agent for the period covered by the applicable Annual Compliance Report. If this Agreement is terminated pursuant to Section 9 below, then the annual fee payable hereunder shall be pro rated based on the number of days from the beginning of the applicable year through the termination date. The Municipality shall not have any responsibility for payment of any fee to Monitoring Agent hereunder.
- (c) The Monitoring Agent shall not be held liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without negligence.

2. **Indemnity.** The Developer agrees to indemnify and hold harmless the Monitoring Agent against all damages, costs and liabilities, including reasonable attorney's fees asserted against the Monitoring Agent by reason of its relationship with the Project under this Agreement except with respect to any such damages, costs or liabilities arising from improper or inadequate performance by Monitoring Agent hereunder or otherwise from the negligence or willful misconduct of the Monitoring Agent.

3. **Affordability.**

- (a) During the term of the Qualified Project Period, the Affordable Units shall be occupied by households earning no more than fifty percent (50%) of the Base Income.

- (b) The Affordable Units shall be rented at rents, including all utilities (but not food or the cost of supportive services, including, but not limited to telephone and cable service), which shall not exceed 30% of the Base Income, provided that for tenants who are participants under any governmental rent subsidy program, the Affordable Units shall be made available for rental at the maximum rent permitted under such program.
- (c) Throughout the term of this Agreement, the Developer shall annually determine the income of each tenant of an Affordable Unit. This determination shall be certified to the Monitoring Agent and the Municipality on an annual basis. Any Affordable Unit occupied by a certified household at the commencement of occupancy shall be deemed an Affordable Unit so long as (i) such unit continues to be rent restricted and (ii) the tenant's income does not exceed 140% of the Base Income. If the tenant's income exceeds 140% of the Base Income at the time of the annual income determination, his/her unit shall be deemed an Affordable Unit until the next available unit with the same or greater number of bedrooms which is not an Affordable Unit is rented, which Developer shall make a good faith effort to rent to a qualified household.

4. **Dividend Limitation.** Developer agrees that during the Qualified Project Period, the distribution of return to the Developer or to the partners, shareholders, or other owners of Developer or of the Project shall not exceed ten percent (10%) of imputed equity, calculated according to the limited dividend requirement of MassDevelopment (the "Allowable Profit"), as reflected on statements provided to the Monitoring Agent (the "Allowable Profit"). Distributions of the Allowable Profit not made in any one year may be deferred and made in subsequent years. Proceeds of any refinancing, or insurance or condemnation proceeds, or from the sale of any of Developer's assets shall be excluded from the determination of the Allowable Profit. Upon issuance of a final Certificate of Occupancy for all of the units in the Project, the Developer shall deliver to the Monitoring Agent an itemized statement of total development costs and imputed equity together with a statement of gross income from the Project received by the Developer to date certified by the Developer ("Certified Cost and Income Statement"). If all units in the Project have not been rented as of the date the Certified Cost and Income Statement is delivered to the Monitoring Agent, the Developer shall at least once every ninety (90) days thereafter, until such time as all of the units are rented, deliver to the Monitoring Agent an updated Certified Cost and Income Statement. After all units in the Project have been rented, the Developer shall, on or before March 31 of every year thereafter during the term of this Agreement, deliver to the Monitoring Agent an itemized statement of income and expenditures in form reasonably satisfactory to the Monitoring Agent for the prior year. During the term of this Agreement, unless otherwise terminated pursuant to Section 11 hereof, all profit realized in excess of the Allowable Profit shall be promptly remitted to the Town of Reading, on a calendar year basis, to the extent not payable to MassDevelopment under the Program (as defined below), for deposit in an affordable housing fund to be used by the Municipality for the purposes of encouraging, creating or subsidizing the construction or rehabilitation of affordable housing elsewhere in the Municipality. The terms of the Tax Agreement (including MassDevelopment's interpretation thereof) shall govern with respect to all issues relating to the Allowable Profit.

5. **Governing Law/Amendments/Severability.** This Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Any amendments to this Agreement must be in writing and executed by all of the parties hereto. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions hereof.

6. **Notices.** All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when delivered by hand or when mailed by certified or registered mail, postage prepaid, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate by written notice:

Developer:

ASN Reading LLC
186 Lincoln Street Suite 900
Boston, MA 02111
Attention: Eric Buchanan

With copy to:

Robinson & Cole LLP
One Boston Place
Boston, MA 02108
Attention: Brian W. Blaesser, Esq.

Municipality:

Town of Reading Zoning Board of Appeals (ZBA)
16 Lowell Street
Reading, MA 01867
Attn: Chairman of ZBA

With copy to:

Brackett & Lucas
165 Washington Street
Winchester MA 01890
Attention: Ellen Doucette, Esq.

Monitoring Agent:

Alexander Aronson Finning & Co., P.C.
21 East Main Street
Westborough, MA 01581
Attention: Carla McCall

7. **Term.** The term of this Agreement shall be in perpetuity, or the maximum term allowed by law, but in no case less than 99 years; provided, however, that this Agreement shall terminate if the Project is acquired by foreclosure or by instrument in lieu of foreclosure of a first mortgage granted to a state or national bank, state or federal savings and loan association, cooperative bank, mortgage company, trust company, insurance company or other lender, provided that the holder of the mortgage gives the Municipality not less than sixty (60) days prior written notice of the mortgagee's intention to foreclose upon the Project or to accept an instrument in lieu of foreclosure.

8. **Successor Monitoring Agent.** In the event that the Monitoring Agent is dissolved or becomes incapable of fulfilling its obligations under this Agreement, or if the Monitoring Agent consistently fails to exercise reasonable care and diligence in carrying out its responsibilities under this Agreement (any of the foregoing a "Termination Event"), the Municipality shall have the right to appoint a successor to serve as Monitoring Agent for the remaining term of this Agreement.

9. **Termination.** Developer and the Monitoring Agent shall each have the right to terminate this Agreement upon sixty (60) days written notice to the other and to the Municipality. Upon receipt of notice of termination of this Agreement pursuant to this section, the Municipality shall have the right to appoint a successor to serve as Monitoring Agent for the remaining term of this Agreement.

10. **Binding Agreement.** This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

11. **Headings.** All paragraph headings in this Agreement are for the convenience of reference only and are not intended to qualify the meaning of the paragraph.

12. **Definitions.** Any capitalized term used and not defined herein shall have the same meaning as set forth in the Regulatory Agreement.

13. **Entire Agreement.** This Agreement supersedes all prior agreements between the parties with respect to the Project, whether oral or written, including without limitation, all correspondence between the parties and between counsel for their respective parties. This Agreement constitutes the sole and entire agreement between the parties hereto with respect to the subject transaction, and the rights, duties, and obligations of the parties with respect thereto. In executing this Agreement, the Monitoring Agent acknowledges that the Monitoring Agent is not relying on any statement, representation, warranty, covenant or agreement of any kind made by the Developer or the Municipality or any employee or agent of any of the foregoing, except for the agreements set forth herein.

14. **Counterparts.** This Agreement may be executed as two or more fully or partially executed counterparts, each of which shall be deemed an original, but all counterparts together constitute one and the same instrument.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument as of the date first above written.

DEVELOPER:

ASN READING LLC

By: _____

TOWN OF READING

By: _____

MONITORING AGENT:

ALEXANDER ARONSON FINNING & CO., P.C.

By: _____


Lisa C. Basso
Att. at. Middelosen & Register