EXECUTION COPY
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HURT HOME

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "**Agreement**"), is made effective for all purposes as of the 29th day of September, 2010, between (i) **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development ("**District**"), and (ii) **3050 R STREET PARTNERS, LLC**, a District of Columbia limited liability company ("**Developer**") (individually a "**Party**" and collectively, the "**Parties**")

RECITALS:

R-1. District owns the real property known for taxation and assessment purposes as Square 1282, Lot 0276, located at 3050 R Street N.W. in the District of Columbia (the "**Property**"), as more particularly described in **Exhibit A** attached hereto.

R-2. District desires to convey the Property to Developer in fee simple to be developed in accordance with this Agreement.

R-3. The disposition of the Property to Developer was approved on July 13, 2010 by the Council of the District of Columbia pursuant to Hurt Home Disposition Approval Resolution of 2010 and the Hurt Home Surplus Declaration and Approval Resolution of 2010 (collectively, the "**Resolutions**"), subject to certain terms and conditions incorporated herein.

R-4. The Property has a unique and special importance to District. Accordingly, this Agreement makes particular provision to assure the excellence and integrity of the design and construction of the Project necessary and appropriate for a first class, urban development serving District residents and the public at large.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, District and Developer do hereby agree as follows, to wit:

ARTICLE I
DEFINITIONS, INCORPORATION OF RECITALS, PREVIOUS AGREEMENTS

1.1 Definitions. For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as the singular:

"**ADU**" means an affordable dwelling unit, developed in accordance with the Affordability Covenant.

"**Affiliate**" means with respect to any Person ("first Person") (i) any other Person directly or indirectly controlling, controlled by, or under common control with such first Person, (ii) any officer, director, partner, shareholder, manager, member or trustee of such first Person, or (iii) any officer, director, general partner, manager, member or trustee of any Person described in

clauses (i) or (ii) of this sentence. As used in this definition, the terms "controlling", "controlled by", or "under common control with" shall mean the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, membership interests or partnership interests, by contract or otherwise, or the power to elect at least fifty percent (50%) of the directors, managers, partners or Persons exercising similar authority with respect to the subject Person.

"**Affordability Covenant**" is that certain Affordable Housing Covenant between District and Developer in the form attached hereto as **Exhibit B**, to be recorded in the Land Records against the Property in connection with Closing.

"**Affordable Housing Plan**" is defined in Section 7.4, and the current version of which is attached hereto as **Exhibit K.**

"**Agreement**" means this Disposition and Development Agreement.

"**AMI**" means the most current area median income for the Washington DC-MD-VA metropolitan statistical area as of the date of determination, as designated by HUD.

"**Applicable Law**" means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Environmental Laws, laws relating to historic preservation, laws relating to accessibility for persons with disabilities, and, if applicable, the Davis-Bacon Act.

"**Approvals**" means all applicable jurisdictional governmental approvals that pertain to any alley closings, subdivision, tax lot designations, and other approvals relating to zoning or land use, but expressly excluding the Permits.

"**Approved Plans and Specifications**" is defined in Section 4.3.1.

"**Architect**" means Sorg Architects, or another architect of record, licensed to practice architecture in the District of Columbia, which has been selected by Developer for the Project and approved by District.

"**Business Day**" means Monday through Friday, inclusive, other than holidays recognized by the District of Columbia government.

"**CBEs**" is defined in Section 7.5.1.

"**CBE Agreement**" is that agreement, in customary form, between Developer and DSLBD governing certain obligations of Developer under D.C. Law 16-33 with respect to the Project, substantially in the form attached hereto as **Exhibit P.**

"**Certificate of Final Completion**" is defined in the Construction and Use Covenant.

"**Closing**" is the consummation of the conveyance of the Property as contemplated by this Agreement.

"**Closing Date**" shall mean the date on which Closing occurs.

"**Commencement of Construction**" means Developer has (i) executed a construction contract with its general contractor; (ii) given such general contractor a notice to proceed under said construction contract; (iii) caused such general contractor to mobilize on the Property equipment necessary for demolition, and (iv) obtained the Permits and commenced demolition upon the Property pursuant to the Approved Plans and Specifications. For purposes of this Agreement, the term "**Commencement of Construction**" does not mean site exploration, borings to determine foundation conditions, or other pre-construction monitoring or testing to establish background information related to the suitability of the Property for development of the Improvements thereon or the investigations of environmental conditions.

"**Commercially Reasonable Business Effort**" shall mean that, as and when required hereunder, the Person charged with making such effort is timely and diligently taking, or causing to be taken, in good faith all steps usually and customarily taken by an experienced real estate owner with reasonable due diligence to lawfully achieve the objective to which the particular effort pertains, such as, by way of example only, procuring, or causing to be procured, such competent professional support services as is commercially reasonable to achieve the objective, overseeing and managing the timely and proper completion of the activities comprising such support services and making all payments for such professional support services.

"**Community Participation Program**" is as defined in Section 4.7.1.

"**Completion of Construction**" is as defined in the Construction and Use Covenant.

"**Concept Plans**" are the design plans, submitted by Developer and approved by District as of the Effective Date herein, which serve the purpose of establishing the major direction of the design of the Project.

"**Construction and Use Covenant**" is that certain Construction and Use Covenant between District and Developer, in the form attached hereto as **Exhibit C** attached hereto, to be recorded in the Land Records against the Property in connection with Closing.

"**Construction Consultant**" is as defined in Section 4.8.

"**Construction Drawings**" mean the Concept Plans, the Schematic Plans, the Design Development Plans and the Construction Plans and Specifications, which shall be submitted by Developer to District and subject to District's approval, pursuant to Article 4.

"**Construction Plans and Specifications**" mean the detailed architectural drawings and specifications that are prepared for all aspects of the Project in accordance with the approved Design Development Plans and that are used to obtain Permits, detailed cost estimates, to solicit and receive construction bids, and to direct the actual construction of the Project.

"**Council**" means the Council of the District of Columbia.

"**Council Term Sheet**" means the term sheet attached as **Exhibit D** attached hereto, dated June 10, 2010, executed by District and Developer as required by D.C. Code § 10-801(b-1)(2)(2009).

"**DDOE**" means the District of Columbia Department of the Environment.

"**Debt Financing**" shall mean the financing to be obtained by Developer from an Institutional Lender to fund the costs set forth in the Project Budget, other than the Equity Investment.

"**Deed**" means the special warranty deed conveying the Property to Developer at Closing in the form of **Exhibit E** attached hereto.

"**Deposits**" is defined in Section 2.2.2.

"**Design Development Plans**" are the design plans produced after review and approval of Schematic Plans that reflect refinement of the approved Schematic Plans, showing all aspects of the Project at the correct size and shape. The Design Development Plans shall include: (i) the refined Schematic Plans supplemented with material and design details, including size and scale of façade elements, which are presented in detailed illustrations and 3-dimensional images and (ii) responses to and revisions based on comments, concerns, and suggestions of District relating to the Schematic Plans.

"**Developer Default**" is defined in Section 8.1.1.

"**Developer's Agents**" mean the Developer's agents, employees, consultants, contractors, and representatives.

"**Development and Completion Guaranty**" is that guaranty, to be executed by Guarantor, which shall bind the Guarantor to develop and otherwise construct the Project in the manner and within the time frames pursuant to the terms of this Agreement and the Construction and Use Covenant, as more particularly set forth in Section 4.6.

"**Development Plan**" means Developer's detailed plans for developing, constructing, financing, using, and operating the Project with no less than 15 residential condominiums, subject to the requirements set forth in the Affordability Covenant with respect to the reservation of no less than 3 ADU's for sale to owners at moderate income levels, with parking for no less than 30 automobiles.

"**Disapproval Notice**" is defined in Section 4.2.2.

"**Disposal Plan**" is defined in Section 2.3.1(d).

"**Disposition Fee**" is defined in Section 2.1.3.

"**District Deed of Trust**" means the purchase money deed of trust in the form attached hereto as **Exhibit J**.

"**District Default**" is defined in Section 8.1.2.

"**District Note**" shall mean the purchase money note in the form attached hereto as **Exhibit F**.

"**District Title Policy**" is defined in Section 2.1.4.

"**DOES**" is the District of Columbia Department of Employment Services.

"**DSLBD**" is the District of Columbia Department of Small and Local Business Development.

"**Effective Date**" is the date first written above, which shall be the date of the last Party to sign this Agreement as set forth on the signature pages attached hereto, provided that all Parties shall have executed and delivered this Agreement to one another.

"**Environmental Laws**" means any present and future federal, state or local law and any amendments (whether common law, statute, rule, order, regulation or otherwise), permits and other requirements or guidelines of governmental authorities and relating to (a) the protection of health, safety, and the indoor or outdoor environment; (b) the conservation, management, or use of natural resources and wildlife; (c) the protection or use of surface water and groundwater; (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of or exposure to Hazardous Materials; or (e) pollution (including any release to air, land, surface water, and groundwater), and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and subsequently amended, 42 U.S.C. § 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 32701 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136-136y, the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq.; the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 et seq.; and any similar, implementing or successor law, and any amendment, rule, regulatory order or directive issued thereunder.

"**Equity Investment**" shall mean all funding that is required for the development and construction of the Project in excess of any Debt Financing, but specifically excluding funding in the form of a mezzanine loan.

"**Final Certificate of Completion**" shall have the meaning as defined in the Construction and Use Covenant.

"**First Source Agreement**" is that agreement between the Developer and DOES, attached hereto as **Exhibit G** attached hereto, governing certain obligations of Developer regarding job creation and employment generated as a result of the Project.

"**Final Project Budget**" is defined in Section 9.3.2.

"**Force Majeure**" is an act or event, including, as applicable, an act of God, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials, or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, and laws or orders of government or of civil, military, or naval authorities enacted or adopted after the Effective Date, so long as such act or event (i) is not within the reasonable control of the Developer, Developer's Agents, or its Members; (ii) is not due to the fault or negligence of Developer, Developer's Agents, or its Members; (iii) is not reasonably foreseeable and avoidable by the Developer, Developer's Agents, or its Members or District in the event District's claim is based on a Force Majeure Event, and (iv) directly results in a delay in performance by Developer or District, as applicable; but specifically excluding (A) shortage or unavailability of funds or financial condition, (B) changes in market conditions such that construction of the Project as contemplated by this Agreement and the Approved Plans and Specifications are no longer practicable under the circumstances, or (C) the acts or omissions of a general contractor, its subcontractors, or any of Developer's Agents or Members.

"**Green Building Act**" means that certain act of the District of Columbia Council enacted as *Green Building Act of 2006*, D.C. Official Code § 6-1451.01, *et seq.* (2007 Supp.), as may be amended, and the regulations promulgated therewith.

"**Guaranteed Obligations**" is defined in Section 4.6.3 (a).

"**Guarantor**" is Potomac Investment Properties, Inc., and any successor(s) approved by District pursuant to Section 4.6.

"**Guarantor Submissions**" shall mean the current audited financial statements and audited balance sheets, profit and loss statements, cash flow statements and other financial reports and other financial information of a proposed guarantor as District may reasonably request, together with a summary of such proposed guarantor's other guaranty obligations and the other contingent obligations of such proposed guarantor (in each case, certified by such proposed guarantor or an officer of such proposed guarantor as being true, correct and complete).

"**Hazardous Materials**" means (a) asbestos and any asbestos containing material; (b) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other Applicable Law as a "hazardous substance," "hazardous material," "hazardous waste," "infectious waste," "toxic substance," "toxic pollutant" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity or Toxicity Characteristic Leaching Procedure (TCLP) toxicity; (c) any petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development or

production of crude oil, natural gas or geothermal resources; and (d) any petroleum product, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product and any other substance the presence of which could be detrimental to the Property or hazardous to health or the environment.

"**HPRB**" is the Historic Preservation Review Board of the District of Columbia.

"**HUD**" is the United States Department of Housing and Urban Development.

"**Improvements**" mean landscaping, hardscape, and improvements to be constructed or placed on the Property in accordance with the Development Plan and Approved Plans and Specifications.

"**Initial Term Sheet**" means the Statement of Minimum Terms by and among the Parties.

"**Institutional Lender**" shall mean a Person who, at the time it first makes a loan to Developer, or acquires an interest in any such loan, is a savings bank, savings and loan association, credit union, commercial bank or trust company organized or chartered under the laws of the United States or any state thereof or the District of Columbia or a foreign banking institution (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity); an insurance company organized and existing under the laws of the United States of America or any state thereof or the District of Columbia or a foreign insurance company (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity); an institutional investor such as a publicly held real estate investment trust, an entity that qualifies as a "REMIC" under the Code or other public or private investment entity (in each case whether acting as principal or agent); a brokerage or investment banking organization (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity) as principal or agent); an employees' welfare, benefit, pension or retirement fund; an institutional leasing company; an institutional financing company; any non-District of Columbia governmental agency or entity insured by a governmental agency or any combination of the foregoing entities; provided that each of the above entities shall qualify as an Institutional Lender only if (at the time it first makes a loan to Developer or acquires an interest in any such loan) it (together with such entities, if any, with which its financial statements are consolidated) shall (y) have net assets (determined in accordance with generally accepted accounting principles) of not less than $100,000,000 and (z) not be an Affiliate of Developer.

"**Land Disposition Deposit**" is defined in Section 2.2.2.

"**Land Records**" means the property records maintained by the Recorder of Deeds for the District of Columbia.

"**Letter of Credit**" means an irrevocable, unconditional, automatically renewed, stand-by letter of credit on a form and from a bank reasonably acceptable to District and in the form attached hereto as **Exhibit H** attached hereto.

"**Material Adverse Change**" is defined in Section 4.6.3(c).

"**Member**" means any Person with an ownership interest in Developer.

"**Mortgage**" means a mortgage, deed of trust, mortgage deed, or such other classes of documents as are commonly given to secure advances on real estate under the laws of the District of Columbia.

"**OAG**" means the Office of the Attorney General of the District of Columbia.

"**Other Submissions**" is defined is Section 4.7.

"**Outside Closing Date**" is defined in Section 6.1.1.

"**Party**" when used in the singular, shall mean either District or Developer; when used in the plural, shall mean both District and Developer.

"**Permits**" means all demolition, site, building, construction, and other permits, approvals, licenses, and rights required to be obtained from the District of Columbia government or other authority having jurisdiction over the Property (including, without limitation, the federal government and any utility company, as the case may be) necessary to commence and complete construction, operation, and maintenance of the Project in accordance with the Development Plan and this Agreement.

"**Permitted Exceptions**" has the meaning given it in Section 2.4.2.

"**Permitted Uses**" means the use the use of the Property for condominium residential uses, as more particularly set forth in the Construction and Use Covenant.

"**Person**" means any individual, corporation, limited liability company, trust, partnership, association, or other entity.

"**Progress Meetings**" is defined in Section 4.4.

"**Prohibited Person**" shall mean any of the following Persons: (A) Any Person (or any Person whose operations are directed or controlled by a Person) who has been convicted of or has pleaded guilty in a criminal proceeding for a felony or who is an on-going target of a grand jury investigation convened pursuant to Applicable Law concerning organized crime; or (B) Any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. App. §1, et seq., as amended (which countries are, as of the Effective Date hereof, North Korea and Cuba); (y) the International Emergency Economic Powers Act of 1976, 50 U.S.C. §1701, et seq., as amended; and (z) the Anti-Terrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. § 2405(j), as amended (which countries are, as of the Effective Date hereof, Iran, Sudan and Syria); or (C) Any Person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United

States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (D) Any Person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control list located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order; or (E) Any Person suspended or debarred by HUD or by the District of Columbia government; or (F) Any Affiliate of any of the Persons described in paragraphs (A) through (E) above.

"**Project**" means those Improvements on the Property, and the development and construction thereof in accordance with the Development Plan, this Agreement and the Construction and Use Covenant.

"**Project Budget**" means Developer's budget for construction of the Project that includes a cost itemization prepared by Developer specifying all costs (direct and indirect) by item, including (i) the costs of all labor, materials, and services necessary for the construction of the Project and (ii) all other expenses anticipated by Developer incident to the Project (including, without limitation, anticipated interest on all financing, taxes and insurance costs) and the construction thereof, as may be modified from time to time in accordance with this Agreement.

"**Project Deposit**" has the meaning given it in Section 2.2.1.

"**Project Funding Plan**" has the meaning given it in Section 9.1.

"**Property**" means all right, title, and interest of District in and to the real property located at 3050 R Street, N.W. in Washington, D.C., known for tax and assessment purposes as Lot 0276 in Square 1282, as more particularly described in **Exhibit A** attached hereto, together with all appurtenances and improvements located thereon as of the Effective Date.

"**Purchase Price**" shall mean the consideration of Four Hundred Fifty Thousand Dollars ($450,000.00) to be paid at Closing by the Developer to the District for the purchase and sale of the Property.

"**Related Agreements**" means [the Construction and Use Covenant, the Affordability Covenant, the CBE Agreement, and the First Source Agreement.

"**Residential Units**" means the fifteen (15) residential condominium apartment units to be constructed on the Property in accordance with the Development Plan and this Agreement, including the ADUs. Three (3) of the Residential Units shall be ADU's.

"**Resolutions**" is defined in the Recitals.

"**Schedule of Performance**" means that schedule of performance, attached hereto as **Exhibit I** attached hereto, setting forth the timelines for milestones in the design, development, construction, and completion of the Project (including a construction timeline in customary form) together with the dates for submission of documentation required under this Agreement,

which schedule shall be attached to the Development Plan and to the Construction and Use Covenant.

"**Scheduled Closing Date**" is defined in Section 6.1.1.

"**Schematic Plans**" are the design plans that present a developed design based on the approved Concept Plans, and illustrate the development of building facades, scale elements, and materials. The Schematic Plans shall include: (i) a site plan (1/32' = 1') that illustrates revisions and further development of ideas presented in Concept Plans; (ii) street-level floor plans, a roof plan, and other relevant floor plans (1/16" = 1'); (iii) illustrative elevations and renderings sufficient to review the Project (minimum 1/8" = 1'); (iv) 3-dimensional massing diagrams or models and perspective sketches sufficient to review the Project; (v) one set of 24" x 36" presentation boards with the foregoing items shown thereon; (vi) illustrations and wall sections of façade design elements and other important character elements (½" – 1" = 1'); (vii) exterior material samples; (viii) a summary chart showing floor area, building coverage of the site, building height, floor area ratios, and number of parking spaces and loading docks, and the amount of space dedicated to recreational use; and (ix) such other drawings or documents as District may reasonably request related to the foregoing.

"**Second Notice**" means that notice given by Developer to District in accordance with Section 4.3.2 herein. Any Second Notice shall (a) be labeled, in bold, 18 point font, as a "SECOND AND FINAL NOTICE"; (b) shall contain the following statement: "A FAILURE TO RESPOND TO THIS NOTICE WITHIN TEN DAYS SHALL CONSTITUTE APPROVAL OF THE CONSTRUCTION DRAWINGS ORIGINALLY SUBMITTED ON [DATE OF DELIVERY OF SUCH CONSTRUCTION DRAWINGS]"; (c) be delivered in the manner prescribed in Section 12.1, in an envelope conspicuously labeled "SECOND AND FINAL NOTICE".

"**Settlement Agent**" means Premium Title & Escrow, LLC, as the title agent selected by Developer and mutually acceptable to Developer and District.

"**Settlement Statement**" is the statement prepared by the Settlement Agent setting forth the sources and uses of all acquisition funds associated with Closing.

"**Studies**" is defined in Section 2.3.1.

"**Transfer**" is defined in the Construction and Use Covenant.

"**UST Act**" is defined in Section 2.3.3.

"**UST Regulations**" is defined in Section 2.3.3.

1.2 Rules of Construction. Unless the context clearly indicates to the contrary, for all purposes of this Agreement, (a) words importing the singular number include the plural number and words importing the plural number include the singular number; (b) words of the masculine gender include correlative words of the feminine and neuter genders; (c) words importing

persons include any Person; (d) any reference to a particular Section shall be to such Section of this DFA and (e) any reference to a particular Exhibit shall be to such Exhibit to this Agreement; and to all sub-Exhibits related thereto (e.g., references to Exhibit A shall include Exhibit A-1, Exhibit A-2, etc.).

1.3 Other Definitions. When used with its initial letter(s) capitalized, any term which is not defined in this Article I shall be given the definition assigned to it elsewhere in this Agreement.

1.4 Recitals. The Recitals are hereby incorporated by reference.

1.5 Previous Agreements. This Agreement and the Council Term Sheet are intended to be the sole agreements by and between the Parties with respect to the disposition and development of the Property. Upon the execution of this Agreement, all previous agreements, including the Initial Term Sheet, shall be deemed null and void.

ARTICLE 2
PURCHASE PRICE; DISPOSITION FEE; DEPOSITS CONDITION OF PROPERTY

2.1 PURCHASE PRICE

2.1.1 Conveyance. Subject to and in accordance with the terms of this Agreement, District shall sell to Developer and Developer shall purchase from District, all of District's right, title, and interest in and to the Property in order to construct the Project in accordance with the Development Plan.

2.1.2. Purchase Price. The Purchase Price shall be Four Hundred Fifty Thousand and 00/100 Dollars ($450,000.00) The Purchase Price shall be paid by Developer to District at Closing in cash in immediately available funds.

2.1.3 Disposition Fee. In consideration for District's oversight and monitoring of the Project pursuant to the terms of the transaction documents, including, without limitation, this Agreement and the Construction and Use Covenant, Developer shall pay to the District at Closing the Disposition Fee in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "**Disposition Fee**"). The Disposition Fee shall be paid by delivery by Developer to District of the District Note, in the form attached hereto as **Exhibit F,** in the principal amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00).

2.1.4. Terms of District Note; District Deed of Trust. The District Note shall bear interest only on the outstanding balance of the District Note and shall be payable quarterly from and after the Closing at a per annum interest rate of five percent (5%). The outstanding principal balance and all unpaid accrued interest shall be due and payable on the earlier of (i) a Repayment Event, or (ii) the fifth anniversary of the Closing Date. The District Note shall be secured by a deed of trust (the "**District Deed of Trust**") in the form attached hereto as **Exhibit J**, which shall be recorded against the Property at the Closing. The District Deed of Trust shall be subordinate to the deed of trust securing construction financing for the Project, and shall be insured by an

ALTA Lender's Policy of Title Insurance (the "**District Title Policy**") in form and substance acceptable to the District. The District Title Policy in the amount of the District Note shall be issued in District's favor at Closing, paid for by Developer at its sole cost and expense and subject only to the Permitted Exceptions.

2.2 DEPOSITS

2.2.1 Delivery of Project Deposit

Prior to the Effective Date, Developer has delivered to District a deposit in the form of a Letter of Credit in the amount of Fifty Thousand Dollars ($50,000.00) (the "**Project Deposit**"), which constitutes the Solicitation Response Deposit delivered prior to the execution of the Initial Term Sheet.

2.2.2 Delivery of Land Disposition Deposit

Upon execution and delivery of this Agreement, Developer shall deliver to District an additional deposit in the form of an additional Letter of Credit in the form attached hereto as **Exhibit H** in the amount of One Hundred Thousand Dollars ($100,000.00), which shall be used as security to ensure Developer's development and construction of the Project in accordance with the Construction and Use Covenant ("**Land Disposition Deposit**"). The Project Deposit and the Land Disposition Deposit are sometimes referred to collectively herein as the "**Deposit**".

2.2.3 Purpose of Deposits. The Deposit is not payment on account of and shall not be credited against any amounts due under this Agreement; rather, the Deposit shall be used as security to ensure Developer's compliance with this Agreement and the Construction and Use Covenant and may be drawn on by District in accordance with the terms hereof.

2.2.4 Return of Deposit. Provided that no event of default exists under this Agreement or related agreements (after notice and opportunity to cure as set forth in Section 8.1.1(a) of this Agreement and the provisions of the related agreements), the Deposit shall be returned to Developer upon (a) Developer's general contractor's issuance of a certificate that all liens have been released with respect to the Project and (b) Developer's architect's issuance of a certificate that the Project is 100% complete, including the completion of all Punch List Items. In the event District terminates this Agreement in accordance with Section 8.2, it shall have the right to retain the Deposit as liquidated damages.

2.3 CONDITION OF PROPERTY

2.3.1 Feasibility Studies; Access to Property.

(a) Developer hereby acknowledges that, prior to the Effective Date, it has had the right to perform Studies (as hereinafter defined) on the Property using experts of its own choosing and to access the Property for the purposes of performing Studies. From time to time prior to Closing, provided this Agreement is in full force and effect and Developer is not then in default hereunder, Developer and Developer's Agents shall continue to have the right to enter the Property for purposes of conducting surveys, soil tests, environmental studies, engineering tests,

and such other tests, studies, and investigations ("**Studies**") as Developer deems necessary or desirable to evaluate the Property; provided, Developer's Agents shall not conduct any invasive Studies on the Property without the prior written consent of District and, if approved, shall permit a representative of District to accompany Developer or Developer's Agents during the conduct of any such invasive Studies.

(b) Developer and Developer's Agents are solely responsible for obtaining any necessary licenses and permits for the Studies and any work associated therewith, including transportation and disposal of materials. In addition, Developer and Developer's Agents shall be obligated to comply with all Applicable Law and the provisions of this Agreement during their entry on the Property and while conducting any Studies.

(c) Prior to entering on the Property, Developer shall provide District (i) written notice, including a written description of the intended Studies, (ii) evidence of insurance, as required under the terms of this Agreement, and (iii) copies of any required licenses and notices in accordance with Section 2.3.1(b).

(d) In the event Developer or Developer's Agents disturbs, removes or discovers any materials or waste from the Property while conducting the Studies, or otherwise during its entry on the Property, which are determined to be Hazardous Materials as defined herein, Developer shall notify District and DDOE within one (1) business day after its discovery of such Hazardous Materials. Thereafter, within ten (10) days after its discovery of such Hazardous Materials, Developer shall submit a written notice of a proposed plan for disposal (the "**Disposal Plan**") to District and DDOE. The Disposal Plan shall contain all identifying information as to the type and condition of the Hazardous Materials or waste discovered and a detailed account of the proposed removal and disposal of the Hazardous Materials, including the name and location of the hazardous waste disposal site. DDOE may conduct an independent investigation of the Property, including but not limited to, soil sampling and other environmental testing as may be deemed necessary. Upon completion of DDOE's investigation, District and/or the DDOE shall notify Developer of its findings and shall notify Developer by written notice of its approval or disapproval of the proposed Disposal Plan. In the event DDOE disapproves the proposed Disposal Plan, Developer shall resubmit a revised Disposal Plan to District and DDOE. Developer shall seek the advice and counsel of DDOE prior to any resubmission of a proposed Disposal Plan. Upon review of the revised Disposal Plan, District or DDOE shall notify Developer of its decision. Upon approval of the Disposal Plan, Developer shall remove and dispose of all Hazardous Materials in accordance with the approved Disposal Plan and all Applicable Law; provided, however, Developer shall not be required to begin its removal and disposal of Hazardous Materials not already disturbed or removed until after Closing. Within seven (7) business days after the disposal of any Hazardous Materials or waste, Developer shall provide District such written evidence and receipts confirming the proper disposal of all Hazardous Materials or waste removed from the Property.

(e) Developer shall not have the right to object to any condition that may be discovered, offset any amounts from the Purchase Price, or to terminate this Agreement as a result of such Studies.

(f) Developer hereby indemnifies and holds District harmless and shall defend District (with counsel reasonably satisfactory to District) from and against any and all losses, costs, liabilities, damages, expenses, mechanic's liens, claims and judgments, including, without limitation, reasonable attorneys' fees and court costs, incurred or suffered by District as a result of any entry on the Property or Studies or other activities at the Property conducted by Developer or Developer's Agents. This provision shall survive Closing or the earlier termination of this Agreement.

(g) Developer covenants and agrees that Developer shall keep confidential all information obtained by Developer as to the condition of the Property; provided, however, that (i) Developer may disclose such information to its Members, officers, directors, attorneys, consultants, Settlement Agent, and potential lenders so long as Developer directs such parties to maintain such information as confidential and (ii) Developer may disclose such information as it may be legally compelled so to do. The foregoing obligation of confidentiality shall not be applicable to any information which is a matter of public record or, by its nature, necessarily available to the general public. This provision shall survive Closing or the earlier termination of this Agreement.

(h) Any access to the Property by Developer pursuant to this Section shall additionally be subject to all of Developer's insurance obligations contained in Article 11 and Developer shall restore the Property after such tests are completed.

2.3.2 Soil Characteristics. District hereby states that, to the best of its knowledge, the soil on the Property has been described by the Soil Conservation Service of the United States Department of Agriculture in the Soil Survey of the District of Columbia and as shown on the Soil Maps as [to be completed at later date]. Developer acknowledges that, for further soil information, Developer may contact a soil testing laboratory, the D.C. Department of Environmental Services or the Soil Conservation Service. The foregoing is set forth pursuant to requirements contained in D.C. Official Code § 42-608(b) and does not constitute a representation or warranty by District.

2.3.3 Underground Storage Tanks. In accordance with the requirements of Section 3(g) of the D.C. Underground Storage Tank Management Act of 1990, as amended by the District of Columbia Underground Storage Tank Management Act of 1990 Amendment Act of 1992 (D.C. Code § 8-113.01, *et seq.*) (collectively, the "**UST Act**") and the applicable D.C. Underground Storage Tank Regulations, 20 DCMR Chapter 56 (the "**UST Regulations**"), District hereby represents and warrants to Developer that it is unaware of any "underground storage tanks" (as defined in the UST Act) located on the Property or previously removed from the Property during District's ownership. Information pertaining to underground storage tanks and underground storage tank removals of which the D.C. Government has received notification is on file with the District Department of the Environment, Underground Storage Tank Branch, 51 N Street, N.E., Third Floor, Washington, D.C., 20002, telephone (202) 535-2525. District's

knowledge for purposes of this Section shall mean and be limited to the actual knowledge of the Deputy Mayor for Planning and Economic Development. The foregoing is set forth pursuant to requirements contained in the UST Act and UST Regulations and does not constitute a representation or warranty by District.

2.3.4 AS-IS. DISTRICT SHALL CONVEY THE PROPERTY TO DEVELOPER IN "AS IS", "WHERE IS" CONDITION WITH ALL FAULTS AND DISTRICT MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROPERTY OR ANY IMPROVEMENTS THEREON, AS TO THE SUITABILITY OR FITNESS OF THE PROPERTY OR ANY IMPROVEMENTS THEREON, AS TO ANY LAW, OR ANY OTHER MATTER AFFECTING THE USE, VALUE, OCCUPANCY, OR ENJOYMENT OF THE PROPERTY, OR, EXCEPT AS SET OUT IN SECTION 3.1, AS TO ANY OTHER MATTER WHATSOEVER. DISTRICT SHALL HAVE NO RESPONSIBILITY TO PREPARE THE PROPERTY IN ANY WAY FOR DEVELOPMENT AT ANY TIME. DEVELOPER ACKNOWLEDGES THAT NEITHER DISTRICT NOR ANY EMPLOYEE, REPRESENTATIVE, OR AGENT OF DISTRICT HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY IMPROVEMENTS THEREON. THE PROVISIONS HEREOF SHALL SURVIVE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

2.4 TITLE

2.4.1 Developer hereby acknowledges that title to the Property has been investigated by Developer and has been approved by Developer.

2.4.2 At Closing, District shall convey title to the Property "AS IS" and subject to the Permitted Exceptions. The **"Permitted Exceptions"** shall be the following collectively: (i) all title matters, encumbrances or exceptions of record as of the Effective Date; (ii) encroachments, overlaps, boundary overlaps, strips, gores, or other matters which would be disclosed by an accurate survey or an inspection of the Property as of the Effective Date; (ii) any documents described in this Agreement that are to be recorded in the Land Records pursuant to the terms of this Agreement; (iii) defects or exceptions to title to the extent such defects or exceptions are created by Developer or Developer's Agents or created as a result of or in connection with the use of or activities on the Property or any portion thereof by Developer or Developer's Agents; (iv) all building, zoning, and other Applicable Law affecting the Property as of the Effective Date; (v) real property taxes and water and sewer charges which are not due and payable as of Closing, subject to the obligation to pro-rate taxes on the Property as set forth in this Agreement and (vi) any easements, rights-of-way, exceptions, and other matters of record as of the Effective Date.

2.4.3 From and after the Effective Date through Closing, District agrees not to take any action that would cause a material adverse change to the status of title to the Property existing as of the Effective Date, except as expressly required by Applicable Law or as permitted by this Agreement.

2.5 RISK OF LOSS

All risk of loss prior to Closing with respect to any and all existing improvements on the Property shall be borne by Developer; provided (i) in the event of a casualty, District shall not be required to rebuild any improvements, but shall either raze same or render same so as not to cause a risk to person or property and (ii) the foregoing is not intended and shall not be construed to impose any liability on Developer for personal injury or property damage incurred by District or any third party prior to Closing except as otherwise set forth herein to the contrary as contained in Developer's indemnification obligations contained in Section 2.3.1 and Article 11 hereof.

2.6 CONDEMNATION

2.6.1 Notice. If, prior to Closing, any condemnation or eminent domain proceedings shall be commenced by any competent public authority against the Property, District shall promptly give Developer written notice thereof.

2.6.2 Total Taking. In the event of a taking of the entire Property prior to Closing, District shall release the Deposits to Developer, this Agreement shall terminate, the Parties shall be released from any and all obligations hereunder except those that expressly survive termination, and District shall have the right to any and all condemnation proceeds.

2.6.3 Partial Taking. In the event of a partial taking prior to Closing, District and Developer shall jointly determine in good faith whether the development of the Project remains physically and economically feasible. If the Parties reasonably determine that the Project is no longer feasible, whether physically or economically, as a result of such condemnation, this Agreement shall terminate, District shall release the Deposits to Developer, the Parties shall be released from any further liability or obligation hereunder, except as expressly provided otherwise herein, and District shall have the right to any and all condemnation proceeds. If the Parties jointly determine that the Project remains economically and physically feasible, the Parties shall be deemed to have elected to proceed to Closing, the condemnation proceeds shall either be paid to Developer at Closing or, if paid to District, such amount shall be credited against the Purchase Price and treated as part of the Purchase Price already paid; provided, however, that if no compensation has been actually paid on or before Closing, Developer shall accept the Property without any adjustment to the Purchase Price and subject to the proceedings, in which event, District shall assign to Developer at Closing all interest of District in and to the condemnation proceeds that may otherwise be payable to District, and Developer shall receive a credit at Closing in the amount of any condemnation proceeds actually paid to District prior to the Closing Date. In either event, District (as the seller hereunder) shall have no liability or obligation to make any payment to Developer with respect to any such condemnation. In the event the Parties elect to proceed to Closing, District agrees that Developer shall have the right to participate in all negotiations with the condemning authority, and District shall not settle or compromise any claim to the condemnation proceeds without Developer's consent. In the event that within forty-five (45) days after the date of receipt by Developer of notice of such condemnation the Parties have not jointly determined, in accordance with the foregoing provisions, to elect to terminate or proceed to Closing hereunder, such failure shall be deemed the Parties' election to terminate this Agreement.

2.7 SERVICE CONTRACTS AND LEASES

District will not hereafter procure or enter into any (i) service, management, maintenance, or development contracts, or (ii) leases, licenses, easements, or other occupancy agreements affecting the Property that will bind the Property or Developer as successor-in-interest with respect to the Property, without the prior written consent of Developer. A current list of all such contracts and agreements is attached hereto as **Exhibit Q.**

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 REPRESENTATIONS AND WARRANTIES OF DISTRICT

3.1.1 District hereby represents and warrants to Developer as follows:

(a) The execution, delivery and performance of this Agreement by District and the transactions contemplated hereby between District and Developer shall have been approved by all necessary parties prior to Closing and District has the authority to dispose of the Property, pending expiration of the authority granted in the Resolution, unless extended.

(b) No agent, broker, or other Person acting pursuant to express or implied authority of District is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against Developer for a commission or finder's fee. District has not dealt with any agent or broker in connection with the sale of the Property.

(c) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending against District which relates to the Property. There is no other litigation, arbitration, administrative proceeding, or other similar proceeding pending against District which, if decided adversely to District, would impair District's ability to perform its obligations under this Agreement.

(d) The execution, delivery, and performance of this Agreement by District and the transactions contemplated hereby between District and Developer do not violate any of the terms, conditions or provisions of any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority to which District is subject, or any agreement, contract or Law to which District is a party or to which it is subject.

3.1.2 Survival. The representations and warranties contained in Section 3.1.1 shall not survive Closing. District shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond District's control.

3.2 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

3.2.1 Developer hereby covenants, represents, and warrants to District as follows:

(a) Developer is a District of Columbia limited liability company, duly formed and validly existing and in good standing, and has full power and authority under the laws of the District of Columbia to conduct the business in which it is now engaged. The Argos Group, LLC and Potomac Investment Properties, Inc. are the only Members of Developer and the only Persons with an ownership interest in Developer. Neither Members nor any Person owning directly or indirectly any interest in Developer or Members is a Prohibited Person.

(b) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Developer. Upon the due execution and delivery of the Agreement by Developer, this Agreement constitutes the valid and binding obligation of Developer, enforceable in accordance with its terms.

(c) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby do not violate any of the terms, conditions, or provisions of (i) Developer's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority, or Applicable Law to which Developer is subject, or (iii) any agreement or contract to which Developer is a party or to which it is subject.

(d) No agent, broker, or other Person acting pursuant to express or implied authority of Developer is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against District for a commission or finder's fee. Developer has not dealt with any agent or broker in connection with its lease of the Property.

(e) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending against Developer that, if decided adversely to Developer, (i) would impair Developer's ability to enter into and perform its obligations under this Agreement or (ii) would materially adversely affect the financial condition or operations of the Developer.

(f) Developer's purchase of the Property and its other undertakings pursuant to this Agreement are for the purpose of constructing the Project in accordance with the Development Plan and Construction Drawings and not for speculation in land holding.

(g) Neither Developer nor any of its Members are the subject debtor under any federal, state, or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation or winding up of its assets.

3.2.2 Survival. The representations and warranties contained in Section 3.2.1 shall survive Closing for a period of two years. Developer shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond Developer's control.

ARTICLE 4
SUBMISSIONS; APPROVAL OF CONSTRUCTION DRAWINGS; APPROVAL OF GUARANTOR

4.1 ZONING; SCHEDULE OF PERFORMANCE MILESTONES

4.1.1 Historic Preservation Review Board Submissions. Prior to the Execution Date, the Developer submitted an application to the HPRB for its consideration. The Developer shall proceed with the hearing and submit all other necessary documentation on or before the dates set forth on the Schedule of Performance.

4.1.2 Schedule of Performance Milestones. Developer's failure to perform its obligations in accordance with the Completion Dates set forth on the Schedule of Performance shall constitute a default of this Agreement which shall entitle the District to terminate this Agreement and draw on the Deposits in their full amount without notice or opportunity to cure, except that if such failure is due solely to delays arising from Force Majeure, in which event the Schedule of Performance shall be appropriately modified to reflect the delays attributable to Force Majeure. Upon such termination, all plans and specifications and other pre-development and due diligence work product of Developer with regard to the development and construction of the Project, including, without limitation, the project drawings produced to date and any permits obtained, shall be immediately assigned to District free and clear of all liens and claims for payment.

4.2 CONSTRUCTION DRAWINGS

4.2.1 Developer's Submissions for the Project. Developer shall submit to District for District's review and approval, the following drawings, plans and specifications (collectively, the "**Construction Drawings**") for the Project within the timeframes specified in the Schedule of Performance:

(a) One hundred percent (100%) complete Schematic Plans, together with the proposed Development Plan, based on the Concept Plans;

(b) Eighty percent (80%) complete Design Development Plans consistent with the approved Schematic Plans and Development Plan;

(c) Not less than eighty percent (80%) complete Construction Plans and Specifications; and

(d) One hundred percent (100%) complete Construction Plans and Specifications on or before the date of Closing.

All Construction Drawings shall be prepared and completed in accordance with this Agreement and the Permitted Uses. As used in this Agreement, the term "**Construction Drawings**" shall include any changes to such Construction Drawings.

4.2.2 Approval by District. Notwithstanding anything to the contrary herein, prior to application for any Permit, Developer shall cause the Construction Drawings applicable to such Permit to become Approved Plans and Specifications prior to their application. All of the Construction Drawings shall conform to and be consistent with Applicable Law, including the applicable zoning requirements, and shall comply with the following:

(a) The Construction Drawings shall be prepared or supervised by and signed by the Architect.

(b) A structural, geotechnical, and civil engineer, as applicable, who is licensed by the District of Columbia, shall review and certify all final foundation and grading designs.

(c) Upon Developer's submission of all Construction Drawings to District, the Architect shall certify (on a form reasonably acceptable to District) that the Project Improvements have been designed in accordance with all Applicable Law relating to accessibility for persons with disabilities.

4.3 DISTRICT REVIEW AND APPROVAL OF CONSTRUCTION DRAWINGS

4.3.1 Generally. District shall have the right to review and approve or disapprove all or any part of each of the Construction Drawings, which approval shall not be unreasonably withheld, conditioned or delayed provided such Construction Drawings are consistent with the information exchanged in Progress Meetings and are in accordance with the requirements of the terms herein and Applicable Law. Any Construction Drawings approved (or any approved portions thereof) pursuant to this Section 4.2 shall be "**Approved Plans and Specifications**."

4.3.2 Time Period for District Review and Approval. District shall complete its review of each submission of Construction Drawings by Developer and provide a written response thereto, within twenty (20) days after its receipt of the same. If District fails to respond with its written response to a submission of any Construction Drawings within such twenty (20) day period, Developer shall notify District, in writing, of District's failure to respond by delivering to District a Second Notice. Failure of the District to respond to a Second Notice within ten (10) days shall constitute deemed approval by the District of the matter set forth in the Second Notice.

4.3.3 Disapproval Notices. Any notice of disapproval ("**Disapproval Notice**") shall state in reasonable detail the basis for such disapproval. If District issues a Disapproval Notice, Developer shall revise the Construction Drawings to address the objections of District and shall resubmit the revised Construction Drawings for approval. Any Approved Plans and Specifications may not be later disapproved by District unless any disapproval and revision is mutually agreed upon by the Parties. District's review of any submission that is responsive to a Disapproval Notice shall be limited to the matters disapproved by District as set forth in the Disapproval Notice, but shall not be so limited with regard to any new matters shown on such submission that were not included or indicated on any prior submission.

4.3.4 Submission Deadline Extensions. If Developer is proceeding diligently and in good faith and desires to extend a specified deadline for submission of a particular Construction

Drawing, Developer may request such extension in writing, and, for good cause shown, District may, in its sole discretion, grant such extension by written notice.

4.3.5 No Representation; No Liability. District's review and approval of the Construction Drawings is not and shall not be construed as a representation or other assurance that they comply with any building codes, regulations, or standards, including, without limitation, building engineering and structural design or any other Applicable Law. District shall incur no liability in connection with its review of any Construction Drawings and is reviewing such Construction Drawings solely for the purpose of protecting its own interests.

4.4 CHANGES IN APPROVED PLANS AND SPECIFICATIONS

No changes to the Approved Plans and Specifications shall be made without District's prior written approval. If Developer desires to make any changes to the Approved Plans and Specifications, Developer shall submit the proposed changes to District for approval, which approval shall be granted or withheld in District's sole discretion. District agrees that it shall respond to any such request within a reasonable period of time, not to exceed sixty (60) days.

4.5 PROGRESS MEETINGS

During the preparation of the Construction Drawings, District's staff and Developer shall hold monthly progress meetings ("**Progress Meetings**"), during which meetings Developer and District staff shall coordinate the preparation and submission of the Construction Drawings as well as their review by District.

4.6 APPROVAL OF GUARANTOR; DEVELOPMENT AND COMPLETION GUARANTY

4.6.1 Approval of Guarantor. The Development and Completion Guaranty required pursuant to this Agreement shall be from one or more Persons approved by District in District's sole discretion, which approval shall include District's determination as to whether such Person has sufficient net worth and liquidity to satisfy its obligations under the Development and Completion Guaranty, taking into account all relevant factors, including, without limitation, such Person's obligations under other guaranties and the other contingent obligations of such Person.

4.6.2 Updated Guarantor Submissions. At any time upon District's request, but in any event no later than fifteen (15) days prior to Closing, the Guarantor shall submit to District updated Guarantor Submissions. In the event District determines, in its sole discretion, that a material adverse change in the financial condition of the Guarantor(s) has occurred, Developer shall, within five (5) Business Days after notice from District, identify a proposed substitute guarantor and request District's approval of the same, which request shall include delivery of the Guarantor Submissions for such proposed substitute guarantor.

4.6.3 Development and Completion Guaranty. The Development and Completion Guaranty shall contain the following terms and conditions and shall be in a form approved by the District (in its reasonable discretion) and approved for legal sufficiency by OAG.

(a) Guaranteed Obligations. The Guaranteed Obligations (the "**Guaranteed Obligations**") under the Development and Completion Guaranty shall include the full and complete performance of all of Developer's agreements, obligations and covenants to (i) construct and complete the Project in accordance with the Schedule of Performance; (ii) pay all costs required to complete the Project above the funds provided by Institutional Lender(s) providing Debt Financing, (iii) remove from the Property all mechanics' and materialmen's liens and any other claims of lien arising from the failure to pay for the performance of the obligations contracted for by or on behalf of the Developer or its Affiliates described in the preceding clause (i); and (iv) pay in full all amounts due to any contractor, subcontractor, or materialman who is engaged at any time in work or supplying materials for the construction of the Project in accordance with the Construction and Use Covenant.

(b) Release Conditions. The Development and Completion Guaranty shall be released when (i) all of the Guaranteed Obligations have been performed and satisfied in full (including payment of all due and payable all costs incurred by the District in enforcing its rights under the Development and Completion Guaranty) and (ii) Completion of Construction of the Project has occurred.

(c) Material Change of Guarantor. In the event that there is material adverse change (as reasonably determined by the District) (a "**Material Adverse Change**") in the Guarantor's financial condition from the financial condition of the Guarantor at the time of District approved the Guarantor (or, if applicable, the date that the Institutional Lender providing Debt Financing approved the Guarantor), the Developer shall deliver a replacement guaranty from a guarantor approved by the District with terms and conditions consistent with this Section and within a commercially reasonable period, but in no event longer than the period required by the Institutional Lender providing the Debt Financing. Notwithstanding the foregoing, if the Institutional Lender providing Debt Financing requires an alternative, but commercially reasonable definition of the Material Adverse Change, the District agrees to it will not unreasonably withhold its consent to adoption in the Development and Completion Guaranty given for the benefit of the District of definition of a Material Adverse Change in the Development and Completion Guaranty required by the Institutional Lender providing Debt Financing.

4.6.4 Institutional Lender Form. The obligation to provide the Development and Completion Guaranty will be satisfied if Developer executes and delivers to the Institutional Lender providing the Debt Financing a guaranty required by the Institutional Lender that satisfies the terms and conditions set forth in Section 4.6.3 above, which guaranty names the District as an additional obligee or beneficiary.

4.6.5 Additional Obligee or Beneficiary. Developer shall use best efforts to have the District added as an additional obligee or beneficiary under the guaranty which it executes and delivers to the Institutional Lender providing the Debt Financing, provided that such form is acceptable to the District. If such efforts are not successful, then Developer shall make the District the beneficiary of a separate Development and Completion Guaranty containing the provisions set forth in Section 4.6.3 above, which shall be expressly subordinate in enforcement to the guaranty provided to the Institutional Lender pursuant to the terms of the intercreditor

agreement described in Section 4.6.6 and shall contain such other terms as are reasonably satisfactory to the District and Developer and otherwise shall satisfy the requirements of this Agreement.

4.6.6 Intercreditor Agreement and Subordination. The rights of the District and the Institutional Lender providing the Debt Financing with regard to the enforcement of the Development and Completion Guaranty shall be governed by an intercreditor agreement between the District and such Institutional Lender. The District's right to enforce the Development and Completion Guaranty shall be subordinate to the rights of such Institutional Lender; provided, however, that from and after any default under this Agreement or the Construction and Use Covenant, the District shall have the right to enforce the Development and Completion Guaranty if such Institutional Lender shall not have done so within a reasonable period of time after written notice by the District to such Institutional Lender.

4.7 OTHER SUBMISSIONS

Prior to Closing, Developer shall submit the following to District for review approval in District's sole but reasonable discretion ("**Other Submissions**"):

4.7.1 Community Participation Plan. During the Zoning Approval process, Developer shall provide District a description of Developer's program for public involvement, education and outreach with respect to the Project (including input from the community that is impacted by the Project as it is designed, developed, constructed and operated) (the "**Community Participation Program**"), including a plan for implementing the Community Participation Program and shall include, without limitation, the organization(s) with whom Developer proposes to discuss the Project, a schedule for public meetings and the type of information that Developer proposes to submit to the public. The Community Participation Program shall include a mechanism to document all public meetings, including a narrative description of the events of each meeting, the concerns raised by members of the public, and Developer's responses to such concerns. Developer shall submit such documentation to District of each meeting and shall otherwise include a summary of Developer's activities with respect to, and in furtherance of, the Community Participation Plan at each Progress Meeting.

4.7.2 District's Approval of Professionals; Contracts

(a) Any Person that Developer proposes for any of the following shall be subject to District's approval, which approval shall not be unreasonably withheld or conditioned: (i) all design architects and Architects of Record; (ii) the general construction contractor and (iii) any replacement of any of the foregoing. The District's review of any proposed Person under this Section 4.7.2(a) shall be limited to whether the Person (a) reasonably has the experience and technical qualifications to provide the services required, and (ii) is not a Prohibited Person.

(b) No Person that is a Prohibited Person or is debarred by HUD shall be engaged as contractor or a subcontractor or otherwise provide materials or services with respect to the Project.

(c) Upon District's request, Developer shall provide to District the contracts with any Person required to be approved by the District pursuant to the foregoing provisions of this Section 4.7.2.

4.7.3 Condominium Regime. Developer shall submit to District for District's approval all documentation related to the creation of a condominium regime for the Project. No documentation related to the creation of such condominium regime shall be recorded in the Land Records without the express prior approval of District.

4.7.4 Time Period for District Review and Approval of Other Submissions. The time period for District review and approval of the Other Submissions shall be the same as those contained in Section 4.3.2.

4.7.5 Changes to Other Submissions. No material changes to any Other Submission shall be made without District's prior written approval. If Developer desires to make any material changes to any Other Submission, Developer shall submit the proposed changes to District for approval, which approval shall be granted or withheld in District's sole but reasonable discretion. District agrees that it shall respond to any such request within a reasonable period of time, not to exceed thirty (30) days

4.8 PROJECT OVERSIGHT AND REPORTING

4.8.1 Project Oversight. Developer shall cause its construction lender to engage a third party vendor, which vendor shall be acceptable to District, to conduct on-site visits and other Project oversight, which vendor shall report to District regarding its findings not less often than monthly from and after the Commencement of Construction.

ARTICLE 5
CONDITIONS TO CLOSING

5.1 CONDITIONS PRECEDENT TO DEVELOPER'S OBLIGATION TO CLOSE

5.1.1 The obligations of Developer to consummate the Closing on the Closing Date shall be subject to the following conditions precedent:

(a) District shall have performed all obligations hereunder required to be performed by District prior to the Closing Date.

(b) The representations and warranties made by District in Section 3.1 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date.

(c) District shall have performed all of its material obligations and observed and complied with all material covenants and conditions required at or prior to Closing under this Agreement.

(d) This Agreement shall not have been previously terminated pursuant to any other provision hereof.

(e) District shall have delivered (or caused to be delivered) the original, executed documents required to be delivered pursuant to Section 6.2.1 herein.

(e) As of the Closing Date, there shall be no rezoning or other statute, law, judicial, or administrative decision, ordinance, or regulation (including amendments and modifications of any of the foregoing) by any governmental authorities or any public or private utility having jurisdiction over the Property that would materially adversely affect the acquisition, development, sale, or use of the Property such that the Project is no longer physically or economically feasible. This provision shall not apply to any normal and customary reassessment of the Property for ad valorem real estate tax purposes.

(f) Title to the Property shall be subject only to the Permitted Exceptions.

5.1.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.1.1 have not been satisfied by the Closing Date, provided the same is not the result of Developer's failure to perform any obligation of Developer hereunder, Developer shall have the option to (i) waive such condition and proceed to Closing hereunder; (ii) terminate this Agreement by written notice to District, whereby District will release the Deposits to Developer and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement; or (iii) delay Closing for up to thirty (30) days to permit District to satisfy the conditions to Closing set forth in Section 5.1.1. In the event Developer proceeds under clause (iii), Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 5.1.1 have been satisfied, but if such conditions precedent have not been satisfied by the end of the thirty (30) day period, provided the same is not the result of Developer's failure to perform any obligation of the Developer hereunder, the Developer may again proceed under clause (i) or (ii) above. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by such date, this Agreement shall immediately terminate and be of no further force and effect.

5.2 CONDITIONS PRECEDENT TO DISTRICT'S OBLIGATION TO CLOSE

5.2.1 The obligation of District to convey the Property and perform the other obligations it is required to perform on the Closing Date shall be subject to the following conditions precedent:

(a) Developer shall have performed all obligations hereunder required to be performed by Developer prior to the Closing Date.

(b) The representations and warranties made by Developer in Section 3.2 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date.

(c) This Agreement shall not have been previously terminated pursuant to any other provision hereof.

(d) District's authority, pursuant to the Resolution, to proceed with the disposition, as contemplated in this Agreement, shall have not previously expired.

(e) The Development Plan and all Construction Drawings for the Project shall have been approved as Approved Plans and Specifications in their entirety pursuant to Article 4.

(f) All Other Submissions shall have been approved in their entirety pursuant to Article 4.

(g) Developer shall have certified to District in writing that it is ready, willing, and able in accordance with the terms and conditions of this Agreement to acquire the Property in fee and proceed with the development and construction of the Project in accordance with the Approved Plans and Specifications and the Construction and Use Covenant.

(h) Developer shall not be in default under the terms of the First Source Agreement with DOES.

(i) Developer shall not be in default under the terms of the CBE Agreement.

(j) Developer shall have furnished to District certificates of insurance or duplicate originals of insurance policies required of Developer hereunder.

(k) Developer shall have provided satisfactory evidence of its authority to acquire the Property and perform its obligations under this Agreement.

(l) Developer shall have applied for and obtained all necessary Approvals, including (without limitation) all necessary approvals from HPRB.

(m) Developer shall have obtained all Permits required for the Project required under Section 105A of Title 12A of the D.C. Municipal Regulations.

(n) Developer shall have delivered (or caused to be delivered) the original, executed documents required to be delivered pursuant to Section 6.2.2 herein.

(o) Developer shall have secured District's approval and shall have secured all Debt Financing necessary to fully perform all development and construction obligations contained in the Construction and Use Covenant.

(p) There shall be no changes to the Project Funding Plan or the Project Budget, except to the extent such changes have been previously approved by District.

(q) Developer shall have executed a construction contract with its general contractor for the Project.

(r) There shall have occurred no material adverse change in the financial condition of the Guarantor(s) from the effective date of the information provided to District in connection with its approval of the Guarantor(s) to the Closing.

(s) The Title Insurance Company shall be prepared to issue the District Title Policy to the District in the form provided by Section 2.1.4.

5.2.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.2.1 have not been satisfied by the Closing Date, provided the same is not the result of District's failure to perform any obligation of District hereunder, District shall have the option, at its sole discretion, to (i) terminate this Agreement by written notice to Developer and draw on the Letter of Credit in its full amount, whereupon the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement or (ii) delay Closing for up to thirty (30) days, to permit Developer to satisfy the conditions to Closing set forth in Section 5.2.1. In the event District proceeds under clause (ii), Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 5.2.1 have been satisfied, but if such conditions precedent have not been satisfied by the end of the thirty (30) day period, District may again proceed under clause (i) above, in its sole discretion. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by such date, this Agreement shall immediately terminate and be of no further force and effect.

ARTICLE 6
CLOSING

6.1 CLOSING DATE

6.1.1 Scheduled Closing Date and Outside Closing Date. The Closing Date shall be held within thirty (30) days of the issuance of the final Permit required for the Project under Section 105A of Title 12A of the D.C. Municipal Regulations ("**Scheduled Closing Date**"), subject to extension as provided by this Agreement. Notwithstanding any provision in this Agreement to the contrary, in no event shall the Closing Date be held after that date which is sixteen (16) months after the Effective Date of this Agreement (the "**Outside Closing Date**"). Closing shall occur at 10:00 a.m. at the offices of District or another location in the District of Columbia acceptable to the Parties.

6.1.2 Extension of Outside Closing Date.

(a) If Developer is unable, after exercising all Commercially Reasonable Business Efforts, to meet the milestones for Closing set forth on the Schedule of Performance, the Developer may request that the District submit a resolution to Council seeking an extension under DC Code § 10-801 ("**Extension Resolution**"). If the District (acting by and through the Deputy Mayor for Planning and Economic Development) agrees (in her or his sole and absolute discretion) that the Developer has exercised all Commercially Reasonable Business Efforts to meet the milestones for Closing prior to the Outside Closing Date, the District will submit the Extension Resolution for Council consideration. In the Event that Council passes the Extension Resolution, the Outside Closing Date may be extended for a period determined by the District, in its sole, but reasonable discretion.

(b) Notwithstanding anything to the contrary in Section 6.1.2(a) above, Developer acknowledges and agrees that (i) Council's approval of the Extension Resolution will be granted or denied in the sole and absolute discretion of Council and that the District's submission of the Extension Resolution for Council consideration satisfies any good faith obligation that the District may under the Agreement, (ii) Developer shall have no recourse against the District in the event that the Council fails to approve the Extension Approval, and (iii) that the Deputy Mayor for Planning and Economic Development shall have no future obligation to seek additional extensions under DC Code § 10-801 in the event Council fails to approve the Extension Resolution. Developer further acknowledges and agrees that all monies spent by Developer prior to Closing are "at-risk" and the District shall have no liability for Developer's failure or inability to meet the milestones and conditions required to proceed to Closing by the Outside Closing Date.

6.2 DELIVERIES AT CLOSING

6.2.1 District's Deliveries. On or before the Closing Date, subject to the terms and conditions of this Agreement, District shall execute, notarize, and deliver, as applicable, to Settlement Agent:

(a) the Deed for the Property;

(b) the Construction and Use Covenant in recordable form to be recorded in the Land Records against the Property;

(c) the Affordability Covenant in recordable form to be recorded in the Land Records against the Property;

(d) a certificate, duly executed by District, stating that all of District's representations and warranties set forth herein are true and correct as of and as if made on the Closing Date; and

(e) any and all other deliveries required from District on the Closing Date under this Agreement and such other documents and instruments as are customary and as may be reasonably requested by Developer or Settlement Agent, and reasonably acceptable to District, to effectuate the transactions contemplated by this Agreement.

6.2.2 Developer's Deliveries. On or before the Closing Date, subject to the terms and conditions of this Agreement, Developer shall execute, notarize, and deliver, as applicable, to Settlement Agent:

(a) the Purchase Price;

(b) the District Note;

(c) the District Deed of Trust;

(d) the Land Disposition Deposit, as described in Section 2.2.2;

(e) any additional funds if so required by the Settlement Statement to be delivered by Developer at Closing;

(f) any documents required to close on all of the Debt Financing for Developer's construction of the Project;

(g) the fully executed Development and Completion Guaranty;

(h) the Construction and Use Covenant in recordable form to be recorded in the Land Records against the Property;

(i) the Affordability Covenant in recordable form to be recorded in the Land Records against the Property;

(j) a certification of Developer's representations and warranties executed by Developer stating that all of Developer's representations and warranties set forth herein are true and correct as of and as if made on the Closing Date;

(k) copies of all (i) Permits, (ii) Approvals, including approval of the Project by the HPRB;

(l) a copy of the fully executed First Source Agreement and CBE Agreement;

(m) the following documents evidencing the due organization and authority of Developer to enter into, join and consummate this Agreement and the transactions contemplated herein:

(i) The organizational documents and a current certificate of good standing issued by the District of Columbia;

(ii) Authorizing resolutions, in form and content reasonably satisfactory to District, demonstrating the authority of the entity and of the Person executing each document on behalf of Developer in connection with this Agreement and development of the Project;

(iii) Evidence of satisfactory liability, casualty and builder's risk insurance policies in the amounts, and with such insurance companies, as required in Article 11 of this Agreement;

(iv) Any financial statements of Developer that may be requested by District;

(v) If requested by District, an opinion of counsel that Developer is validly organized, existing and in good standing in the District of Columbia, that Developer has the full authority and legal right to carry out the terms of this Agreement and the documents to be recorded in the Land Records, that Developer has taken all actions to authorize the execution, delivery, and

performance of said documents and any other document relating thereto in accordance with their respective terms, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of Developer or any contract or agreement to which Developer is a party or by which it is bound.

(n) Any and all other deliveries required from Developer on the Closing Date under this Agreement and such other documents and instruments as are customary and as may be reasonably requested by District or Settlement Agent to effectuate the transactions contemplated by this Agreement.

6.2.3 On the Closing Date, Settlement Agent shall record and distribute documents and funds in accordance with closing instructions provided by the Parties so long as they are consistent with this Agreement.

6.3 RECORDATION OF CLOSING DOCUMENTS; CLOSING COSTS

6.3.1 At Closing, Settlement Agent shall file for recordation among the Land Records the Deed for the Property, the Construction and Use Covenant, the Affordable Housing Covenant and the District Deed of Trust.

6.3.2 At Closing, Developer shall be responsible for and pay all costs pertaining to the transfer and financing of the Property, including, without limitation,: (1) title search costs, (2) title insurance premiums and endorsement charges, (3) survey costs, (4) all recordation taxes related to the Deed, the District Deed of Trust, and any other transaction documents, and (5) all Settlement Agent's fees and costs. The District shall be responsible for all transfer taxes.

ARTICLE 7
DEVELOPMENT OF PROPERTY AND CONSTRUCTION OF IMPROVEMENTS; CONSTRUCTION AND USE COVENANT/AFFORDABILITY COVENANT

7.1 OBLIGATION TO CONSTRUCT IMPROVEMENTS

Developer hereby agrees to develop, construct, use, maintain, and operate the Project in accordance with the requirements contained in the Development Plan, the Construction and Use Covenant and the Schedule of Performance. The Improvements shall be constructed in compliance with all Permits and Applicable Law and in a first-class and diligent manner in accordance with industry standards. The cost of developing the Project shall be borne solely by Developer. As further assurance of the above and of the covenants contained in the Construction and Use Covenant, Developer shall cause the Development and Completion Guaranty to be executed by Guarantor on or before Closing.

7.2 ISSUANCE OF PERMITS

Developer shall have the sole responsibility for obtaining all Permits and shall make application therefor directly to the applicable agency within the District of Columbia government or other authority. District shall, upon request by Developer, execute applications for such

Permits as are required by the District of Columbia government or other authority, at no cost, expense, obligation, or liability to District. In no event shall Developer commence site work or construction of all or any portion of the Project until Developer shall have obtained all Permits for the work in question. Developer shall submit its application for Permits required excavation, sheeting and shoring for the Project within a period of time that Developer believes in good faith is sufficient to allow issuance of such Permits prior to the date of Closing. From and after the date of Developer's submission of an application for a Permit, Developer shall diligently prosecute such application until receipt. In addition, from and after submission of any such application until issuance of the Permit, Developer shall report Permit status in writing every thirty (30) days to District.

7.3 SITE PREPARATION

Developer, at its sole cost and expense, shall be responsible for all preparation of the Property for development and construction in accordance with the Development Plan and Approved Plans and Specifications, including costs associated with excavation, construction of the Improvements, utility relocation and abandonment, relocation and rearrangement of water and sewer lines and hook-ups, and construction or repair of alley ways on the Property and abutting public property necessary for the Project. All such work, including but not limited to, excavation, backfill, and upgrading of the lighting and drainage, shall be performed under all required Permits and in accordance with all appropriate District of Columbia agency approvals and government standards, and Applicable Law.

7.4 AFFORDABLE HOUSING REQUIREMENTS.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Property or any part thereof, and the Affordability Covenant shall contain covenants reflecting the same, that Developer and such successors and assigns shall reserve no less than three (3) residential units as ADUs in the sizes and at the AMI levels set forth on the Affordable Housing Plan, the current version of which is attached as **Exhibit K**. It is understood and agreed that the Affordable Housing Plan may be modified in the future based on the final Development Plan, subject to the approval of District. The ADU's shall be located throughout the Project on each floor and shall not be clustered on any particular floor or in any particular part of the Project. Subject to the provisions of the Affordability Covenant, the ADUs shall be and remain in the locations shown on the Affordable Housing Plan and shall be of the size and AMI levels set forth on the Affordable Housing Plan.

7.5 OPPORTUNITY FOR CBEs

In cooperation with District, Developer shall comply with the terms and conditions set forth in the CBE Agreement.

7.6 EMPLOYMENT OF DISTRICT RESIDENTS; FIRST SOURCE AGREEMENT

Pursuant to Mayor's Order 83-265, DC Law 5-93, as amended, and DC Law 14-24, Developer recognizes that one of the primary goals of the District of Columbia government is the

creation of job opportunities for District of Columbia residents. Accordingly, Developer has entered into the First Source Agreement, prior to Closing, with DOES that, among other things, requires the Developer to: (i) use diligent efforts to hire and use diligent efforts to require its architects, engineers, consultants, contractors, and subcontractors to hire at least fifty one percent (51%) District of Columbia residents for all new jobs created by the Project, all in accordance with such First Source Employment Agreement and (ii) use diligent efforts to ensure that at least fifty one percent (51%) of apprentices and trainees employed are residents of the District of Columbia and are registered in apprenticeship programs approved by the D.C. Apprenticeship Council.

7.7 DAVIS- BACON AND LIVING WAGE ACT

If applicable, Developer shall comply with the provisions of the Davis-Bacon Act, 40 U.S.C. § 276(a), and the regulations promulgated therewith. In addition, as required under D.C. Code § 2-220.06, if applicable, the Developer shall comply with all requirements under the "*Living Wage Act of 2006*", D.C. Code § 2-220.01 *et seq.*, including, without limitation to, payment of all employees of the Developer and its subcontractors (if the subcontract is in excess of $15,000) a minimum hourly wage of $12.10 per hour and shall retain all payroll records for a minimum of three (3) years. The Developer shall notify all subcontractors of the requirements under the Living Wage Act and shall post notices relating to the Living Wage Act requirements in a conspicuous site at its place of business.

7.8 GREEN BUILDINGS ACT

Developer shall develop and construct the Project in compliance with the Green Buildings Act. In furtherance thereof, Developer shall submit a Green Development Plan within sixty (60) days after the date of the Effective Date that outlines the integrated design approach used for the residential components of the Project that demonstrates involvement of the entire development team. Developer may conduct a design charrette to develop the Green Development Plan, in which the District shall have the opportunity to attend to participate. Within five (5) Business Days after such design charette, Developer shall deliver to the District reasonably detailed minutes of the same followed by the actual Green Development Plan.

7.9 PROJECT COMPLIANCE REPORTS

Developer shall provide (i) monthly status reports related to the Project which may be in the form requested or required by the District; and (ii) project compliance and monitoring reports in the form required by the Office of the Deputy Mayor for Planning and Economic Development pursuant to the *Compliance Unit Establishment Act of 2008*, D.C. Law 17-176, effective June 13, 2008, under which the Council established a compliance unit within the Office of the District of Columbia Auditor, which was charged with conducting audits and reporting on compliance of certain real estate projects. In furtherance of this compliance review, beginning the first month immediately following Closing and continuing each month thereafter through Final Completion of the Project, no later than five (5) business days prior to the end of each

calendar month, Developer shall submit to the District a detail of the status of the Project in the form attached hereto as **Exhibit M** (the **"Compliance Form"**).

ARTICLE 8
DEFAULTS AND REMEDIES

8.1 DEFAULT

8.1.1 Default by Developer.

(a) Except as set forth in Section 8.1.1(b) below, it shall be deemed a default by Developer if Developer fails to perform any obligation or requirement under this Agreement or fails to comply with any term or provision of this Agreement and such default remains uncured for thirty (30) days after receipt of written notice of such failure from District (except no notice shall be necessary nor shall any cure period apply to Developer's obligation to close on its acquisition of the Property, time being of the essence) (any such uncured default, a **"Developer Default"**). Notwithstanding the foregoing, if a default does not involve the payment of money and cannot reasonably be cured within thirty (30) days, Developer shall have such additional time as is reasonably necessary, not to exceed an additional thirty (30) days, to cure such default; provided, however, Developer must commence the cure within the initial thirty (30) day period and diligently pursue completion of such cure thereafter. Notwithstanding the foregoing, in the event of a pre-Closing default, the cure periods provided herein shall not delay the Closing beyond the Outside Closing Date (as may be extended in accordance with this Agreement).

(b) It shall be deemed a default by the Developer if the Developer fails to meet the milestones on or before the dates set forth for such milestones in the Schedule of Performance. The Developer shall not be entitled to any notice or cure period for failure to meet the milestone dates; provided, however, the Developer may seek extension of the milestone dates from the District, which may granted or withheld by the District in its reasonable discretion.

8.1.2 Default by District. It shall be deemed a default by District if District fails to perform any obligation or requirement under this Agreement or fails to comply with any term or provision of this Agreement and such default remains uncured for thirty (30) days after receipt of written notice of such failure from Developer (any such uncured default, a **"District Default"**). Notwithstanding the foregoing, if a default cannot reasonably be cured within thirty (30) days, District shall have such additional time as is reasonably necessary, not to exceed an additional thirty (30) days, to cure such default; provided, however, District must commence the cure within the initial thirty (30) day period and diligently pursue completion of such cure thereafter. Notwithstanding the foregoing, in the event of a pre-Closing default, the cure periods provided herein shall not delay Closing beyond the Outside Closing Date (as may be extended in accordance with this Agreement).

8.2 DISTRICT REMEDIES IN THE EVENT OF A DEVELOPER DEFAULT PRIOR TO CLOSING

In the event of Developer Default under this Agreement prior to Closing, District may elect to: (i) terminate this Agreement and, as liquidated damages, draw on the Deposit in its full amount, whereupon the Parties shall be released from any further liability or obligation hereunder, except those that expressly survive termination of this Agreement; (ii) pursue any and all remedies available at law and in equity (provided, however, the District shall not have the right to pursue specific performance to enforce Developer's obligation to proceed to Closing); or (iii) cure any default, the costs of which shall be paid by Developer. Upon such termination under (i), all plans and specifications with regard to the development and construction of the Project and all Other Submissions, including, without limitation, the Construction Drawings produced to date and any Permits obtained, shall be automatically assigned to District free and clear of all liens and claims for payment.

8.3 DISTRICT REMEDIES IN THE EVENT OF A DEVELOPER DEFAULT POST - CLOSING

In the event of Developer Default under this Agreement after Closing, the District shall be entitled to all the remedies set forth in the Deed, the Guaranty, the Construction and Use Covenant, and the Affordable Housing Covenant, including, without limitation, a right-of-re-entry if there is a default under a condition subsequent under the Deed. The provisions of this Section 8.3 shall survive the Closing.

8.4 DEVELOPER REMEDIES IN THE EVENT OF A DISTRICT DEFAULT

In the event of District Default, Developer may terminate this Agreement whereupon District will release the Deposit to Developer and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement, or in the alternative, Developer shall have the right to pursue an action in equity against the District for specific performance of the provisions of this Agreement.

8.5 NO WAIVER BY DELAY; WAIVER

Notwithstanding anything to the contrary contained herein, any delay by any Party in instituting or prosecuting any actions or proceedings with respect to a default by the other hereunder or otherwise asserting its rights or pursuing its remedies under this Article, shall not operate as a waiver of such rights or to deprive such Party of or limit such rights in any way (it being the intent of this provision that neither Party shall be constrained by waiver, laches, or otherwise in the exercise of such remedies). Any waiver by either Party hereto must be made in writing. Any waiver in fact made with respect to any specific default under this Section shall not be considered or treated as a waiver with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

ARTICLE 9
FINANCIAL PROVISIONS

9.1 PROJECT FUNDING PLAN

As of the Effective Date, Developer has provided to District an updated Financing Plan and Budget describing the sources and uses of funds for the Project and the methods for

obtaining such funds (including lending sources and affordable housing financing), which plan is attached hereto as **Exhibit N** (such plan, as may be modified from time to time in accordance with this Agreement, being the "**Project Funding Plan**"). Developer shall not modify the Project Funding Plan without the prior approval of District, which may be granted or withheld in the District's sole discretion.

9.2 DEBT FINANCING

9.2.1 All Debt Financing shall (i) secure a bona fide indebtedness to an Institutional Lender, the proceeds of which shall be applied only to the costs identified in the Final Project Budget and to the payment of the cash portion of the Purchase Price; notwithstanding the foregoing, the proceeds of such Debt Financing shall not be used to fund distribution to equity holders or acquisition, development, construction, operation or any other costs relating to any other real property, personal property or business operation; and (ii) the amount thereof, together with all other funds available to the Developer shall be sufficient to complete construction of the Project.

9.2.2 At least thirty (30) days prior to Closing, Developer shall submit to District, for the purpose of obtaining District's approval of any such Debt Financing, such documents as District may reasonably request, including, but not limited, copies of:

(a) The commitment or agreement between Developer and the holder of such Debt Financing, certified by Developer to be a true and correct copy thereof;

(b) A statement detailing the disbursement of the proceeds of the proposed Debt Financing, certified by Developer to be true and accurate; and

(c) A copy of the proposed Mortgage, deed of trust or such other instrument to be used to secure the Debt Financing and a description of the portion of the Property which such document will encumber.

9.3 PROJECT BUDGET

9.3.1 As of the Effective Date, Developer has provided to District an updated Initial Project Budget, which is attached hereto as **Exhibit O** and incorporated herein.

9.3.2 Prior to the Closing Date, Developer shall review its initial Project Budget and, if necessary, submit to District a revised Project Budget for District's review and approval, which may be granted or withheld in the District's sole discretion. Upon approval by District, such revised Project Budget shall be the "**Final Project Budget**". Such Final Project Budget shall be attached as an Exhibit to the Construction and Use Covenant.

9.3.3 Developer shall not modify the Final Project Budget without the prior approval of District.

ARTICLE 10
ASSIGNMENT AND TRANSFER

10.1 ASSIGNMENT

Developer represents, warrants, covenants, and agrees, for itself and its successors and assigns, that Developer (or any successor in interest thereof) shall not assign its rights under this Agreement, or delegate its obligations under this Agreement, without District's prior written approval, which approval may be granted or denied in District's sole discretion. Prior to Final Completion, Developer may not convey the Property (or any portion thereof), or cause or suffer a Transfer to occur (as such term is defined in the Construction and Use Covenant), without the prior approval of District in each instance.

10.2 TRANSFER

In addition to the restrictions contained in the foregoing Section 10.1, prior to Final Completion neither Developer nor any Member of Developer (including any successors in interest of Developer or its Members) shall cause or suffer to be made any assignment, sale, conveyance or other Transfer, or make any contract or agreement to do any of the same, whether directly or indirectly, of any of the membership interests of Developer, except as otherwise permitted by the Construction and Use Covenant.

10.3 NO UNREASONABLE RESTRAINT

Developer hereby acknowledges and agrees that the restrictions on transfers set forth in this Article do not constitute an unreasonable restraint on Developer's right to transfer or otherwise alienate the Property or its rights under this Agreement. Developer hereby waives any and all claims, challenges, and objections that may exist with respect to the enforceability of such restrictions, including any claim that such restrictions constitute an unreasonable restraint on alienation.

ARTICLE 11
INSURANCE OBLIGATIONS; INDEMNIFICATION

11.1 INSURANCE OBLIGATIONS

11.1.1 Insurance Coverage. During the periods identified below, and in addition to any insurance policies required under the terms of the Construction and Use Covenant, Developer shall carry and maintain in full force and effect the following insurance policies:

(a) Automobile Liability and Commercial General Liability Insurance - At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and/or cause its contractor to maintain automobile liability insurance and commercial general liability insurance policies written so that each have a combined single limit of liability for bodily injury and property damage of not

less than three million dollars ($3,000,000.00) per occurrence, of which at least one million dollars ($1,000,000.00) must be maintained as primary coverage, and of which the balance may be maintained as umbrella coverage; provided, however, that the foregoing statement as to the amount of insurance Developer is required to carry shall not be construed as any limitation on Developer's liability under this Agreement. The foregoing limits may be increased by District from time to time, in its reasonable discretion.

(b) Workers' Compensation Insurance - At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and cause its general contractor and any subcontractors to maintain workers' compensation insurance in such amounts as required by Applicable Law.

(c) Professional Liability Insurance - During development of the Project, Developer shall cause Architect and every engineer or other professional who will perform services with contract values of $5,000 and above in connection with the Project to maintain professional liability insurance with limits of not less than one million dollars ($1,000,000.00) for each occurrence, including coverage for injury or damage arising out of acts or omissions with respect to all design and engineering professional services provided by the architect of record, structural, electrical and mechanical engineers with a deductible acceptable to District.

(d) Contractor's Pollution Legal Liability Insurance - At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall not remove, store, transport, or dispose of demolition debris, hazardous waste or contaminated soil, without first obtaining (or causing its contractor to obtain) a Contractor's Pollution Legal Liability Insurance Policy covering Developer's liability during such activities. The policy shall include such coverage for bodily injury, personal injury, loss of, damage to, or loss of use of property, directly or indirectly arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquid or gas, waste materials, or other irritants, contaminants, or pollutants into or upon the land, the atmosphere, or any water course or body of water, whether it be gradual or sudden and accidental.

11.1.2 General Policy Requirements. Developer shall name District as an additional insured under all policies of liability insurance identified above. Any deductibles with respect to the foregoing insurance policies shall be commercially reasonable. All such policies shall include a waiver of subrogation endorsement. All insurance policies required pursuant to this Section 10.1 shall be written as primary policies, not contributing with or in excess of any coverage that District may carry. Such insurance shall be obtained through a recognized insurance company licensed to do business in the District of Columbia and rated by A.M. BEST as an A-X or above. Prior to any entry onto the Property at any time pursuant to this Agreement, Developer shall furnish to District certificates of insurance (or copies of the policies if requested by District) together with satisfactory evidence of payment of premiums for such policies. The policies shall contain an agreement by the insurer notifying District in writing, by certified U.S.

Mail, return receipt requested, not less than thirty (30) days before any material change, reduction in coverage, cancellation, including cancellation for nonpayment of premium, or other termination thereof or change therein.

11.2 INDEMNIFICATION

Developer shall indemnify, defend, and hold harmless District from and against any and all losses, costs, claims, damages, liabilities, and causes of action (including reasonable attorneys' fees and court costs) arising out of death of or injury to any person or damage to any property occurring on or adjacent to the Property and directly or indirectly caused by any acts done thereon or any acts or omissions of Developer, its Members, agents, employees, or contractors; provided, however, that the foregoing indemnity shall not apply to any losses, costs, claims, damages, liabilities, and causes of action (including reasonable attorneys' fees and court costs) due solely to the gross negligence or willful misconduct of District. The obligations of Developer under this Section shall survive Closing or the earlier termination of this Agreement.

ARTICLE 12
NOTICES

12.1 TO DISTRICT

Any notices given under this Agreement shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, to District at the following addresses:

District of Columbia
Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, N.W., Suite 317
Washington, D.C. 20001
Attention: Deputy Mayor for Planning and Economic Development

With a copy to:

The Office of the Attorney General for the District of Columbia
1100 15th Street, N.W., Suite 800
Washington, D.C. 20005
Attn: Deputy Attorney General, Commercial Division

12.2 TO DEVELOPER

Any notices given under this Agreement shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, to Developer at the following addresses:

3050 R Street Partners, LLC, a District of Columbia limited liability company
c/o The Argos Group, LLC
631 D Street, NW, Suite 638
Washington, DC 20004
Attn: Gilberto Cardenas

Notices served upon Developer or District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party against receipted copy, when the copy of the notice is receipted; (ii) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; or (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If served by certified mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, pursuant to this Section. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement.

ARTICLE 13
MISCELLANEOUS

13.1 PARTY IN POSITION OF SURETY WITH RESPECT TO OBLIGATIONS

Developer, for itself and its successors and assigns and for all other persons who are or who shall become, whether by express or implied assumption or otherwise, liable upon or subject to any obligation or burden under the Agreement, hereby waives, to the fullest extent permitted by law and equity, any and all claims or defenses otherwise available on the grounds of its being or having become a person in the position of surety, whether real, personal, or otherwise or whether by agreement or operation of law, including, without limitation any and all claims and defenses based upon extension of time, indulgence or modification of this Agreement.

13.2 CONFLICT OF INTERESTS; REPRESENTATIVES NOT INDIVIDUALLY LIABLE

No official or employee of District shall participate in any decision relating to this Agreement which affects his personal interests or the interests of any District of Columbia agency, partnership, or association in which he is, directly or indirectly, interested. No official or employee of District shall be personally liable to Developer or any successor-in-interest in the event of any default or breach by District or for any amount which may become due to Developer or such successor-in-interest or on any obligations hereunder. Further, no employee, officer, director, or shareholder of Developer shall be personally liable to District in the event of any default or breach by Developer or for any amount which may become due to District or on account of any obligations hereunder.

13.3 SURVIVAL; PROVISIONS NOT MERGED WITH DEED

Unless expressly stated otherwise herein, the provisions of this Agreement are intended to and shall merge with the Deed transferring fee simple title to the Property from District to Developer.

13.4 TITLES OF ARTICLES AND SECTIONS

Titles and captions of the several parts, articles, and sections of this Agreement are inserted for convenient reference only and shall be disregarded in construing or interpreting Agreement provisions.

13.5 SINGULAR AND PLURAL USAGE; GENDER

Whenever the sense of this Agreement so requires, the use herein of the singular number shall be deemed to include the plural; the masculine gender shall be deemed to include the feminine or neuter gender; and the neuter gender shall be deemed to include the masculine or feminine gender.

13.6 LAW APPLICABLE; FORUM FOR DISPUTES

This Agreement shall be governed by, interpreted under, construed, and enforced in accordance with the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof. District and Developer irrevocably submit to the jurisdiction of (a) the courts of the District of Columbia and (b) the United States District Court for the District of Columbia for the purposes of any suit, action, or other proceeding arising out of this Agreement or any transaction contemplated hereby. District and Developer irrevocably and unconditionally waive any objection to the laying of venue of any action, suit, or proceeding arising out of this Agreement or the transactions contemplated hereby in (a) the courts of the District of Columbia and (b) the United States District Court for the District of Columbia, and hereby further waive and agree not to plead or claim in any such court that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

13.7 EXHIBITS

In the event of any conflict between the Exhibits and this Agreement, the terms of this Agreement shall control.

13.8 COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument. Execution and delivery of this Agreement by facsimile shall be sufficient for all purposes and shall be binding on any Person who so executes.

13.9 TIME OF PERFORMANCE

All dates for performance (including cure) shall expire at 5:00 p.m. (Eastern time) on the performance or cure date. A performance date which falls on a Saturday, Sunday, or District holiday is automatically extended to the next Business Day.

13.10 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and shall inure to the benefit of, the successors and assigns of District and Developer, and where the term "Developer" or "District" is used in this Agreement, it shall mean and include their respective successors and assigns.

13.11 THIRD PARTY BENEFICIARY

No Person shall be a third party beneficiary of this Agreement.

13.12 WAIVER OF JURY TRIAL

TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13.13 FURTHER ASSURANCES

Each Party agrees to execute and deliver to the other Party such additional documents and instruments as the other Party reasonably may request in order to fully carry out the purposes and intent of this Agreement.

13.14 MODIFICATIONS AND AMENDMENTS

None of the terms or provisions of this Agreement may be changed, waived, modified, or removed except by an instrument in writing executed by the Party or Parties against which enforcement of the change, waiver, modification, or removal is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or refusal to enforce the same. In addition, if either Party seeks to amended or change any material terms set forth in the Council Term Sheet, the Parties must seek and receive Council approval as required under D.C. Code § 10-801(b-1)(6)(2009).

13.15 SEVERABILITY

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future Applicable Law, such provisions shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

13.16 ANTI-DEFICIENCY LIMITATION; AUTHORITY

13.16.1 Though no financial obligations on the part of District are anticipated, Developer acknowledges that District is not authorized to make any obligation in advance or in the absence of lawfully available appropriations and that District's authority to make such obligations is and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349, 1350, 1351; (ii) D.C. Official Code Section 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) Section 446 of the District of Columbia Home Rule Act.

13.16.2 Developer acknowledges and agrees that any unauthorized act by District is void.

13.17 TIME OF THE ESSENCE; STANDARD OF PERFORMANCE

Time is of the essence with respect to all matters set forth in this Agreement. For all deadlines set forth in this Agreement, the standard of performance of the Party required to meet such deadlines shall be strict adherence and not reasonable adherence.

13.18 NO PARTNERSHIP

Nothing contained herein shall be deemed or construed by the Parties hereto or any third party as creating the relationship of principal and agent or of partnership or of joint venture between Developer and District.

13.19 EACH PARTY TO BEAR ITS OWN COSTS

Each Party shall bear its own costs and expenses incurred in connection with the negotiation of this Agreement and the performance of such Party's duties and obligations hereunder.

[The remainder of this page is left intentionally blank; signature page follows on next page.]

EXECUTION COPY
092910
HURT HOME

IN WITNESS WHEREOF, District and Developer have each caused these presents to be signed, acknowledged and delivered in its name by its duly authorized representative.

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

By: _____
Name: Valerie-Joy Santos
Title: Deputy Mayor for Planning and Economic Development

Approved as to legal sufficiency:

D.C. Office of the Attorney General

By: _____
Assistant Attorney General
Date: September 29, 2010

3050 R STREET PARTNERS, LLC, a District of Columbia limited liability company

_____
Witness

By: _____
Gilberto Cardenas
Managing Member

EXECUTION COPY
092910
HURT HOME

Exhibits:

Exhibit A	Legal Description of Property
Exhibit B	Affordability Covenant
Exhibit C	Construction and Use Covenant
Exhibit D	Council Term Sheet
Exhibit E	Form of Deed
Exhibit F	Form of District Note
Exhibit G	First Source Agreement
Exhibit H	Form of Letter of Credit
Exhibit I	Schedule of Performance
Exhibit J	Form of District Deed of Trust
Exhibit K	Affordable Housing Plan
Exhibit L	[Reserved]
Exhibit M	Compliance Form
Exhibit N	Project Funding Plan
Exhibit O	Initial Project Budget
Exhibit P	CBE Agreement
Exhibit Q	List of Contracts and Agreements

Exhibit A

Legal Description of the Property

Part of Square 112 "Beall's Addition to Georgetown, now Square 1282 described as follows:

BEGINNING for the same at a point in the South line of "R" Street, N.W. (formerly Road Street) distant Westerly 173.66 feet from the Westerly line of Avon Place where it intersects with R Street, N.W., thence Westerly with said South line of "R" Street 179 feet more or less to the Easterly line of a 14 foot wide public alley; thence Southerly with said Easterly line of said 14 foot wide public alley to an angle therein, thence still Southerly and along last mentioned Easterly line 113.81 feet more or less to northwest corner of land dedicated for public alley and shown on plat recorded in the Office of the Surveyor for the District of Columbia in Liber 53 at folio 161; thence Easterly along the Northerly line of said land so dedicated 6 feet; thence Southerly 20 feet thence Westerly 6 feet to the northeast corner of Lot 273 in Square 1282, as shown on plat recorded in said Surveyor's Office in Liber 174 at Folio 22; thence Southerly along the Easterly line of said Lot 273 to the North Line of property formerly belonging to John E. Carter; thence Easterly with said Northerly line of said Carter's land and land now or formerly belonging to John Chandler Smith to the Westerly line of land dedicated for public alley and shown on plat recorded in said Surveyor's Office in Liber 68 at folio 45; running thence Northerly along the West line of dedication as recorded in Liber 68 at folio 45 as aforesaid to the West terminus of the North line of a 12 foot wide public alley as shown on last mentioned plat, being a point distant Southerly 158.60 feet more or less from the place of beginning of the herein described land; thence along last course reversed Northerly 158.60 feet more or less to the place of beginning; collectively, the "Land."

At the date hereof, the-above described Land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 0276 in Square 1282.

It being the intent to convey any and all land acquired or remaining which was originally acquired by the District of Columbia in Liber ___ at folio ___ from Aid Association for the Blind of the District of Columbia on _____,____.

Exhibit B

AFFORDABILITY COVENANT
(For Sale)

THIS AFFORDABILITY COVENANT (this "**Covenant**") is made as of the ___ day of _____, 20__ ("**Effective Date**"), between (i) the DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the District of Columbia Office of the Deputy Mayor for Planning and Economic Development (the "**District**") and (ii) 3050 R STREET PARTNERS, LLC, a District of Columbia limited liability company (the "**Owner**").

RECITALS

R-1. District is the fee simple owner of the Land (as hereinafter defined).

R-2. District has determined to further its public policy of increasing the affordable housing stock in the District of Columbia.

R-3. District and Owner entered into that certain Disposition and Development and Agreement, dated _____, 2010 (the "**Agreement**") whereby District and Owner agreed upon the terms for Owner to develop and construct the Project.

R-4. The Agreement contemplated the construction of improvements and required, amongst other things, the development, construction, marketing and sale of no less than 15 for-sale condominium residential units of which no less than 3 residential condominium units are to be reserved for sale to persons who satisfy the Affordability Requirements.

R-5. Contemporaneously with the execution of this Covenant, District has conveyed or will convey the Land to Owner, who agrees to accept fee simple title to the Land from District subject to this Covenant, as set forth in the Agreement.

R-6. District and Owner desire to set forth herein the terms, restrictions, and conditions upon which Owner will maintain and sell the Affordable Units at the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the District hereby declares, covenants and agrees as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Covenant, the capitalized terms used herein shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as the singular:

Affordability Requirement: The requirement, based on a total number of 15 condominium residential for-sale units being approved after final Zoning Approval: (i) that 3 of the condominium residential units to be contained in the Project Improvements be Affordable Units, (ii) that the number of Affordable Units that will be studios, 1-bedrooms, 2-bedrooms and/or 3-bedrooms shall be as set forth in the Affordable Housing Plan (as such term is defined in the Agreement), and (iii) that all 3 of the Affordable Units shall be sold to and occupied exclusively by a Qualified Purchaser whose income is less than or equal to eighty percent (80%) of the Washington, D.C. uncapped limits of AMI as published from time to time by HUD.

Affordable Owner: as defined in Section 2.5.

Affordable Unit: each unit to be developed, used and/or sold for residential purposes that will be used to satisfy the Affordability Requirement pursuant to Article II.

Affordable Unit Index: as defined in Section 2.4.

Agency: means the District of Columbia Department of Housing and Community Development.

AMI: means the then most current area median household income as established periodically for the disbursement of funds under the Community Development Block Grant Programs (or in the event such programs no longer exist, such successor programs) by HUD for the Washington DC-Maryland-Virginia metropolitan statistical area.

Appurtenances: collectively all right, title and interest of Owner and Affordable Owner, as applicable, in and to (i) all rights, ways, easements, privileges and appurtenances to the Land, (ii) all strips and gores appurtenant to the Land, and (iii) any land lying in the bed of any streets, roads and alleys appurtenant to the Land.

Business Day: means Monday through Friday, inclusive, other than holidays recognized by the District government.

Certificate of Eligibility of a Qualified Purchaser: as defined in Section 4.3(b).

Certifying Authority: is that entity approved by the Agency to approve Qualified Purchasers, as more particularly set forth in the IZ Laws and other applicable law.

Construction and Use Covenant: that certain covenant recorded among the Land Records immediately after the conveyance of the Land to Owner from District.

CPI: means Consumer Price Index for All Urban Consumers (Washington-Baltimore).

Designated Affordability Level: as defined in Section 2.4.

Agreement: as defined in R-3.

Effective Date: means the date of full execution and delivery of this Covenant, which date shall be inserted on the first page hereof.

Estoppel Certificate: means an estoppel certificate issued pursuant to Section 11.8 hereof by the Mayor of the District of Columbia or such agency of the District of Columbia designated in writing by the Mayor.

Foreclosure Notice: as defined in Section 7.1.

HUD: means the United States Department of Housing and Urban Development, or its successor.

IZ Laws: as defined in Section 4.2.

Land: the parcels of land located in the District of Columbia described as Assessment and Taxation Lot 0276 in Square 1282, presently having an address of 3050 R Street, NW, Washington, DC, as more particularly described on Exhibit A attached hereto and incorporated herein by reference.

Land Records: means the real property records for the District of Columbia located in the Office of the Recorder of Deeds.

Market-Rate Unit: each unit to be developed, used and/or sold for residential purposes in the Project Improvements that is not an Affordable Unit.

Maximum Sales Price: as defined in Section 2.7.

Mortgagee: as defined in Section 7.1.

OAG: Office of the Attorney General for the District of Columbia.

Par Value: as defined in D.C. Official Code § 42-1901.02 (24) (2001 Ed.).

Person: means any individual, or any corporation, limited liability company, trust, partnership, association or other entity.

Project: means the Property and Project Improvements, and the development and construction thereof in accordance with the Agreement, the Construction and Use Covenant, and this Covenant.

Project Improvements: means the structures, landscaping, hardscape and/or site improvements to be constructed or placed on the Property by Owner in accordance with the Agreement and the Construction and Use Covenant.

Property: means the Land, Appurtenances, and any improvements on the Land conveyed to the Owner as of the Effective Date.

Purchase Price Adjustment: as defined in Section 2.7.

Qualified Purchaser: means a household (of one or more natural Persons) that meets the income requirement for the particular Affordable Unit that it seeks to purchase and which (i) will occupy the Affordable Unit as its principal residence during its ownership of such Affordable Unit, (ii) shall not permit exclusive occupancy of the Affordable Unit by any other party, (iii) shall use, occupy, hold and sell the Affordable Unit as an Affordable Unit subject to the Affordability Requirement (and subject to the particular income requirement associated with such Affordable Unit) and this Covenant, (iv) shall not permit the occupancy of the Affordable Unit by more than two (2) people for a 1-bedroom unit, four (4) people for a 2-bedroom unit, and six (6) people for a 3-bedroom unit, (v) at the time of contracting for an Affordable Unit or if there is no contract, at the time of conveyance of such Affordable Unit to such household, receives a maximum aggregate household income not in excess of the Designated Affordability Level for the Affordable Unit it seeks to purchase (household income shall be determined by using the standards set forth by the Agency), and (vi) otherwise satisfies the requirements set forth in the IZ Laws.

Regulations: as defined in Section 4.2.

Residential Unit: any unit constructed as part of the Project Improvements to be developed, used and/or sold for residential purposes, including all Affordable Units and Market-Rate Units.

Sale: as defined in Section 2.7.

Transferee: as defined in Section 4.4.

Zoning Approval: as defined in the Agreement.

ARTICLE II
AFFORDABILITY REQUIREMENT

2.1 The Owner shall construct, reserve, and sell as Affordable Units that number of units that is required by the Affordability Requirement. For any Qualified Purchaser, the date of determination of AMI shall be the date of the sales contract for such Affordable Unit (or, in the event there is no sales contract, then the date of the deed conveying ownership). Neither Owner nor any Affordable Owner shall sell any Affordable Unit to any Person other than a Qualified Purchaser.

2.2 Except as otherwise expressly provided in this Covenant for each Affordable Unit, (i) the unit type and size, (ii) all interior and exterior finishes, and (iii) the appliances and equipment therein shall be substantially similar to the base finishes of the Market-Rate Units, provided however, the Market-Rate Units may include a premium or superior package for interior and exterior finishes, appliances and equipment, as more particularly set forth on Exhibit B. Parking spaces shall be sold separately to purchasers of Market-Rate Units. Subject to Article III below, the Affordable Units shall be varied in terms of unit type and size of each such unit type. Also shown on Exhibit B is the schedule of base finishes, appliances and equipment to be included in the Affordable Units, and Owner shall construct the Affordable Units in accordance with such schedule. Condominium fees allocated to Affordable Units and Market-Rate Units in the Project shall be determined in accordance with Par Value.

2.3 As set forth in the Affordable Unit Index, the Affordable Units shall be distributed across the unit mix of studio apartments, 1-bedroom apartments, and 2-bedroom apartments, with the understanding that Affordable Units may be grouped in the smallest type of studio, 1-bedroom, or 2-bedroom apartments, respectively.

2.4 Attached hereto as Exhibit C is a listing (the "**Affordable Unit Index**") of the Affordable Units that enumerates: (i) each Affordable Unit in the Project by unit number (or similar identifier), floor and location, (ii) the maximum percentage AMI for any prospective purchaser of each such Affordable Unit, which shall be 80% of AMI (the "**Designated Affordability Level**"), (iii) the Par Value allocated to each of the Residential Units, including Market-Rate Units and Affordable Units, and (iv) the approximate square footage of each such Affordable Unit and a schematic drawing showing the layout of each Affordable Unit (by unit type). The Affordable Unit Index shall not be modified without the prior written approval by the District, which approval shall not be unreasonably withheld, conditioned or delayed, provided that any such modification is consistent with the terms of this Covenant and the Construction and Use Covenant. Notwithstanding the foregoing, the Affordable Unit Index shall not be modified so as to amend the Affordability Requirements without the prior written approval of the District, which approval shall only be given in the District's sole and absolute discretion. If any proposed modifications to the Affordable Unit Index are not reasonably satisfactory to the District, however, the Owner may revise such proposed modifications to the Affordable Unit Index until such time as it is reasonably satisfactory to the District. Upon request, prior to the conveyance of an ownership interest in such Affordable Unit by the Owner, the District shall have the right to inspect the Affordable Units to ensure that all fixtures and finishes are of the type and quality required hereunder; provided that the District shall not exercise such right to inspect an Affordable Unit less than three (3) days prior to the scheduled settlement date for such Affordable Unit, provided further, that Owner has delivered at least ten (10) Business Days' written notice of a scheduled settlement date to the District. All Residential Units set forth and described in the Affordable Unit Index shall collectively be referred to as the "**Affordable Units**" (and each, individually, an "**Affordable Unit**") for purposes of this Covenant. The Owner shall incorporate the approved Affordable Unit Index (which shall also conspicuously reference this Covenant and its applicability) into its condominium declaration and other instruments necessary to establish a condominium

regime on the Property. Failure to incorporate the approved Affordable Unit Index into the condominium declaration shall render the condominium declaration null and void. Owner shall deliver a copy of the condominium declaration incorporating the approved Affordable Unit Index and other instruments necessary to establish the condominium regime on the Property to the District no less than ten (10) Business Days prior to recordation of any such documents among the Land Records.

2.5 Owner shall be responsible for compliance with the terms of this Covenant only during the period of Owner's ownership of the Project. After the initial sale of an Affordable Unit, the fee title owner(s) of such Affordable Unit (the "**Affordable Owner**") shall be responsible for compliance with the terms of this Covenant only during the period of such Affordable Owner's ownership of the applicable Affordable Unit.

2.6 Each Affordable Owner must use the Affordable Unit solely as his, her or their primary residence and shall not permit exclusive occupancy of the Affordable Unit by any other Person or lease any or all of the Affordable Unit to any Person (any such lease shall be null and void).

2.7 Neither the Owner nor an Affordable Owner may convey all or any part of his, her or their fee interest ("**Sale**"), whether or not for consideration, in an Affordable Unit to any Person other than a Qualified Purchaser. Except as provided in Section 4.5, the Owner and each Affordable Owner of such Affordable Unit shall sell to a buyer within the Designated Affordability Level applicable to such Affordable Unit and otherwise who is a Qualified Purchaser as determined in accordance with Article IV below. The sale price of each Affordable Unit upon Sale shall not exceed (the "**Maximum Sales Price**") the greater of (i) an amount determined using the following assumptions: (a) a 5% down payment with an additional 5% equity payment at closing, and (b) a monthly housing payment of principal, interest, taxes, insurance and condominium fees not exceeding 40% of the maximum allowable monthly gross income (i.e., at the allowable Designated Affordability Level) of a prospective Affordable Owner, assuming ninety percent (90%) loan-to-value, thirty (30) years fully amortizing mortgage, with a minimum ten (10) year term, at a then market rate of interest (which must be consistent with the applicable Designated Affordability Level) or (ii) the purchase price paid for the Affordable Unit by the Affordable Owner, plus the "Purchase Price Adjustment," if any. Such calculation shall be performed by the Affordable Owner and the Applicable Certifying Authority.

For the second and all subsequent sales of an Affordable Unit, the "**Purchase Price Adjustment**" shall equal the costs of all permanent improvements made by such Affordable Owner to the Affordable Unit and replacement of interior components permitted by this Covenant, multiplied by a fraction, the numerator of which is the Consumer Price Index on the date the Purchase Price Adjustment is calculated, and the denominator of which is the Consumer Price Index on the date on which that Affordable Owner purchased the Affordable Unit(For example, $10,000 x 105% increase in CPI = $10,500 Price Adjustment).

2.8 Each Owner, its successors and assigns shall include the following legend in each deed used to convey an Affordable Unit, which legend shall be in 12 point type and in all caps on the front page thereof:

> THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO ALL MATTERS OF RECORD RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA TO THE EXTENT LAWFULLY AFFECTING THE REAL PROPERTY WHICH IS THE SUBJECT OF THIS DEED, INCLUDING ALL OF THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN AFFORDABILITY COVENANT, DATED AS OF _____, 20__ RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA AS INSTRUMENT NUMBER ___, ON _____, 20__.

2.9 Except as provided in Section 7.3 and Article IX hereof, all proceeds of a Sale in excess of the Maximum Sales Price shall be paid to the District of Columbia for deposit into the Housing Production Trust Fund or such other fund established by applicable law.

2.10 Any sale of an Affordable Unit in violation of this Covenant shall be null and void.

ARTICLE III
USE

3.1 The Affordable Owners shall have the same and equal use and enjoyment of all of the general common elements of the condominium and services provided by or through the condominium association as the owners of the Market-Rate Units and no restrictions, requirements or rules shall be imposed on the owners of the Affordable Units that are not imposed equally on the owners of the Market Rate Units.

3.2 The Affordable Owner shall not demolish or otherwise structurally alter the Affordable Unit or remove fixtures or appliances installed in the Affordable Unit as of the initial sale of Affordable Unit by the Owner without the prior written approval of the District, which approval shall be given or denied in its sole discretion, except for maintenance, upkeep, repairs of interior components and replacement of interior components (including fixtures and appliances) of the Affordable Unit of equal or better quality than those interior components being replaced.

3.3 By acceptance of a deed for the Affordable Unit, each Qualified Purchaser shall be deemed to represent and warrant to, and agree with, District, Owner and the Certifying Authority, as applicable, each of whom may rely on the following: that (i) he or she is a Qualified Purchaser, (ii) the sales price satisfies the terms of this Covenant, (iii) he or she is purchasing the Affordable Unit as his or her full time residence and has no ownership interest in any other housing, (iv) he or she will not rent any or all of the Affordable Unit to any person or party, (v) he or she will not allow any other party to

reside at the Affordable Unit with the Qualified Purchaser except in strict compliance with all applicable laws and this Covenant, (vi) no more than the number of persons, including the Qualified Purchaser, shall reside at the Affordable Unit greater than that which is permitted under applicable law and this Covenant, (vii) he or she will comply with the provisions of Article IV hereof and sell the Affordable Unit only to a Qualified Purchaser, and (viii) such Qualified Purchaser is the beneficiary of District's public policy of increasing the affordable housing stock in the District of Columbia, and desires through his or her ownership, use, and sale of the Affordable Unit to further such public policy.

ARTICLE IV
FUTURE SALE OF AFFORDABLE UNITS

4.1 Sale to Qualified Purchasers Only. In the event that Owner (or its successors and assigns) elects to offer the Affordable Units for sale in the future, the Affordable Units shall not be sold, transferred, conveyed, assigned or leased to, or occupied by, any party other than a Qualified Purchaser.

4.2 Determination of Purchase Price and Qualified Purchaser. Prior to the sale of any Affordable Unit, Owner (and each successive Affordable Owner) shall determine the maximum purchase price for an Affordable Unit and shall implement the process for location and standards for prospective purchasers of the Affordable Units that are set out in *Inclusionary Zoning Implementation Amendment Act of 2006*, as codified in the D.C. Official Code §§ 6-1041.01 *et seq.* (2008 Supp.), as amended, and the zoning regulations published in Chapter 26 of Title 11 of DCMR as amended (collectively, the "**IZ Laws**"), including, without limitation, the determination that the prospective purchaser qualifies as a Qualified Purchaser and is certified by the Certifying Authority. Prior to offering an Affordable Unit(s) for-sale, the Owner and the successor Affordable Owner shall notify the Agency of the availability and proof that the Affordable Unit has been registered on the Housing Locator website established under the *Affordable Housing Clearinghouse Directory Act of 2008*, D.C. Law 17-215, effective August 15, 2008, provided such website is operating for the aforesaid purpose. Upon request from the Owner or Affordable Owner, as applicable, the Agency shall provide multiple names of Qualified Purchasers for consideration by Owner or such Affordable Owner. Notwithstanding the foregoing, it is understood by the parties hereto, and in the interest of clarity, stated, that neither Owner nor any Affordable Owner, as applicable, otherwise shall be bound to or be obligated to comply with the IZ Laws by virtue solely of this Declaration.

4.3 Sales Procedures. The following procedures shall apply to (i) the Owner with respect to the initial sale of an Affordable Unit, and (ii) an Affordable Owner of an Affordable Unit desiring to sell his or her Affordable Unit if, in either case: (1) all of the conditions set forth in Section 4.2 above are not satisfied, or (2) the Agency fails to identify a Qualified Purchaser acceptable to Owner or an Affordable Owner within thirty (30) days after written request therefor.

(a) Owner, with respect to the initial sale of an Affordable Unit, and an Affordable Owner of an Affordable Unit desiring to sell his or her Affordable Unit, shall

notify in writing the Certifying Authority, as the party authorized to review and certify the eligibility of a person as a Qualified Purchaser.

(b) At any time if there is no Certifying Authority approved by District or if the Certifying Authority approved by the District fails to identify a Qualified Purchaser acceptable to an Affordable Owner desiring to sell his or her Affordable Unit within thirty (30) days after written request therefor, such Affordable Owner may, upon fifteen (15) days written notice to District, select a Certifying Authority to qualify a prospective purchaser as a Qualified Purchaser and, if applicable, execute a Certificate of Eligibility of a Qualified Purchaser (as defined in Section 4.3(d)) in accordance with the terms hereof with respect to such sale and the determination of such Certifying Authority shall be effective for all purposes hereof.

(c) The Certifying Authority shall determine eligibility using the standards for "Qualified Purchaser" set forth above.

(d) A conveyance of an Affordable Unit shall only be effective if a "**Certificate of Eligibility of a Qualified Purchaser**" duly executed by the Certifying Authority is recorded prior to or contemporaneous with the deed conveying the Affordable Unit. The Affordable Owner, Owner, Mortgagee, District and any title insurer shall each be a third party beneficiary of each such Certificate of Eligibility of a Qualified Purchaser. Failure to record such a Certificate of Eligibility of Qualified Purchaser shall render the conveyance of title null and void ab initio. Such Certificate of Eligibility of a Qualified Purchaser shall certify that such Certifying Authority has informed the appropriate Person(s) of the rights and obligations of such Person(s) under this Covenant.

(e) The determination of whether a proposed purchaser meets the requirements of a Qualified Purchaser shall be made exclusively by the Certifying Authority based on the criteria set forth in this Covenant.

(f) Each Affordable Owner of an Affordable Unit shall submit to the Certifying Authority the form of deed, which must include the language set forth in Section 2.8 hereof, to be used to convey the Affordable Unit to a Qualified Purchaser for the Certifying Authority's prior written approval, together with a copy of this Covenant.

4.4 Transfers by Operation of Law. In the event an Affordable Unit owner voluntarily or involuntarily transfers the Affordable Unit pursuant to operation of law, court order, divorce, death or other similar transfer of legal or beneficial title to all or any part of the Affordable Unit to a transferee, heir, devisee or other personal representative of such Affordable Unit owner, such transferee, heir, devisee or personal representative shall be automatically bound by all of the terms, obligations and provisions of this Covenant; provided that, and in furtherance of the District's public policy, such transferees, heirs, devisees or personal representatives either (i) shall qualify for and obtain a Certificate of Eligibility of a Qualified Purchaser for himself or herself within the later of (1) ninety (90) days of the transfer by the applicable Qualified Purchaser, or (2) sixty (60) days after receiving the interest in the Affordable Unit following probate,

and record same in the Land Records, together with a warranty deed in the form prescribed by this Covenant or (ii) shall promptly use good faith and diligent efforts to sell the Affordable Unit in accordance with this Covenant.

4.5 Rejection of Applicants. In connection with the sale of an Affordable Unit, Owner or an Affordable Owner, as applicable, may reject any applicant seeking to acquire an Affordable Unit who has obtained a Certificate of Eligibility of a Qualified Purchaser or other evidence of eligibility adopted by District or the Agency, whether or not pursuant to the IZ Laws, if, based on such applicant's application, background and/or creditworthiness (including, without limitation, the applicant's inability to provide credible evidence that such applicant will qualify for sufficient financing to purchase the Affordable Unit), Owner or Affordable Owner, as applicable, shall in good faith reasonably determine such applicant is unacceptable to purchase or inhabit an Affordable Unit.

4.6 Leasing of Owner Occupied Affordable Units. An Affordable Owner shall not lease its Affordable Unit without the Agency's prior written consent.

ARTICLE V
ENFORCEMENT AND REMEDIES

Owner and each successor in title of an Affordable Unit for itself and its successors, heirs and assigns understand and shall by its declaration of a condominium unit or acceptance of a deed to an Affordable Unit, as the case may be, be deemed to agree that the District and its designees shall have the right to institute such actions or proceedings as it may deem necessary, desirable or appropriate for effectuating the purposes of this Covenant and enforcing the obligations set forth herein, including without limitation the right to seek specific performance, injunctive relief and other equitable remedies including without limitation the remedy of rescission with respect to the conveyance of an Affordable Unit not in compliance with this Covenant, and damages against an owner of an Affordable Unit or his or her estate for breach of its obligations hereunder. Any exercise of the remedy of rescission shall be subject to the interest of any mortgage or deed of trust lien upon the Affordable Unit. If District shall prevail in any such legal action to enforce this Covenant, then the Person against whom District shall prevail, shall pay District all of its costs and expenses, including reasonable attorney fees, incurred in connection with District efforts to enforce this Covenant. In the event the District is represented by OAG, reasonable attorneys' fees shall be calculated based on an equivalent amount that a private firm of comparable size to OAG in the Washington, D.C. area would have charged for such representation based on the number of hours OAG employees prepared for and participated in any such litigation. In all events the liability hereunder of Owner shall be limited to its interest in the Project.

ARTICLE VI
COVENANTS BINDING ON SUCCESSORS AND ASSIGNS

This Covenant is and shall be binding upon the Property and each Affordable Unit and shall run with the land for the period provided in Article IX. The rights and obligations of the District, the Owner, the Affordable Owners, and their respective successors and assigns shall be binding upon and inure to the benefit of the foregoing parties and their respective successors and assigns; provided however that all rights of the District pertaining to the monitoring and/or enforcement of the obligations of the Owner and the Affordable Owners hereunder shall not convey with the transfer of title or any lesser interest in the Property, but shall be retained by District, or such designee of the District as the District may so determine.

ARTICLE VII
MORTGAGEES

7.1 In the event any Affordable Owner's mortgagee under a mortgage or beneficiary under a deed of trust recorded against an Affordable Unit ("**Mortgagee**") intends to initiate a foreclosure proceeding under its mortgage or deed of trust, such Mortgagee shall first notify District of its intent to do the same in writing, at least thirty (30) calendar days prior to the initiation of any proceeding relating to the Affordable Unit, and shall include in its notice the amount of the Affordable Owner's outstanding financial obligations to such Mortgagee as of the date of the notice (the "**Foreclosure Notice**").

7.2 All such mortgages or deeds of trust placed against an Affordable Unit shall be subject and subordinate to this Covenant.

7.3 All proceeds of a foreclosure sale in excess of the greater of (i) all amounts due the Mortgagee and (ii) the Maximum Sales Price shall be paid to the District of Columbia for deposit into the Housing Production Trust Fund or such other fund established by applicable law.

ARTICLE VIII
AMENDMENT OF COVENANT

Neither this Covenant, nor any part hereof, can be amended, modified or released other than by an instrument in writing executed by a duly authorized official of the District of Columbia on behalf of the District and if prior to the initial conveyance by Owner of all Affordable Units, by a duly authorized representative of the Owner. Any amendment to this Covenant that alters the terms and conditions set forth herein shall be recorded among the Land Records before it shall be deemed effective.

ARTICLE IX
TERM OF COVENANT

The term of this Covenant shall be for forty (40) years.

ARTICLE X
NOTICES

Any notices given under this Covenant shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, to District at the following addresses:

DISTRICT:

District of Columbia
Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, Suite 317
Washington, D.C. 20004
Attention: Deputy Mayor for Planning and Economic Development

With a copy to:

The Office of the Attorney General for the District of Columbia
441 Fourth Street, N.W., Sixth Floor North
Washington, D.C. 20001
Attn: Chief, Real Estate Section

Any notices given under this Covenant shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, to Owner at the following addresses, or to such other persons or locations as the Owner may designate in writing to the District from time to time:

OWNER:

Gilberto Cardenas
3050 R Street Partners, LLC
c/o The Argos Group, LLC
631 D Street, NW, Suite 638
Washington, DC 20004

Notices served upon Owner or District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a party against receipted copy, when the copy of the notice is receipted; (ii) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If served by certified mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, pursuant to this section. If

notice is tendered under the terms of this Covenant and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Covenant.

ARTICLE XI
MISCELLANEOUS

11.1 LAW APPLICABLE; FORUM FOR DISPUTES

This Covenant shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof. Each of Owner and the District irrevocably submits to the jurisdiction of (i) the courts of the District of Columbia and (ii) the United States District Court for the District of Columbia for the purposes of any suit, action or other proceeding arising out of this Covenant or any transaction contemplated hereby. Each of the District and Owner irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Covenant or the transactions contemplated hereby in (a) the courts of the District of Columbia and (b) the United States District Court for the District of Columbia, and hereby further waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

11.2 COUNTERPARTS

This Covenant may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument.

11.3 TIME OF PERFORMANCE

All dates for performance (including cure) shall expire at 5:00 p.m. (Eastern time) on the performance or cure date. A performance date which falls on a Saturday, Sunday or District holiday is automatically extended to the next Business Day.

11.4 WAIVER OF JURY TRIAL

TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS COVENANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.5 FURTHER ASSURANCES

Each party agrees to execute and deliver to the other party such additional documents and instruments as the other party reasonably may request in order to fully carry out the purposes and intent of this Covenant; provided that such additional documents and instruments do not materially increase the obligations or burdens upon the Owner.

11.6 SEVERABILITY

If any provision of this Covenant is held to be unenforceable or illegal for any reason, said provision shall be severed from all other provisions. Said other provisions shall remain in effect without reference to the unenforceable or illegal provision.

11.7 LIEN

Each Sale or other conveyance of an Affordable Unit after the initial sale of such Affordable Unit by the Owner shall be subject to a lien in favor of the District to secure all sums due and owing the District or payable to the District of Columbia Housing Production Trust Fund, its successors on any other entity designated by the District, in accordance with applicable law, and in accordance with the foregoing Covenants.

11.8 ESTOPPEL CERTIFICATE – MAXIMUM SALE PRICE

In connection with a proposed sale of an Affordable Unit after receipt of a written request from, or on behalf of an Affordable Owner, the Mayor of the District of Columbia or such agency of the District of Columbia designated in writing by the Mayor shall certify in recordable form: (i) whether a proposed sale price is greater than the Maximum Sales Price applicable to the Affordable Unit owned by such Affordable Owner; and (ii) if so, the amount then due and owing to the District in connection with such sale or other conveyance; provided that the written request of the selling Affordable Owner certifies, under penalty of perjury: (a) the proposed sales price for the Affordable Unit, (b) the purchase price paid for such Affordable Unit by the selling Affordable Owner, (c) the actual cost of each permanent improvement and/or replacement of interior component made by such Affordable Owner, and (d) Affordable Owner's affirmation that the items referenced in (c) above are properly includable in determining the Maximum Sales Price under Section 2.7 of the Covenants.

11.9 REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

The District hereby represents and warrants to Owner as follows:

(a) The District (i) has the power and authority to execute, deliver and perform its obligations under this Covenant, and (ii) has taken all necessary action to authorize the execution, delivery and performance of this Covenant.

(b) No consent or authorization of, or filing with, any Person (including any governmental authority), which has not been obtained, is required in connection with the execution and delivery of this Covenant by the District.

(c) This Covenant has been duly executed and delivered by the District, and constitutes the legal, valid and binding obligation of the District, enforceable against it in accordance with its terms.

(d) The execution, delivery and performance by the District of this Covenant will not violate any governmental requirement or result in a breach of any contractual obligation to which the District is a party.

(e) The District's execution, delivery and performance of this Covenant and the transactions contemplated hereby shall not: (i) to the best of the District's knowledge, violate any judgment, order, injunction, decree, regulation or ruling of any court or governmental authority with proper jurisdiction that is binding on the District; or (ii) result in a breach or default under any provision of the organizational documents of the District.

(f) To the current actual knowledge of the District, there is no litigation, investigation or proceeding of or before any arbitrator or governmental authority that is pending or threatened by or against the District which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the District's ability to perform its obligations under this Covenant.

(g) Except as otherwise set forth in this Covenant, no consent or authorization of, or filing with, any Person (including any governmental authority), which has not been obtained, is required in connection with the performance of this Covenant by the District.

[*signatures on following pages*]

IN TESTIMONY WHEREOF, (i) the District has caused these presents to be signed, acknowledged and delivered in its name by the Deputy Mayor for Planning and Economic Development, its duly authorized representative, witnessed by _____, its _____ in the Office of the Deputy Mayor for Planning and Economic Development and (ii) Owner has caused these presents to be signed, acknowledged and delivered in its name by _____, its duly authorized _____, witnessed by _____, its _____.

WITNESS

By:_____
Name:
Title:

DISTRICT OF COLUMBIA

By:_____[SEAL]
Name:_____
Title: Deputy Mayor for Planning and Economic Development

Approved as to legal sufficiency:

D.C. Office of the Attorney General

By: _____
Assistant Attorney General

WITNESS:

_____

3050 R STREET PARTNERS, LLC

By:_____
Name:_____
Title: _____

STATE _____)
)
COUNTY_____) ss:
)

I, _____, a Notary Public, in and for the jurisdiction aforesaid, do hereby certify that _____, the Deputy Mayor for Planning and Economic Development, who is personally well known to me (or satisfactorily proven to me) to be the person who executed the foregoing and annexed Affordability Covenant bearing date as of the _____, personally appeared before me in said jurisdiction and acknowledged the same to be his free act and deed.

Given under my hand and seal this ___ day of _____.

_____
Notary Public

My Commission Expires: _____

CITY OF WASHINGTON

ss.

DISTRICT OF COLUMBIA

I, _____, a Notary Public in and for the District of Columbia, do hereby certify that _____ who is personally known to me (or proved by oaths of credible witnesses to be) the Managing Member for the Owner in the foregoing and annexed Affordability Covenant, bearing the date of the _____ personally appeared before me in said District of Columbia, and as _____, acting on behalf of Owner, as aforesaid, acknowledged the same to be his free act and deed.

Given under my hand and seal this ___ day of _____.

_____
Notary Public

My Commission Expires: _____

Exhibit A

Land

TO BE ATTACHED

Exhibit B

Schedule of Base Finishes, Appliances and Equipment to be Included

Exhibit C

Listing of the Affordable Units

Exhibit C

CONSTRUCTION AND USE COVENANT

THIS CONSTRUCTION AND USE COVENANT (this "**Covenant**") is made as of the _____ day of _____, 20__ ("**Effective Date**"), between (i) the DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (the "**District**") and (ii) 3050 R STREET PARTNERS, LLC, a District of Columbia limited liability company (the "**Owner**").

RECITALS

R-1. District owns the improved real property located at 3050 R Street N.W., Washington, DC and known as for assessment and taxation purposes as Lot 0276 in Square 1282 (the "**Property**").

R-2. District and Owner entered into a Disposition and Development Agreement, effective _____, 2010 (the "**Agreement**"), pursuant to which District agreed to sell the Property to Owner subject to certain terms and conditions that survive the sale, some of which are set forth herein as covenants that will run with the land.

R-3. This Covenant sets forth provisionsto assure the excellence and integrity of the design and construction of the Project necessary and appropriate to serve District of Columbia residents.

R-5. As required by the Agreement, Owner, for the benefit of District, agrees to construct and use the Property in accordance with the Approved Plans and Specifications agreed upon by the parties, pursuant to the terms and conditions set forth below.

NOW, THEREFORE, the parties hereto agree that the Property must be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

ARTICLE I
DEFINITIONS AND MISCELLANEOUS PROVISIONS

1.1 DEFINITIONS. For the purposes of this Covenant, the following capitalized terms shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as the singular:

"Affiliate" means with respect to any Person ("first Person") (i) any other Person directly or indirectly controlling, controlled by, or under common control with such first Person, (ii) any officer, director, partner, shareholder, manager, member or trustee of such first Person, or (iii) any officer, director, general partner, manager, member or trustee of any Person described in clauses (i) or (ii) of this sentence. As used in this definition, the terms "controlling", "controlled by", or "under common control with" shall mean the possession, directly or indirectly, of the

power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, membership interests or partnership interests, by contract or otherwise, or the power to elect at least fifty percent (50%) of the directors, managers, partners or Persons exercising similar authority with respect to the subject Person.

"Affordability Covenant" is the covenant agreement between District and Owner that contains certain affordability requirements for the Project, and is recorded in the Land Records.

"**Agreement**" is defined in the Recitals.

"Applicable Law" means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Environmental Laws, laws relating to historical preservation, laws relating to accessibility for persons with disabilities, and, if applicable, the Davis-Bacon Act.

"Approved Plans and Specifications" means construction plans, drawings, and specifications submitted to and approved by District and based upon which all Permits shall be issued, as the same may be modified pursuant to Section 2.3 of this Covenant.

"Architect" means Sorg Architects, or another architect of record, licensed to practice architecture in the District of Columbia, which has been selected by Owner for the Project and approved by District.

"Business Day" means Monday through Friday, inclusive, other than holidays recognized by the District government.

"**CBE Agreement**" is that agreement between Owner and the DSLBD governing certain obligations of Owner under D.C. Law 16-33 with respect to the Project.

"Certificate of Completion" means that certificate provided by Owner to the District in connection with Completion of Construction, as required under Section 2.3.3 herein.

"**Certificate of Final Completion**" is defined in Section 2.3.4.

"Certificate of Occupancy" means a certificate of occupancy or similar document or permit (whether conditional, unconditional, temporary or permanent) that must be obtained from the appropriate governmental authority as a condition to the lawful occupancy of the Project.

"Commencement of Construction" means Owner has (i) executed a construction contract with its general contractor; (ii) given such general contractor a notice to proceed under said construction contract; (iii) caused such general contractor to mobilize on the Property equipment necessary for demolition, and (iv) obtained the Permits and commenced demolition upon the Property pursuant to the Approved Plans and Specifications. For purposes of this Agreement, the term "**Commencement of Construction**" does not mean site exploration, borings to determine foundation conditions, or other pre-construction monitoring or testing to establish background information related to the suitability of the Property for development of the Improvements thereon or the investigations of environmental conditions.

"Completion of Construction" means (i) Owner has substantially completed construction of the Project, exclusive only of Punch List Items, in accordance with the Approved Plans and Specifications and this Covenant; (ii) Owner's general contractor is entitled to final payment under the construction contract exclusive only of any retainage held on account of Punch List Items; (iii) Owner has provided District with a copy of the Certificate of Completion; and (iv) a permanent Certificate of Occupancy has been issued for the Project.

"**Construction Covenants**" shall mean those covenants contained in Article II.

"**Construction Drawings**" shall mean the drawings, plans, and specifications for the Improvements submitted by Owner to District.

"**Contaminant Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discharge of barrels, containers and other closed receptacles containing any Hazardous Materials) of any Hazardous Materials.

"**Debt Financing**" shall mean the financing to be obtained by Owner from an Institutional Lender to fund the costs set forth in the Project Budget, other than the Equity Investment, and any refinancing of the same.

"**Development Plan**" means the Owner's detailed plans for developing, constructing, financing, using and operating the Project with no less than 15 residential condominium units, subject to the requirements set forth in the Affordability Covenant with respect to the reservation of no less than 3 ADU's (as such term is defined in the Agreement) for sale to owners at moderate income levels, with parking for no less than 30 automobiles.

"**Disapproval Notice**" is defined in Section 2.4.

"**DOES**" is the District of Columbia Department of Employment Services.

"**DOL**" is the United States Department of Labor.

"**DSLBD**" is the District of Columbia Department of Small and Local Business Development.

"**Environmental Claims**" is defined in Section 3.3.1.

"Environmental Laws" means any present and future federal, state or local law and any amendments (whether common law, statute, rule, order, regulation or otherwise), permits and other requirements or guidelines of governmental authorities and relating to (a) the protection of health, safety, and the indoor or outdoor environment; (b) the conservation, management, or use of natural resources and wildlife; (c) the protection or use of surface water and groundwater; (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of or exposure to Hazardous Materials; or (e) pollution (including any release to air, land, surface

water, and groundwater), and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and subsequently amended, 42 U.S.C. § 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 32701 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136-136y, the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq.; the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 et seq.; and any similar, implementing or successor law, and any amendment, rule, regulatory order or directive issued thereunder.

"**Equity Investment**" shall mean all funding that is required for the development and construction of the Project in excess of any Debt Financing, but specifically excluding funding in the form of a mezzanine loan.

"**Event of Default**" is defined in Section 6.1.

"Final Completion" means following Completion of Construction (i) the completion of all Punch List Items; (ii) the close-out of all construction contracts for the Project; (iii) the payment of all costs of constructing the Project and receipt by Owner of fully executed and notarized valid releases of liens from all manufacturers, suppliers, subcontractors, general contractors, and all other Persons furnishing supplies or labor in connection with the Project; and (iv) the receipt by District of a certification by Owner of the items in clauses (i) through (iii) of this definition.

"**Final Project Budget**" means Owner's budget for construction of the Project that includes a cost itemization prepared by Owner specifying all costs (direct and indirect) by item, including (i) the costs of all labor, materials, and services necessary for the construction of the Project and (ii) all other expenses anticipated by Owner incident to the Project (including, without limitation, anticipated interest on all financing, taxes and insurance costs) and the construction thereof, which was approved by District prior to the Effective Date. The Final Project Budget is attached to this Covenant as Exhibit C.

"Force Majeure" is an act or event, including, as applicable, an act of God, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials, or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, and laws or orders of government or of civil, military, or naval authorities enacted or adopted after the Effective Date, so long as such act or event (i) is not within the reasonable control of the Owner, Owner's Agents, or its Members; (ii) is not due to the fault or negligence of Owner, Owner's Agents, or its Members; (iii) is not reasonably foreseeable and avoidable by the Owner, Owner's Agents, or its Members or District in the event District's claim is based on a Force Majeure Event, and (iv) directly results in a delay in

performance by Owner or District, as applicable; but specifically excluding (A) shortage or unavailability of funds or financial condition, (B) changes in market conditions such that construction of the Project as contemplated by this Agreement and the Approved Plans and Specifications are no longer practicable under the circumstances, or (C) the acts or omissions of a general contractor, its subcontractors, or any of Owner's Agents or Members.

"**Green Building Act**" is defined in the Agreement.

"**HUD**" is the United States Department of Housing and Urban Development.

"**Improvements**" means the structures, landscaping, hardscape, and improvements to be constructed or placed on the Property in accordance with the Approved Plans and Specifications; provided, however, that in no event shall trade fixtures, furniture, operating equipment (in contrast to building equipment), stock in trade, inventory, or other personal property used in connection with the conduct of any business within the Improvements be deemed included in the term "Improvements" as used in this Covenant.

"**Indemnified Parties**" is defined in Section 3.3.1.

"**Institutional Lender**" means a Person that is not an Affiliate of Owner or a Prohibited Person and is (i) a commercial bank, savings and loan association, trust company or national banking association, acting for its own account; (ii) a finance company principally engaged in the origination of commercial mortgage loans; (iii) an insurance company, acting for its own account; (iv) a public employees' pension or retirement system, or any other governmental agency supervising the investment of public funds; (v) a pension, retirement, or profit-sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended, is acting as trustee or agent; (vi) a publicly traded real estate investment trust; (vii) a governmental agency; or (viii) a charitable organization regularly engaged in making loans secured by real estate.

"**Land Records**" means the property records maintained by the District of Columbia Recorder of Deeds.

"**Letters of Credit**" are those letters of credit totaling One Hundred Fifty Thousand ollars ($150,000.00) that Owner delivered to District in accordance with the Agreement.

"**Member**" means any Person with an interest in Owner.

"**Modification**" is defined in Section 2.4.1.

"**Mortgage**" means a mortgage, deed of trust, mortgage deed, or such other classes of documents as are commonly given to secure advances on real estate and leasehold estates under the laws of the District of Columbia.

"**OAG**" is the Office of the Attorney General for the District of Columbia.

"Operator First Source Agreement" is that agreement, in customary form and otherwise acceptable to District, entered into in accordance with Section 3.4.1 herein.

"**Owner**" means 3050 R Street Partners, LLC, and its successors and assigns.

"**Owner's Agents**" mean the Owner's agents, employees, consultants, contractors, and representatives.

"Owner First Source Agreement" is that agreement between the Owner and the DOES, entered into in accordance with Section 7.6 of the Agreement, governing certain obligations of Owner regarding job creation and employment generated as a result of construction of the Project.

"Permits" means all demolition, site, building, construction, and other permits, approvals, licenses, and rights required to be obtained from the District of Columbia government or other authority having jurisdiction over the Property (including, without limitation, the federal government, WMATA, and any utility company, as the case may be) necessary to commence and complete construction and occupancy of the Project in accordance with the Approved Plans and Specifications and this Covenant.

"Person" means any individual, corporation, limited liability company, trust, partnership, association, or other entity.

"**Prohibited Person**" shall mean any of the following Persons: (a) Any Person (or any Person whose operations are directed or controlled by a Person) who has been convicted of or has pleaded guilty in a criminal proceeding for a felony or who is an on-going target of a grand jury investigation convened pursuant to Applicable Law concerning organized crime; or (b) Any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. App. §1, et seq., as amended (which countries are, as of the Effective Date hereof, North Korea and Cuba); (y) the International Emergency Economic Powers Act of 1976, 50 U.S.C. §1701, et seq., as amended; and (z) the Anti-Terrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. § 2405(j), as amended (which countries are, as of the Effective Date hereof, Iran, Sudan and Syria); or (c) Any Person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (d) Any Person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control list located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order; or (e) Any Person suspended or debarred by HUD or by the District of Columbia government; or (f) Any Affiliate of any of the Persons described in paragraphs (a) through (e) above.

"Project" means those Improvements on the Property, and the development and construction thereof in accordance with the Agreement, Approved Plans and Specifications and this Covenant.

"Project Funding Plan" means the Owner's funding plan that describes the sources and uses of funds for the Project and the methods for obtaining such funds (including the sources of all Equity Investment and Debt Financing), as approved by District, and any modifications thereto that have been approved by District.

"Property" is defined in the Recitals.

"Punch List Items" mean the minor items of work to be completed or corrected prior to final payment to Owner's general contractor pursuant to its construction contract in order to fully complete the Project in accordance with the Approved Plans and Specifications.

"Release" means an instrument, in recordable form, executed by the parties that releases one or more covenants contained herein.

"Schedule of Performance" means that schedule of performance setting forth the timelines for milestones in the development, construction, and completion of the Project, including a construction timeline in customary form, and dates for submission of documentation required under this Covenant, attached as Exhibit B hereto.

"Transfer" means any sale, assignment, conveyance, lease, or other transfer of the Property or the Improvements, or any assignment of membership interests of Owner or any affiliate of Owner which would cause a direct or indirect loss of control of Owner, or any contract or agreement to do the same.

"Use Covenants" means those covenants contained in Article III.

1.2 GOVERNING LAW. This Covenant shall be governed by and construed in accordance with the laws of the District of Columbia (without reference to conflicts of law principles).

1.3 CAPTIONS, NUMBERINGS, AND HEADINGS. Captions, numberings, and headings of Articles, Sections, Schedules, and Exhibits in this Covenant are for convenience of reference only and shall not be considered in the interpretation of this Covenant.

1.4 NUMBER; GENDER. Whenever required by the context, the singular shall include the plural, the neuter gender shall include the male gender and female gender, and vice versa.

1.5 BUSINESS DAY. In the event that the date for performance of any obligation under this Covenant falls on other than a Business Day, then such obligation shall be performed on the next succeeding Business Day.

1.6 COUNTERPARTS. This Covenant may be executed in multiple counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

1.7 SEVERABILITY. In the event that one or more of the provisions of this Covenant shall be held to be illegal, invalid, or unenforceable, each such provision shall be deemed severable and the remaining provisions of this Covenant shall continue in full force and effect, unless this construction would operate as an undue hardship on District or Owner or would constitute a substantial deviation from the general intent of the parties as reflected in this Covenant.

1.8 SCHEDULES AND EXHIBITS. All Schedules and Exhibits referenced in this Covenant are incorporated by this reference as if fully set forth in this Covenant.

1.9 INCLUDING. The word "including," and variations thereof, shall mean "including without limitation."

1.10 NO CONSTRUCTION AGAINST DRAFTER. This Covenant has been negotiated and prepared by District and Owner and their respective attorneys and, should any provision of this Covenant require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

1.11 FORCE MAJEURE DELAYS. Owner shall not be considered in default to perform its obligations under this Covenant, in the event of forced delay in the performance of such obligations due to Force Majeure. It is the purpose and intent of this provision that in the event of the occurrence of any such Force Majeure event, the time or times for performance of the obligations of Owner shall be extended for the period of the Force Majeure; provided, however that: (a) Owner shall have first notified, within ten (10) days after it becomes aware of the beginning of any such Force Majeure event, District thereof in writing of the cause or causes thereof, with supporting documentation, and requested an extension for the period of the forced delay; (b) in the case of a delay in obtaining Permits, Owner must have filed complete applications for such Permits by the dates set forth in the Schedule of Performance and hired an expediter reasonably acceptable to District to monitor and expedite the Permit process; and (c) Owner must take commercially reasonable actions to minimize the delay. If Owner requests any extension on the date of completion of any obligation hereunder due to Force Majeure, it shall be the responsibility of Owner to reasonably demonstrate that the delay was caused specifically by a delay of a critical path item of such obligation.

ARTICLE II
CONSTRUCTION COVENANTS

2.1 OBLIGATION TO CONSTRUCT PROJECT

2.1.1 Covenant to Develop and Construct. Owner hereby agrees to develop and construct the Project in accordance with the Agreement, the Approved Plans and Specifications, the Schedule of Performance, the Affordability Covenant, and this Covenant. The Project shall be constructed in compliance with all Permits and Applicable Law, including the Green Building Act, and in a first-class and diligent manner in accordance with industry standards. The cost of development and construction of Project thereon shall be borne solely by Owner.

2.1.2 Project Oversight. Developer shall comply with its construction lender requirements for Project oversight, including on-site visits and other Project oversight, and shall provide any reports from the construction lender or its third party vendor to the District.

2.2 PRE-CONSTRUCTION ITEMS

2.2.1 Issuance of Permits. Owner shall have the sole responsibility for obtaining all Permits from the applicable agency within the District of Columbia government or other authority. In no event shall Owner commence site work or construction of all or any portion of the Project until Owner has obtained all Permits necessary to commence and maintain the same, without lapse, to complete the portion of the contemplated work. After approval by District of all Construction Drawings, Owner agrees to diligently pursue obtaining all Permits. From and after the date of any such application until issuance of the Permit, Owner shall report Permit status in writing every thirty (30) days to District. Owner shall submit to District copies of documents evidencing each and every Permit obtained by Owner.

2.2.2 Site Preparation. Owner, at its sole cost and expense, shall be responsible for all preparation of the Property for development and construction in accordance with the Development Plan and Approved Plans and Specifications, including costs associated with excavation, construction of the Project, utility relocation and abandonment, relocation and rearrangement of water and sewer lines and hook-ups, and construction or repair of alley ways on the Property and abutting public property necessary for the Project. All such work, including but not limited to, excavation, backfill, and upgrading of the lighting and drainage, shall be performed under all required Permits and in accordance with all appropriate District of Columbia agency approvals and government standards, and Applicable Law.

2.3 CONSTRUCTION RESTRICTIONS AND OBLIGATIONS

2.3.1 Commencement of Construction; Schedule of Performance. Owner agrees that it shall achieve Commencement of Construction on or before the date indicated in the Schedule of Performance and diligently prosecute the development and construction of the Project in accordance with the Approved Plans and Specifications and the Schedule of Performance.

2.3.2 Easements for Public Utilities. Owner shall not construct any portion of the Project on, over, or within the boundary lines of any easement for public utilities, unless such construction is provided for in the Approved Plans and Specifications in connection with the issuance of a Permit.

2.3.3 Certificate of Completion. Owner shall achieve Completion of Construction on or before the date indicated in the Schedule of Performance. Promptly after Owner achieves Completion of Construction, Owner shall furnish District with a Certificate of Completion, in which the Owner states under oath that (a) the Project has been completed, subject only to Punch List Items, in accordance with all Approved Plans and Specifications and all Applicable Law (accompanied with a certificate from Architect stating the same) and (b) all of the Construction Covenants herein, including the times for Commencement of Construction and Completion of Construction, have been fully satisfied.

2.3.4 Final Completion. Owner shall achieve Final Completion on or before the date indicated in the Schedule of Performance. Promptly after Owner achieves Final Completion, Owner shall notify District and certify, under oath, that all Punch List Items have been completed, all construction contracts for the Project have been closed-out, all costs of constructing the Project have been paid, and Owner has received fully executed and notarized valid releases of liens from all manufacturers, suppliers, subcontractors, general contractors, and all other Persons furnishing supplies or labor in connection with the Project. Following District's inspection of the Project in accordance with Sections 3.1 and 3.2, provided District accepts Final Completion of the Project, District shall deliver to Owner a certificate ("**Certificate of Final Completion**") confirming Owner's Final Completion of the Project.

2.4 MODIFICATIONS TO APPROVED PLANS AND SPECIFICATIONS

2.4.1 Modification. Owner shall not make or cause to be made any changes to the Approved Plans and Specifications (any such change, a "**Modification**") without District's prior written approval. If Owner desires to make a Modification to the Approved Plans and Specifications, Owner shall submit the proposed Modification to District for approval, which approval shall be granted or withheld in District's sole discretion, in accordance with this Section. District will use good faith efforts to respond to any such request within a reasonable period of time, not to exceed sixty (60) days. Any approved Modification shall become part of the Approved Plans and Specifications.

2.4.2 Disapproval Notice. If District issues a notice of disapproval ("**Disapproval Notice**"), such Disapproval Notice shall state in reasonable detail the basis for such disapproval. If District issues a Disapproval Notice, Owner may revise the Modification to address the objections of District and may resubmit the revised Modification for approval. District's review of any submission that is responsive to a Disapproval Notice shall be limited to the matters disapproved by District as set forth in the Disapproval Notice, but shall not be so limited with regard to any new matters shown on such submission that were not included or indicated on any prior submission.

2.4.3 No Representation or Liability. District's review and approval of any Construction Drawings and Modification is not and shall not be construed as a representation or other assurance that it complies with any building codes, regulations or standards, including, without limitation, building, engineering, and structural design, or any other Applicable Law. District shall incur no liability in connection with its review of any Construction Drawings and Modification and shall review such Construction Drawings and Modification solely for the purpose of protecting its own interests.

2.5 [Intentionally Deleted.]

2.6 COMMUNITY BENEFIT PLANS. During the term of this Covenant, Owner agrees to: (i) comply with all Applicable Law; (ii) comply with and maintain the CBE Agreement; and (iii) comply with and maintain the Owner First Source Agreement

2.7 INSPECTION AND MONITORING RIGHTS. In addition to and notwithstanding any monitoring and inspecting requirements of Owner's construction lender and any applicable District of Columbia building and health code requirements, District shall have the following rights until such time as the District issues the Certificate of Final Completion:

(a) Inspection of Site. District shall have the right to enter the Property from time to time and at no cost or expense to District (but at the risk of District), for the purpose of performing routine inspections in connection with the development and construction of the Project. Owner understands that District or its representatives will enter the Property from time to time for the sole purpose of undertaking the inspection of the Project to determine conformance to the Approved Plans and Specifications and this Covenant, as applicable, and Owner or Owner's Agents shall have the right to accompany those persons during such inspections. Prior to undertaking any such inspection, District shall endeavor to provide Owner with not less than twenty-four (24) hours' notice (which, in this instance, may be telephonic), except in the event that District is or becomes aware of an emergency (in which event, no such notice shall be required). Owner waives any claim that it may have against District, its officers, directors, employees, agents, consultants, or representatives, arising out of District representatives' entry upon the Property unless resulting from the gross negligence or willful misconduct of said District representatives. Any inspection of the Project or access of the Property by District hereunder shall not be deemed an approval, warranty, or other certification as to the compliance of the Project or Property with any building codes, regulations, standards, or other Applicable Law.

(b) Progress Reports. From and after the Effective Date and until issuance of the Certificate of Final Completion, Owner, upon request by District, shall make written reports to District as to the progress of the construction of the Project in such form and detail as may reasonably be requested by District, and shall include a reasonable number of construction photographs taken since the last report submitted by Owner. Such progress reports shall be delivered to District by the Owner within ten (10) days after request by District, but not more frequently than on a monthly basis; provided, however, that the same may be delivered to District at an electronic mail (e-mail) address designated by District from time to time if it is (i) delivered within seven (7) days following a request by District, and (ii) supplemented with a hard

copy to District at the Notice address set forth in Section 11.1 hereinbelow not later than the aforementioned tenth (10th) day.

(c) Audit Rights. Upon reasonable prior notice at any time prior to Final Completion, District shall have the right (at the cost of District unless Owner is found to be in violation of any obligation imposed hereunder, in which event such expense shall be borne by Owner) to inspect the books, records, and corporate documents of Owner for the purpose of ensuring compliance with this Covenant and to have an independent audit of the construction documents and records. Owner shall cooperate with District in providing District reasonable access to its books and records during normal business hours at Owner's offices for these purposes. Owner shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. Owner and District may, but shall not be obligated to, jointly agree to use a common accounting firm for the purpose of conducting any such audits; provided, however, that in such event, the accounting firm shall have a valid contract with District in compliance with the Procurement Practices Act of 1985, D.C. Official Code §§ 2-301.01, et seq., as amended, and shall execute a separate engagement letter with District for calculation of the return.

2.8 MILESTONE NOTICES. Upon completion of each milestone in the Schedule of Performance, Owner shall notify District, and District shall have thirty (30) days to inspect the Property and certify Owner's completion of such Milestone.

2.9 PROJECT FUNDING PLAN; FINAL PROJECT BUDGET; DEBT FINANCING.

2.9.1 Project Funding Plan. Without District's prior written approval, which may be granted or withheld in District's sole discretion, Owner shall not (a) modify the Project Funding Plan, (b) obtain funds from any sources not identified in the Project Funding Plan, or (c) use funds for any uses not identified in the Project Funding Plan, without the prior approval of District.

2.9.2 Final Project Budget. Owner shall not modify the Final Project Budget without the prior approval of District, which may be granted or withheld in District's sole discretion.

2.9.3 Debt Financing. Owner shall not obtain any Debt Financing or engage in any other transaction that shall creates a Mortgage or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Property without the prior written approval of District. Any such Debt Financing or Mortgage shall (i) secure a bona fide indebtedness to an Institutional Lender, the proceeds of which shall be applied only to the costs identified in the Final Project Budget; notwithstanding the foregoing, the proceeds of such Debt Financing or Mortgage shall not be used to fund distributions to equity holders or acquisition, development, construction, operation or any other costs relating to any other real property, personal property or business operation; and (ii) the amount thereof, together with all other funds available to the Owner shall be sufficient to complete construction of the Project. For the purpose of obtaining District's approval of any such Debt Financing or Mortgage, Owner shall submit to District such documents as District may reasonably request, including, but not limited, copies of:

(a) The commitment or agreement between Owner and the holder of such Debt Financing or Mortgage, certified by Owner to be a true and correct copy thereof;

(b) A statement detailing the disbursement of the proceeds of the proposed Debt Financing, certified by Owner to be true and accurate; and

(c) A copy of the proposed Mortgage, deed of trust or such other instrument to be used to secure the Debt Financing.

ARTICLE III
USE COVENANTS

3.1 [Intentionally Deleted.]

3.2 NONDISCRIMINATION COVENANTS

3.2.1 Covenant not to Discriminate in Sales or Rentals. Owner shall not discriminate upon the basis of race, color, religion, sex, national origin, ethnicity, sexual orientation, or any other factor which would constitute a violation of the D.C. Human Rights Act or any other Applicable Law, regulation, or court order, in the sale, lease, or rental or in the use or occupancy of the Project.

3.2.2 Covenant not to Discriminate in Employment. Owner shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other factor which would constitute a violation of the D.C. Human Rights Act or other Applicable Law, regulation, or court order. Owner agrees to comply with all applicable labor and employment standards, Applicable Law, and orders in the construction and operation of the Project.

3.2.3 Affirmative Action. Owner will take affirmative action to ensure that employees are treated equally during employment, without regard to their race, color, religion, sex, or national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, or physical handicap. Such affirmative action shall include, but not be limited to, the following: (i) employment, upgrading, or transfer; (ii) recruitment or recruitment advertising; (iii) demotion, layoff, or termination; (iv) rates of pay or other forms of compensation; and (v) selection for training and apprenticeship. Owner agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by DOES or District setting forth the provisions of this non-discrimination clause.

3.2.4 Solicitations for Employment. Owner will, in all solicitations or advertisements for employees placed by or on behalf of Owner, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin or any other factor that would constitute a violation of the D.C. Human Rights Act or other Applicable Law.

3.2.5 Enforcement. In the event of Owner's non-compliance with the nondiscrimination covenants of this Section 3.2 or with any applicable rule, regulation, or order, District, DOES, or DOL may take such enforcement against Owner, including, but not limited to, an action for injunctive relief and/or monetary damages, as may be provided by Applicable Law.

3.3 ENVIRONMENTAL CLAIMS AND INDEMNIFICATION

3.3.1 Compliance with Environmental Laws; Indemnity. Owner hereby covenants that, at its sole cost and expense (as between District and Owner, provided that the foregoing shall not prohibit Owner from the pursuit of any third party responsible for non-compliance with Environmental Laws), it shall comply with all provisions of Environmental Laws applicable to the Property and all uses, improvements, and appurtenances of and to the Property, and shall perform all investigations, removal, remedial actions, cleanup and abatement, corrective action, or other remediation that may be required pursuant to any Environmental Law, and District and its officers, agents, and employees (collectively, the "**Indemnified Parties**") shall have no responsibility or liability with respect thereto. Owner shall indemnify, defend, and hold District harmless from and against any and all losses, costs, claims, damages, liabilities, and causes of action of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Parties in connection with, arising out of, in response to, or in any manner relating to (i) Owner's violation of any Environmental Law, (ii) any Contaminant Release or threatened Contaminant Release of a Hazardous Material after the Effective Date, or (iii) any condition of pollution, contamination, or Hazardous Material-related nuisance on, under, or from the Property subsequent to the Effective Date ("**Environmental Claims**"); provided, however, that Owner shall not be required to indemnify District or any of the other Indemnified Parties if and to the extent that any Environmental Claims arise in connection with the violation of any Environmental Law by District or any of District's agents, officers, directors, contractors or employees.

3.3.2 Release. Owner, for itself, its former and future officers, directors, agents, and employees, and each of their respective heirs, personal representatives, successors, and assigns, hereby forever releases and discharges the Indemnified Parties and all of their present, former, and future parent, subsidiary, and related entities and all of its and their respective present, former, and future officers, directors, agents, and employees, and each of its and their heirs, personal representatives, successors and assigns, of and from any and all rights, claims, liabilities, causes of action, obligations, and all other debts and demands whatsoever, at law or in equity, whether known or unknown, foreseen or unforeseen, accrued or unaccrued, in connection with any Environmental Claims, except if and to the extent any such rights, claims, liabilities, causes of action, obligations, debts, demands or Environmental Claims arise in connection with the violation of any Environmental Law by District.

ARTICLE IV
TERM; RELEASE; LETTER OF CREDIT

4.1 TERM OF COVENANTS. The Construction Covenants, any obligations hereunder that relate to the development and construction of the Project, and any other obligations, liabilities, terms and conditions set forth herein shall run with the land, shall be binding on Owner and its successors and assigns, and shall otherwise remain in effect until District delivers to Owner the Certificate of Final Completion.

4.2 RELEASE. At the request of either party to this Covenant and provided that there is no dispute as to the expiration of the term, the parties shall execute a Release. In such event, the requesting party shall, at its sole cost and expense, prepare such Release and present it to the non-requesting party. The non-requesting party shall then have five (5) Business Days from receipt of the proposed Release to review the same and notify the requesting party of any material deficiencies or errors in the Release. Upon the correction of any material deficiency or error in the Release, the non-requesting party shall promptly deliver an original executed Release to the requesting party who shall be responsible for causing the Release to be recorded in the Land Records. Any Release not so recorded shall not be deemed valid pursuant to this Article.

4.2.1 Upon District's delivery to Owner of the Certificate of Final Completion, District shall release the Letter of Credit, to the extent the same has not been drawn in accordance with Subsection 5.2.1(a) herein.

ARTICLE V
DEFAULT AND REMEDIES

5.1 EVENTS OF DEFAULT. Each of the following shall constitute an "**Event of Default**" on the part of Owner:

(a) Owner defaults in the performance of any obligation, term, or provision under this Covenant, and such default shall continue uncured for thirty (30) days after written notice of such default from District, provided that such thirty (30) day period may be extended for an additional period of time, at the sole discretion of District, to the extent required to complete such cure;

(b) Owner fails to complete any milestone by the date indicated in the Schedule of Performance; or

(c) Owner commits any affirmative act of insolvency or shall file any petition or action under any bankruptcy or insolvency law, or any other law or laws for relief of, or relating to debtors; or if there shall be filed any insolvency petition under any bankruptcy or insolvency statute against Owner or there shall be appointed any receiver or trustee to take possession of any property of Owner and such petition or appointment is not set aside or withdrawn or does not cease within sixty (60) days from the date of such filing of appointment.

5.2 REMEDIES.

5.2.1 If any Event of Default occurs hereunder, District may elect to pursue any of the following remedies, all of which are cumulative:

(a) District may draw on the Letters of Credit, in an amount to be determined by District, in its sole discretion, up to the full amount of the Letters of Credit, upon an Event of Default that arises under Section 5.1(b);

(b) District may cure Owner's Event of Default, at Owner's sole cost and expense. Owner shall pay to District an amount equal to its actual out-of-pocket costs for such cure within ten (10) Business Days after demand therefor. Any such sums not paid by Owner within ten (10) Business Days after demand shall bear interest at the rate of fifteen percent (15%) per annum or the highest rate permitted by Applicable Law, if less, until paid;

(c) District may pursue specific performance of Owner's obligations hereunder; and

(d) District may pursue any and all other remedies available at law and in equity, including without limitation, injunctive relief.

5.2.2 If District pursues any of its remedies under this Section that require the filing of a court action and District prevails in a court of competent jurisdiction, District shall be entitled to reimbursement of its attorneys' fees and costs. In the event District is represented by OAG, attorneys' fees shall be calculated based on an equivalent amount that a private firm of comparable size to OAG in the Washington, D.C. area would have charged for such representation based on the number of hours OAG employees prepared for and participated in any such litigation.

ARTICLE VI
INSURANCE OBLIGATIONS

6.1 INSURANCE COVERAGE. During the periods identified below, Owner shall carry and maintain in full force and effect the following insurance policies:

(a) Property Insurance - After achieving Completion of Construction and until such time as responsibility for the Property shall be transferred to a condominium association, Owner shall maintain property insurance insuring the Project under a Special Form (Causes of Loss) policy for 100% insurable replacement value with no co-insurance.

(b) Builder's Risk Insurance - During construction of the Project, Owner shall maintain builder's risk insurance for the amount of the completed value of the Project (or lesser amount acceptable to District) under a Special Form (Causes of Loss) policy with no co-insurance penalty, including flood risks if the Property is

located in a flood zone, insuring the interests of Owner, District and any contractors and subcontractors.

(c) Automobile Liability and Commercial General Liability Insurance - At all times after the Effective Date of this Covenant until delivery of the Certificate of Final Completion, Owner shall maintain and cause its contractor to maintain automobile liability insurance and commercial general liability insurance policies written to each have a combined single limit of liability for bodily injury and property damage of not less than three million dollars ($3,000,000.00) per occurrence, of which at least one million dollars ($1,000,000.00) must be maintained as primary coverage, and of which the balance may be maintained as umbrella coverage; provided however, that the foregoing statement as to the amount of insurance Owner is required to carry shall not be construed as any limitation on Owner's liability under this Covenant. The foregoing limits may be increased by District from time to time, in its sole discretion.

(d) Workers' Compensation Insurance - At all times after the Effective Date of this Covenant until such time as all obligations of Owner hereunder have been satisfied or have expired, Owner shall maintain and cause its general contractor and any subcontractors to maintain workers' compensation insurance in such amounts as are required by Applicable Law.

(e) Professional Liability Insurance - During construction of the Project, Owner shall cause Architect, and every engineer or other professional who will perform services in connection with the Project to maintain professional liability insurance with limits of not less than one million dollars ($1,000,000.00) for each occurrence, including coverage for injury or damage arising out of acts or omissions with respect to all design and engineering professional services provided by the architect of record, structural, electrical, and mechanical engineers with a deductible acceptable to District.

6.2 GENERAL POLICY REQUIREMENTS. All property and builder's risk insurance shall name District as a named insured. Any deductibles with respect to the foregoing insurance policies shall be commercially reasonable. All such policies shall include a waiver of subrogation endorsement. All insurance policies required pursuant to this section shall be written as primary policies, not contributing with or in excess of any coverage that District may carry. Such insurance shall be obtained through a recognized insurance company licensed to do business in the District of Columbia and rated by A.M. BEST as an A-X or above. The policies shall contain an agreement by the insurer notifying District in writing, by certified U.S. Mail, return receipt requested, not less than thirty (30) days before any material change, reduction in coverage, cancellation, including cancellation for nonpayment of premium, or other termination thereof or change therein.

ARTICLE VII
CASUALTY

7.1 PRIOR TO ISSUANCE OF THE CERTIFICATE OF FINAL COMPLETION. In the event of damage or destruction to the Project following the Effective Date but prior to the issuance of the Certificate of Final Completion, Owner shall be obligated to repair or restore the Project in conformity with the Approved Plans and Specifications, subject to changes necessary to comply with then-current building code requirements, as approved by District in its sole discretion. Notwithstanding anything in this Covenant to the contrary, District will not accept, nor shall Owner present to District, any Certificate of Final Completion nor shall District release Owner from its development obligations hereunder until Owner has completed its restoration obligations.

7.2 AFTER ISSUANCE OF THE CERTIFICATE OF FINAL COMPLETION. In the event of damage or destruction to the Project following the issuance of the Certificate of Final Completion, Owner, as original Owner of a residential unit, shall promptly cause the residential unit which it owns to be restored to its condition existing prior to the casualty, subject to changes necessary to comply with then-current building code or insurance requirements, as approved by District (such approval not to be unreasonably withheld, conditioned, or delayed).

ARTICLE VIII
INDEMNIFICATION

Owner shall indemnify, defend, and hold District, its officers, employees and agents harmless from and against any and all losses, costs, claims, damages, liabilities, and causes of action (including attorneys' fees and court costs) arising out of death of or injury to any person or damage to any property occurring on or adjacent to the Property and directly or indirectly caused by any acts done thereon or any acts or omissions of Owner or Owner's Agents; provided however, that the foregoing indemnity shall not apply to any losses, costs, claims, damages, liabilities, and causes of action due to the gross negligence or willful misconduct of District or its officers, employees and agents.

ARTICLE IX
COVENANTS BINDING ON SUCCESSORS AND ASSIGNS

This Covenant is and shall be binding upon the Property and shall run with the land for the period of time stated herein. The rights and obligations of District, Owner, and their respective successors and assigns shall be binding upon and inure to the benefit of the foregoing parties and their respective successors and assigns; provided, however, that all rights of District pertaining to the monitoring or enforcement of the obligations of Owner hereunder shall not convey with the transfer of title or any lesser interest in the Property, but shall be retained by District, or such other designee of District as District may so determine.

ARTICLE X
AMENDMENT OF COVENANT

This Covenant shall not be amended, modified, or released other than by an instrument in writing executed by a duly authorized official of District on behalf of District and approved by OAG for legal sufficiency. Any amendment to this Covenant that materially alters the terms of this Covenant shall be recorded among the Land Records before it shall be deemed effective.

ARTICLE XI
NOTICES

11.1 Any notices given under this Covenant shall be in writing and delivered by certified mail, return receipt requested, postage pre-paid, by hand or by reputable private overnight commercial courier service to the parties at the following addresses:

DISTRICT:

Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, Suite 317
Washington, D.C. 20004
Attention: Deputy Mayor for Planning and Economic Development

With a copy to:

Office of the Attorney General for the District of Columbia
1100 15th Street, N.W., Suite 800
Washington, D.C. 20005
Attn: Deputy Attorney General, Commercial Division

Any notices given under this Covenant shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, to Owner at the following addresses:

OWNER:

Gilberto Cardenas
3050 R Street Partners, LLC
c/o The Argos Group, LLC
631 D Street, NW, Suite 638
Washington, DC 20004

11.2 Notices served upon Owner or District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand

delivered to a party against receipted copy, when the copy of the notice is receipted; (ii) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If served by certified mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, pursuant to this section. If notice is tendered under the terms of this Covenant and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Covenant.

ARTICLE XII
TRANSFER

12.1 Transfer. With the exception of sales contracts entered into with third-party purchasers of condominium units, Owner agrees that it will not Transfer the Property or the Improvements, or cause or allow a Transfer of its membership interests, at any time prior to the time that the District issues a Certificate of Final Completion, without the prior approval of the District, which approval shall be within District's sole discretion. Owner shall submit its written request for approval of the proposed Transfer to District with all relevant written documents and information pertaining to such proposed Transfer and such additional documents and information as District may reasonably request. Following the issuance by the District of a Certificate of Final Completion, Owner may Transfer the Property or the Improvements, or cause or allow a Transfer of its membership interests without the District's approval, provided such Transfer is not to a Prohibited Person.

12.2 No Unreasonable Restraint. Owner hereby acknowledges and agrees that the restrictions on Transfers set forth in this Article do not constitute an unreasonable restraint on Owner's right to Transfer or otherwise alienate the Property. Owner hereby waives any and all claims, challenges, and objections that may exist with respect to the enforceability of such restrictions, including any claim that such restrictions constitute an unreasonable restraint on alienation.

[Signatures on following page]

IN WITNESS WHEREOF, the District has, on this _____ day of _____, 2010 caused this Covenant to be executed, acknowledged and delivered by Valerie-Joy Santos, Deputy Mayor for Planning and Economic Development, for the purposes therein contained.

DISTRICT:

DISTRICT OF COLUMBIA,
acting by and through the Office of the Deputy Mayor for Planning and Economic Development

By: _____
Name: Valerie-Joy Santos
Title: Deputy Mayor for Planning and Economic Development

Approved for Legal Sufficiency:

Office of the Attorney General

By:_____
Assistant Attorney General

OWNER:

3050 R STREET
PARTNERS, LLC, a District
of Columbia limited liability
company

By: The Argos Group, LLC,
a District of Columbia limited liability company

Witness: Its: Manager

By:_____ By: _____

Name:_____ Name: _____

Date:_____ Title: _____

DISTRICT OF COLUMBIA) ss:

The foregoing instrument was acknowledged before me on this ____ day of _____, 20__ by Valerie-Joy Santos, the Deputy Mayor for Planning and Economic Development, whose name is subscribed to the within instrument, being authorized to do so on behalf of the District of Columbia, acting by and through the District of Columbia Office of the Deputy Mayor for Planning and Economic Development, has executed the foregoing and annexed document as her free act and deed.

_____
Notary Public

[Notarial Seal]

My commission expires: _____

DISTRICT OF COLUMBIA) ss:

The foregoing instrument was acknowledged before me on this ____ day of _____, 2010, by _____, the _____ of _____, Owner herein, whose name is subscribed to the within instrument, being authorized to do so on behalf of said Owner, has executed the foregoing and annexed document as his/her free act and deed, for the purposes therein contained.

_____
Notary Public

[Notarial Seal]

My commission expires: _____

EXHIBIT A

Legal Description

EXHIBIT B

Schedule of Performance

EXHIBIT C

Final Project Budget

Exhibit D

Council Term Sheet

Attached

TERM SHEET
Disposition of The Hurt Home

Date	June 10, 2010
Seller	Government of the District of Columbia, acting by and through the Deputy Mayor for Planning and Economic Agreement (the "**District**")
Buyer	3050 R Street Partners, LLC, a District of Columbia limited liability company, its successor, or one of its affiliates or members approved by the District ("**Developer**")
Real Property	Parcel of land with a street address of 3050 R Street N.W., in Washington, D.C., known as for tax and assessment purposes as Lot 0276 in Square 1282 ("**Property**")
Consideration	The Purchase Price will be $450,000.00.
Disposition Structure	The Property will be conveyed fee (via Special Warranty Deed) pursuant to DC Code § 10-801(b)(8)(F).
Affordable Housing	No less than 20 % of the residential units will be sold to households with incomes at or below 80 % AMI (estimated to 3 units, assuming the Development Plan includes 15 residential units).
Development Program	Subject to PUD approval, it is anticipated that the Developer's Development Program (the "**Development Program**") will be comprised of a residential condominium building (estimated to include 15 units). Throughout the PUD process, changes in the Development Program may be made with the consent of the District.
Green Building Requirements	Developer shall construct the Improvements in accordance with the *Green Building Act of 2006*, D.C. Official Code § 6-1451.01, *et seq.* (2007 Supp.), as may be amended, and shall conduct a design charrett within 60 days of the execution of a Land Disposition and Development Agreement ("**LDDA**").
Conditions of Closing	In addition to the other District standard conditions of Closing, the District's obligation to convey the property will be conditioned upon the Developer's receipt of planned unit development ("**PUD**") approved by the Zoning Commission.
Schedule of Performance	Below is the Schedule of Performance with estimated dates, which may be amended and extended with the approval of the District and upon an event of force majeure: • PUD Submission: • Anticipated Closing: September 2011 • Commencement of Construction: October 2011 • Completion of Construction: April 2013
Post Closing Requirements	Developer shall be bound by the requirements of the Affordable Housing Covenant, the Construction and Use Covenant, the First Source Agreement and the CBE Agreement to be attached to the DDA, which may be amended with the approval of the District.

INTENTION AND LIMITATIONS OF THIS TERM SHEET.

1. Developer acknowledges that all approvals required of Council will be granted or withheld in the sole and absolute discretion of Council and that, absent Council approval under D.C. Code § 10-801(2009), the Deputy Mayor for Planning and Economic Development ("**DMPED**") has no authority to convey the Property to Developer. The failure to receive all required approvals of the Council shall not constitute a breach by the DMPED under this Term Sheet. Developer acknowledges that it is entering into this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals, Developer proceeds at its sole risk and expense with no recourse whatsoever against the DMPED.

2. Developer and DMPED agree that upon receipt of all necessary Council approvals under D.C. Code § 10-801(2009), the Developer and DMPED shall finalize and execute a Disposition and Development Agreement governing all of the terms and conditions of the purchase and sale of the Property. Until the Developer and DMPED enter into the binding Disposition and Development Agreement, both Developer and DMPED reserve the right to proceed with the purchase and sale it each's sole and absolute discretion. Upon the execution of the Disposition and Development Agreement, the Developer and DMPED shall proceed in accordance with the terms of the Disposition and Development Agreement; provided, however, the Developer and DMPED acknowledge and agree that any substantial change in the terms set forth in this Term Sheet shall be subject to further Council review and approval in accordance with D.C. Code 10-801(b-1)(6).

IN WITNESS WHEREOF, DMPED and Developer have caused the Term Sheet dated June 10, 2010 to be executed and attested by their respective duly authorized representatives.

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

BY:_____

Valerie-Joy Santos,
Deputy Mayor for Planning and Economic Development

DEVELOPER:

3050 R STREET PARTNERS, LLC,
A District of Columbia limited liability company

BY:_____

Name: Gilberto Cardenas
Title: Managing Member

EXHIBIT E

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED ("**Deed**") is made as of the ___ day of _____, 20__, by and between **THE DISTRICT OF COLUMBIA**, a municipal corporation ("**GRANTOR**"), pursuant to the authority contained in D.C. Official Code § _____ and **3050 R STREET PARTNERS, LLC**, a District of Columbia limited liability company (the "**GRANTEE**").

WITNESSETH, that in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Grantor does hereby grant and convey unto Grantee and its successors and assigns, in fee simple, all of the right, title and interest of Grantor in, to and under that lot or parcel of land, together with the improvements thereon, and all rights, and privileges, and appurtenances to the same belonging, and together with any right, title and interest of Grantor in and to adjacent streets, alleys, rights-of-way, strips or gores, situate, lying and being in the District of Columbia, described as follows, to wit:

> **Part of Square 112 "Beall's Addition to Georgetown, now Square 1282 described as follows:**
>
> **BEGINNING for the same at a point in the South line of "R" Street, N.W. (formerly Road Street) distant Westerly 173.66 feet from the Westerly line of Avon Place where it intersects with R Street, N.W., thence Westerly with said South line of "R" Street 179 feet more or less to the Easterly line of a 14 foot wide public alley; thence Southerly with said Easterly line of said 14 foot wide public alley to an angle therein, thence still Southerly and along last mentioned Easterly line 113.81 feet more or less to northwest corner of land dedicated for public alley and shown on plat recorded in the Office of the Surveyor for the District of Columbia in Liber 53 at folio 161; thence Easterly along the Northerly line of said land so dedicated 6 feet; thence Southerly 20 feet thence Westerly 6 feet to the northeast corner of Lot 273 in Square 1282, as shown on plat recorded in said Surveyor's Office in Liber 174 at Folio 22; thence Southerly along the Easterly line of said Lot 273 to the North Line of property formerly belonging to John E. Carter; thence Easterly with said Northerly line of said Carter's land and land now or formerly belonging to John Chandler Smith to the Westerly line of land dedicated for public alley and shown on plat recorded in said Surveyor's Office in Liber 68 at folio 45; running thence Northerly along the West line of dedication as recorded in Liber 68 at folio 45 as aforesaid to the West terminus of the North line of a 12 foot wide public alley as**

shown on last mentioned plat, being a point distant Southerly 158.60 feet more or less from the place of beginning of the herein described land; thence along last course reversed Northerly 158.60 feet more or less to the place of beginning; collectively, the "Land."

At the date hereof, the-above described Land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 0276 in Square 1282.

It being the intent to convey any and all land acquired or remaining which was originally acquired by the District of Columbia in Liber ___ at folio ___ from Aid Association for the Blind of the District of Columbia on _____,_____.

TO HAVE AND TO HOLD the same unto and for the use of the Grantee, its successors and assigns, in fee simple, forever;

SUBJECT to the provisions of that certain Construction and Use Covenant (the "**Construction Covenant**") by and between Grantor and Grantee of even date herewith and recorded immediately following this Deed and the Grantor's Right of Re-Entry contained in Schedule A, which is attached hereto and incorporated herein;

AND Grantor covenants that it has the right to convey said Land to Grantee, that it will warrant specially said Land, and that it will execute such further assurances of said Land as may be requisite.

[*Signature page follow(s)*]

IN WITNESS WHEREOF, the Grantor has executed this Special Warranty Deed as of the date first set forth above.

GRANTOR:

WITNESS:

DISTRICT OF COLUMBIA, by and through the Deputy Mayor for Planning and Economic Development pursuant to the delegation of authority contained in Mayor's Order _____.

_____

By: _____
Valerie-Joy Santos
Deputy Mayor for Planning and Economic Development

DISTRICT OF COLUMBIA)
) ss:

I, _____, a Notary Public, in and for the jurisdiction aforesaid, do hereby certify that Valerie-Joy Santos, the Deputy Mayor for Planning and Economic Development, who is personally well known to me or satisfactorily proven to me to be the person who executed the foregoing and annexed Special Warranty Deed bearing date as of the __ of _____, 20__, personally appeared before me in said jurisdiction and acknowledged the same to be his free act and deed.

Given under my hand and seal this _____ day of _____, 20__.

_____
Notary Public

My Commission Expires: _____

After recording, please return to:

_
_
_

SCHEDULE A
RIGHT OF RE-ENTRY

Any capitalized terms not defined herein shall have the meaning ascribed in the Construction Covenant. In the event that prior to the issuance of a Certificate of Final Completion, an Event of Default occurs under the Construction Covenant, Grantor shall have the exclusive right to declare a termination in favor of Grantor of the title and of all the rights and interests in and to the Land, any all improvements constructed thereon, and all appurtenances thereto, (collectively, the "**Property**"), or any portion thereof, and to re-enter the Property ("**Right of Re-Entry**"), at Grantor's option, upon the following terms and conditions:

(A) Following an Event of Default, Grantor may exercise its Right of Re-Entry by notice to Grantee that Grantor has elected to exercise its Right of Re-Entry ("**Exercise Notice**"). Re-Entry shall take place on a date designated by Grantor (the "**Re-Entry Date**"), which date shall be at least thirty (30) but no later than one hundred twenty (120) days after the date of the Exercise Notice.

(B) On the Re-Entry Date, Grantor shall have the absolute right to execute and record among the land records of the District of Columbia a written declaration of the termination of the right, title and interest of Grantee, its successors in interest and assigns in the Property ("**Termination Declaration**"), and to re-enter and take possession of the Property and terminate, and re-vest in Grantor, the Property. Grantee shall deliver such documents as Grantor's title insurance company reasonably shall require to evidence such termination, and the affidavits, indemnities and other agreements reasonably required by Grantor's title insurance company in connection with insuring title to the Property, subject only to those exceptions reasonably acceptable to Grantor, upon such re-entry. Real property taxes, owners association dues and assessments, and water and sewer charges shall be adjusted and apportioned as of the Re-Entry Date. Grantee shall be obligated to satisfy and release any liens or other encumbrances of record, which may be satisfied upon the payment of a liquidated sum. Grantee shall pay the deed transfer tax, the cost of preparation of the Termination Declaration, all recording taxes and charges, and title examination, survey and title insurance fees. Grantor shall be entitled to draw on any Letter of Credit (as defined in the Construction Covenant) for paying the sums due from Grantee hereunder.

(C) The exercise of the Right of Re-Entry and the re-entry thereunder shall terminate all obligations and/or covenants of Developer in the Construction Covenant, except those that expressly survive termination.

(D) Grantor's re-entry shall be effective upon recordation of the Termination Declaration among the land records.

Exhibit G

First Source Agreement

Attached

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services
Office of the Director

Adrian M. Fenty
Mayor

Joseph P. Walsh
Director

Dennis Cotto
Principal
3050 R Street Partners, d/b/a/ The Argos Group, LLC
631 D Street , N. W., Suite 638
Washington, DC 20004

JUN 0 3 20

Dear Mr. Cotto:

Enclosed is your copy of the signed First Source Employment Agreement between the D.C. Department of Employment Services (DOES) and 3050 R Street Partners, d/b/a/ The Argos Group, LLC.

Under the terms of the Agreement, you are required to use DOES as the first source to fill all new jobs created as a result of Contract Number: LDA Project. In addition, at least 51% of the newly created jobs must be filled by D.C. residents, as well as, at least 51% apprentices and trainees must be District residents.

You should post your job vacancies to the Department of Employment Services' Virtual One-Stop (VOS) at www.dcnetworks.org. VOS is an advanced web-based workforce development system, which allows employers to place job orders and search for applicants by skill-set or position. The system also accommodates the employer looking for specific industrial and economic data and has a series of Internet links to a variety of issues and topics of interest to employers. Should you need assistance in posting your job vacancies, please contact Job Bank at (202) 698-6001.

Also, enclosed is a Contract Compliance Form, which must be completed and submitted by you and your subcontractors each month. This form collects data on all new hires employed on the project. A DOES contract monitor will compare the information you provide on this form with your actual employment and payroll records. If you have any questions regarding the Contract Compliance Form, please contact DeCarlo Washington at (202) 698-5772.

Thank you for participating in the First Source Employment Agreement Program, and we are looking forward to working with you.

Sincerely,
Eric B. Scott

Eric B. Scott
Associate Director
Office of Employer Services

Enclosure

cc: David Roberts
Project Manager
DMPED

FIRST SOURCE EMPLOYMENT AGREEMENT

RECEIVED

MAY 26 2010

Department of
Employment Services

Contract Number: LDA

Contract Amount: $7,720,530

Project Name: Hurt Home

Project Address: 3050 R Street, NW Washington, DC Ward: 2

Nonprofit Organization with 50 Employees or Less: (Yes) ____ (No) X

This First Source Employment Agreement, in accordance with D. C. Law 14-24, D.C. Law 5-93, and Mayor's Order 83-265 for recruitment, referral, and placement of District of Columbia residents, is between the District of Columbia Department of Employment Services, hereinafter referred to as DOES, and 3050 R Street Partners, LLC d/b/a "The Argos Group, LLC", hereinafter, referred to as EMPLOYER. Under this Employment Agreement, the EMPLOYER will use DOES as its first source for recruitment, referral, and placement of new hires or employees for the new jobs created by this project and will hire 51% District of Columbia residents for all new jobs created, as well, as 51% of apprentices employed in connection with the project shall be District residents registered in programs approved by the District of Columbia Apprenticeship Council.

I. GENERAL TERMS

A. The EMPLOYER will use DOES as its first source for the recruitment, referral and placement of employees.

B. The EMPLOYER shall require all contractors and subcontractors, with contracts totaling $100,000 or more, to enter into a First Source Employment Agreement with DOES.

C. DOES will provide recruitment, referral and placement services to the EMPLOYER subject to the limitations set out in this Agreement.

D. DOES participation in this Agreement will be carried out by the Office of the Director, with the Office of Employer Services, which is responsible for referral and placement of employees, or such other offices or divisions designated by DOES.

E. This Agreement shall take effect when signed by the parties below and shall be fully effective for the duration of the contract and any extensions or modifications to the contract.

F. This Agreement shall not be construed as an approval of the EMPLOYER'S bid package, bond application, lease agreement, zoning application, loan, or contract/subcontract.

G. DOES and the EMPLOYER agree that for purposes of this Agreement, new hires and jobs created (both union and nonunion) include all EMPLOYER'S job openings and vacancies in the Washington Standard Metropolitan Statistical Area created as a result of internal promotions, terminations, and expansions of the EMPLOYER'S workforce, as a result of this project, including loans, lease agreements, zoning applications, bonds, bids, and contracts.

H. For purposes of this Agreement, apprentices as defined in D.C. Law 2-156, as amended, are included.

I. The EMPLOYER shall register an apprenticeship program with the D.C. Apprenticeship Council for construction or renovation contracts or subcontracts totaling $500,000 or more. This includes any construction or renovation contract or subcontract signed as the result of, but is not limited to, a loan, bond, grant, Exclusive Right Agreement, street or alley closing, or a leasing agreement of real property for one (1) year or more.

J. All contractors who contract with the Government of the District of Columbia to perform information technology work with a single contract or cumulative contracts of at least $500,000, let within any twelve (12) month period shall be required to register an apprenticeship program with the District of Columbia Apprenticeship Council.

K. The term "information technology work" shall include, but is not limited to, the occupations of computer programmer, programmer analyst, desktop specialist, technical support specialist, database specialist, network support specialist, and any other related occupations as the District of Columbia Apprenticeship Council may designate by regulation.

II. RECRUITMENT

A. The EMPLOYER will complete the attached Employment Plan, which will indicate the number of new jobs projected, salary range, hiring dates, and union requirements. The EMPLOYER will notify DOES of its specific need for new employees as soon as that need is identified.

B. Notification of specific needs, as set forth in Section II.A. must be given to DOES at least five (5) business days (Monday - Friday) before using any other referral source, and shall include, at a minimum, the number of employees needed by job title, qualification, hiring date, rate of pay, hours of work, duration of employment, and work to be performed.

C. Job openings to be filled by internal promotion from the EMPLOYER'S current workforce need not be referred to DOES for placement and referral.

D. The EMPLOYER will submit to DOES, prior to starting work on the project, the names, and social security numbers of all current employees, including apprentices, trainees, and laid-off workers who will be employed on the project.

III. REFERRAL

DOES will screen and refer applicants according to the qualifications supplied by the EMPLOYER.

IV. PLACEMENT

A. DOES will notify the EMPLOYER, prior to the anticipated hiring dates, of the number of applicants DOES will refer. DOES will make every reasonable effort to refer at least two qualified applicants for each job opening.

B. The EMPLOYER will make all decisions on hiring new employees but will in good faith use reasonable efforts to select its new hires or employees from among the qualified persons referred by DOES.

C. In the event DOES is unable to refer the qualified personnel requested, within five (5) business days (Monday - Friday) from the date of notification, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. Notwithstanding, the EMPLOYER will still be required to hire 51% District residents for the new jobs created by the project.

D. After the EMPLOYER has selected its employees, DOES will not be responsible for the employees' actions and the EMPLOYER hereby releases DOES, and the Government of the District of Columbia, the District of Columbia Municipal Corporation, and the officers and employees of the District of Columbia from any liability for employees' actions.

V. TRAINING

DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and set forth in a separate Training Agreement.

VI. CONTROLLING REGULATIONS AND LAWS

A. To the extent this Agreement is in conflict with any labor laws or governmental regulations, the laws or regulations shall prevail.

B. DOES will make every effort to work within the terms of all collective bargaining agreements to which the EMPLOYER is a party.

C. The EMPLOYER will provide DOES with written documentation that the EMPLOYER has provided the representative of any involved collective bargaining unit with a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, the EMPLOYER will promptly provide them to DOES.

VII. EXEMPTIONS

A. Contracts, subcontracts or other forms of government-assistance less than $100,000.

B. Employment openings the contractor will fill with individuals already employed by the company.

C. Job openings to be filled by laid-off workers according to formally established recall procedures and rosters.

D. Suppliers located outside of the Washington Standard Metropolitan Statistical Area and who will perform no work in the Washington Standard Metropolitan Statistical Area.

VIII. AGREEMENT MODIFICATIONS, RENEWAL, MONITORING, AND PENALTIES

A. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sale, assignment, merger, or otherwise, the EMPLOYER as a condition of transfer shall:

1. Notify the party taking possession of the existence of the EMPLOYER'S Agreement.

2. Notify the party taking possession that full compliance with this Agreement is required in order to avoid termination of the project.

3. EMPLOYER shall, additionally, advise DOES within seven (7) business/calendar days of the transfer. This advice will include the name of the party taking possession and the name and telephone of that party's representative.

B. DOES shall monitor EMPLOYER'S performance under this Agreement. The EMPLOYER will cooperate in DOES' monitoring effort and will submit a Contract Compliance Form to DOES monthly.

C. To assist DOES in the conduct of the monitoring review, the EMPLOYER will make available payroll and employment records for the review period indicated.

D. If additional information is needed during the review, the EMPLOYER will provide the requested information to DOES.

E. With the submission of the final request for payment from the District, the EMPLOYER shall:

1. Document in a report to the Contracting Officer its compliance with the requirement that 51% of the new employees hired by the project be District residents; or

2. Submit a request to the Contracting Officer for a waiver of compliance with the requirement that 51% of the new employees hired by the project be District residents and include the following documentations:
   a. Material supporting a good faith effort to comply;
   b. Referrals provided by DOES and other referral sources; and
   c. Advertisement of job openings listed with DOES and other referral sources.

F. The Contracting Officer may waive the requirement that 51% of the new employees hired by the project be District residents, if the Contracting Officer finds that:

1. A good faith effort to comply is demonstrated by the contractor;

2. The EMPLOYER is located outside the Washington Standard Metropolitan Statistical Area and none of the contract work is performed inside the Washington Standard Metropolitan Statistical Area;

   The Washington Standard Metropolitan Statistical Area includes the District of Columbia, the Virginia Cities of Alexandria, Falls Church, Manasas, Manasas Park, Fairfax, and Fredericksburg; the Virginia Counties of Fairfax, Arlington, Prince William, Loundon, Stafford, Clarke, Warren, Fauquier, Culpeper, Spotsylvania, and King George; the Maryland Counties of Montgomery, Prince Georges, Charles, Frederick, and Calvert; and the West Virginia Counties of Berkeley and Jefferson.

3. The EMPLOYER enters into a special workforce development training or placement arrangement with DOES; or

4. DOES certifies that insufficient numbers of District residents in the labor market possess the skills required by the positions created as a result of the contract.

G. Willful breach of the First Source Employment Agreement by the EMPLOYER, or failure to submit the Contract Compliance Report, or deliberate submission of falsified data, may be enforced by the Contracting Officer through imposition of penalties, including monetary fines of 5% of the total amount of the direct and indirect labor costs of the contract.

H Nonprofit organizations with 50 or less employees are exempted from the requirement that 51% of the new employees hired on the project be District residents.

I. The EMPLOYER and DOES, or such other agent as DOES may designate, may mutually agree to modify this Agreement.

J. The project may be terminated because of the EMPLOYER'S non-compliance with the provisions of this Agreement.

IX. Is your firm a certified Local, Small, Disadvantaged Business Enterprise (LSDBE)?
YES☐x NO☐
If yes, certification number:_____LSZR68257112009 _____

X. Do you have a registered Apprenticeship program with the D.C. Apprenticeship Council?
☐YES x☐NO
If yes, D.C. Apprenticeship Council Registration Number: _____

XI. Indicate whether your firm is a subcontractor on this project: ☐ YES ☐x NO
If yes, name of prime contractor: _____

Dated this 25th day of May 2010

Signature Dept. of Employment Services

Signature of Employer

3050 R Street Partners, LLC d\b\a
The Argos Group, LLC
Name of Company

631 D Street, NW, Suite 633
Washington, D.C. 20005
Address

EMPLOYMENT PLAN

NAME OF FIRM: 3050 R Street Partners, LLC d/b/a "The Argos Group, LLC",

ADDRESS: 631 D Street, NW, Suite 638, Washington, DC 20004

TELEPHONE NUMBER: 202-379-4889 FEDERAL IDENTIFICATION NO. 770688461

CONTACT PERSON: Dennis Cotto TITLE: Principal

E-mail: dennis@argosg.com TYPE OF BUSINESS: real estate development

ORIGINATING DISTRICT AGENCY: **DMPED**

CONTRACTING OFFICER: **David Roberts** TELEPHONE NUMBER: **(202) 724-7386**

TYPE OF PROJECT: Real Estate Development FUNDING AMOUNT: 7,920,530

PROJECTED START DATE: **6\10\2010** PROJECT DURATION: **2 years**

NEW JOB CREATION PROJECTIONS (Attach additional sheets, as needed.) Please indicate the new position(s) your firm will create as a result of this project.

	JOB TITLE	# OF JOBS F/T P/T	SALARY RANGE	UNION MEMBERSHIP REQUIRED NAME LOCAL#	PROJECTED HIRE DATE
A	TBD				
B	Per Argos reason		TBD	stated for new Jobs	
C	is have not yet selected a general contractor				
D	for the project and therefore, do not know				
E	the positions that will be available at present time.				
F					
G					
H					
I					
J					

K					

CURRENT EMPLOYEES: Please list the names and social security numbers of all current employees including apprentices and trainees who will be employed on the project. Attach additional sheets as needed.

NAME OF EMPLOYEE	SOCIAL SECURITY NUMBER or EMPLOYEE IDENTIFICATION NUMBER
Gilberto Cardenas	001
Dennis Cotto	002

Exhibit H

Form of Letter of Credit

Attached

Exhibit I

Schedule of Performance

Attached

EXHIBIT J

DEED OF TRUST

By and among

3050 M STREET PARTNERS, LLC,

a District of Columbia limited liability company, as grantor
(Borrower)

to

_____, as trustee
(Trustee)

for the benefit of

DISTRICT OF COLUMBIA,

a municipal corporation acting by and through the
Office of the Deputy Mayor for Planning and Economic Development ,
as beneficiary
(Lender)

Dated: As of _____, 20___

Location: Lot 0276 in Square 1282

PREPARED BY AND UPON
RECORDATION RETURN TO:

_____
_____
_____

EXHIBIT A

(Legal Description)

See Attached

Exhibit K

Three (3) Residential Units shall be reserved as ADU's for purchasers with incomes no greater than 80% of AMI, and shall be of a size, and at a location, as approved by District.

Exhibit L

[Reserved]

Exhibit M

Compliance Form

Attached

Office of Deputy Mayor for Planning and Economic Development

PROJECT COMPLIANCE MONITORING SYSTEM FORM (PCMS)

The purpose of this form is to identify and document the monitoring and enforcement of various compliance requirements related to economic development projects within the office of the Deputy Mayor for Planning and Economic Development (DMPED). This document shall be completed by the Project Manager for the respective development project.

Monitoring Period: to

PM Initials:

Project Name:

Cognizant DMPED Project Manager:

Initiative:

Project Developer Name:

Project Location:

Project Expenditure to Date:

Ward:

Estimated Total Project Cost:

Project Description:

Project Estimated Completion Date:

Project Start Date:

Phase:

Overall Status:

Signed By All Parties:
Yes: No:

Baselined:
Yes: No:

COMPLIANCE REQUIREMENT NO. 1 - AFFORDABLE HOUSING

1. Affordable Development Covenant Date:
2. Total No. of For-Sale Units:
3. Total No. of For-Sale Units @30% AMI:
4. Total No. of For-Sale Units @60% AMI:
5. Independent 3rd Party Income Certifier:
6. Affordable Unit Covenant Date:
7. Total No. of Rental Units:
8. Total No. of Rental Units @30% AMI:
9. Total No. of Rental Units @60% AMI:

Affordable Housing Status:

COVENANTS AND COMMITMENTS	COMPLIANT Yes	COMPLIANT No	COMMENTS
The minimum percentage (15%) AMI for each Affordable Dwelling Unit corresponds to the Affordability Requirement.	☐	☐	
Floor Plans/schematic drawings exist showing the location of Affordable Dwelling Units, identified by unit number or other identifier and floor.	☐	☐	
A finish schedule exists for all units in the project.	☐	☐	
The units are dispersed throughout project - not concentrated and distributed across unit mix.	☐	☐	
Units are being constructed at pace of market rate units.	☐	☐	
Household income is certified by 3rd party.	☐	☐	
Sales and rents are comparable to the agreed on price schedule.	☐	☐	

COMPLIANCE REQUIREMENT NO. 2 - CERTIFIED BUSINESS ENTERPRISE

Sub-Contracted Dollars to Date:

Total Dollars Subcontracted to CBEs:

% Dollars Contracted to CBEs vs Total Dollars: NaN

4. Date of CBE Utilization Plan per LDA:
5. Has Developer Earned Incentives per LDA:
Yes: No:

Certified Business Enterprise Status:

COVENANTS AND COMMITMENTS	COMPLIANT Yes	COMPLIANT No	COMMENTS
Developer has expended a minimum of 35% of the project budget funds contracting and procuring goods and services from CBEs.	☐	☐	
Developer has achieved CBE minimum utilization requirement within (# Years) of execution of CBE agreement.	☐	☐	
Developer devised a list of professional services, trade specialties, or other vocational non-traditional areas which are non-traditional for CBE participation to create opportunity.	☐	☐	
Developer utilizes DSLBD resources, DC-based newspapers, and publishes notices of opportunities to identify CBEs.	☐	☐	

Office of Deputy Mayor for Planning and Economic Development

PROJECT COMPLIANCE MONITORING SYSTEM FORM (PCMS)

The purpose of this form is to identify and document the monitoring and enforcement of various compliance requirements related to economic development projects within the office of the Deputy Mayor for Planning and Economic Development (DMPED). This document shall be completed by the Project Manager for the respective development project.

CBE Utilization Plan submitted to DSLBD at least 30 days after LDA signed.	☐	☐	
Developer's vendors are verified by DSLBD as CBE.	☐	☐	

COMPLIANCE REQUIREMENT NO. 3 - ENVIRONMENTAL STANDARDS

1. Environmental Impact Screening Form (EISF) Filing Date:
2. Environmental Impact Screening Form (EISF) Filing No.:
3. Contaminated Site:
4. Voluntary Cleanup Program (VCP Sugested): Yes: No:

Environmental Standards Status:

COVENANTS AND COMMITMENTS	COMPLIANT Yes	COMPLIANT No	COMMENTS
Project waited at least 60 days between EISF filing and permit filing.	☐	☐	
The EISF filed before completion of design and project planning.	☐	☐	
The Project is compliant with the Green Building Act.	☐	☐	
The project is compliant with the District of Columbia Environmental Policy Act of 1989.	☐	☐	
The project is compliant with the District of Columbia Municipal Regulations Title 20 (Environment) Parts 1 and 2, and Title 21 (Sanitation).	☐	☐	
An application has been filed for VCP based on site contamination.	☐	☐	
A voluntary Action Plan is being followed per suggested VCP.	☐	☐	

COMPLIANCE REQUIREMENT NO. 4 - HIRING OF DISTRICT RESIDENTS

1. No. Hires to Date:
2. No. District Resident Hires to Date:
3. No. Apprentice Jobs Created:
4. No. District Residents Hired as Apprentices:
5. Date of Employment Plan:
6. Date of First Source Employment Agreement:

Hiring of District Residents Status:

COVENANTS AND COMMITMENTS	COMPLIANT Yes	COMPLIANT No	COMMENTS
Developer uses DOES as its first source for recruitment, referral and placement of new hires or employees for the new jobs created by the Project.	☐	☐	
Employer hires 51% of District residents for all new jobs created on the project.	☐	☐	
Developer hires 51% of apprentices employed in connection with the project.	☐	☐	
Developer has entered into a First Source Employment Agreement with DOES.	☐	☐	
Developer has registered an Apprenticeship Program with the DC Apprenticeship Council (contract totals over 500,000).	☐	☐	
Developer has and is following an Employment Plan showing new jobs projected, salary range, hiring dates, and union requirements.	☐	☐	

Office of Deputy Mayor for Planning and Economic Development

PROJECT COMPLIANCE MONITORING SYSTEM FORM (PCMS)

The purpose of this form is to identify and document the monitoring and enforcement of various compliance requirements related to economic development projects within the office of the Deputy Mayor for Planning and Economic Development (DMPED). This document shall be completed by the Project Manager for the respective development project.

PREPARATION OF MONTHLY REPORT

This monthly report was prepared by:

Representative Signatures:

Print Name	DMPED Project Manager Signature and Date

ACKNOWLEDGEMENT

The undersigned hereby acknowledges that the above findings are accurate and true as of the above stated monitoring period.

Representative Signatures:

Print Name	Project Developer Signature and Date

Exhibit N

Project Funding Plan

Attached

Exhibit O

Initial Project Budget

Attached

Exhibit P

CBE Agreement

Attached

CERTIFIED BUSINESS ENTERPRISE UTILIZATION AND PARTICIPATION AGREEMENT

THIS CERTIFIED BUSINESS ENTERPRISE UTILIZATION AND PARTICIPATION AGREEMENT (this "Agreement") is made by and between the DISTRICT OF COLUMBIA (the "District"), a municipal corporation acting by and through the **DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT** ("DSLBD") and **3050 R Street, Partners, LLC d\b\a The Argos Group, LLC,** a District of Columbia limited liability company, or its designees, successors or assigns (the "Developer").

RECITALS

A. Pursuant to a Disposition and Development Agreement or similar agreement to be entered between the Developer and the **DISTRICT OF COLUMBIA**, acting by and through the Office of the Deputy Mayor for Planning and Economic Development, the District owns real property located at 3050 R Street, NW in the District (the "Property"), and desires to convey the Property to Developer to be developed in accordance with the Development and Disposition Agreement into 35 condominium units to be known as Hurt Home (the "Project").

B. Pursuant to the Disposition and Development Agreement, the Developer covenants that it has executed and will comply in all respects with this Agreement.

C. Capitalized terms not defined herein shall have the meaning assigned to them in the Disposition and Development Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the receipt and adequacy of which is hereby acknowledged by both parties hereto, DSLBD and the Developer agree, as follows:

ARTICLE I
UTILIZATION OF CERTIFIED BUSINESS ENTERPRISES

Section 1.1 CBE Utilization. Developer, on its behalf and/or on behalf of its successors and assigns (if any), shall hire and contract with Certified Business Enterprises certified pursuant to the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended (the "Act") (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*) (each a "CBE") in connection with the predevelopment and development phases of the Project, including, but not limited to, design, professional and technical services, construction management and trade work, development, renovation and suppliers. Developer shall expend funds contracting and procuring goods and services from CBEs in an amount equivalent to *no less than* forty percent (40%) of the Adjusted Development Budget (the "CBE Minimum Expenditure"). As detailed in Attachment 1 hereto, the Adjusted Development Budget is **$10,316,084.** The CBE Minimum Expenditure is therefore **$4,126,434.**

Section 1.2 Time Period. Developer shall achieve its CBE Minimum Expenditure no later than thirty (30) days after the issuance of a final Certificate of Occupancy by the District

("Expenditure Period"). If within three (3) years of the execution of this Agreement the Developer has not achieved the CBE Minimum Expenditure and has not obtained a final Certificate of Occupancy, the Developer shall meet with DSLBD to provide a status of the Project as related to this Agreement. If the District issues additional loans, land disposition and development agreements or any other agreements on behalf of Developer or Developer's successors or assigns before expiration of the Expenditure Period, DSLBD may require Developer to enter into a separate CBE Utilization Agreement that specifies the time period for meeting the CBE Minimum Expenditure related to that new transaction.

Section 1.3 Adjustments to the Adjusted Development Budget. If the Adjusted Development Budget increases or decreases by an amount greater than 5% ("Adjustment"), Developer will notify DSLBD and ODCA, defined herein, in writing, within ten (10) business days, of any such Adjustment. The CBE Minimum Expenditure and Contingent Contribution (if applicable as defined herein) shall be automatically increased in the case of an increase in the Adjusted Development Budget or decreased in the case of a decrease in the Adjusted Development Budget, by an identical percentage of the Adjustment. A modified Attachment 1 must accompany each notice of Adjustment to the Adjusted Development Budget.

Section 1.4 Capacity Building Incentives. Developer acknowledges that a priority of the District of Columbia is to assist local businesses in developing greater capacity, technical capabilities and valuable experience, especially in areas of development and construction related services. To that end, the parties agree that Developer will have the right to earn and receive certain incentives for engaging in activities that are likely to create opportunities for CBEs generally, and to facilitate capacity building for Disadvantaged Business Enterprises as defined in the Act ("DBEs") in particular. Such incentives when earned by Developer will be applied by DSLBD to reduce Developer's CBE utilization requirements set forth in Section 1.1 of this Agreement.

(a) The Developer may devise a list of professional services, trade specialties, or other vocational areas in which CBEs either lack capacity, lack depth, or in which such firms traditionally do not participate as prime contractors in construction projects of this nature and size (each, a "Target Sector"), and submit the list to DSLBD for approval before or simultaneously with the execution of this Agreement. CBEs identified on the list shall not be eligible for a bonus, as described in paragraphs (1), (2), and (3) below ("Reporting Bonus"), unless the list is approved by DSLBD. Any such list submitted and approved by DSLBD shall be attached hereto as Attachment 2 and made a part of this Agreement.

(1) For every dollar expended with a *DBE* for services that fall *within* a Target Sector, Developer shall receive credit for $1.50 against the CBE Minimum Expenditure. For example, a $100,000 contract award paid to a DBE for services that fall within a Target Sector would be counted as $150,000 by DSLBD when measuring Developer's performance against the CBE Minimum Expenditure.

(2) For every dollar expended with a *CBE* that is not a DBE for services that fall *within* a Target Sector, Developer shall receive credit for $1.25 against the CBE Minimum Expenditure. For example, a $100,000 contract award paid to a CBE for services that fall within a Target Sector would be counted as $125,000

by DSLBD when measuring Developer's performance against the CBE Minimum Expenditure.

(3) For every dollar expended with a *DBE* for services *not* included in a Target Sector, Developer shall receive a credit for $1.25 against the CBE Minimum Expenditure. For example, a $100,000 contract award paid to a DBE for services not included in a Target Sector would be counted as $125,000 by DSLBD when measuring Developer's performance against the CBE Minimum Expenditure.

(b) Every contract, purchase or task order (as applicable) issued by Developer to CBE firms, either directly or indirectly, which Developer believes should qualify for the Reporting Bonus shall be subject to review and approval by the Director of DSLBD (the "Director") to ensure that the scope of work is properly characterized within a Target Sector. The Reporting Bonus will not be credited to Developer unless the Director approves the specific procurement, provided, however, that a negative determination will not preclude Developer from receiving standard credit (either 1:1 or 1.25:1, as applicable) for the expenditure as set forth herein.

(c) The parties may mutually agree in writing to additional incentives that may be earned by Developer for instituting additional capacity building initiatives for CBEs (*e.g.*, pay without delay programs; establishment of strategic partnerships or mentor-protégé initiatives). In particular, Developer is encouraged to work with its general contractors and/or construction managers to develop more flexible criteria for pre-qualifying CBEs for participation on the mixed-use projects. The modified pre-qualification criteria should consider the size and economic wherewithal usually present in small contractors as well as insurance and bonding requirements. Developer is also highly encouraged to establish CBE set-asides for certain procurements that will restrict bidders to those bid packages.

ARTICLE II
CBE OUTREACH AND RECRUITMENT REPORTS

Section 2.1 Identification of CBEs and Outreach Efforts. Developer shall utilize the resources of DSLBD, including the *CBE Business Center* found on DSLBD's website (http://dslbd.dc.gov). In particular, Developer shall publish all contracting opportunities for this Project within the CBE Business Center's Business Opportunities area. Developer shall use the CBE Company Directory as the primary source for identifying CBEs. The primary contact regarding CBE referrals shall be the Director or such other DSLBD representative as the Director may designate. Developer may use other resources to identify individuals or businesses that could qualify as CBEs and is encouraged to refer any such firms to DSLBD's Certification unit for certification. Throughout the Expenditure Period, Developer or its general contractor/construction manager shall (as set forth in Section 4.1) periodically publish notices in any of the following newspapers primarily serving the District of Columbia: *The Current Newspapers, The Washington Informer,* the *Washington Afro-American, Common Denominator, Washington Blade, Asian Fortune* and *El Tiempo Latino* (or if any of them should cease to exist, their successor, and if there is no successor, in another newspaper of general circulation) to inform CBEs, and entities that could qualify as CBEs, about the business opportunities in connection with the Project . In the event that Developer develops a

website for the Project, such website shall (i) advertise upcoming bid packages, (ii) present instructions on how to bid, and (iii) directly link to DSLBD's website.

ARTICLE III
INFORMATION SUBMISSIONS AND REPORTING

Section 3.1 CBE Utilization Plans. Developer shall submit or require its general contractor to submit a CBE utilization plan to DSLBD for approval before or simultaneously with the execution of this Agreement, which plans shall be automatically incorporated and made a part of this Agreement as Attachment 3 following approval by DSLBD (each, a "Utilization Plan"). Each Utilization Plan shall list all of the projected procurement items, quantities and estimated costs, bid opening and closing dates, and start-up and completion dates. This plan should indicate whether any items will be bid without restriction in the open market, or limited to CBEs. Developer may not deviate materially from the steps and actions set forth in each Utilization Plan without first obtaining the written consent of the Director. For ease of monitoring, Developer agrees to work with DSLBD to implement procedures for it or its general contractor to submit Utilization Plans electronically through the DSLBD compliance administration database, as applicable and to the Office of the District of Columbia Auditor ("ODCA").

Section 3.2 Quarterly Reports. Throughout the Expenditure Period, regardless of whether the CBE Minimum Expenditure is achieved before the end of the Expenditure Period, Developer will submit quarterly contracting and subcontracting expenditure reports for the Project which identify:

(i) those contracts where the party providing services, goods or materials was a CBE, including the name of the company and the amount of the contract;

(ii) the nature of the contract including a description of the goods procured or the services contracted for;

(iii) the amount actually paid by Developer to the CBE under such contract that month and to date;

(iv) the certification categories for each vendor/contractor;

(v) the work performed by vendors/contractors in Target Sector(s) and relevant multipliers; and

(vi) the percentage of overall development expenditures which were to CBEs.

These reports shall be submitted to DSLBD and ODCA no later than thirty days (30) after the end of each calendar-year quarter. The reports shall be submitted on a form provided by DSLBD (a prototype of this form is included as Attachment 4); however, DSLBD reserves the right to amend this form. These reports shall also describe the Developer's outreach efforts (if any) during the reporting period, to identify CBEs and/or encourage them to bid on or otherwise apply to provide labor, services, goods, and materials for use in the construction or operation of the development project. Companies that may be eligible for certification, but are not yet certified,

or whose certification is pending with DSLBD shall not be included in these reports unless and until the company is certified. Further, only amounts expended after a company is certified shall be counted towards the CBE Minimum Expenditure. Concurrently with submission of the quarterly reports, Developer shall also submit vendor verification forms (each, a "Vendor Verification Form") substantially in the form of Attachment 5.

Once the CBE Minimum Expenditure has been achieved, the subsequent Quarterly Reports shall contain the caption "CBE MINIMUM EXPENDITURE ACHIEVED." Additionally, the final Quarterly Report shall contain the caption "FINAL QUARTERLY REPORT" and be accompanied by a copy of the final Certificate of Occupancy issued by the District.

Section 3.3 Mandatory Reporting Requirements Meeting. Within ten (10) business days of executing this Agreement, the Developer and the Office of the District of Columbia Auditor ("ODCA") shall meet to discuss the reporting requirements during the Expenditure Period. In the event ODCA is unavailable to meet within 10 business days, Developer and ODCA shall meet on the earliest mutually agreeable day. The individuals identified below respectively are the reporting point of contacts for the Developer and ODCA.

Gilberto Cardenas
The Argos Group, LLC
631 D Street, NW Suite 638
Washington, DC 20005

Allegra F. McCullough
Senior Analyst
Office of the District of Columbia Auditor
717 14th ST NW, Suite 900
Washington, DC 20005
202-727-3600
Allegra.McCullough@dc.gov

ARTICLE IV
GENERAL CONTRACTORS AND CONSTRUCTION MANAGERS

Section 4.1 Adherence to CBE Minimum Expenditure. For each construction component of the Project, Developer shall require in its contractual agreements with the general contractor and/or construction manager for the development project, as applicable, (the "General Contractor"), that the General Contractor comply with the relevant obligations and responsibilities of Developer contained in this Agreement with respect to achieving the applicable CBE Minimum Expenditure. In the event that the Developer and General Contractor have already entered a contractual agreement prior to the execution of this Agreement, the Developer shall work with the General Contractor to assure that the General Contractor will assist the Developer in achieving the applicable CBE Minimum Expenditure. Developer further agrees to inform the General Contractor and subcontractors of the other obligations and requirements applicable to Developer under this Agreement. Developer shall inform the General Contractor that non-compliance with this Agreement may negatively impact future opportunities

with the District for the Developer and the General Contractor respectively. Specifically, Developer will require in its contractual agreement with its General Contractor ("GC"), or if the Developer and GC have already entered a contractual agreement prior to the execution of this Agreement work with its GC, to achieve the following actions in any employment or contracting efforts, in connection with the Project, undertaken after the effective date of this Agreement:

(i) The GC will publish a public notice in a newspaper whose primary circulation is in the District of Columbia (*e.g. Afro American, Washington Informer, El Tiempo Latino, Asian Fortune, The Current Newspapers*, etc.), for the purpose of soliciting bids for products or services being sought for construction and renovation projects and will allow a reasonable time (*e.g.*, no less than 30 business days) for all bidders to respond to the invitations or requests for bids.

(ii) The GC will contact DSLBD to obtain a current listing of all CBEs qualified to bid on procurements as they arise and will make full use of the CBE Business Center found at http://dslbd.dc.gov for listing opportunities and for subcontracting compliance monitoring.

(iii) The GC will provide a CBE bidder, that is not the low bidder, an opportunity to provide its final best offer before contract award provided the CBE bid price is among the top 3 bidders.

(iv) The GC will not require that CBEs provide bonding on contracts with a dollar value less than $100,000, provided that in lieu of bonding the GC may accept a job specific certificate of insurance.

(v) The GC will include in all contracts and subcontracts to CBEs, a process for alternative dispute resolution. This process shall afford an opportunity for CBEs to submit documentation of work performed and invoices by regarding requests for payments. Included in the contract shall be a mutually agreed upon provision for mediation (to be conducted by DSLBD) or arbitration in accordance with the rules of the American Arbitration Association.

(vi) The GC and subcontractors shall strictly adhere to their contractual obligations to pay all subcontractors in accordance with the contractually agreed upon schedule for payments. In the event that there is a delay in payment to the general contractor, the GC is to immediately notify the subcontractor and advise as to the date on which payment can be expected.

(vii) The GC commits to pay all CBEs, within fifteen (15) days following the GC's receipt of a payment which includes funds for such subcontractors, from the Developer. Developer also agrees to establish a procedure for giving notice to the subcontractors of the Developer's payment to the GC.

ARTICLE V
EQUITY PARTICIPATION AND DEVELOPMENT PARTICIPATION

Section 5.1 LSDBE Equity Participation and Development Participation Requirements:

(i) **Minimum LSDBE Equity Participation and Development Participation Requirements.** Developer acknowledges and agrees that businesses certified pursuant to the Act, as local, small and disadvantaged business enterprises ("LSDBEs")[1], shall receive no less than twenty percent (20%) in equity participation ("Equity Participation") and no less than twenty percent (20%) in development participation ("Development Participation") in the Project, in accordance with Section 2349a of the Act, D.C. Official Code § 2-218.49a;

(ii) **Pari Passu Returns for LSDBE Equity Participant(s).** Developer agrees that the LSDBE Equity Participant(s) shall receive a return on investment in the Project that is pari passu with all other sources of sponsor Developer equity. In addition, if LSDBE Equity Participant(s) elect to contribute additional capital to the Project, they will receive the same returns as Developer with respect to such additional capital. However, a LSDBE Equity Participant's equity interests shall not be diluted over the course of the Project, including for failure to contribute additional capital;

(iii) **LSDBE Equity Participation maintained for duration of Project.** Developer agrees that the LSDBE Equity Participation shall be maintained for the duration of the Project. Culmination of the Project shall be measured by the issuance of a certificate of occupancy in accordance with the Expenditure Period as defined in Section 1.2 herein;

(iv) **LSDBE Equity Participant's Risk Commensurate with Equity Position.** The LSDBE Equity Participant(s) shall not bear financial or execution requirements that are disproportionate with its equity position in the Project;

(v) **Management Control and Approval Rights.** Equity Participant(s) and Development Participant(s) shall have management control and approval rights in line with their equity positions; and

(vi) **Representing the entity to the public.** Equity Participant(s) and Development Participant(s) shall be consistently included in representing the entity to the public (e.g., through joint naming, advertising, branding, etc.).

Section 5.2 LSDBE Inclusion, Recognition, Access and Involvement. Developer acknowledges that a priority of the District is to ensure that LSDBE partners on development projects are granted and encouraged to maintain active involvement in all phases of the

[1] For purposes of this Section, LSDBEs includes local, small or disadvantaged business enterprises, but does not require all three certifications.

development effort, from initial-pre-development activities through development completion and ongoing asset management. To assist LSDBE partners in gaining the skills necessary to participate in larger development efforts, Developer agrees to provide all LSDBE partners full and open access to information utilized in project execution, including, for example, market studies, financial analyses, project plans and schedules, third-party consultant reports, etc. Developer agrees to consistently represent and include LSDBE partners of Developer as team members through such actions as joint naming (if applicable), advertising, and branding opportunities that incorporate LSDBE partners. LSDBE partners of Developer shall not be precluded from selling services back to Developer. The LSDBE partners shall participate in budget, schedule, and strategy meetings. LSDBE partners may also participate in the negotiation of development agreements, creating a site plan, managing design development, hiring and managing consultants, seeking and securing zoning and entitlements, developing and monitoring budgets, apply for and securing financing, performing due diligence, marketing and sales of all units, and any other tasks necessary to the development and construction of the project.

Section 5.3 No Changes in LSDBE Equity Participation and Development Participation.

(a) Once the selection of Equity Participant(s) and Development Participant(s) in the Project have been approved by DSLBD, there can be no change in the Equity Participation and Development Participation and no dilution of the participants' Equity Participation and Development Participation without the express written consent of the Director; and

(b) Once DSLBD has approved the determination of returns for Equity Participant(s) in the Project, the determination of returns for Equity Participant(s) shall not be materially altered or adjusted from that previously presented to DSLBD without the Director's express written consent.

Section 5.4 Closing Requirements for LSDBE Equity Participation and Development Participation.

(i) The closing documents executed in connection with the Project shall contain provisions indicating there can be no change of the Equity Participation and Development Participation, no dilution of a participants' Equity Participation and Development Participation, and no material alteration of the determination of returns for the Equity Participant(s) without the Director's express written consent;

(ii) The closing documents shall expressly covenant and agree that DSLBD shall have third-party beneficiary rights to enforce the provisions, for and in its own right;

(iii) The agreements and covenants in the closing documents shall run in favor of DSLBD for the entire period during which the agreements and covenants shall be in force and effect, without regard to whether the District was or is an owner of any land or interest therein or in favor of which the agreements and covenants relate;

(iv) DSLBD shall have the right, in the event of a breach of the agreement or covenant

in the closing documents, to exercise all the rights and remedies, and to maintain any actions or suits, at law or in equity, or other proceedings to enforce the curing of the breach of agreement or covenant to which it may be entitled; and

Section 5.5 LSDBE Equity Participation and Development Participation Restrictive Covenant.

(a) If there is a transfer of title to any District-owned land that will become part of the Project, DSLBD may require a restrictive covenant be filed on the land requiring compliance with the Equity Participation and Development Participation requirements of the Act;

(b) A restrictive covenant requiring compliance with the Equity Participation and Development Participation shall run with the land and otherwise remain in effect until released by DSLBD following the completion of construction and of the issuance of certificates of occupancy for the Project. A release of the restrictive covenant shall be executed by DSLBD only after either the Developer and the Equity Participant(s) and Development Participant(s) submit a sworn certification together with documentation demonstrating to the satisfaction of DSLBD that, or DSLBD otherwise determines that:

(i) The LSDBE Development Participant(s) received at least 20% of the development fees for the Project based on the final development expenditures for such Project; and

(ii) The LSDBE Equity Participant(s) maintained at least a 20% ownership interest in the sponsor developer equity in the Project throughout its development.

Section 5.6 LSDBE Equity Participation and Development Participation Reports. Developers must submit quarterly reports to DSLBD and ODCA regarding the fulfillment of the Equity Participation and Development Participation Program requirements on such forms as determined by DSLBD. The reports shall be submitted in accordance with Section 3.2 of this Agreement and shall include information regarding:

(a) Changes in ownership interest of the owners/partners;

(b) Additions or deletions of an owner/partner;

(c) Changes in the legal status of an existing owner/partner;

(d) Changes in the percentage of revenue distribution to an owner/partner;

(e) A description of team member activities; and

(f) The amount of development fees paid to each team member, participant, partner, or owner.

Section 5.7 Article V of this Agreement Controls.

(a) Article V of this Agreement is incorporated by reference and made a part of the Operating Agreement or any other similar agreement between the Developer and the undersigned LSDBE Equity Participant(s) and Development Participant(s).

(b) To the extent that Article V of this Agreement shall be deemed to be inconsistent with any terms or conditions of the Operating Agreement or any other similar agreement or any exhibits or attachments thereto between the Developer and the undersigned LSDBE Equity Participant(s) and Development Participant(s), the terms of Article V of this Agreement shall govern.

(c) As it relates to or affects the LSDBE Equity Participant(s) and Development Participant(s), neither the Operating Agreement or any other similar agreement between the Developer and the undersigned LSDBE Equity Participant(s) and Development Participant(s), nor this Agreement shall be amended to decreased the participation percentage to less than 20% as mandated by D.C. Official Code § 2-218.49a.

ARTICLE VI
CONTINGENT CONTRIBUTIONS

Section 6.1 Contingent Contributions for Failure to Meet CBE Minimum Expenditure. At the end of the Expenditure Period as defined herein, DSLBD shall measure the percentage difference between the CBE Minimum Expenditure and Developer's actual expenditures. If Developer's actual expenditures are less than the CBE Minimum Expenditure, DSLBD shall identify the percentage difference (the "Shortfall"). If Developer fails to meet its CBE Minimum Expenditure as provided in Section 1.2 herein, Developer shall make the following payments, each a ("Contingent Contribution"), which shall be paid to the District of Columbia in the time and in a manner to be determined by DSLBD. The Contingent Contributions shall be based on twenty-five percent (25%) of the CBE Minimum Expenditure (the "Contribution Fund"). The Contribution Fund is therefore $1,031,608.

(i) If the Shortfall is more than 50% of the CBE Minimum Expenditure, Developer shall make a Contingent Contribution of one hundred percent (100%) of the Contribution Fund. For example, if at the conclusion of the Project, the Shortfall is 60%, Developer shall make a Contingent Contribution of $1,031,608.

(ii) If the Shortfall is between 10% and 50% of the CBE Minimum Expenditure, Developer shall make a Contingent Contribution that is the percentage of the Contribution Fund that is equal to the Shortfall. For example, if the Shortfall is 20%, the Developer shall make a Contingent Contribution of 20% of the Contribution Fund, *i.e.*, $206,322.

(iii) If the Shortfall is less than 10% of the CBE Minimum Expenditure, and Developer has taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer's reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, the Developer shall not be required to

make a Contingent Contribution. The Developer may meet its burden to demonstrate it has taken all actions reasonably necessary to achieve its CBE Minimum Expenditure by (1) fulfilling all CBE outreach and recruitment efforts identified in Article II of this Agreement; (2) complying with Article IV of this Agreement; (3) providing evidence of the General Contractors' compliance with the commitments set forth in Article IV of this Agreement, and (4) by taking the following actions, among other things[2]:

a. In connection with the preparation of future bid packages, if any, develop a list of media outlets that target CBEs and *potential* CBEs hereafter referred to as "Target Audience" based on D.C. certification criteria;

b. During the initial construction of the Project, place advertisements in media outlets that address the Target Audience on a regular basis (i.e., each time a new bid package is sent out) and advertise the programmatic activities established pursuant to the Agreement on an as needed basis;

c. Fax and/or email new procurement opportunity alerts to targeted CBEs according to trade category;

d. In connection with the preparation of future bid packages, if any, develop a list of academic institutions, business and community organizations that represent the Target Audience so that they may provide updated information on available opportunities to their constituents;

e. Make presentations and conduct pre-bid conferences advising of contracting opportunities for the Target Audience either one-on-one or through targeted business organizations;

f. Provide up to ten (10) sets, in the aggregate, of free plans and specifications related to the particular bid for business organizations representing Target Audiences upon request;

g. Commit to promoting opportunities for joint ventures between non-CBE and CBE firms to further grow CBEs and increase contract participation.

(iv) If the Shortfall is less than 10% of the CBE Minimum Expenditure, but Developer has *not* taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer's reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, Developer shall make a Contingent Contribution that is the percentage of the Contribution Fund that is equal to the Shortfall. For example, if the Shortfall is 5%, the Developer shall make a Contingent Contribution of 5% of the Contribution Fund, *i.e.*, $51,580.

In the event a CBE hired as part of the Project goes out of business or otherwise cannot perform in accordance with customary and acceptable standards for the relevant industry, the Developer

[2] See Attachment 6 for a list of suggested outreach activities.

may identify and hire a substitute CBE capable of performing in accordance with customary and acceptable standards for the relevant industry. If the Developer cannot identify and hire a substitute CBE, the Developer may request in writing that the Director identify a substitute CBE capable of performing in accordance with customary and acceptable standards for the relevant industry ("Request"). Only if, within ten (10) business days after receiving the Request, the Director fails to send written notice to the Developer identifying a substitute CBE to perform the work for an amount no greater than 5% above the remaining balance of the original CBE contracted amount may the Developer contract with a non-CBE to perform the work, provided that the non-CBE contracted amount shall not exceed the balance of the original CBE contracted amount by greater than 5% ("Approved Deduction") and the Approved Deduction shall be deducted from the CBE Minimum Expenditure.

Section 6.2 Failure to Meet Equity and Development Participation Requirements. Failure to comply with the equity and development participation requirements of Article V of this Agreement shall constitute a material breach of this Agreement and of the Disposition and Development Agreement.

Section 6.3 Other Remedies. Failure to make any required Contingent Contribution in the time and manner specified by DSLBD shall be a material breach of this Agreement. In the event that the Developer breaches any of its obligations under this Agreement, in addition to the remedies stated herein, DSLBD does not waive its right to seek any other remedy against the Developer, the general contractor of the Project and any manager of the Project that might otherwise be available at law or in equity, including specific performance.

Section 6.4 Waiver of Contingent Contributions. Any Contingent Contribution required under this Section may be rescinded or modified by the Director upon consideration of the totality of the circumstances affecting such noncompliance.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Primary Contact. The Director, or his or her designee, shall be the primary point of contact for Developer for the purposes of collecting or providing information, or carrying out any of the activities under this Agreement. The Director and a representative of the Developer with contracting and/or hiring authority shall meet regularly.

Section 7.2 Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To DSLBD: Department of Small and Local Business Development
441 4th Street, N.W., Suite 970 North
Washington, DC 20001

Attention: Director
Tel: (202) 727-3900
Fax: (202) 724-3786

and

Office of the Deputy Mayor for Planning and Economic Development Government of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 317
Washington, DC 20004
Attention: Deputy Mayor for Planning and Economic Development
Tel: (202) 727-6365
Fax: (202) 727-6703

With a copy to:

Office of the Attorney General
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 407
Washington, DC 20004
Attention: Attorney General
Tel: (202) 724-3400
Fax: (202) 347-8922

To ODCA:

Office of the District of Columbia Auditor
717 14th ST NW, Suite 900
Washington, DC 20005
Attention: District of Columbia Auditor
202-727-3600

To Developer:

Gilberto Cardenas
The Argos Group, LLC
631 D Street, NW Suite 638
Washington, DC 20005
202-379-4889

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 7.3 Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 7.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of any permitted successors and assigns of the parties hereto. This Agreement shall not be assigned by the Developer without the prior written consent of the DSLBD, which consent shall not be unreasonably withheld or delayed. In connection with any such consent of DSLBD, DSLBD may condition its consent upon the acceptability of the financial condition of the

proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder or upon any other reasonable factor which DSLBD deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and obligations assigned and shall not be effective until approved by the DSLBD. DSLBD shall have no right to assign this Agreement except to another District agency.

Section 7.5 Amendment; Waiver. This Agreement may be amended from time to time by written supplement hereto and executed by DSLBD and Developer. Any obligations hereunder may not be waived, except by written instrument signed by the party to be bound by such waiver. No failure or delay of either party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

Section 7.6 Governing Law. This Agreement shall be governed by the laws of the District of Columbia.

Section 7.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 7.8 Entire Agreement. All previous negotiations and understandings between the parties hereto or their respective agents and employees with respect to the transactions set forth herein are merged into this Agreement, and this Agreement alone fully and completely expresses the parties' rights, duties and obligations with respect to its subject matter.

Section 7.9 Captions, Gender, Number and Language of Inclusion. The captions are inserted in this Agreement only for convenience of reference and do not define, limit or describe the scope or intent of any provisions of this Agreement. Unless the context clearly requires otherwise, the singular includes the plural, and vice versa, and the masculine, feminine and neuter adjectives include one another. As used in this Agreement, the word "including" shall mean "including but not limited to".

Section 7.10 Attachments. The following exhibits shall be deemed incorporated into this Agreement in their entirety:

Attachment 1:	CBE Minimum Expenditure
Attachment 2:	Target Sector List
Attachment 3:	Utilization Plan
Attachment 4:	CBE Reports
Attachment 5:	Vendor Verification Forms
Attachment 6:	Suggested Outreach Activities

Section 7.11 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives.

Approved as to legal sufficiency for the District of Columbia Department of Small and Local Business Development:

BY: _____
Tabitha D. McQueen
General Counsel, DSLBD

AGREED TO AND EXECUTED THIS 2ND DAY OF JUNE 2010

DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

BY: _____
Lee A. Smith III
Director

DEVELOPER, 3050 R Street Partners, LLC

BY: _____
Dennis Cotto
Managing Member

Approved as to legal sufficiency for the District of Columbia Department of Small and Local Business Development:

BY: _____
Tabitha D. McQueen
General Counsel, DSLBD

AGREED TO AND EXECUTED THIS _____ DAY OF _____ 2010

DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

BY: _____
Lee A. Smith III
Director

DEVELOPER, 3050 R Street Partners, LLC

BY: _____
Dennis Cotto
Managing Member

ACKNOWLEDGED AND AGREED TO, AS TO ARTICLE V, BY CBE DEVELOPMENT PARTICIPANT(S):

BY: _____
Gilberto Cardenas
Managing Member
The Argos Group, LLC (50%)
LSDBE# LSZR68257112009

ACKNOWLEDGED AND AGREED TO, AS TO ARTICLE V, BY CBE EQUITY PARTICIPANT(S):

BY: _____
Gilberto Cardenas
Managing Member
The Argos Group, LLC (65%)
LSDBE# LSZR68257112009

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

CBE Minimum Expenditure

The CBE Minimum Expenditure for 3050 R Street NW project is: $ 4,126,434

Project Name:	3050 R Street NW (Hurt Home)
Address:	3050 R Street NW Washington DC Washington, DC
Description:	Mixed-Used i.e. Commercial, Residential, etc. - The property to be converted to 8 Residential Condominiums.
Project Owner/Developer:	Argos Group
Address:	631 D Street, N.W., Suite 638 Washington, DC 20004
Type of Entity:	For-Profit Organization
Reporting Contact Person:	Gilberto Cardenas/Dennis Cotto
Title:	Principal The Argos Group, LLC
Telephone:	202 379-4889
Email:	gilberto@argosg.com

40%

Total Development Budget

Land Cost	$	1,427,081
Hard Cost	$	7,920,530
Contingency	$	655,560
Soft Cost	$	2,600,341
Developer Fee	$	464,355
Financing Fees	$	863,154
Total :	$	13,931,021

Uses of Funds	Total Costs	Exclusions	Adjusted Budget	CBE Minimum	Justification Request for Exclusion
Land Cost					
Acquisition (Land) from Seller	$1,358,277	$1,358,277	$0		N/A (Land Purchase from DC)
Acquisition Closing Cost	$23,932	$23,932	$0		N/A (Land Purchase from DC)
Land Fees	$29,915	$29,915	$0		N/A (Land Purchase from DC)
Misc Acquisition Expenses	$14,957		$14,957	$5,983	
Hard Cost					
Construction Cost	$7,532,678		$7,532,678	$3,013,071	
Site Improvements (Trees and Alley Work)	$50,283		$50,283	$20,113	
Surface Parking	$85,000		$85,000	$34,000	
P&P Bond	$203,402	$203,402	$0	$0	
Furniture and Furnishings	$49,167		$49,167	$19,667	
Contingency					
Contingency and Escalation	$655,560		$655,560	$262,224	
Soft Cost					
Professional Services					
Architecture	$355,095		$355,095	$142,038	
A/E Construction Administration	$68,288		$68,288	$27,315	
Architect's Eng. Reimbursable	$19,121		$19,121	$7,648	
Structural Engineering	$68,288		$68,288	$27,315	
MEP Engineering	$136,575		$136,575	$54,630	
Civil Engineering	$68,288		$68,288	$27,315	
Historic Consultant	$81,945		$81,945	$32,778	
Educational Program	$54,630		$54,630	$21,852	
Geotechnical Engineering	$27,315		$27,315	$10,926	
Telecommunication	$27,315		$27,315	$10,926	

Environmental Consultant	$54,630		$54,630	$21,852	
Leed Consultant	$27,315		$27,315	$10,926	
Survey ALTA, to Mark. Wall Checks	$35,510		$35,510	$14,204	
Legal Services					
Project Legal Preconstruction	$38,241		$38,241	$15,296	
Legal Condo Docs	$32,778		$32,778	$13,111	
ERA and LDDA Legal	$38,241		$38,241	$15,296	
PUD Zoning Legal	$54,630		$54,630	$21,852	
Project Legal Construction	$40,973		$40,973	$16,389	
Utilities and Bonds					
PEPCO	$95,603	$95,603	$0		Public Utility Company
WASA Flow Test, TV Lines Fees	$20,940	$20,940	$0		Public Utility Company
WASA Deposits / Bond / Meters	$74,787	$74,787	$0		Public Utility Company
Washington Gas	$29,915	$29,915	$0		
Public Space Bonds / Fees	$35,898	$35,898	$0		Public Utility Company
DCRA Structural Warranty Bond	$209,403	$209,403	$0		Public Utility Company
Cable / TV / Satellite Fees	$11,966	$11,966	$0		Only Comcast or Verizon provide this service
Permits / Testing / Inspections					
Demolition Permit	$27,315	$27,315	$0		DCRA Permit
Sheeting and Shoring Permit	$27,315	$27,315	$0		DCRA Permit
Building Permits	$68,288	$68,288	$0		DCRA Permit
Public Space Permits	$27,315	$27,315	$0		DCRA Permit
VRAP Letter of Credit	$10,926	$10,926	$0		DCRA Permit
EISF Fees	$13,658	$13,658	$0		DCRA Permit
Tie Back Agreement	$54,630	$54,630	$0		
Pre-Post Construction Utility Fees	$40,973	$40,973	$0		DCRA Permit
Third Party Permit Review	$21,852		$21,852	$8,741	
Permit Expeditor	$30,047		$30,047	$12,019	
Third Party Inspections	$27,315		$27,315	$10,926	
PUD Contribution	$100,519	$100,519	$0	$0	PUD Contribution
Marketing / Warranty / Reserve					
Warranty Reserve	$218,520	$218,520	$0	$0	Reserve paid to DCRA
Marketing Fees	$40,973		$40,973	$16,389	
Marketing Study	$19,121		$19,121	$7,648	
Printing and Advertising	$40,973		$40,973	$16,389	
Insurance and Taxes					
Title Insurance	$13,658		$13,658	$5,463	
Owner's GL	$40,973		$40,973	$16,389	
Real Estate Taxes During Construction	$68,288	$68,288	$0		Taxes
Developer Fee					
Developer Fee	$464,355		$464,355	$185,742	
Financing Fees					
Financing Fee Equity	$122,918	$122,918	$0		Bank Fees
Construction Interest	$600,930	$600,930	$0		Bank Fees
Construction Loan Closing Cost	$98,334	$98,334	$0		Bank Fees
Lender Inspections and Monitoring	$40,973	$40,973	$0		Bank consultant
Total Uses of Funds	$13,931,021	$3,614,937	$10,316,084	$4,126,434	

CBE Minimum Expenditure (40% of Adjusted Budget)	-$13,931,021	$ 4,126,434	
			$0
Contingent Contribution - 25% of CBE Minimum		$1,031,608	
Section 6.1(i) contribution example		$1,031,608	
Section 6.1(ii) contribution example		$206,322	
Section 6.1(iv) contribution example		$51,580	

6/2/10

Approved by: Antonio D. Hunter Assistant Director, Business Opportunities and Access to Capital (DSLBD)

Attachment 2

Target Sector List

To be included on the Target Sector List, the trade, service, or function must be necessary for the specific project and no Certified Business Enterprise ("CBE") is able to perform the required service or function.

On page one, please provide a proposed list of trades, services or functions that the Developer believes that no CBE is able to perform, along with a narrative describing why it believes that no CBE is able to perform the required service or function.

On page two, please provide a narrative description of the efforts made in identifying that the trade, service, or function should properly be included on the target list. Efforts may include searching the DSLBD database, communications with other developers in an effort to identify specific CBEs, holding pre-bid conferences, working with DSLBD staff to identify CBEs, and/or etc.

NO SUBMISSION FOR THE 3050 R STREET, NW (HURT HOME) PROJECT

Submitted by: _____ Date: _____
(Name of Developer)

Reviewed/Recommended by: _____ Date: _____
Antonio D. Hunter
Assistant Director, Business Opportunities and Access to Capital (DSLBD)

Approved by: _____ Date: _____
Lee A. Smith III, Director (DSLBD)

Attachment 2

Target Sector List

(Narrative Description of Efforts)

NO SUBMISSION FOR THE 3050 R STREET, NW (HURT HOME) PROJECT

Submitted by: _____ Date: _____
(Name of Developer)

Reviewed/Recommended by: _____ Date: _____
Antonio D. Hunter
Assistant Director, Business Opportunities and Access to Capital (DSLBD)

Approved by: _____ Date: _____
Lee A. Smith III, Director (DSLBD)

QUARTERLY REPORT
COVER SHEET

Reporting Quarter	
Report Submission Date	
Project Name	
Address	
Name of General/Prime Contractor and/or Construction Manager	
Project Contact	
Telephone Number	
Fax Number	
Email Address	
Anticipated Project Completion Date	

CBE QUARTERLY REPORT

			$ -	$ -	$ -

Attachment 4

EXPENDITURE SUMMARY

1			#DIV/0!			#DIV/0!
2			#DIV/0!			#DIV/0!
3			#DIV/0!			#DIV/0!
4			#DIV/0!			#DIV/0!

Attachment 4

Attachment 5

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

DATE

[Mr./Ms. _____]
[President]
[XYZ Contractor, Inc.]
[ADDRESS]
Washington, DC _____

Dear Mr./Ms. _____,

The Department of Small and Local Business Development (DSLBD) ensures that all private sector partners and other entities receiving economic assistance from the District comply with the laws and regulations regarding utilization and participation of Certified Business Enterprises.

To ensure compliance, DSLBD requires that [DEVELOPER] submit quarterly reports to DSLBD regarding contracting and procurement of certified businesses on the construction of _____ located at _____. [DEVELOPER'S] records show that your company received a subcontract in the amount of _____ and, as of _____ 2009, your company has been paid the amount of _____ by the prime contractor.

This letter is to confirm that the information that we have been given by [DEVELOPER] relating to your subcontract with _____ [*name of prime contractor/GC*] is accurate. Please complete and have notarized the attached Verification Letter to confirm your scope of work, the amount of the subcontract, and amount your company has been paid to date. If the information received by [DEVELOPER] from the prime contractor and provided to us regarding your subcontract is incorrect please explain any inconsistencies.

If you should have any questions or concerns on this matter, please contact the DSLBD Chief of Staff, at (202) 727-3900. Thank you for your attention to this matter.

Sincerely,

Lee A. Smith III
Director

Attachment 5

_____, 2010

Department of Small & Local Business Development
441 4th Street, N.W., Suite 970 North
Washington, DC 20001

Attention: Mr. Lee A. Smith III, Director

Reference: _____ [NAME OF PROJECT]

Subject: Verification of Subcontract with _____ [DEVELOPER/GC]

Dear Interim Director Smith:

I am a CBE subcontractor to _____ [*name of GC or prime contractor*] on the _____ Project. My scope of work is

_____

_____.

My contract work began on _____ and is scheduled to be completed on _____. My contract amount is $_____ (amount should include all change orders). I have been paid $_____ to date on my contract.

The undersigned, as a duly authorized representative of _____ [*name of company*], swears or affirms that the statements made herein are true and correct.

Signature: _____ Title: _____

Name (print): _____ Date: _____

District of Columbia (or State/Commonwealth of _____); to wit:

Signed and sworn to or affirmed before me on this _____ day of _____, _____, by _____, who is well known to me as the person who executed the foregoing affidavit and who acknowledged the same to be his/her free act and deed.

Notary signature: _____

(Seal)

My commission expires: _____

ATTACHMENT 6

DOCUMENTATION OF ADDITIONAL OUTREACH EFFORTS

The GC may submit the following written documentation of its CBE outreach and involvement efforts:

(a) A listing of specific work scopes on a trade specific basis identified by the GC in which there are subcontracting opportunities for CBEs;

(b) Copies of written solicitations used to solicit CBEs for these subcontracting opportunities;

(c) A description of the GC's attempts to personally contact the solicited CBEs including the names, addresses, dates and telephone numbers of the CBEs contacted, a description of the information provided to the CBEs regarding plans, specifications and anticipated schedules for the work to be performed, and the responses of the CBEs to the solicitation;

(d) In the event CBE subcontractors are found to be unavailable, the GC must request a written Statement of CBE Unavailability from the DSLBD;

(e) A description of the GC's efforts to seek waiver of bonding requirements for CBEs, if bonding is required;

(f) A copy of the GC's request for reduction in or partial release of retainage for CBE;

(g) A copy of the contract between the prime contractor and each CBE subcontractor if a contract is executed between the District and the prime Contractor.

Exhibit Q

List of District Contracts.

None