Saul Ewing LLP

Cynthia A Giordano
Phone (202) 295-6612
Fax (202) 295-6712
CGiordano@saul.com
www.saul com
Our File 360292.00001

September 14, 2012

RECEIVED
D.C. OFFICE OF ZONING
2013 SEP 14 PM 12: 39

Lloyd Jordan, Chairperson
Board of Zoning Adjustment
441 4th Street, N.W.
Suite 210S
Washington, DC 20001

Re: *Request for Extension of Order No. 18064, 1820-1822 Jefferson Place, N.W. (Square 139, Lot 75)*

Dear Mr. Jordan and Members of the Board:

In response to the Board's request that we submit documentation of the Applicant's attempt to secure financing for the above-referenced project in support of our extension request, the attached letter from Marcus & Millichap Capital Corporation ("MMCC") meets that requirement. As indicated, MMCC solicited financing proposals from a number of local and regional lenders on behalf of the Applicant but all of the lenders declined to provide financing due to the failure of the project to meet a preleasing requirement of 70-80% of the Project's leasable space. As indicated previously, the Applicant retained Fraiser Forbes to lease the property but their efforts were not successful. A copy of our previous submission, which includes a copy of the Leasing Brokerage Agreement with Fraser Forbes and Fraser Forbes' marketing materials, is also attached hereto.

The Applicant is hopeful that with the requested additional documentation, the Board can approve the extension. Both the original BZA application and the proposed extension have the support of OP and ANC-2B. The project is a good one and will facilitate the renovation of the subject turn-of-the-century row houses and enhance this special block of Jefferson Place, N.W.

Adverse market conditions have made this small office project difficult to lease and finance given the substantial amount of office space on the market with larger floor plates and more standard space. But the Applicant is confident that with the extension and improving market conditions, they will be able to secure financing which can meet the requirements set forth in the attached MMCC letter.

BOARD OF ZONING ADJUSTMENT
District of Columbia
CASE NO. 18064
EXHIBIT NO. 37

Thank you in advance for your consideration of this request.

Sincerely,

Cynthia A. Giordano/jmd
Cynthia A. Giordano

Attachments
CAG/jmd

Marcus & Millichap
Capital Corporation

8/17/2012

John Houston
HAI Real Estate Holdings LLC
P.O. Box 43, Ashton, MD 20861-0043

RE: ADDRESS: 1820-1821 Jefferson Place NW, Washington, DC 20036

PROPOSED LOAN AMOUNT: $6,750,000

Marcus & Millichap Capital Corporation (MMCC) has solicited financing proposals and underwriting criteria for the Jefferson Place (aka "The Property") Office Development from a number of local and regional bank lenders on your behalf.

Unfortunately, the speculative nature of the project currently precludes any viable financing option at this time. As we previously advised preleasing at least 70-80% of the leasable space will be required to secure financing for the Project. In addition, equity investment in the project of at least 40% will also be required to obtain competitive financing. Therefore we recommend that you continue efforts to identify a substantial equity partner and prelease the property as indicated.

Assuming the current market conditions and low to slow absorption of available space, the proposed loan scenarios below reflect current market risk. Please understand that the final loan amount and terms are subject to change based upon the assumptions being achieved, and the current market conditions at that time. The financing structure of the loan scenarios below are largely reflective of the market's reluctance for "speculative" office construction deals .As indicated above , leverage restrictions are as low as 40% and pre-leasing requirements are as high as 80%. Highlighted below is an average scenario of terms provided by the lenders contacted:

Property Type:	Spec-Office-Construction
Amount:	$6,750,000
Term:	24 month I/O w/ 6 month option
Amortization:	25 years
Spread:	500 basis point over Floating over the 30-Day Libor
Rate	5.35%
Payment:	$24,509
Maximum LTV:	60%
Recourse:	Yes
Prepayment Penalty:	N0
Lender Financing Fee:	2Pts
Expense Deposit (EST)	$25,000

(Appraisal, Construction Draws, Environmental ...etc.).

Comments: **Personal Guarantee required for all principals; A payment reserve will be required; Pre-leasing of at least 80% of Net Rentable Square Feet (NSRF) at the time of closing will be required.**

Warmest regards,

Kevin Thurman
Associate Director
Marcus and Millichap Capital Corporation

HAI Real Estate Holdings, LLC
P.O. Box 43
Ashton, MD 20861

July 26, 2012

RECEIVED
D.C. OFFICE OF ZONING
2012 JUL 26 AM 11:20

VIA HAND DELIVERY

Board of Zoning Adjustment
441 4th Street, N.W.
Suite 210S
Washington, D.C. 20001

Re: *Request for Extension of Order No. 18064, 1820-1822 Jefferson Place, N.W. (Square 139, Lot 75); Supplemental Submission*

Dear Members of the Board:

I am the principal of HAI Real Estate Holdings, LLC and as such have the primary responsibility for developing the small office project initially approved under BZA Order 18064 in 2010. The project involves the rehabilitation and expansion of two, late 19th century row houses in the 1800 block of Jefferson Place, N.W. As indicated by my attorney in her letter of May 21, 2012 requesting an extension to the Board's original order, my ability to get the project underway has been hampered by several personal difficulties that I have experienced over the past two years in addition to an adverse real estate market.

The project is my first real estate development venture. I purchased the subject property in 2005 to serve as the local office of a large District of Columbia contract. At the conclusion of the contract, and after selling the business in 2006, I decided to rehab and redevelop the buildings which are, in any event, in need of substantial repair and renovation. I retained an architect and took the redevelopment project through a lengthy Historic Preservation, ANC, and BZA review and approval process. On the advice of my real estate consultant at Fraser Forbes, I planned to prelease the office project to facilitate financing which would otherwise be difficult to obtain in the current real estate environment. The building was listed for prelease with Fraser Forbes in May 2011 (see the marketing materials and listing agreement attached as Exhibit A). Although the project was listed for over six months, the effort proved unsuccessful.

Given the lack of interest in preleasing the project, I decided to list the property to either obtain an equity partner or to sell the property outright to a more experienced developer. My decision to pursue this course was also influenced by several personal issues which would have made it difficult for me to shoulder the sole responsibility for completing the project. These personal issues included two very extensive back surgeries followed by the sudden passing of my wife, Barbara Houston, in July 2011, followed by the death of my sister, Whitney Houston, this past February.

I have invested substantial time and savings in the project to date and have recently received several serious expressions of interest in response to the current listing with Fraser Forbes. This response is indicative both of the feasibility of the project as well as an improving real estate market. In granting the requested extension, I am confident that the project can be completed and that the historic preservation benefits of rehabilitating these attractive historic structures on this special block of Jefferson Place can be fully realized.

Yours very truly,

John R. Houston, III

cc: Advisory Neighborhood Commission 2B
District of Columbia Office of Planning

EXHIBIT A

Marketing Materials and Listing Agreement

FOR LEASE

1820-1822 JEFFERSON PLACE, NW

Washington, D.C. 20036

Coming Soon....

Exclusively Presented by

Richard O. Samit

Fraser Forbes Real Estate Services

6862 Elm Street, Suite 820 | McLean, VA 22101
703.790.9400 | FraserForbes.com

TABLE OF CONTENTS

PROJECT SUMMARY

1820-1822 JEFFERSON PLACE, NW

WASHINGTON, DC 20036

PROPERTY DESCRIPTION: A newly constructed boutique office building located in the prince of DC's CBD. Around the corner from the famous Palm Restaurant, this location is where every business wants to be! The charming old world design with a contemporary flair melds many of the unique characteristics of the past with the sleek, efficient aspects of today. This property offers perfect space for a small business, law firm, lobbyist group or not-for-profit association.

SIZE: 20,000 square feet gross / 16,000 square feet rentable

SPACE AVAILABLE: Approximately 2,666 square feet per floor (Ground – 5th Floor)

ASKING RENTS: \$46-\$47 per square foot Full Service – Negotiable

TERM: 5-10 years (Negotiable)

OCCUPANCY: Late Fall 2012

CONTACT:

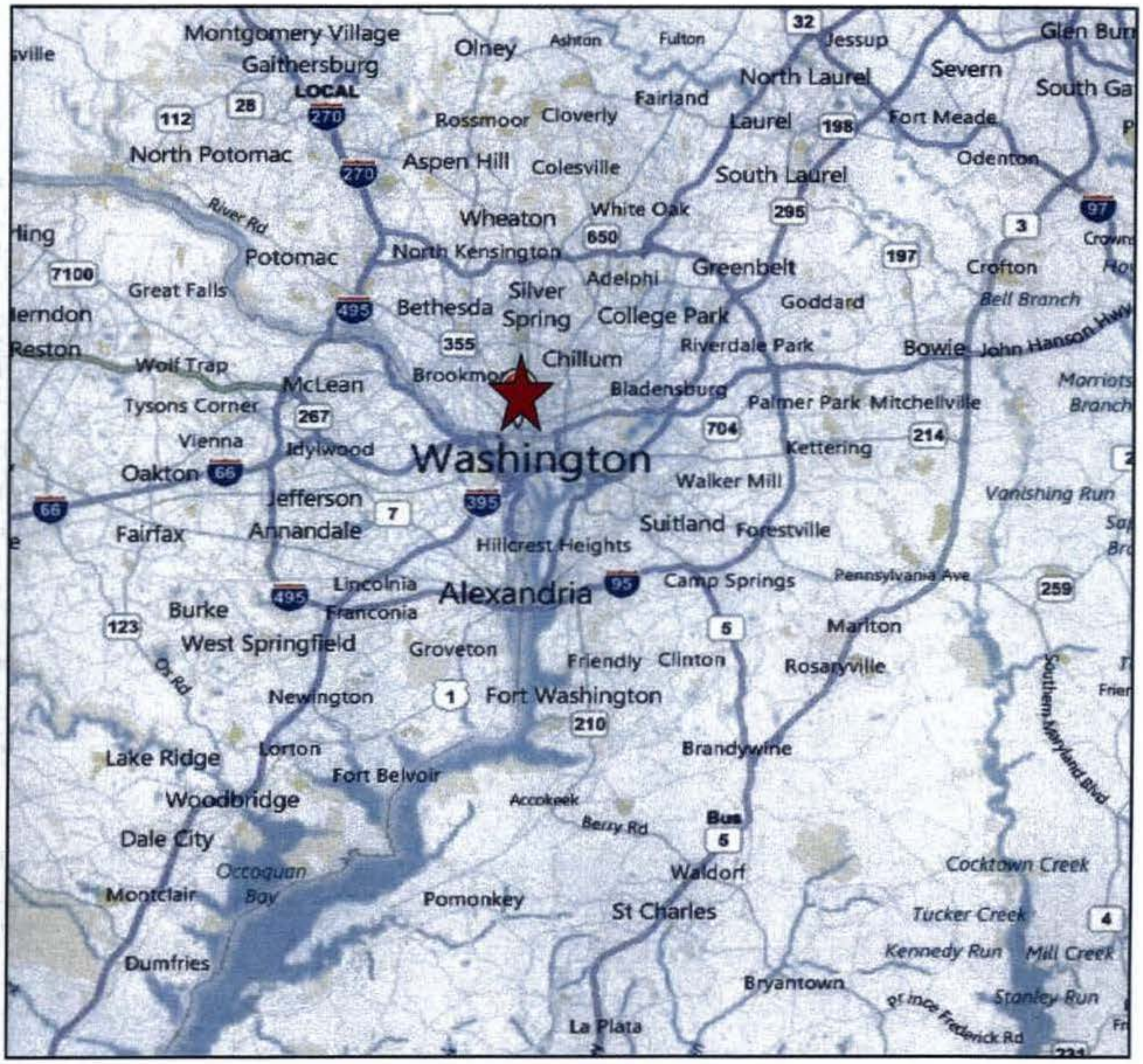
Richard O. Samit

FRASER FORBES REAL ESTATE SERVICES
(703) 790-9400 FAX: (703)790-9401

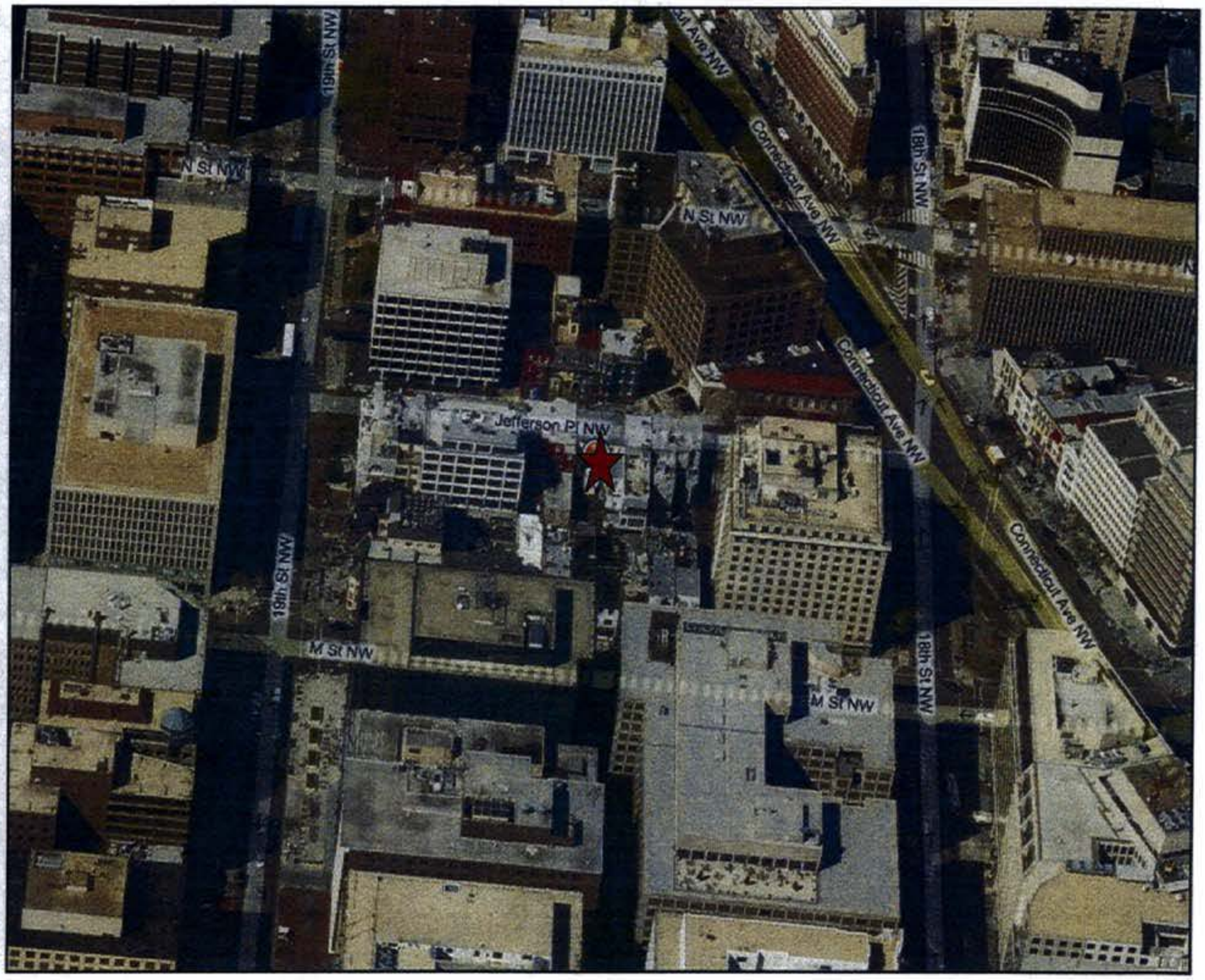
Richard O. Samit
703-790-9400 ext 104
rsamit@fraserforbes.com

MAPS & PHOTOS

AREA MAP

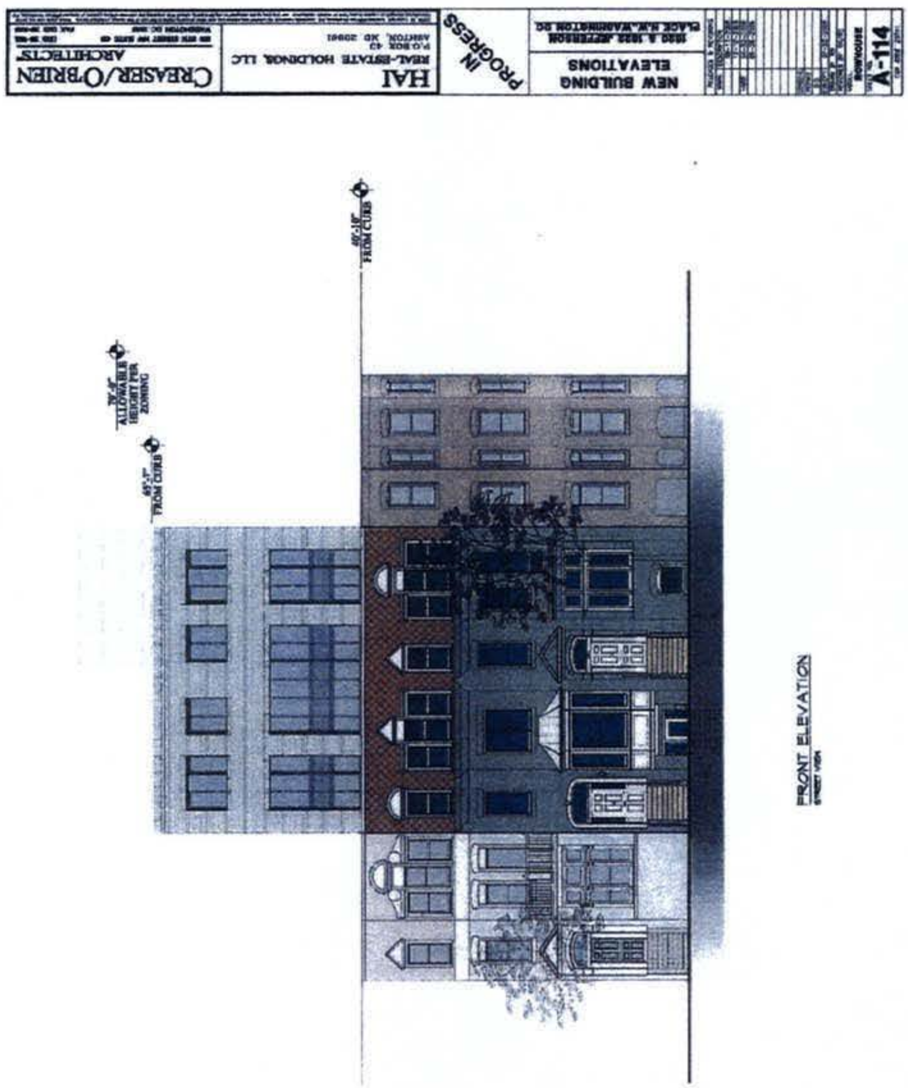


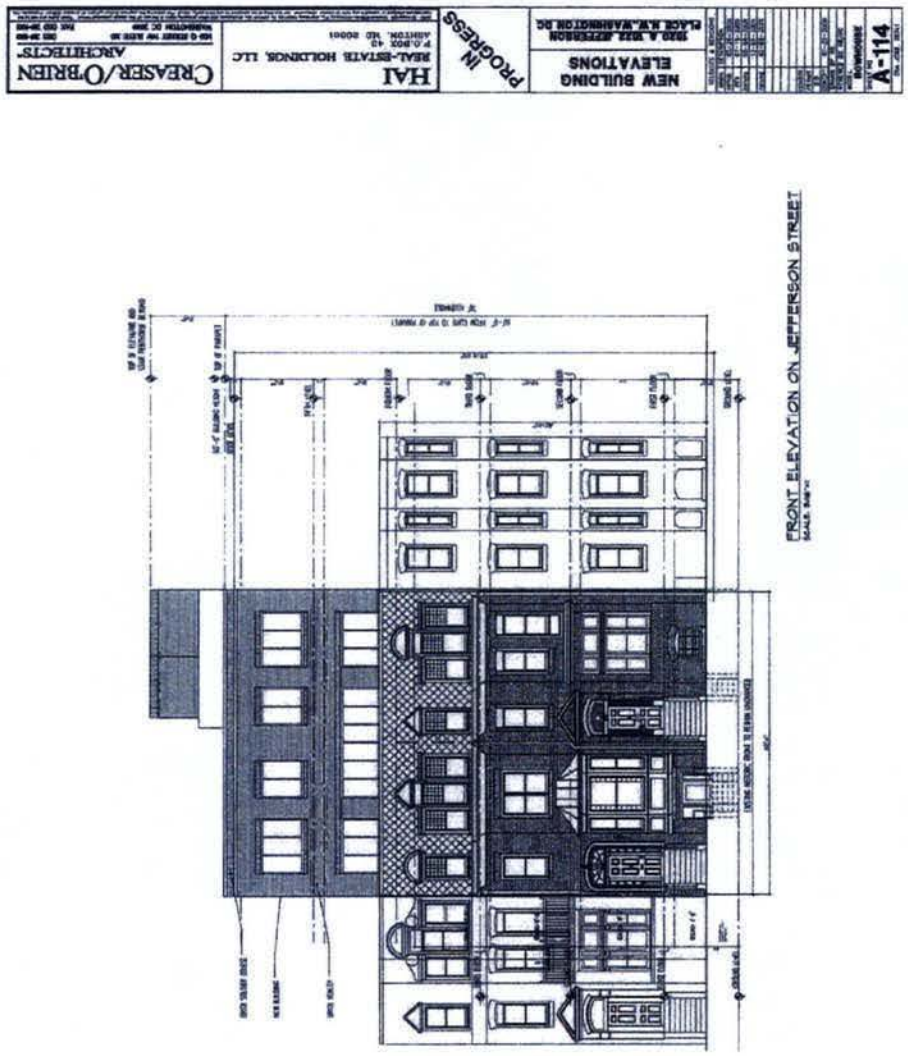
LOCAL MAP

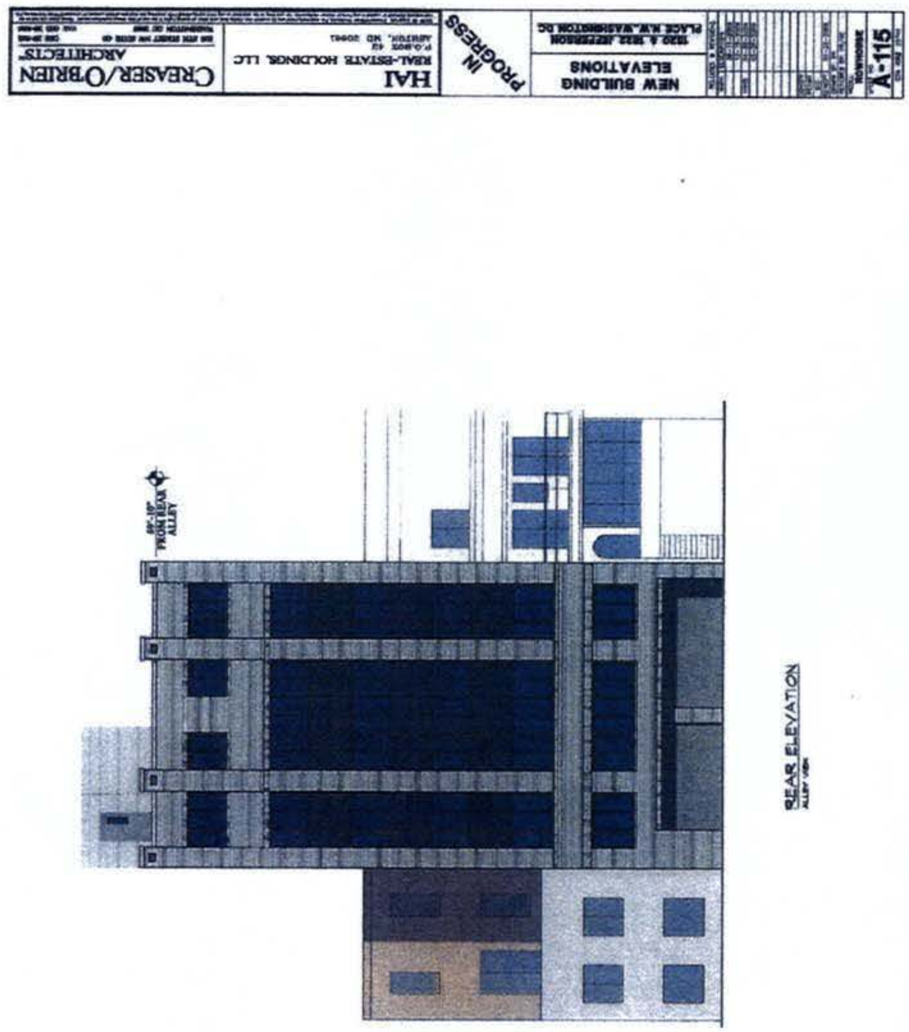

19th St NW
N St NW
Connecticut Ave NW
18th St NW
Jefferson Pl NW
M St NW

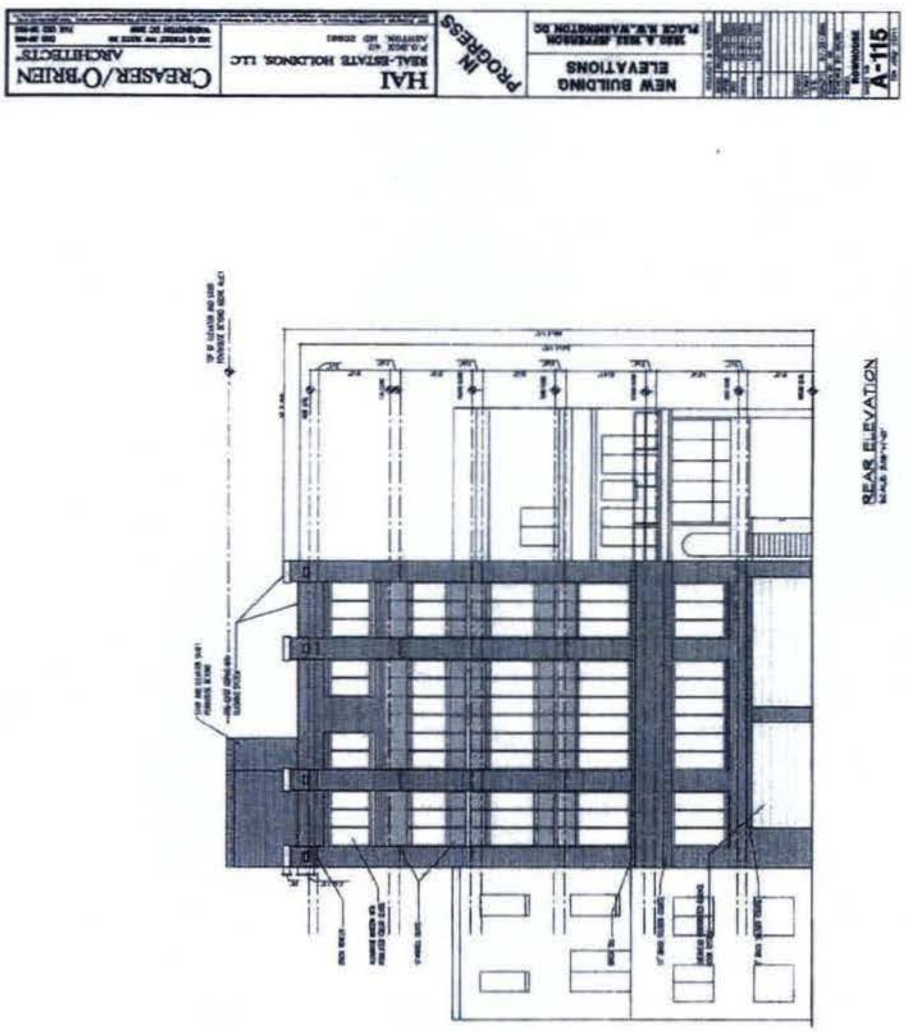
SITE AERIAL

CONCEPTUAL ELEVATIONS (FRONT & REAR)

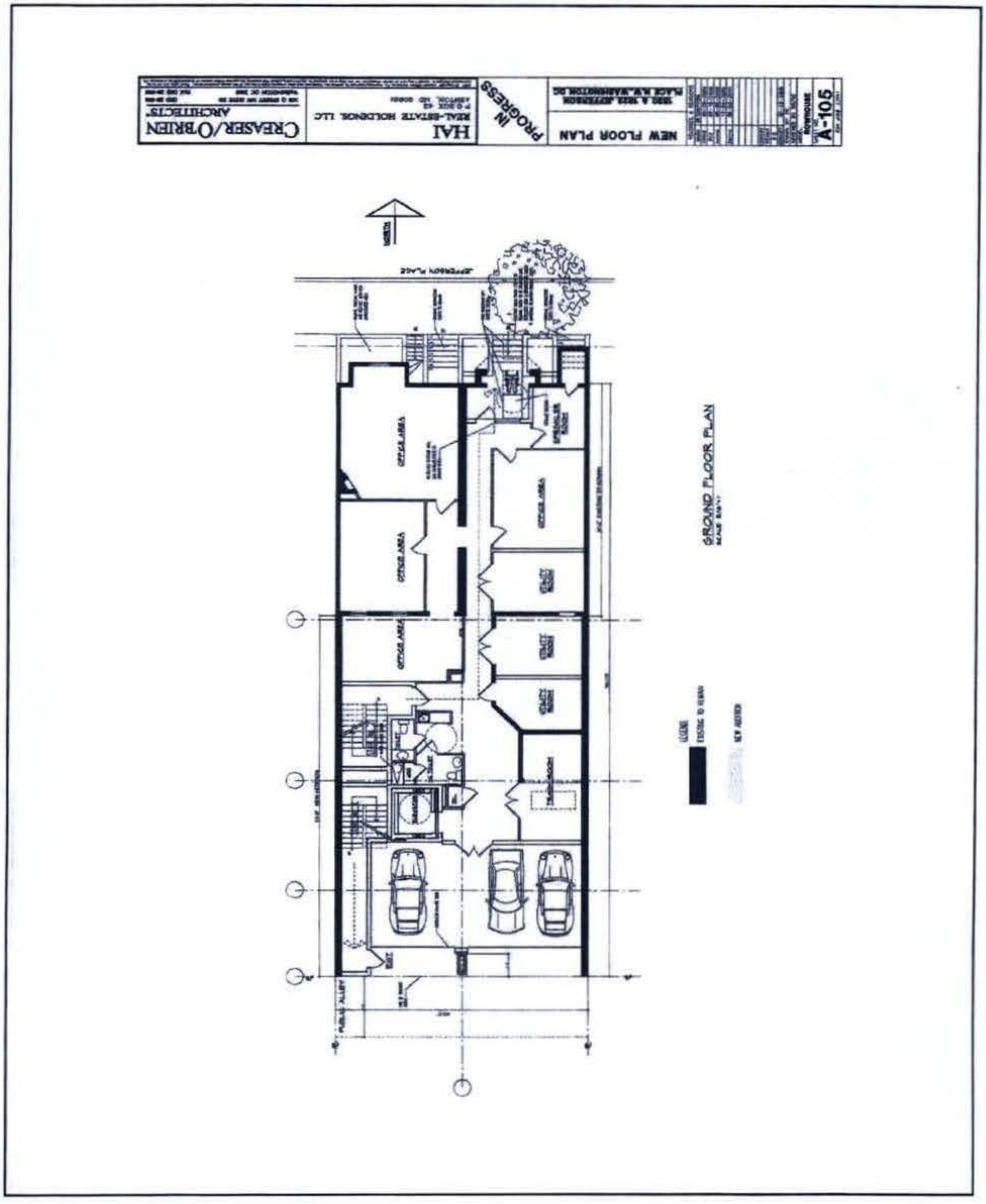


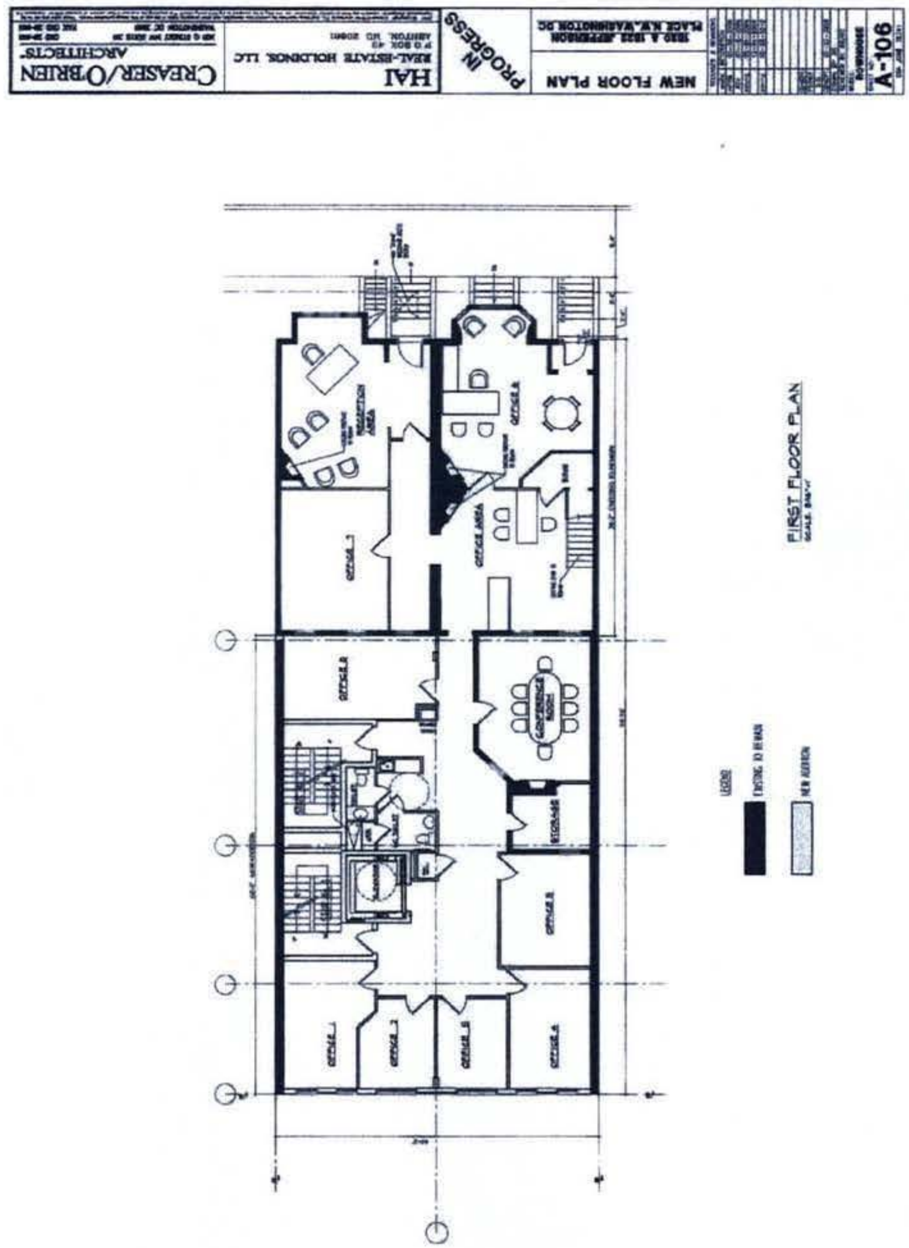

CREASER/O'BRIEN
ARCHITECTS
HAI
REAL-ESTATE HOLDINGS, LLC
IN PROGRESS
NEW BUILDING
ELEVATIONS
A-114
FRONT ELEVATION ON JEFFERSON STREET

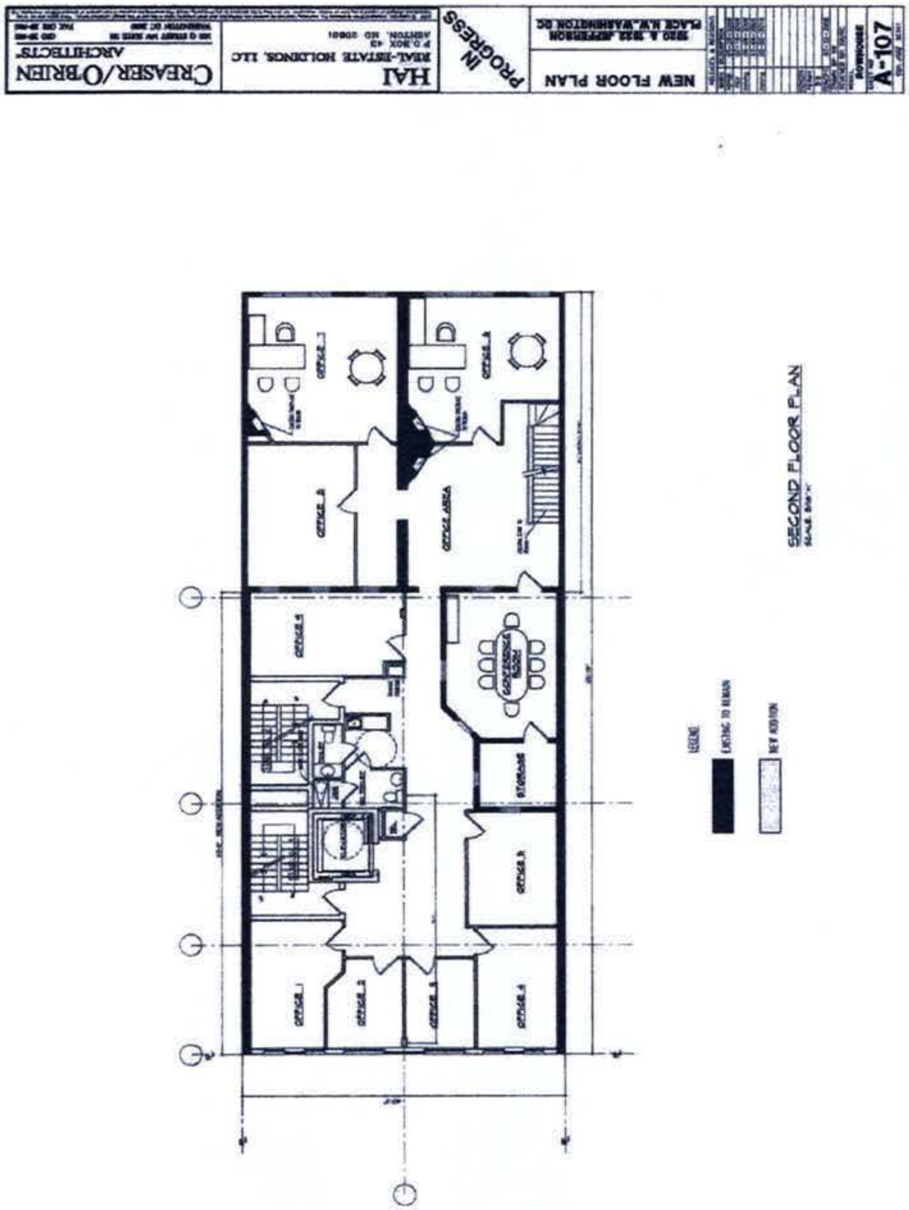

CREASER/O'BRIEN
ARCHITECTS
HAI
REAL-ESTATE HOLDINGS, LLC
IN PROGRESS
NEW BUILDING
ELEVATIONS
A-115
REAR ELEVATION

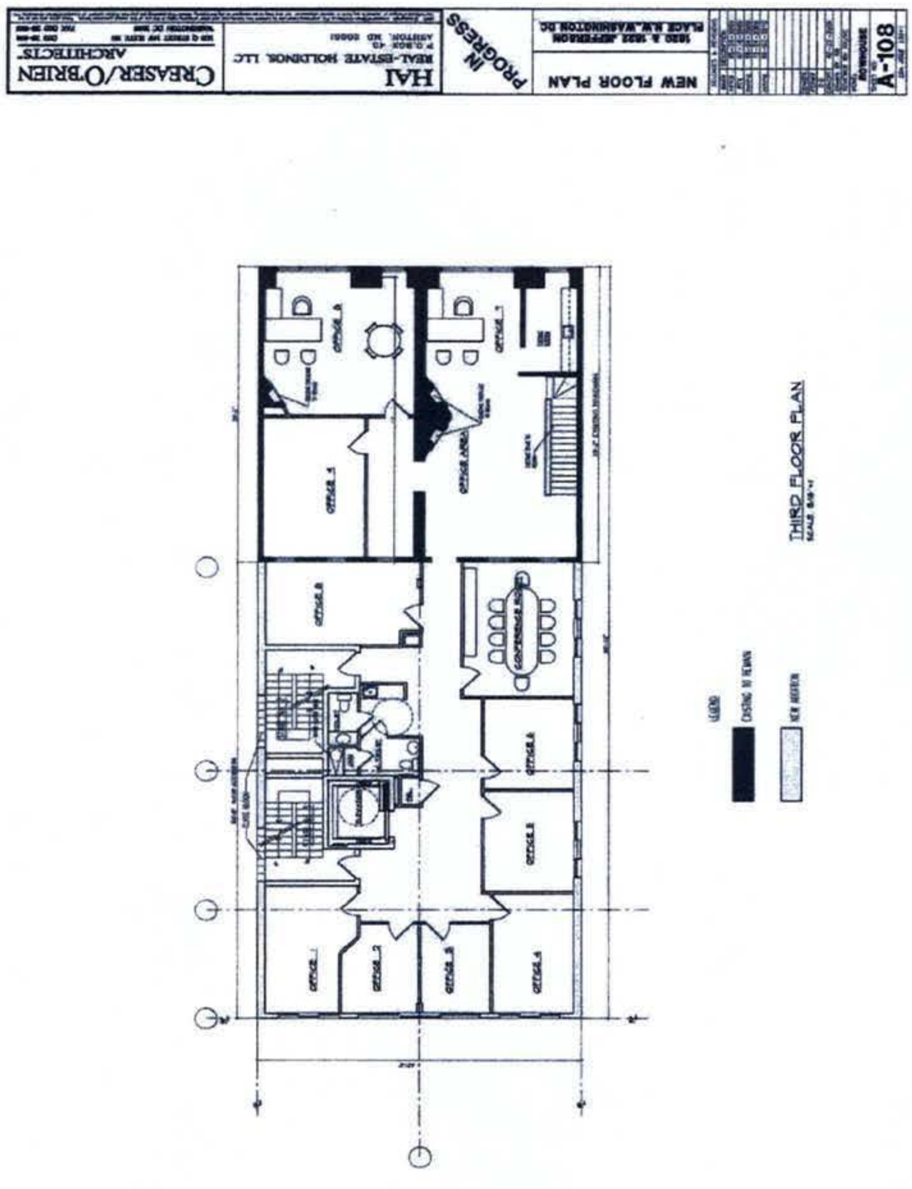

IN PROGRESS
REAR ELEVATION
A-115

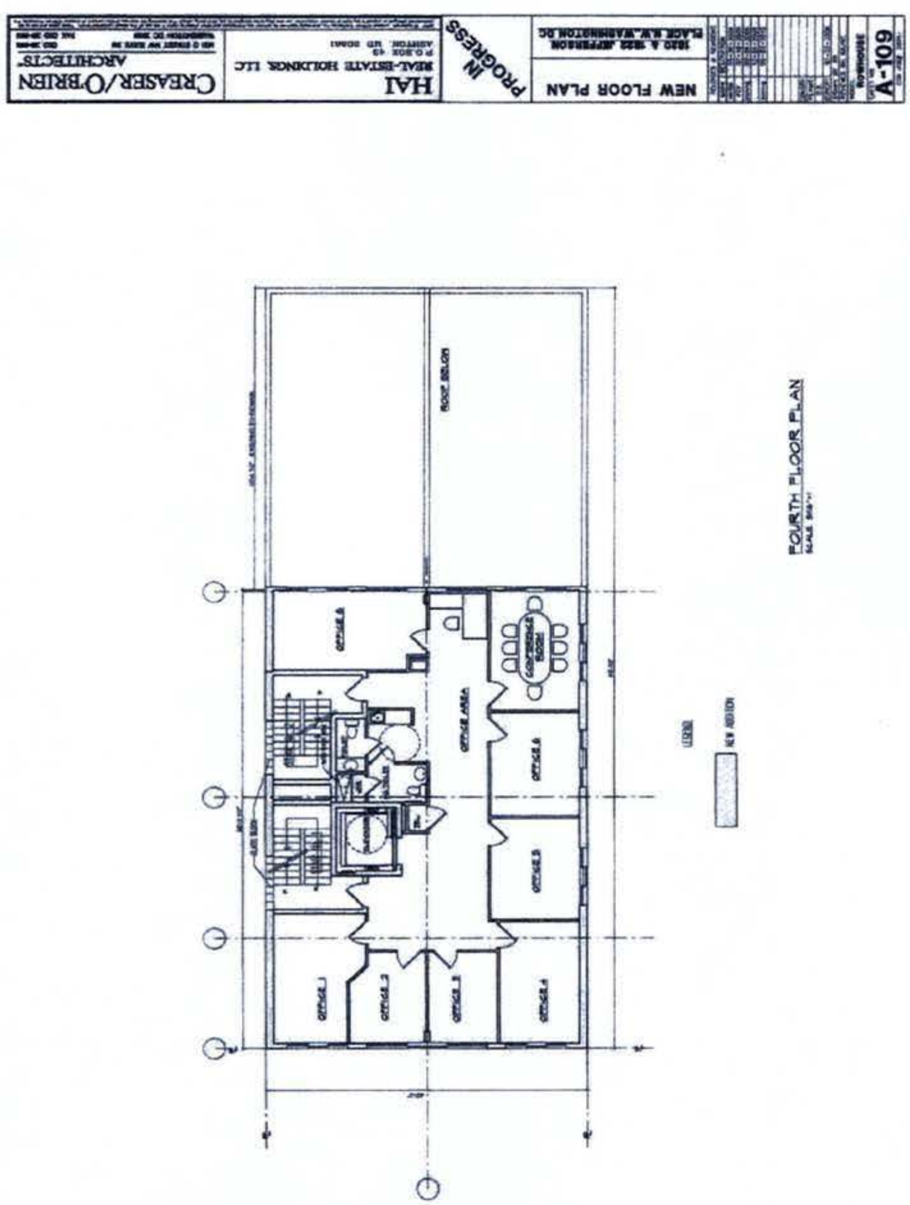
FLOOR PLANS (GROUND – 5TH)

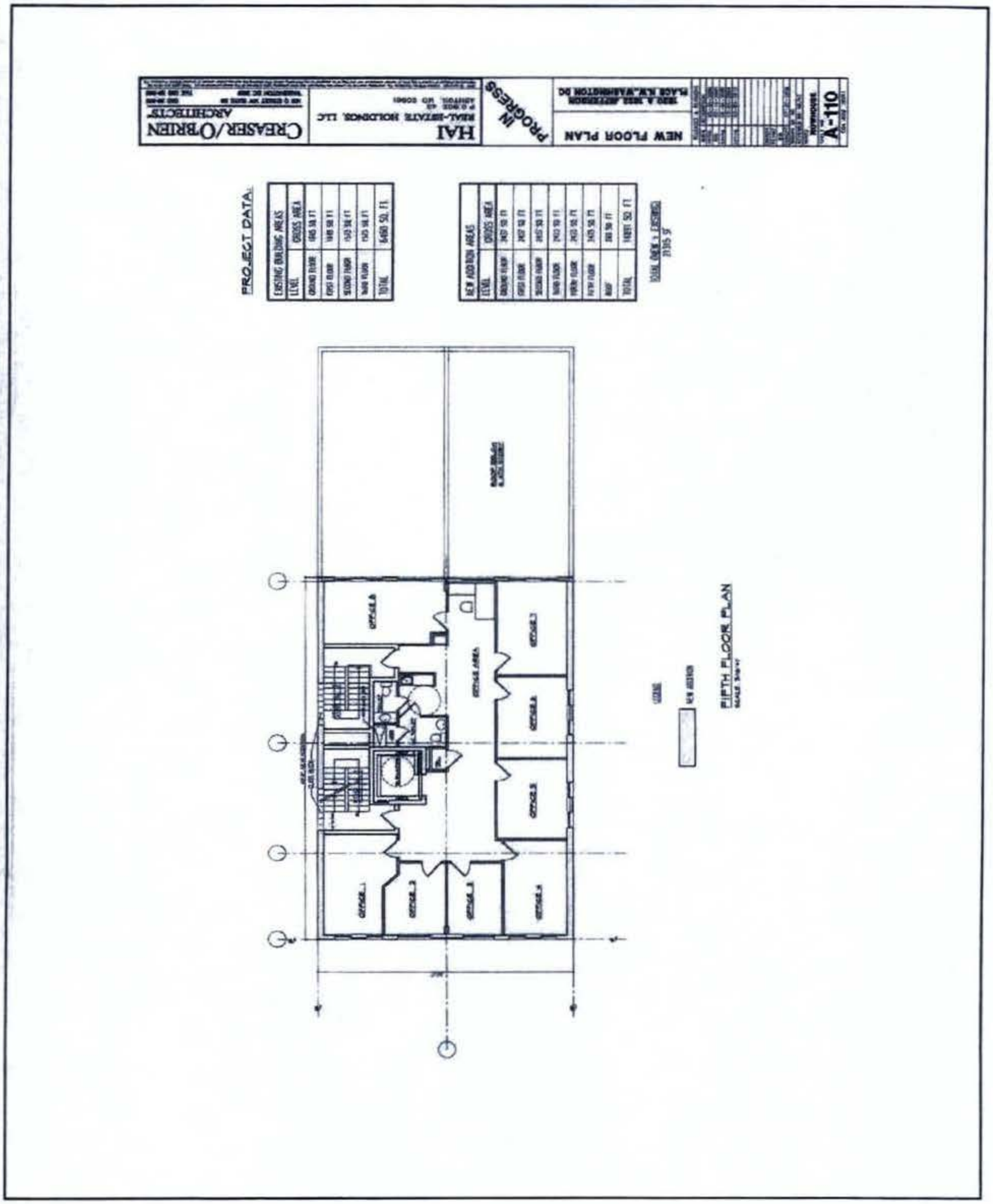



A-106
NEW FLOOR PLAN
FIRST FLOOR PLAN


CREASER/O'BRIEN
ARCHITECTS
HAI
REAL-ESTATE HOLDINGS, LLC
IN PROGRESS
NEW FLOOR PLAN
A-107
SECOND FLOOR PLAN


CREASER/O'BRIEN ARCHITECTS
HAI
REAL-ESTATE HOLDINGS, LLC
IN PROGRESS
NEW FLOOR PLAN
A-108
THIRD FLOOR PLAN


CREASER/O'BRIEN
ARCHITECTS
HAI
REAL-ESTATE HOLDINGS, LLC
IN PROGRESS
NEW FLOOR PLAN
A-109
FOURTH FLOOR PLAN


CREASER/O'BRIEN
ARCHITECTS
HAI
IN PROGRESS
NEW FLOOR PLAN
A-110
PROJECT DATA
FIFTH FLOOR PLAN

BZA – ADJUSTMENT APPROVAL LETTER

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Board of Zoning Adjustment

★ ★ ★

Application No. 18064 of HAI Real Estate Holdings, LLC, pursuant to 11 DCMR § 3104.1, for a special exception from the rear yard requirements under subsection 774.5, and a special exception from the parking requirement under subsection 2120.6, to allow an addition to an existing office building in the DC/C-3-C District at premises 1820-1822 Jefferson Place, N.W. (Square 139, Lot 75).

HEARING DATE: May 18, 2010
DECISION DATE: May 18, 2010 (Bench Decision)

SUMMARY ORDER

SELF CERTIFIED

The zoning relief requested in this case was self-certified, pursuant to 11 DCMR § 3113.2. (Exhibit 5).

The Board provided proper and timely notice of the public hearing on this application by publication in the *D.C. Register* and by mail to Advisory Neighborhood Commission (ANC) 2B and to owners of property within 200 feet of the site. The site of this application is located within the jurisdiction of ANC 2B, which is automatically a party to this application. At its duly-noticed, May 12, 2010 meeting, with a quorum present, ANC 2B heard from the Applicant and voted unanimously to support the application, as revised. The ANC submitted a report for the record dated May 17, 2010. (Exhibit 26). OP submitted a timely report recommending approval of the application. (Exhibit 23). Two letters of opposition from neighboring property owners were received. (Exhibits 20 and 22).

As directed by 11 DCMR § 3119.2, the Board has required the Applicant to satisfy the burden of proving the elements that are necessary to establish the case pursuant to § 3104.1, for special exceptions from the rear yard requirements under § 774.5 and from

441 4th Street, N.W., Suite 200/210-S, Washington, D.C. 20001
Telephone: (202) 727-6311 Facsimile: (202) 727-6072 E-Mail: dcoz@dc.gov Web Site: www.dcoz.dc.gov

BZA APPLICATION NO. 18064
PAGE NO. 2

the parking requirement under § 2120.6. No parties appeared at the public hearing in opposition to this application. Accordingly, a decision by the Board to grant this application would not be adverse to any party.

Based upon the record before the Board and having given great weight to the ANC and OP reports, the Board concludes that the Applicant has met the burden of proof, pursuant to 11 DCMR §§ 3104.1, 774.5, and 2120.6, that the requested relief can be granted as being in harmony with the general purpose and intent of the Zoning Regulations and Map. The Board further concludes that granting the requested relief will not tend to affect adversely the use of neighboring property in accordance with the Zoning Regulations and Map.

Pursuant to 11 DCMR § 3100.5, the Board has determined to waive the requirement of 11 DCMR § 3125.3, that the order of the Board be accompanied by findings of fact and conclusions of law. It is therefore **ORDERED** that this application (pursuant to Exhibit 25 – Revised Plans) be **GRANTED.**

VOTE: **4-0-1** (Meridith H. Moldenhauer, Konrad W. Schlater, Nicole C. Sorg, Shane L. Dettman, to APPROVE; one other Board member (vacant) not participating or voting.)

BY ORDER OF THE D.C. BOARD OF ZONING ADJUSTMENT
The majority of the Board members approved the issuance of this order.

ATTESTED BY: Jamison L. Weinbaum
JAMISON L. WEINBAUM
Director, Office of Zoning

FINAL DATE OF ORDER: MAY 21 2010

PURSUANT TO 11 DCMR § 3125.9, NO ORDER OF THE BOARD SHALL TAKE EFFECT UNTIL TEN (10) DAYS AFTER IT BECOMES FINAL PURSUANT TO § 3125.6.

PURSUANT TO 11 DCMR § 3130, THIS ORDER SHALL NOT BE VALID FOR MORE THAN TWO YEARS AFTER IT BECOMES EFFECTIVE UNLESS, WITHIN SUCH TWO-YEAR PERIOD, THE APPLICANT FILES PLANS FOR THE PROPOSED STRUCTURE WITH THE DEPARTMENT OF CONSUMER AND

BZA APPLICATION NO. 18064
PAGE NO. 3

REGULATORY AFFAIRS FOR THE PURPOSES OF SECURING A BUILDING PERMIT.

PURSUANT TO 11 DCMR § 3125, APPROVAL OF AN APPLICATION SHALL INCLUDE APPROVAL OF THE PLANS SUBMITTED WITH THE APPLICATION FOR THE CONSTRUCTION OF A BUILDING OR STRUCTURE (OR ADDITION THERETO) OR THE RENOVATION OR ALTERATION OF AN EXISTING BUILDING OR STRUCTURE, UNLESS THE BOARD ORDERS OTHERWISE. AN APPLICANT SHALL CARRY OUT THE CONSTRUCTION, RENOVATION, OR ALTERATION ONLY IN ACCORDANCE WITH THE PLANS APPROVED BY THE BOARD.

IN ACCORDANCE WITH THE D.C. HUMAN RIGHTS ACT OF 1977, AS AMENDED, D.C. OFFICIAL CODE § 2-1401.01 ET SEQ., (ACT), THE DISTRICT OF COLUMBIA DOES NOT DISCRIMINATE ON THE BASIS OF ACTUAL OR PERCEIVED: RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX, AGE, MARITAL STATUS, PERSONAL APPEARANCE, SEXUAL ORIENTATION, GENDER IDENTITY OR EXPRESSION, FAMILIAL STATUS, FAMILY RESPONSIBILITIES, MATRICULATION, POLITICAL AFFILIATION, GENETIC INFORMATION, DISABILITY, SOURCE OF INCOME, STATUS AS A VICTIM OF AN INTRAFAMILY OFFENSE, OR PLACE OF RESIDENCE OR BUSINESS. SEXUAL HARASSMENT IS A FORM OF SEX DISCRIMINATION WHICH IS ALSO PROHIBITED BY THE ACT. IN ADDITION, HARASSMENT BASED ON ANY OF THE ABOVE PROTECTED CATEGORIES IS ALSO PROHIBITED BY THE ACT. DISCRIMINATION IN VIOLATION OF THE ACT WILL NOT BE TOLERATED. VIOLATORS WILL BE SUBJECT TO DISCIPLINARY ACTION. THE FAILURE OR REFUSAL OF THE APPLICANT TO COMPLY SHALL FURNISH GROUNDS FOR THE DENIAL OR, IF ISSUED, REVOCATION OF ANY BUILDING PERMITS OR CERTIFICATES OF OCCUPANCY ISSUED PURSUANT TO THIS ORDER.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Board of Zoning Adjustment

BZA APPLICATION NO. 18064

As Director of the Office of Zoning, I hereby certify and attest that on MAY 21 2010, a copy of the order entered on that date in this matter was mailed first class, postage prepaid or delivered via inter-agency mail, to each party and public agency who appeared and participated in the public hearing concerning the matter, and who is listed below:

Cynthia Giordano, Esq.
Arnold & Porter, LLP
555 12th Street, N.W.
Washington, D.C. 20004-1206

Randy Creaser, AIA
Creaser/O'Brien Architects
1420 Q Street, N.W. (Suite 300)
Washington, D.C. 20009

Chairperson
Advisory Neighborhood Commission 2B
9 Dupont Circle, N.W.
Washington, D.C. 20036

Single Member District Commissioner 2B06
Advisory Neighborhood Commission 2B
1301 20th Street, N.W. (#705)
Washington, D.C. 20036

Jack Evans, Councilmember
Ward Two
1350 Pennsylvania Avenue, N.W.
Suite 106
Washington, D.C. 20004

441 4th Street, N.W., Suite 200/210-S, Washington, D.C. 20001
Telephone: (202) 727-6311 Facsimile: (202) 727-6072 E-Mail: dcoz@dc.gov Web Site: www.dcoz.dc.gov

BZA APPLICATION NO. 18064
PAGE NO. 2

Melinda Bolling, Esq.
Acting General Counsel
Department of Consumer and Regulatory Affairs
1180 4th Street, S.W., 5th Floor
Washington, D.C. 20024

ATTESTED BY:
JAMISON L. WEINBAUM
Director, Office of Zoning

Historic Preservation Review Board – Staff Report

HISTORIC PRESERVATION REVIEW BOARD
STAFF REPORT AND RECOMMENDATION

Property Address:	**1820-1822 Jefferson Place, NW**	X	Agenda
Landmark/District:	**Dupont Circle Historic District**		Consent Calendar
		X	Concept Review
Meeting Date:	**July 23, 2009**	X	Alteration
H.P.A. Number:	**09-294**	X	New Construction
Staff Reviewer:	**Steve Callcott**		Demolition
			Subdivision

Creaser O'Brien Architects, representing HAI Real Estate Holdings LLC, seeks conceptual design review for a six-story addition to the rear of a pair of 1880s English Queen Anne styled row houses in the Dupont Circle Historic District for office use.

Property Description and History

1820 and 1822 Jefferson Place were constructed in the late 1880s and are good examples of the Queen Anne style that was popular in the fashionable Dupont Circle and West End neighborhoods in that period. An historic photo of the row in the 1890s shows them in their original condition, with multi-light windows, leaded glass transoms, exuberant scrolled dormers, and decorative balconies atop the bays. The subject houses remain largely intact, although the original bay and door surround at 1820 were remodeled in the early 20th century in the Colonial Revival style. The applicants recently replaced the Colonial Revival windows in both buildings with windows that replicate the original Queen Anne sash. Long converted to office use, they are already internally connected with a door opening on each floor.

Proposal

The proposal calls for constructing a six-story office addition to the rear of the rowhouses. A non-contributing stair addition on the rear of 1822 would be removed; the original rear ell-wing on 1820 would be retained and incorporated into the addition. Given the disparity in size and form, the addition would be designed to appear as its own building rather than as an organic extension of the rowhouses. It would be clad in brick and precast trim with aluminum windows and colored spandrel glass. The addition would be 67' tall as measured from the front curb (70' as measured from the rear alley), set back the full depth of the buildings, 39' from the front facades. The height of the rowhouses is approximately 41 feet; the addition would rise 26' above their roofs.

In order to provide full accessibility to the properties, the plans call for removing the original brownstone stairs on 1822 and the installation of a retractable stair and lift assembly. Never before used in this country, the English-manufactured "Sesame Access System" is custom made to replicate an existing stair that retracts to provide a mechanized wheelchair lift.

Evaluation
The proposal raises two primary preservation issues: the compatibility of the six-story addition, and the removal of the original stone entrance steps.

Addition: Adding six stories to the back of three-story historic buildings is typically not a compatible treatment, as the size and massing of the addition would generally be overwhelming and out of scale with the character of the buildings to which it is being added. One of the principles that the Board often cites as a necessary condition for an addition is that it be *subordinate*, which a six-story addition to a pair of rowhouses clearly is not. However, in limited situations, the Board has approved substantially larger additions to historic buildings where they can convincingly be designed to appear as a separate building located behind or otherwise separated from the historic structures. This approach generally only works in an urban context where there are buildings of different sizes in which the "new building" (the addition) can compatibly coexist with smaller historic buildings, or where the new building can be effectively hidden from view in relation to the historic buildings so that the disparity is not evident.

In 2004, the HPRB approved a project, since constructed, according to this "separate building" principle at 1828-1834 Jefferson Place, where a six-story addition was added to the rear of those four rowhouses. Given the relatively uniform rowhouse scale of this street, the Board accepted this approach only if the addition was massed so as to not be visible over the top of the historic buildings as viewed from within the street. The Board's primary considerations in that case were: 1) ensuring that the addition was not at all visible from perspective views on Jefferson Place, 2) that the addition did not project out or cantilever over the historic buildings, and 3) that the project did not result in significant demolition. Given the extensive scope of the project, the Board also required a high quality restoration of the front facades. It is reasonable and consistent to apply these same principles to the current proposal.

The height and mass of the addition have been developed based on a series of balloon tests, in which various heights were evaluated in the field for visibility [not included in the packets, the applicants have been asked to bring the balloon test photos to the HPRB meeting]. Jefferson Place is quite narrow -- 50', as opposed to 90' for a standard L'Enfant street -- which helps to restrict perspective views. While the section drawing (A-112) shows that the addition would be just outside the line of sight, the margin for error is very small. In the HPO's experience, it is not uncommon that adjustments are made during the course of construction which, in this instance, could easily result in the addition becoming visible.

The HPO recommends that the top floor of the addition be reduced or set back several feet to ensure that the goal of achieving invisibility from the street is maintained. Reducing the monumental proportions of the addition at the top floor – perhaps terminating the piers and continuous wall of glass at the fifth floor and treating the sixth floor in a different manner – could also improve the scale relationship between the addition and the rowhouses as seen from surrounding buildings. The HPO recommends that the potential visibility of the penthouse be evaluated before the concept is finalized.

Stair Removal: The brownstone stair is an original, character-defining feature of 1822 Jefferson Place, and is a common unifying element found on all but one of the remaining Queen Anne houses on the street. The stairs are flanked by low cheek walls which support a simple (non-original) metal handrail and remain in remarkably good condition.

The product information on the proposed replacement stair/lift appears promising as an alternative for achieving accessibility for historic properties. When not in use, the lift is almost entirely out of sight (a section of the railing for applications such as the proposed remains above grade), and the stairs can apparently be clad in any material, including masonry. The company website specifically touts its appropriateness for historic buildings and provides compelling examples where it has been installed. While it wouldn't work for a building that originally had an open cast iron stair, in situations where a building originally had a solid stair, it offers the possibility of a virtually seamless installation.

Nevertheless, removing an original, character-defining stair on the front elevation of a contributing property in an historic district is inherently inconsistent with the most basic preservation principle, which is to retain and preserve original building elements and avoid the removal of historic features that characterize a property. The staff cannot recall an instance in which the HPRB approved removal and replacement of original stairs, other than when they were deteriorated beyond repair. While there are admittedly limited opportunities for achieving accessibility without fundamentally altering the facades of these buildings, the basement stair and areaway at 1820 – an area which has already been altered – should be more fully evaluated before removal of the original stairs is proposed. Finally, if loss of the original stairs is a consequence of the code requirements for the addition, the Board will need to determine whether this affects their opinion on the overall consistency of the project with the preservation act.

<u>The HPO recommends that the applicant fully evaluate alternative means of access to the property that does not result in the removal of important character-defining features.</u>

Rehabilitation/Restoration: While the exteriors of the existing buildings are in good general condition, it is not unreasonable in the context of a project of this size to expect restoration and improvements that would enhance the buildings' historic character. The HPO suggests that the façade scope of work include removal of the paving in the front yard of 1822 and converting it to green space, recreation of the missing balcony railing on the bay of 1822 (as shown in historic photographs and as recently restored at 1828-1834), and replacement of the front door at 1822 with a door more in character with the Queen Anne style of the house. The HPO is not recommending replacement/alteration of the Colonial Revival door and surround at 1820, which was constructed within the period of significance for the Dupont Circle Historic District (1875-1940) and is reflective of the stylistic updating that many properties underwent during the early 20th century.

<u>The HPO recommends that the Review Board direct the applicant to continue developing the proposal as outlined, and that the project return to the Board when appropriate.</u>

FRASER FORBES
REAL ESTATE SERVICES
All Your Land Needs

LAND SALES
FINANCING SERVICES
MANAGEMENT SERVICES
ADVISORY SERVICES

EXCLUSIVE LEASING BROKERAGE AGREEMENT

THIS AGREEMENT is entered into effective as of the 23 day of May 2011, by and between HAI Real Estate Holdings, LLC, (hereinafter referred to as "Lessor"), having an office at ____________________., and Fraser Forbes Real Estate Services (hereinafter referred to as "Broker"), having its office at 6862 Elm Street, Suite 820, McLean VA, 22101.

WHEREAS, Lessor is the leaseholder of to be built office space in a property located at 1820-1822 Jefferson Place, Washington, DC 20011 (hereinafter referred to as the "Premises"); and

WHEREAS, Lessor is desirous of employing Broker as the exclusive leasing Broker for the leasing of the Premises; and

WHEREAS, Broker is desirous of obtaining said employment and is authorized to do business in the District of Columbia a and is a licensed real estate broker in said jurisdiction; and

WHEREAS, Lessor and Broker wish to set forth the understanding and agreement between them with respect to the services to be performed by Broker the compensation to be paid by Lessor, and other matters relating thereto.

NOW, THEREFORE, in consideration of mutual covenants hereinafter set forth and other good and valuable consideration and the compensation to be paid as hereinafter set forth, the parties hereto agree for themselves as follows:

1. Lessor hereby appoints Broker as its sole and exclusive Broker for the term set forth in paragraph 2 below, and Lessor hereby grants to Broker the exclusive right, subject to the provisions hereinbelow set forth, to lease the whole or any part of the Premises during the term of this Agreement. This Agreement shall constitute a standard agency between Lessor and Broker pursuant to District of Columbia law and brokerage regulations.

2. Broker's appointment under this agreement as the sole and exclusive Broker for the leasing of the Premises shall become effective as of May ____, 2011, and such appointment shall remain in full force and effect for a period of twelve months. Upon mutual agreement of the parties hereto, this appointment may thereafter be extended for additional month to month periods. Notwithstanding the termination of this agreement, Lessor shall pay to Broker all commissions then due, or which thereafter become due under this Agreement, in accordance with Exhibit "A" hereto, without set-off or back charge. Either party may terminate this Agreement upon thirty (30) days written notice subject to the terms of paragraph five (5) below.

3. As of the effective date hereof, and thereafter during the term of this Agreement, Lessor agrees to direct to Broker all offers and inquiries from any prospective tenant (hereinafter referred to as "Lessee"), whether received before or after the effective date of this Agreement, and/or from any third party broker (hereinafter referred to as an "Outside Broker") for space in the Premises. Broker agrees to diligently investigate and develop such offers or inquiries, to canvass and solicit as necessary, and to otherwise employ diligent efforts and services to lease space in the Premises. Broker hereby agrees to cooperate with Outside Brokers representing prospective Lessees for the Premises.

4. If and when a written Lease for space in the Premises, satisfactory in all respects to the Lessor and Landlord, is entered into by and between Lessor and Lessee, Broker shall thereupon have fully earned a leasing commission under this Agreement, and Lessor shall be obligated to pay Broker a leasing commission in connection with such Lease, as set forth in Exhibit "A" hereto.

5. Broker shall be entitled to commissions on all Leases entered into during the term of this Agreement, and additionally on all Leases originating during said term which are entered into within three (3) months after the date of termination of this Agreement. As conclusive evidence of transactions originating during the term of this Agreement, Broker shall submit to Lessor, within ten (10) days after the date of termination of this Agreement, a cumulative list, containing the names of each prospective Lessee and Outside Broker from whom Lessor has received contact about space in the Premises. Lessor agrees to protect Broker's commission rights hereunder with respect to all prospects so listed.

6. Broker shall prepare an overall marketing program for the Leasing of the Premises, and Lessor agrees, at Lessor's sole cost and expense and subject to Lessor's approval, to furnish Broker with all necessary rental brochures, rental plans, rental schedules, and other materials necessary to the performance of Broker's duties. If it is mutually deemed desirable, Broker shall advertise the Premises or portions thereof and/or prepare and secure brochures, plans, circular matter and/or other forms of advertising and/or promotion, subject to Lessor's prior approval and at Lessor's sole cost and expense.

7 Lessor does hereby agree to defend, indemnify and hold harmless the Broker (and its officers and employees) from and against any and all claims, suits, actions, liabilities, losses expenses (including litigation costs and attorney's fees) or other obligations of any kind whatsoever arising out of (i) the performance of (or omission to perform) any act under this Agreement, or the making of any statement by the Broker based upon, or in reliance upon, any act, information or advice of the Lessor, or (ii) any injury or death to persons, or damage to property, occurring at, in or upon the Premises, unless such liability or claim arises out of the Broker's intentional misconduct.

8. In performing their respective obligations under this Agreement, Lessor and Broker shall comply with and abide by every valid and enforceable rule, order determination, ordinance or law of every Federal, State or Municipal authority having jurisdiction over the Premises and/or the Broker.

9. Lessor agrees to carry comprehensive public liability insurance for the Premises, and such other insurance policies as may be necessary for the protection of the interests of Lessor and Broker. During the term of this Agreement, Broker shall be named as an additional named insured on all such insurance policies. Broker shall be provided, upon request, with a current certificate of insurance from Lessor evidencing that adequate and proper insurance is being carried.

10. All notices referred to herein shall be sent to or served on either party hereto in writing, and shall be sent to or served at their respective addresses set forth below. If sent by mail, all notices shall be sent by registered or certified mail, return receipt requested, to Lessor or Broker, as the case may be, with a copy also being sent by fax. Either party may designate a different address or fax number for the service of notices pursuant to this Agreement by serving on the other party a written notice to this effect.

Lessor: HAI Real Estate Holdings, LLC
Mr. John Houston, III, Principal
PO Box 12
Ashton, MD

Broker: Fraser Forbes Real Estate Services
Mr. Richard O. Samit, CEO
6861 Elm Street, Suite 820
McLean, VA 22101
Phone: 703-790-9400 Fax: 703-790-9401

11. No consent or waiver, expressed or implied, by either party hereto of or to any breach, violation or default by the other party hereunder shall be deemed or construed to be a consent of waiver of or to any other breach or default hereunder of the same or any other obligations of such party. No breach, violation or default shall be declared by a party under this Agreement unless such party shall first have notified the other party of the specific nature of the breach, violation or default and shall have given the other party a thirty (30) day period to cure same.

12. Lessor agrees that if it fails to timely pay the full leasing commissions due to Broker in this transaction, Broker may give written notice of Lessor's non-payment to Tenant, and thereafter Tenant shall be obligated to pay (and Lessor hereby authorizes same and grants to

Tenant the right to pay) its rent under this Lease directly to Broker until such time as Broker has received full payment of such leasing commissions, plus any interest accrued thereon.

13. In the event Broker is required to take any legal action (including arbitration proceedings) to enforce any part of this Agreement, or to collect any commissions or other sums due hereunder, Broker shall be entitled to interest of twelve percent (12%) per annum on all amounts due and owing, and Broker shall also be entitled to reimbursement from Lessor for all of its costs and expenses incurred in connection therewith (including, without limitation, attorney's fees of fifteen percent (15%) of the amounts due and owing to Broker). In the event any dispute, controversy or claim should arise under or concerning this Agreement, at the demand of Broker the parties hereto agree to submit such dispute, controversy or claim to binding and final arbitration under the Commercial Arbitration Rules of the American Arbitration Association, located in Washington, DC.

14. This Agreement contains the entire understanding of the parties hereto and may not be changed or modified except by written instrument signed by the parties or their duly authorized officers or representatives.

15. This Agreement, and the obligations of the parties hereunder, shall be interpreted, construed, and enforced in accordance with the laws of the District of Columbia and shall be binding upon, and inure to the benefit of, the heirs, administrators, successors, assigns, subsidiaries, parents and affiliates of the parties hereto.

IN WITNESS WHEREOF, The parties hereunto have executed this Exclusive Leasing Brokerage Agreement under seal, on the day and year first written above.

LESSOR: HAI REAL ESTATE HOLDINGS, LLC

By: ______________________

John Houston, III
Principal

BROKER: FRASER FORBES REAL ESTATE SERVICES

By: ______________________

Richard O. Samit
Chief Executive Officer

EXHIBIT "A"
COMMISSION SCHEDULE

As compensation for its services hereunder, the Lessor shall pay to Broker leasing commissions, as follows:

A. ON LEASES: Six percent (6%) of the gross aggregate base or minimum rent, as provided in the Lease, for the full Lease term.

B. ON RENEWALS OR EXTENSIONS: Six percent (6%) of the gross aggregate base or minimum rent, as provided in the Lease renewal or extension instrument, for the full term of the renewal or extension of the Lease.

C. TERMS OF PAYMENT: All commissions due to Broker pursuant to paragraphs A-B of this Exhibit "A" shall be paid fifty percent (50%) upon full execution of the Lease (or other applicable instrument) and fifty percent (50%) upon commencement of the term of the Lease, Renewal or Extension. Base or minimum rent, on which the commissions set forth above are based, shall not include any additional rent payable for taxes, operating expenses, or Consumer Price Index increases, but shall include any step-ups, increases or adjustments in the base or minimum rent which are set forth in the Lease. All commissions not paid when due shall accrue interest from such due date until the date of payment at the rate of twelve percent (12%) per annum.

D. LESSOR'S RELEASE FROM LIABILITIES:

a. In the event Lessor is released by Landlord from its leasehold liability (or any part thereof) as a result of Broker's representation of Lessor's interests in the procurement of either (i) a full or partial cancellation of its leasehold obligations for the Premises, or (ii) a new Lease between Landlord and a third party new Tenant whereby the new Tenant's liability substitutes for or replaces Lessor's previous existing leasehold liability, then Broker shall be entitled to a commission from Lessor, payable upon the full execution of such cancellation or new lease, in the amount of Six percent (6%) of the total liability for gross aggregate base or minimum rent from which Lessor has been relieved.

b. In the event that (i) the Broker receives a leasing commission arising from the Lessor's leasing of new space in another building, and (ii) in connection with such leasing of new space the Lessor thereof assumes all or a part of Lessor's liability or obligations under the previously existing Leases for the Premises, then notwithstanding the provisions of Paragraph D(a) hereinabove, the Broker shall not be entitled to receive any commissions under this Agreement by reason of such assumption.