LAND DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

RLA REVITALIZATION CORPORATION

and

NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC.

for the

SALE AND DEVELOPMENT OF

PARCEL 5 IN THE FOURTEENTH STREET URBAN RENEWAL AREA

Dated October 15, 2003

Instrument No. _____
Recordation No. _____
Contract No. _____
Square _____, Lot _____
Disposition Lot _____

ZONING COMMISSION
CASE No. 05-14
EXHIBIT No. 3

ZONING COMMISSION
District of Columbia
CASE NO.05-14
EXHIBIT NO.3

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EXHIBITS.

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LAND DISPOSITION AND DEVELOPMENT AGREEMENT

THIS LAND DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 15th day of October, 2003, by and between the RLA REVITALIZATION CORPORATION, an instrumentality of the District of Columbia ("Corporation") and NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit corporation ("Developer")

RECITALS

R-1. Corporation currently owns or controls certain Property (defined below) and wishes to provide for the disposition and redevelopment of the Property in accordance with the best interests of the District (defined below) and the physical, social and economic well-being of its citizens, and pursuant to public purposes and the applicable provisions of federal and District laws.

R-2. Corporation and Developer entered into that certain ERA (defined below) pursuant to which Corporation granted to Developer the exclusive right, for the time period and pursuant to the terms and conditions identified in the ERA, to prepare and submit to Corporation an acceptable plan for the acquisition, development, construction, financing, use and operation of the Property.

R-3. In accordance with the ERA, Corporation desires to sell to Developer and Developer wishes to purchase from Corporation the Property pursuant to the terms and conditions contained herein

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

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged by the Parties (defined below) hereto, Corporation and Developer, do hereby agree as follows, to wit:

ARTICLE 1 - DEFINITIONS

For the purposes of this Agreement, the following 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:

Act: means the RLA Revitalization Corporation Amendment Act of 2002 (DC Law 14-188).

Additional Deposit: means that certain deposit paid by Developer to Corporation pursuant to Section 2.2 hereof.

ADU: means an affordable dwelling unit, which is a low or moderate income sales or rental unit under Section 1799.1, Title 11 of the District of Columbia Municipal Regulations. The location of each ADU in the Project shall be as shown on the Permitted Uses Plan.

ADU Period: means a period of twenty (20) years beginning on the date of recording of the deed of conveyance of the Residential Unit to the first Qualified Purchaser.

ADU Reseller: has the meaning given it in Exhibit J hereto

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, manager, member or trustee of such first Person, or (iii) any officer, director, partner, manager, member or trustee of any Person described in clauses (i) or (ii) of this sentence. As used in this definition of Affiliate, 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.

Agreement: means this Land Disposition and Development Agreement between Corporation and Developer for the acquisition, development, construction, financing, use and operation of the Property.

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

Anniversary Date: means the Buyout Date

Approved Mortgage: has the meaning given it in Section 13 1 1 hereof.

Approved Mortgagee: has the meaning given it in Section 13.1.1 hereof.

Architect: means Morris Architects or another architect of record for the Project approved by Corporation.

Board of Directors: means the Board of Directors of Corporation.

Budget: means the budget for the total estimated Costs for the Improvements and for acquisition costs of the Property, as approved by Corporation in accordance with the terms of this Agreement.

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

Buyout Date: means ten (10) years after the Stabilization Date.

Capital Event Proceeds: means all proceeds from (1) the sale (excluding Net Sales Proceeds from Residential Units in the ordinary course of business) or refinancing of the Project or any part thereof (net of payoff of any Approved Mortgages, Unrelated Party Costs paid by Developer in connection with such sale or refinancing, and such proceeds that are used to pay Unrelated Party Costs paid by Developer to improve, restore or repair the Project) and (2) condemnation and insurance (excluding any proceeds of rent interruption or business interruption insurance) for the Project or any part thereof (net of pay off of any Approved Mortgages. Unrelated Party Costs paid by Developer in connection with such condemnation or casualty, and such proceeds that are used to pay Unrelated Party Costs paid by Developer to restore the Project).

Capital Expenditures means capital expenditures for the Project as determined in accordance with generally accepted accounting principles consistently applied.

Cash Investment: means all equity investment actually made by any Member of Developer, reduced by any return of equity distributed to any Member of Developer as Capital Event Proceeds

Certificate of Completion: means that certification provided by Corporation to Developer upon Completion of Construction, as further identified in Section 5.8 hereof

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 Improvements to be located on the Property.

Child Development Center: means the approximately 10,333 square feet of space on the ground floor and below grade, to be leased to a child development center operator approved by Corporation for operation of a child development center, or to be leased to such other tenant and for such other use as Corporation may approve in its sole discretion in accordance with Section 5.17. The location of the Child Development Center will be as shown on the Permitted Uses Plan.

Closing: means the act by which Corporation transfers the Property to Developer and Developer pays the Purchase Price to Corporation, as further identified in Section 3.1 hereof.

Closing Date: means that date upon which the Closing shall occur, as further identified in Section 3.1 hereof.

Commencement of Construction: means Developer has executed the Construction Contract with the Contractor, given the Contractor a notice to proceed under the Construction Contract, caused the Contractor to mobilize on the Property equipment required to commence excavation under the Construction Contract, obtained the Permits and commenced excavation upon the Property pursuant to the Final Plans. 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 redevelopment or the investigations of environmental conditions.

Completion of Construction: means (i) Developer has completed construction of all of the Improvements, including Punch List Items, in accordance with the Final Plans and this Agreement, the Contractor is entitled to final payment under the Construction Contract and the Architect has provided to Corporation a certificate in form acceptable to Corporation, in its reasonable discretion, certifying that the Improvements have been constructed in accordance with the Final Plans and all applicable Laws; (ii) if required by Corporation, Corporation's construction consultant has completed a final inspection of the Improvements to determine the conformance of the Improvements with the requirements of this Agreement; and (iii) Certificates of Occupancy have been issued for such Improvements except the Tenant Areas, Developer has obtained shell and core Certificates of Occupancy for the Retail Areas other than the Tenant Areas, and Developer has completed the building skin for the Tenant Areas, such that the Tenant Areas are weather-tight, and has completed the building systems to the Tenant Areas.

Condemnation Reimbursement Amount: means the Unrelated Party Costs paid by Developer in connection with the satisfaction of the requirements of this Agreement or any of the conditions precedent to Closing, drafting and negotiation of and entry into this Agreement, preparation and review of all plans, materials, information and items submitted to Corporation under this Agreement or any other agreement for the Project between Corporation and Developer, and Unrelated Party Costs paid by Developer in connection with the development, construction, financing, operation or sale of the Property (including, without limitation, actual but not unreasonable fees and expenses of any and all attorney(s), construction consultant(s), environmental consultant(s), appraiser(s), architect(s) and accountant(s)), but expressly excluding any and all such costs paid or incurred by Developer prior to the execution of the ERA.

Construction Contract: means the contract with the Contractor for the construction of all of the Improvements in accordance with the Development Plan and this Agreement, as approved by Corporation pursuant to Section 4.2(8) hereof.

Construction Financing: means financing to be obtained by Developer from Institutional Lender(s) and used solely for the purpose of development and construction of the Project on the Property and for payment of interest accruing during the construction period. The amount and terms of the Construction Financing are subject to Corporation's approval as provided in Section 4 2(3) hereof

Contractor: means the general contractor for the Project, approved by Corporation pursuant to Section 4.2(8) hereof

Corporation: means the RLA Revitalization Corporation, or its successor-in-interest.

Costs: means all customary and reasonable costs that are directly related to development or construction of the Improvements on the Property (including, without limitation, Tenant Improvement Costs) and shall include all hard costs (including, without limitation, costs of labor and materials) and soft costs (including, without limitation, financing costs, interest costs and costs incurred in connection with the retention of consultants and attorneys) and contingencies.

Deed: means the special warranty deed conveying the Property to Developer at Closing in the form of Exhibit B attached hereto.

Deposit: has the meaning given it in Section 2 2 hereof.

Developer: means solely and exclusively Non-Profit Community Development Corporation of Washington, DC, Inc., a District of Columbia not-for-profit corporation, the ownership of which is composed of the Persons identified in Section 6.2(1), or any permitted purchaser, assignee, transferee or other successor-in-interest of Developer pursuant to a Transfer approved by Corporation in accordance with this Agreement.

Developer Fees: means fees for services paid to any Developer Party and provided in connection with the development and construction of the Project prior to or upon the issuance of the Certificate of Completion or in connection with the sales, management and leasing of the Project (including, without limitation, development fees, property management fees, leasing fees or sales commissions, as applicable), as such fees are approved by Corporation. The amount of each such fee, together with fees paid to any Unrelated Party for such services, shall not exceed the amount that would have been paid for such services to an Unrelated Party if

negotiated at arms length. The approved amount of each such Developer Fee is set forth on Exhibit G

Developer Party: means (i) Developer, (ii) any Member of Developer, (iii) any Affiliate of Developer, or (iv) any Affiliate of any Member of Developer.

Development Plan: means Developer's detailed plans for developing, constructing, financing, using and operating the Property, as approved by Corporation in accordance with the ERA and this Agreement including, without limitation, the ERA Submissions, the Permitted Uses Plan, the Final Plans and the Submissions identified in Section 4.2 hereof. The Development Plan is summarized on the Development Plan Summary attached hereto as Exhibit C and incorporated herein by reference

Development Team: means the development team for the Project, including without limitation Developer, the Architect, the Contractor, attorney, lender, leasing agent, financial advisor, management consultant, and other professionals, consultants and advisors for the Project approved by Corporation as part of the Development Plan.

Distributable Cash Flow: means all gross revenues, receipts and cash proceeds of any kind or nature (excluding Capital Event Proceeds) including, without limitation, rental income, license income, fee income, ancillary service income, deposit forfeitures, proceeds from rent loss insurance and business interruption insurance hereof, and any releases from Reserves, less Operating Expenses of the Property, debt service payments for Approved Mortgages, Capital Expenditures relating to the Project (other than those funded with equity investments or proceeds from sales, refinancings, condemnation or insurance) and additions to Reserves Distributable Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances.

District: means Washington, District of Columbia.

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

Encumbrances: means any and all encumbrances, easements, encroachments, leases, covenants, conditions, restrictions, Mortgages, liens, defects, and reservations.

Environmental Law: means any federal or District law, ordinance, rule, regulation, requirement, guideline, code, resolution, order or decree (including consent decrees and administrative orders) which regulates the use, generation, handling, storage, treatment, transportation, decontamination, clean-up, removal, encapsulation, enclosure, abatement or disposal of any Hazardous Material, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Sections 2601, *et seq.*, the Clean Water Act, 33 U.S C. Sections 1251 *et seq.*, their District analogs, and any other federal or District statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Material.

Equity Basis: means the amount of One Million Dollars ($1,000,000), which the Parties agree shall serve as Developer's equity investment in the Project for purposes of determining participation pursuant to Article 2A

Equity Commitment: means the commitment of Developer's Members to provide equity for the Project pursuant to Section 4.2(3) hereof.

ERA: means that certain Exclusive Right Agreement dated October 16, 2002 between Corporation and a partnership between Developer and MissionFirst with respect to the Property, as such agreement has been extended and amended, and which expires upon the Effective Date. Notwithstanding anything to the contrary contained herein or in the ERA, in the event of a conflict between the ERA and this Agreement, this Agreement shall control.

ERA Deposit: means that certain deposit filed by Developer with Corporation in accordance with Section 3 of the ERA, as further discussed in Section 2.2 hereof.

ERA Submissions: means all those documents, plans and other submissions required to be submitted by Developer to Corporation in accordance with Sections 8 and 9 of the ERA as approved by Corporation in accordance with the ERA. Notwithstanding anything to the contrary contained herein or in the ERA, in the event of a conflict between the ERA Submissions and the Final Plans and Submissions, the Final Plans and Submissions shall control.

Exercise Notice: has the meaning given it in Section 12.6 hereof.

Family Member: means, for each individual who, as of the Effective Date, directly or indirectly owns an equity interest in Developer, such individual's spouse, children, grandchildren, and any trust or other entity in which the ultimate beneficial owners are any of the foregoing individuals.

Final Plans: means those certain final plans, specifications and drawings of the Improvements necessary for the Improvements to be constructed and completed and for Developer to obtain all necessary Permits for the construction of all of the Improvements, as approved by Corporation in accordance with Section 4.1 hereof.

Fiscal Year: has the meaning given it in Section 2A.5 hereof.

Force Majeure: means delays in the performance of either party's obligations hereunder by reason of (i) unusual and extreme weather, (ii) war, terrorism or national conflicts or priorities arising therefrom, (iii) major casualties, (iv) acts or omissions of the other party not permitted under this Agreement which cause delay, (v) despite diligent and good faith efforts, delays in obtaining approval from, or changes ordered by, any governmental jurisdiction with authority over the development of the Property or Improvements (provided that Corporation is not a governmental jurisdiction with authority over the development for the purposes of this definition), or (vi) any other matters not within the party's control.

For-Sale Component: means the individual Residential Units and any adjacent common areas of the Project which are to be subject to the Owner's Association Documents.

Hazardous Materials: means any flammable, explosive, radioactive or reactive materials, any asbestos (whether friable or non-friable), any pollutants, contaminants or other hazardous, dangerous or toxic chemicals, materials or substances, any petroleum products or substances or compounds containing petroleum products, including gasoline, diesel fuel and oil, any polychlorinated biphenyls or substances or compounds containing polychlorinated biphenyls, medical waste, and any other material or substance defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic materials," "contamination," and/or "pollution" within the meaning of any Environmental Law.

HUD: means the United States Department of Housing and Urban Development.

Improvements: means the structures, landscaping, hardscape and/or site improvements to be constructed or placed on the Property by Developer in accordance with the Development Plan; 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 Agreement.

Indemnified Parties: means Corporation and the District, and their respective directors, officers, agents and employees

Institutional Lender: means a lender that is an Unrelated Party of Developer 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 land records for the District located in the Office of the Recorder of Deeds of the District.

Laws: means all applicable District and federal laws, codes and regulations, including, without limitation, Environmental Laws, all laws relating to accessibility for persons with disabilities, and, if applicable, the Davis-Bacon Act.

Loan Commitments: means the commitments of the Institutional Lenders to provide financing for the Project pursuant to Section 4.2(3) hereof.

Loan Documents: has the meaning given it in Section 13.1.3 hereof.

LSDBE: has the meaning given it in Section 11.3 hereof.

Member: means any Person with an ownership interest in Developer, whether as a member of a limited liability company, a shareholder in a corporation, a partner in a partnership, a beneficiary under a trust or otherwise. In the case of Developer, the Members shall be the Persons identified in Section 6.2(1) hereof or their permitted assigns under Article 9 hereof.

MissionFirst: means MissionFirst Development LLC, a District of Columbia limited liability corporation.

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

Mortgagee: means the party or parties to whom a money obligation is owed, the payment of which is secured by Developer's interest in the Property under the terms of a Mortgage, including without limitation any Affiliate or participant of the Mortgagee or beneficiary under a Mortgage and any purchaser of the Property and Improvements by means of a foreclosure sale of the Property and Improvements under the Mortgage or transfer in lieu thereof, and any successors and assigns of such parties.

Net Condemnation Proceeds: means all proceeds from any condemnation or other taking of the Property less the Unrelated Party Costs paid or incurred by Corporation in connection with such condemnation.

Net Sales Proceeds: means for each Residential Unit (i) the gross sales price of the Residential Unit sold and conveyed, including all sums paid by the purchaser of the Residential Unit for options and upgrades minus (ii) the ordinary, reasonable and customary closing costs paid by Developer to Unrelated Parties, real estate sales commissions with respect to such Residential Unit (not to exceed 6%) and amounts paid to the Approved Mortgagee with respect to the Construction Loan encumbering the Residential Unit.

NPCDC: means Non-Profit Community Development Corporation of Washington, DC, Inc , a District of Columbia not-for-profit corporation.

Operating Expenses: means operating expenses for the Project as determined in accordance with generally accepted accounting principles consistently applied.

Outside Closing Date: has the meaning given it in Section 3.1 hereof.

Owners Association Documents: means the documents governing the use, maintenance and operation of the common areas and community spaces in the Project, as approved by Corporation in accordance with Section 4.2 (14) hereof.

Participation Arbitration: has the meaning given it in Section 2A.10 hereof

Parties: means the parties to this Agreement (i.e., Corporation and Developer) and, as applicable, their respective successors and permitted assigns

Payoff Amount: has the meaning given it in Section 13.5 hereof.

Permanent Financing: means financing to be obtained by Developer from Institutional Lender(s) and used for the purpose paying off the Construction Financing, the amount and terms of which are subject to Corporation's approval as provided in Section 4.2(3) hereof.

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

Permitted Encumbrance: means any Encumbrance that is (i) typically recorded in the ordinary course of business in connection with development, or construction of a project similar in nature to the Project that does not secure any monetary obligations and does not materially detract from the value of the Property (e.g., a utility easement), or (ii) an inchoate lien on the Property arising by law and securing future payment of taxes or utilities.

Permitted Exceptions: has the meaning given it in Section 2.4 hereof.

Permitted Transfers: has the meaning given it in Section 9 4 hereof.

Permitted Uses: means not less than 10,333 square feet of retail space on the ground floor and below grade, the Child Development Center, fifty-six (56) residential units, and at least the minimum number of parking spaces required by current zoning regulations, as further identified in the Development Plan. The location of each of the Permitted Uses shall be as

identified in the Permitted Uses Plan. A minimum of fifty percent (50%) of the residential units will be ADUs, with 3 units affordable at 30% of AMI, 7 units affordable at 60% of AMI, and 18 units affordable at 80% of AMI. The types and locations of units which are to be ADUs are subject to Corporation's approval in its sole discretion in accordance with this Agreement and shall be confirmed in the Permitted Uses Statement.

Permitted Uses Period: has the meaning given it in Section 8.2 hereof.

Permitted Uses Plan: means the plan showing the location and size of all Permitted Uses attached as Exhibit K and incorporated herein by reference. In the event of a change to the Permitted Uses approved by Corporation, Developer shall prepare and submit to Corporation a revised Permitted Uses Plan reflecting such change, and Corporation and Developer shall execute an amendment to this Agreement incorporating the revised Permitted Uses Plan. If such approved change occurs after Closing, then Developer shall record such amendment, at Developer's expense

Permitted Uses Statement: has the meaning given it in Section 5.17 hereof.

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

Project: means the Property and Improvements, and the development and construction thereof in accordance with the Development Plan and this Agreement.

Project Annual Budget: has the meaning given it in Section 2A.6 hereof.

Project Annual Statement: has the meaning given it in Section 2A.6 hereof.

Project Area: shall have the meaning given it in DC Code Section 6-301.02(12).

Property: means that certain property located at 2746 14th Street, NW and known as Parcel 5, as more particularly described on Exhibit A attached hereto and incorporated herein by reference, and which is the sole subject of conveyance herein.

Punch List Items: means the minor items of work to be completed or corrected prior to final payment to Contractor pursuant to the Construction Contract in order to fully complete the Improvements in accordance with the Final Plans and this Agreement.

Purchase Price: means the price Developer shall pay for the acquisition of the Property pursuant to Section 2 1 hereof.

Qualified Purchaser: means a bona fide Unrelated Party purchaser of a Residential Unit who represents to Developer in a written statement that he or she intends to occupy the Residential Unit as his or her primary residence. In the case of Residential Unit ADUs, the Qualified Purchaser must also meet the income requirements set forth in Section 8.5 for the Residential Unit.

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).

Rental Component: means all portions of the Project other than the For-Sale Component, which are designed to be used for commercial and/or residential rental uses.

Reserves: means reserves for the Project as determined in accordance with generally accepted accounting principles consistently applied.

Residential Unit: means an individual residential unit that is one of the not less than fifty-six (56) residential units in the For-Sale Component to be constructed on Property and sold to Qualified Purchasers pursuant to the Development Plan and this Agreement. The location of the Residential Units shall be as shown on the Permitted Uses Plan.

Retail Areas: means the areas designated for retail use on the Permitted Uses Plan.

Right of Re-entry: has the meaning given it in Section 12.6 hereof.

Schedule of Performance: means that schedule of performance of the development and construction of the Improvements and submission of documentation required under this Agreement, attached hereto as Exhibit D and incorporated herein by reference.

Settlement Agent: means a title company or lawyer with offices in the District mutually acceptable to Developer and Corporation in their reasonable discretion.

Signage Program: means Developer's signage program for the Project, which shall include a description of the number, placement, graphics, design and materials for exterior permanent signs at the Project

Significant Changes: means (i) any change to the Costs (excluding Tenant Improvement Costs) of more than five percent (5%) in the aggregate, or of more than ten percent (10%), individually; (ii) any change to the Tenant Improvement Costs of more than ten percent (10%) in the aggregate; (iii) any change in size or design affecting exterior walls and elevations, building bulk, coverage or floor area ratio or number of floors (including without limitation any change in the size of the Improvements that is in excess of five percent (5%) of the total square footage thereof); (iv) any changes reducing off-street parking facilities; (v) any changes in colors, size or design or use of exterior finishing materials affecting architectural appearance; (vi) any change in functional use and operation of the Improvements from those shown and specified in the approved Final Plans (including without limitation any change inconsistent with the Permitted Uses Plan); (vii) any changes in the design and construction of the Project requiring approval of, or any changes required by, any District agency, body, commission or officer (other than Corporation); (viii) any change in landscape, planting, and design; (ix) any change in size or quality of exterior pavement, pedestrian malls, plazas, retaining walls, pools and fountains, exterior lighting, public art and other site features related to the development of the Property; (x) any change in the placement or size of service facilities or in the number of elevators, stairs or ramps or changes in general pedestrian or vehicular circulation in, around or through the Improvements; (xi) any change affecting Residential Unit mix (including without limitation, number and location of ADUs), unit type, unit size, unit systems or, in the case of ADUs only, level of interior finish (provided however, that with respect to any such changes to the market-rate Residential Units, Corporation agrees to review the requested change in its reasonable discretion taking into consideration the then-current market for similar residential units, among other factors Corporation may consider); (xii) any change in the Signage Program; (xiii) any changes to the Permitted Uses Plan; and/or (xiv) any change requiring a modification of any publicly approved plan or development controls, as applicable.

Signs: has the meaning given it in Section 5.14 hereof.

Stabilization Date: means the first date following issuance of the Certificate of Completion on which: (i) all of the Residential Units have been sold and conveyed to Qualified

Purchasers, (ii) at least 85% of the net rentable square feet of the Retail Areas have been leased to, and are occupied by, Unrelated Party tenants, and (iii) the Child Development Center is occupied pursuant to the lease approved by Corporation in accordance with this Agreement.

Statement of Allocations: has the meaning given it in Section 2A.6 hereof.

Submissions: means those certain additional plans, specifications and other documents identified in Sections 4.1 and 4.2 required to be submitted by Developer and approved by Corporation in order to develop, construct, finance, use and operate the Improvements, in accordance with this Agreement.

Tenant Areas: means the portions of the Retail Areas leased to Unrelated Party tenants for which either Developer or such tenant has obtained Permits for the tenant's leasehold improvements and has commenced construction of such leasehold improvements.

Tenant Improvement Costs: means the cost of leasehold improvements constructed and/or installed at the expense of Developer in connection with the leasing of Retail Areas in the Project, including, without limitation, the value of any allowance for such improvements regardless of whether such amount is actually paid or set off against rent otherwise due.

Third-Party Fees: has the meaning given it in Section 15.21 hereof.

Transfer: means any sale, assignment, conveyance, lease, trust, power, encumbrance or other transfer of this Agreement, the Property, or the Improvements, or of any portion of this Agreement, the Property or the Improvements, or of any interest in this Agreement, the Property or the Improvements, or any contract or agreement to do any of the same. As used in this Agreement, a Transfer shall also be deemed to have occurred if: (i) in a single transaction or a series of transactions (including without limitation, increased capitalization, merger with another entity, combination with another entity, or other amendments, issuance of additional or new stock, partnership interests or membership interests, reclassification thereof or otherwise), whether related or unrelated, more than ten percent (10%) in stock, membership interest, limited partnership interest or beneficial interest in Developer is sold, transferred, diluted, reduced or otherwise affected (whether directly or indirectly) with the result that the present holder or owners of Developer have less than a ninety percent (90%) stock, membership interest, limited partnership interest or beneficial interest in Developer; or (ii) in a single transaction or series of transactions, whether related or unrelated, any general partnership interest, manager interest or managing member interest in Developer or a controlling interest (i.e., more than ten percent (10%)) in any general partner, manager or managing member of Developer is sold, transferred, diluted, reduced or otherwise affected (whether directly or indirectly) with the result that the present general partners, managers or managing members of Developer are no longer general partners, managers or managing members of Developer or that the present holders or owners of each such general partner, manager or managing member no longer control such general partners, managers or managing members; (iii) in a single transaction or series of transactions, whether related or unrelated, more than ten percent (10%) of the stock, membership interest, partnership interest or beneficial interests in Developer is redistributed among the current stockholders, members, partners or owners; (iv) any change in the officers of any corporate Developer, general partner, manager or managing member occurs; (v) an assignment or transfer by operation of Law occurs; or (vi) there is a substantial change in minority and local participation in the ownership or management of Developer, which shall mean any change the result of which will be to alter the percentage of minority and local participation more than ten percent (10%) from that previously presented to the Board of Directors or a change that results in the loss of minority and local status.

Unit Certificate of Completion: has the meaning given it in Section 5.8 hereof.

Unrelated Party: means, with respect to Developer, an Unrelated Party is a Person that has no direct or indirect ownership interest in, or control of, Developer or its Members, provided, that a Person that is a Developer Party or an officer, director or employee of a Developer Party, shall not be an Unrelated Party, and, with respect to Corporation, an Unrelated Party is a Person that is not an officer, director, or employee of Corporation

Unrelated Party Costs: means reasonable and actual costs (not including overhead) paid to an Unrelated Party.

ARTICLE 2 - CONVEYANCE; PURCHASE PRICE; CONDITION OF PROPERTY

2.1 SALE; PURCHASE PRICE

Subject to all the terms, covenants, and conditions of this Agreement, Corporation hereby agrees to sell the Property to Developer and Developer hereby agrees to purchase the Property from Corporation, in consideration of the Purchase Price set forth below, the right of Corporation to participation payments in accordance with Article 2A, and for the purposes of developing, constructing, maintaining, using and operating the Improvements thereon

Developer agrees to pay the sum of One Hundred Eighty-Five Thousand Dollars ($185,000) (the "Purchase Price") to Corporation by certified check or wired funds simultaneously upon Closing.

2.2 DEPOSIT

In accordance with the ERA, Developer has previously paid to Corporation an aggregate deposit of Twenty-Five Thousand Dollars ($25,000.00) ("ERA Deposit") On the Effective Date, Developer shall pay to Corporation an additional deposit in the amount of Twenty-Five Thousand Dollars ($25,000.00) (for a total Deposit of Fifty Thousand Dollars ($50,000.00)) in the form of certified check or wired funds ("Additional Deposit") As used in this Agreement the term "Deposit" means the ERA Deposit and the Additional Deposit, less any amounts offset by Corporation pursuant to this Agreement It is expressly understood and agreed that Corporation may, but is not obligated to, invest the Deposit in an interest-bearing account. Interest earned on the Deposit, if any, shall become a part thereof, and shall be distributed together with the Deposit in accordance with this Agreement. The Deposit shall be held by Corporation as partial security for the performance of the obligations of Developer under this Agreement. Developer hereby grants Corporation a security interest in the Deposit. The Deposit shall be retained by Corporation until the issuance of the Certificate of Completion for the Improvements, at which time the Deposit shall be returned to Developer. The Deposit is not a payment on account of and shall not be credited against the Purchase Price. If this Agreement is terminated pursuant to Section 12.3 as a result of any default by Developer hereunder, then the Deposit, after such termination, shall be retained by Corporation as provided in Section 12.3. If this Agreement is terminated pursuant to Section 12.5 as a result of any default by Corporation hereunder, then the Deposit, after such termination, shall be returned to Developer by Corporation as provided in Section 12.5. Corporation may, at its sole option, set off against the Deposit any amounts due to Corporation from Developer under this Agreement from Developer that are not timely paid.

2.3 CONDITION OF PROPERTY

2.3.1 Feasibility Studies

Developer hereby acknowledges that, prior to the Effective Date, it has had the right to perform soil, engineering, Phase I and Phase 2 environmental tests and other tests and studies on the Property using experts of its own choosing and to access the Property for the purposes of performing such tests and studies in accordance with the ERA. Developer further acknowledges that it has completed all soil, engineering, environmental tests and other tests and studies of the Property and that such tests and studies did not reflect results materially adverse to Developer's intended use of the Property Prior to Closing, Corporation shall permit Developer, its agents, employees and contractors, to continue to have access to the Property at reasonable times for the purpose of performing additional tests and studies; provided however, that Developer shall not have the right to object to any condition that may be discovered or to terminate this Agreement as a result of such additional tests or studies.

2.3.2 Access to Property

Developer hereby indemnifies and holds Corporation harmless and shall defend Corporation (with counsel reasonably satisfactory to Corporation) 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 Corporation as a result of tests, studies or other activities at the Property conducted by Developer or its agents, employees or contractors. Developer covenants and agrees that Developer shall keep confidential all information obtained by Developer in accordance with this Section 2; provided however, that Developer may disclose such information to its Affiliates, Members, attorneys, consultants, title company, potential Members and potential lenders so long as Developer directs such parties to maintain such information as confidential. Any access to the Property by Developer pursuant to this Section 2 shall additionally be subject to all of Developer's insurance obligations contained in Article 10 and shall restore the Property after such tests are completed. All such obligations shall survive the termination of this Agreement or issuance of the Certificate of Completion, as applicable.

2.3.3 Soil Characteristics

Corporation hereby acknowledges to Developer 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 Urban land not rated (Ub), Urban land not rated - chillum complex, 0 to 8 percent slopes (UeB), and Urban land not rated - chillum complex, 8 to 15 percent slopes (UeC). 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.

2.3.4 Underground Storage Tanks

Developer hereby acknowledges receipt, prior to entering into this Agreement, of a disclosure by Corporation as to whether Corporation is aware of any underground storage tanks located on the Property or the removal of any underground storage tanks during the time Corporation has owned the Property. Developer acknowledges that such disclosure has been provided in compliance with the District of Columbia Underground Storage Tank Management Act of 1990, as amended.

2.3.5 Lead-Based Paint

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Developer hereby acknowledges receipt, prior to entering into this Agreement, of disclosure by Corporation as to whether Corporation is aware of any lead-based paint hazards located on the Property and of a list of any records available to Corporation pertaining to lead-based paint hazards on the Property. Developer acknowledges receipt of the opportunity to conduct the risk assessment or inspection required by 24 C F.R. §35 90(a) or has waived the opportunity. Developer acknowledges that such disclosure has been provided in compliance with 24 C F R §§ 35.80-35.98

2.3.6 AS-IS

CORPORATION SHALL CONVEY THE PROPERTY TO DEVELOPER IN "AS IS" CONDITION AND CORPORATION 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 ENVIRONMENTAL LAW, OTHER LAW OR ANY OTHER MATTER AFFECTING THE USE, VALUE, OCCUPANCY OR ENJOYMENT OF THE PROPERTY, OR AS TO ANY OTHER MATTER WHATSOEVER. CORPORATION SHALL HAVE NO RESPONSIBILITY TO PREPARE THE PROPERTY IN ANY WAY FOR DEVELOPMENT AT ANY TIME. DEVELOPER ACKNOWLEDGES THAT NEITHER CORPORATION NOR ANY EMPLOYEE, REPRESENTATIVE OR AGENT OF CORPORATION HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY IMPROVEMENTS THEREON. THE PROVISIONS HEREOF SHALL SURVIVE TERMINATION OF THIS AGREEMENT OR ISSUANCE OF THE CERTIFICATE OF COMPLETION, AS APPLICABLE.

2.4 TITLE

Developer hereby acknowledges that, pursuant to the ERA, title to the Property has been investigated by Developer and is deemed acceptable. At Closing, Corporation shall convey title to the Property "AS IS" and subject to all Encumbrances identified in the title commitment attached hereto as Exhibit E and incorporated herein by reference, and subject to the following: (i) real property taxes and water and sewer charges which are not due and payable as of the Closing Date, subject to the obligation to pro-rate taxes on the Property as set forth herein; (ii) any existing exceptions of record as of the later of the date of the title commitment attached at Exhibit E or sixty (60) days prior to the Effective Date; (iii) encroachments, overlaps, boundary disputes, or other matters which would be disclosed by an accurate survey or an inspection of the Property as of the Effective Date; (iv) the terms and conditions of this Agreement, including without limitation, the development obligations identified in Article 5; (v) defects or exceptions to title to the extent such defects or exceptions are created by Developer or its agents, employees, contractors, subcontractors or invitees 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 its agents, employees, contractors, subcontractors or invitees, (vi) all building, zoning and other District or federal Laws (whether existing or proposed) affecting the Property; (vii) any easements, rights-of-way, exceptions and other matters required in order to obtain necessary governmental approval of the development of the Property or construction of the Improvements in accordance with this Agreement; and (viii) the easements, licenses, and other rights to be reserved by Corporation at Closing pursuant to this Agreement, including (without limitation) the Right of Re-entry.

All such easements, encumbrances, encroachments, exceptions, covenants, conditions and restrictions on the Property existing of record and otherwise, including those listed on the title commitment attached hereto as Exhibit E and in clauses (i) through (viii) above shall be known herein collectively as the "Permitted Exceptions". During the term of this Agreement, Corporation agrees not to take any action that would cause a change to the status of title to the Property existing as of the Effective Date, except as expressly permitted in this Agreement and except for the Permitted Exceptions.

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, that Corporation shall assign to Developer at Closing any unexpended insurance proceeds and any uncollected claims and rights under insurance policies covering such loss, if any.

2.6 CONDEMNATION

If, prior to Closing, any condemnation or eminent domain proceedings shall be commenced by any competent public authority against the Property, Corporation shall promptly give Developer written notice thereof. In such event, Corporation shall determine, in its sole discretion, whether it elects to terminate this Agreement or to proceed to Closing, and shall promptly thereafter notify Developer of its election.

If Corporation elects to terminate this Agreement, then upon delivery of written notice to Developer of such termination the Parties shall be released from any further liability or obligation hereunder, except as otherwise provided in this Agreement, and Developer shall have the right to receive an amount not to exceed the Condemnation Reimbursement Amount, payable in accordance with this Section 2.6. Net Condemnation Proceeds actually received by Corporation shall be shared equally by Corporation and Developer until Developer has been reimbursed for the full amount of the Condemnation Reimbursement Amount, and thereafter any remaining Net Condemnation Proceeds shall belong to Corporation. Developer shall provide Corporation with paid invoices and other information reasonably required by Corporation to determine the correct amount of the Condemnation Reimbursement Amount. Developer's sole right to Net Condemnation Proceeds shall be the right to receive up to the Condemnation Reimbursement Amount and Developer hereby waives the right to any other condemnation proceeds. Developer acknowledges that its right to payment in the event of condemnation is limited to one-half of the Net Condemnation Proceeds actually received by Corporation (not to exceed the Condemnation Reimbursement Amount), and that Corporation shall have no liability or obligation to make any other payment to Developer with respect to any such condemnation.

If Corporation elects to proceed to Closing, then Developer shall either: (x) accept the Property without any adjustment to the Purchase Price and subject to the proceedings, in which event Corporation shall assign to Developer at Closing all interest of Corporation in and to the Net Condemnation Proceeds that may be payable to Corporation and Developer shall receive a

credit at Closing in the amount of any Net Condemnation Proceeds actually paid to Corporation prior to the Closing Date, or (y) terminate this Agreement by giving written notice to Corporation within ten (10) days after the date Developer receives notice of Corporation's election to proceed to Closing

If Developer elects to proceed to Closing or fails to notify Corporation within such ten (10) day period of Developer's intention to terminate this Agreement, then Developer shall proceed to Closing as provided in clause (x) above. If Developer timely elects to terminate this Agreement, then the Deposit shall be returned to Developer, but Developer shall have no right to the Condemnation Reimbursement Amount nor to any portion of the Net Condemnation Proceeds

ARTICLE 2A - PARTICIPATION

2A.1 PARTICIPATION

Pursuant to the April 17, 2002 Resolution of the Board of Directors of the Corporation, this Agreement shall be subject to the following condition "Any overall return on the investment of Developer or its investors that exceeds an appropriate return must be reinvested into the community".

Accordingly, Corporation shall be entitled to participation in or approval of the reinvestment of Distributable Cash Flow and Capital Event Proceeds generated by the Project which exceeds the appropriate return agreed to by the Parties and specified herein. Developer's appropriate return will be calculated based on Distributable Cash Flow and Capital Event Proceeds to the Developer Parties, inclusive of all fees of every kind to any Developer Party, other than Developer Fees set forth on Exhibit G. In order to determine such amounts, Capital Event Proceeds and Cash Investment will be allocated between the For-Sale Component and the Rental Component.

The Parties hereby acknowledge and agree that the requirement that excess returns be reinvested in the community may be satisfied by use of such funds in connection with this Project or for the expansion or new construction of facilities for use by or which are directly in furtherance of the mission of NPCDC.

2A.2 FOR-SALE COMPONENT – NET SALES PROCEEDS

Aggregate Net Sales Proceeds from Residential Units in the For-Sale Component shall be applied as follows: **first**, Developer's Cash Investment allocated to the For-Sale Component shall be reduced to zero; **second**, Developer's appropriate return, being the amount of Two Hundred Fifty Thousand Dollars ($250,000), shall be invested as equity in the Rental Component (and will then be treated as Cash Investment allocated to the Rental Component); **thereafter**, all remaining amounts shall be invested as equity in the Rental Component (and will likewise be treated as Cash Investment allocated to the Rental Component), and the investment of such amounts will satisfy the requirement of Section 2A.1 that excess returns be reinvested in the community.

2A.3 PROJECT - DISTRIBUTABLE CASH FLOW

The rate of return to Developer from Distributable Cash Flow will be a cumulative non-compounded annual return, with all Distributable Cash Flow treated as return on the Cash Investment, as follows: **first**, Developer will receive an annualized return of seven percent (7%)

on the Equity Basis; **thereafter**, all remaining amounts shall be reinvested in the community, in a manner approved by the Corporation in its reasonable discretion

2A.4 PROJECT – CAPITAL EVENT PROCEEDS

With respect to Capital Event Proceeds from the Project, Developer shall be entitled to receive a return of all Cash Investment prior to any reinvestment of proceeds in the community pursuant to Section 2A.1. Capital Event Proceeds from the Project shall be applied as follows: **first**, the Cash Investment shall be reduced to zero; **thereafter**, return will be calculated and Capital Event Proceeds in excess of the Cash Investment will be distributed in accordance with Section 2A.3 and Capital Event Proceeds will be treated as if they are Distributable Cash Flow under Section 2A.3 (taking into account the amounts by which prior years' returns were less than or greater than the rate of return specified in Section 2A.3) No payment of Capital Event Proceeds hereunder shall reduce Developer's obligation to make payments under Section 2A.3 hereof.

2A.5 PARTICIPATION PAYMENTS

If one or more of the participation thresholds described in this Article 2A are met, such amounts shall be reinvested in the community in a manner approved by the Corporation in its reasonable discretion. Except as otherwise agreed by the Parties, such amounts shall be disbursed for reinvestment no less often than annually, within ninety (90) days after the end of the accounting year of Developer ("Fiscal Year") If any such payment is not paid when due, such payment shall accrue interest at the rate of ten percent (10%) per annum or the highest rate permitted by law, if less.

2A.6 PROJECT EXPENSES

Prior to the date that is sixty (60) days before the start of any Fiscal Year, Developer shall provide Corporation with a statement of the proposed allocation of Cash Investment, Operating Expenses, Capital Expenditures, Capital Event Proceeds, Reserves and debt between the For-Sale and Rental Components of the Project for such Fiscal Year ("Statement of Allocations"). Prior to the date that is sixty (60) days before the start of any Fiscal Year after the issuance of the Certificate of Completion, Developer shall provide Corporation with a budget showing the Operating Expenses, Reserves, Capital Expenditures, and all other expenses of the Project for the following Fiscal Year ("Project Annual Budget"). The Project Annual Budget shall provide for amounts that are commercially reasonable for the operation and maintenance of the Project, including a contingency amount not to exceed five percent (5%) of the projected Operating Expenses for such Fiscal Year.

Within sixty (60) days after the end of each Fiscal Year, beginning with the Fiscal Year after the issuance of the Certificate of Completion or as soon thereafter as practicable, Developer shall provide Corporation with a statement ("Project Annual Statement") showing the actual Operating Expenses, Reserves and Capital Expenditures and other expenses of the Project for such Fiscal Year and showing the actual allocation of Cash Investment, Operating Expenses, Capital Expenditures, Capital Event Proceeds, Reserves and debt between the For-Sale and Rental Components of the Project for such Fiscal Year, prepared in accordance with generally accepted accounting principles, consistently applied. The Project Annual Statement shall reflect amounts that are commercially reasonable for the operation and maintenance of the Project.

With respect to any individual line item in the Project Annual Statement, the amount will be presumed to be commercially reasonable if it is not more than five percent (5%) greater than

the amount shown for such line item in the corresponding Project Annual Budget. With respect to unanticipated costs (whether operating or capital expenses) reflected in the Project Annual Statement (i.e., items not listed in the corresponding Project Annual Budget), such amounts will be presumed to be commercially reasonable so long as such costs are not more than Twenty Five Thousand Dollars ($25,000) individually, or than One Hundred Thousand Dollars ($100,000) in the aggregate.

Corporation shall have the right to review and approve the Statement of Allocations, the Project Annual Budget, and the Project Annual Statement. If Corporation disapproves of a Statement of Allocations, the Project Annual Budget, or the Project Annual Statement, Corporation shall list the reasons for disapproval with reasonable specificity. If Corporation fails to respond to a request for approval of a Statement of Allocations, Project Annual Budget or Project Annual Statement within thirty (30) days after Corporation's receipt of such item, then such item shall be deemed disapproved. Notwithstanding the foregoing, Corporation's failure to approve any item pursuant to this Section 2A.6 shall not affect Developer's obligation to make the payments required under this Article 2A.

2A.7 FEES

Developer Parties shall be entitled only to the Developer Fees set forth on Exhibit G. No other fees shall be paid to any Developer Party, unless Corporation's prior written approval is obtained with respect to such fees. At least sixty (60) days prior to the start of each Fiscal Year, Developer shall provide a list of the amounts of such Developer Fees and other approved fees that are intended to be paid during such Fiscal Year. By no later than sixty (60) days after the end of each Fiscal Year, Developer shall furnish Corporation a certified list of the amounts of all such Developer Fees and other approved fees as were actually paid during such Fiscal Year. For purposes hereof, all amounts paid as fees to any Developer Party are considered to be fees for purposes of calculating amounts due to Developer; provided however, that reimbursement of such Persons for actual consultant, personnel and other overhead costs which are bona fide expenses of the Project approved by Corporation are not considered to be fees paid to a Developer Party under this Section 2A.7

2A.8 AUDIT

Corporation shall have the right to inspect the books and records of Developer and to have an independent annual audit of Project finances (including, without limitation, the Statement of Allocations, the Project Annual Budget and Project Annual Statement) and calculation of return due under this Article 2A performed at the expense of Developer. Developer shall cooperate with Corporation in providing Corporation reasonable access to its books and records during normal business hours for these purposes. Developer shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. Corporation may, but shall not be obligated to, work with Developer to employ a common accounting firm for this purpose and for otherwise required Project audits; provided however, that in such event the accounting firm shall execute a separate engagement letter with Corporation for calculation of the return.

Corporation will have the right to retain an independent construction consultant at the expense of Developer to analyze and track construction costs.

Copies of operating and other agreements among/between Developer and any Developer Parties will be provided to Corporation within thirty (30) days after any such agreements are executed or amended.

2A.9 SURVIVAL

The rights and obligations of the Parties pursuant to this Article 2A shall survive issuance and recording of the Certificate of Completion and shall be contained in the Deed. Notwithstanding the foregoing, the obligations of Developer set forth in this Article 2A with respect to the Residential Units (i) shall not bind any Qualified Purchaser of a Residential Unit, and (ii) shall terminate with respect to a Residential Unit sold by Developer to a Qualified Purchaser when such obligations of Developer are fully carried out with respect to the payment to Corporation of the participation with respect to the Residential Unit sold to the Qualified Purchaser.

2A.10 PARTICIPATION ARBITRATION

The Parties shall cooperate in good faith in an attempt to resolve any dispute arising under this Article 2A. If any such dispute cannot be resolved within sixty (60) days after notice of such disagreement, either party may submit the dispute to arbitration ("Participation Arbitration") using the procedures for provided for in Exhibit L attached hereto and incorporated by reference.

ARTICLE 3 - CLOSING

3.1 CLOSING DATE

Developer shall purchase and acquire the Property (the "Closing") on the earlier of (i) a date selected by Developer and set forth in a written notice to Corporation given at least thirty (30) days in advance of such date chosen, or (ii) six (6) months after the Effective Date ("Closing Date"). The Closing shall occur at 10:00 a.m. at the offices of Settlement Agent in the District.

The Closing Date shall not be extended beyond the date which is six (6) months after the Effective Date except for delay which, despite the best efforts of Developer, results solely from the failure of the District government or other authority having jurisdiction over the Property to grant Developer (x) any Permit, or (y) any approval which is a condition to Closing under Section 7.2(10), in which event the Closing Date will be extended one day for each day of delay; provided, that regardless of any day-for-day extension the Closing shall not occur later than the date which is twelve (12) months after the Effective Date ("Outside Closing Date").

3.2 DELIVERIES AT CLOSING

On the Closing Date, subject to the terms and conditions of this Agreement, Corporation shall deliver to Settlement Agent: (i) the Deed, in the form attached to this Agreement as Exhibit B and incorporated herein by reference, (ii) a certification that Corporation's representations and warranties required under Article 6 are true and correct in all material respects on and as of the Closing Date (provided however, that such delivery shall not cause the representations and warranties to survive Closing), and (iii) all other deliveries required from Corporation on the Closing Date under this Agreement; including without limitation the Permitted Uses Statement required under Section 5.17

On the Closing Date, subject to the terms and conditions of this Agreement, Developer shall deliver to Settlement Agent: (i) the Purchase Price, in accordance with Section 2.1; (ii) the approved bonds and/or letters of credit required under Section 4.2(1), the collateral assignment of Loan Commitments pursuant to Section 4.2(4) (if applicable), the updated statement of sources and uses pursuant to Section 4.2(10), and the certification of Developer's

representations and warranties required under Article 6, (iii) any unpaid Third Party Fees that have accrued under Section 15.21 or under Section 15 of the ERA; and (iv) all other funds (including, without limitation, those required under Section 3.3) and deliveries required of Developer on the Closing Date under this Agreement; including without limitation the Permitted Uses Statement required under Section 5.17

On the Closing Date, Settlement Agent shall distribute funds and record and distribute documents in accordance with closing instructions from the Parties that are consistent with this Agreement.

3.3 RECORDATION OF CLOSING DOCUMENTS; CLOSING COSTS

At Closing, Settlement Agent shall file for recordation among the Land Records this Agreement (including all exhibits), the Deed, the Owners Association Documents and such other documents which are to be recorded pursuant to the terms of this Agreement.

At Closing, Developer shall 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) District of Columbia Real Estate Deed Transfer Tax and Deed Recordation Tax, and (5) costs of recording of this Agreement, the Deed and such other documents required to be recorded by this Agreement

3.4 APPORTIONMENT OF TAXES

Any real property taxes or assessments which have been paid or are payable on the Property shall be apportioned between Corporation and Developer as of the Closing Date so that Developer shall bear that portion of such charges which accrue on and after the Closing Date. If the amount of the current taxes on the Property is not ascertainable on the Closing Date, the apportionment between Corporation and Developer shall be based on the amount of the most recently ascertainable taxes on the Property, but such apportionment shall be subject to final adjustment within thirty (30) days after the date the actual amount of such current taxes is ascertained. Notwithstanding the foregoing, the Parties hereby understand and acknowledge that Corporation is exempt from the payment of real property taxes pursuant to the laws of the District and that Corporation therefore is exempt from any obligations hereunder of Corporation to pay real property taxes or assessments.

3.5 APPORTIONMENT OF OTHER COSTS AND EXPENSES

All rentals, revenues and other income generated by the Property and all utilities, maintenance charges and other operating expenses incurred in connection with the ownership, management, operation and use of the Property shall be paid or shall be apportioned between Corporation and Developer so that Developer shall bear that portion of such charges which accrue on and after the Closing Date and Corporation shall bear that portion of such charges which accrue before the Closing Date.

ARTICLE 4 - SUBMISSIONS

4.1 PLANS AND SPECIFICATIONS

Developer shall submit to Corporation (if not previously submitted and approved as part of the ERA Submissions) for Corporation's review and approval in accordance with Section 4.5 the following plans and specifications:

(1) Drawings for the Improvements containing a level of detail generally consistent with 60% complete design-development drawings ("Preliminary Drawings"),

(2) Drawings for the Improvements containing a level of detail generally consistent with 90% complete design-development drawings and 30% complete construction drawings ("30% Drawings"),

(3) Drawings for the Improvements containing a level of detail generally consistent with 100% complete design-development drawings and 60% complete construction drawings ("60% Drawings"); and

(4) All plans, drawings and specifications necessary for the Improvements to be constructed and completed in accordance with this Agreement and for Developer to obtain all necessary demolition, site and building permits for the construction of the Improvements ("Final Plans") As used in this Agreement, the term "Final Plans" shall also include any changes to Final Plans permitted by Sections 4.6 and 4.7 of this Agreement.

All of the foregoing Submissions shall conform to and be consistent with the zoning requirements, the Permitted Uses Plan and the ERA Submissions and shall comply with the requirements set forth in Section 4.4. Such drawings shall be at scale indicated on Exhibit F attached hereto and incorporated herein by reference or other scale satisfactory to Corporation, and shall include the information set forth on Exhibit F.

As part of the Submissions under Section 4.1(2), Developer shall provide Corporation with a description of (i) the unit type of each ADU unit and the size of each such unit type, (ii) all interior and exterior finishes of each ADU unit, and (iii) the appliances and equipment to be included therein. The unit size and exterior finish level for the ADU units shall be indistinguishable from the market-rate Residential Units. The interior finish levels and appliances for the ADU units may differ from those of the market-rate Residential Units provided that the Corporation has approved such differences pursuant to the Submissions under Section 4.1(2). The Developer shall not be obligated to include in the ADU units any optional upgrades that may be offered in the market-rate Residential Units.

4.2 ADDITIONAL SUBMISSIONS

Developer shall submit to Corporation for Corporation's review and approval in accordance with Section 4.5 all of the following additional documentation:

(1) Developer shall provide to Corporation (or its designee) completion bonds and/or letters of credit that guarantee the completion of the Improvements in accordance with this Agreement. All bonds and letters of credit shall be issued by entities satisfactory to Corporation, in its reasonable discretion, shall be in form and substance satisfactory to Corporation, in its reasonable discretion, and shall name Corporation as obligee or beneficiary, as applicable.

(2) Developer shall prepare and submit to the District government or other applicable authorities or companies applications for all necessary Permits in accordance with Section 5.7, including (without limitation) building and construction permits and alley closings.

(3) Developer shall provide Corporation with bona fide commitment(s) for: (i) financing from an Institutional Lender of the acquisition of the Property, Costs of the Improvements, and payment of interest during the construction period (pursuant to the approved Budget); (ii) equity funding to cover the difference between the acquisition and construction financing provided under clause (i) above and the Budget, if any; and (iii) financing from an Institutional Lender for the purpose of paying off the acquisition and construction loan. The commitments described in clauses (i) and (iii) hereof are referred to herein collectively as the "Loan Commitments" The commitment described in clause (ii) hereof is referred to herein as the "Equity Commitment". Such commitments shall not contain any provisions requiring acts of Developer prohibited herein or prohibiting acts of Developer required herein, and shall be certified by Developer to be true, correct and complete copies thereof. The commitments shall be subject only to conditions to funding approved by Corporation, and Developer shall have timely performed any and all conditions to funding of the commitments other than those which must be performed at or after Closing. Developer shall use reasonable efforts to have any Loan Commitments (i) provide for assignment thereof to Corporation upon Corporation's request and (ii) state that in the event of Developer's default thereunder, the commitment will be continued for the benefit of Corporation upon Corporation's request, but neither shall be a condition to this Agreement. Developer covenants to use diligent, good faith efforts to perform any and all conditions to funding of the commitments described in this Section 4.2(3). Developer shall not amend, modify, replace or otherwise alter the Loan Commitments or Equity Commitment or enter into any subsequent or new agreements relating thereto without the prior written approval of Corporation.

(4) Developer shall provide to Corporation the collateral assignment of the Loan Commitments referred to in Section 4.2(3), if the Loan Commitments permit.

(5) Developer shall provide to Corporation a statement in form reasonably satisfactory to Corporation sufficient to demonstrate that Developer has adequate funds or will have adequate funds upon the funding of the commitments referred to in Section 4.2(3), and is committing such funds to the acquisition of the Property and to the Costs of the Improvements as set forth in the approved Budget.

(6) Developer shall provide to Corporation the proposed loan documents evidencing Corporation's construction and permanent financing in accordance with the Loan Commitments provided pursuant to Section 4.2(3). Such loan documentation must satisfy the requirements of Article 13. Developer shall provide to Corporation the proposed agreements evidencing the equity funding in accordance with the Equity Commitment provided pursuant to Section 4.2(3). Developer shall additionally provide Corporation with a statement detailing the disbursement of the proceeds of Developer's proposed financing and funding.

(7) Developer shall provide Corporation with a detailed final Budget of the total Costs for the Improvements, with the hard cost portion prepared by the Contractor, and for the acquisition of the Property.

(8) Developer shall provide Corporation with the name of the proposed Contractor and the Construction Contract with the Contractor for the construction of the Improvements Such Construction Contract shall be a fixed price or guaranteed maximum price contract and shall provide for the development and construction of the Improvements in accordance with the estimated Costs set forth in the approved Budget No person or entity debarred by HUD or the District government shall be engaged as a contractor or subcontractor or otherwise provide materials or services with respect to the Project.

(9) Developer shall provide Corporation with an updated ten (10) year operating pro forma. Developer shall also provide Corporation with progress reports on the status of its leasing of the Improvements on a quarterly basis (or more frequently, as Corporation may reasonably request from time to time) during the term of this Agreement until the Anniversary Date. Corporation shall keep such reports confidential, to the extent permitted by law.

(10) Developer shall provide to Corporation a statement of sources and uses of funds, in form satisfactory to Corporation, sufficient to demonstrate that Developer has adequate funds or will have adequate funds upon the funding of the commitments referred to in Section 4.2(3), and is committing such funds to the acquisition of the Property and to the Costs of the Improvements as set forth in the approved Budget. The statement of sources and uses shall detail the disbursement of the proceeds of Developer's financing and equity funding. The statement of sources and uses shall be updated in a final statement delivered at Closing.

(11) Developer shall provide Corporation with copies of the certified organizational documents of Developer and its Members and certified resolution and incumbency certificate, evidencing Developer's authority to enter into this Agreement and perform hereunder. Developer shall provide Corporation with any other documents containing material terms relevant to the funding of the Equity Commitments.

(12) Developer shall provide Corporation with a copy of its architectural contract(s) and engineering contract(s) with those professionals who will perform services in connection with the Project.

(13) Developer shall provide Corporation with plans and materials identifying with particularity the types and locations of Residential Units which will be ADUs affordable at 30%, 60% or 80% of AMI, respectively. Upon approval by Corporation of the foregoing, Developer shall provide Corporation with a draft Permitted Uses Statement.

(14) Developer shall provide Corporation with a copy of the Owners Association Documents.

(15) Developer shall provide Corporation with documentation evidencing the termination of the partnership between Developer and MissionFirst as described in the ERA, including without limitation the full and final release by MissionFirst of

any and all claims to the rights as the Developer under the ERA or to the Property or otherwise in connection with the Project, which evidence shall be satisfactory to Corporation in its sole discretion.

(16) Developer shall provide Corporation with monthly updates on the status of leasing of, or a copy of a proposed lease for, the Child Development Center

(17) Developer shall provide Corporation with a Signage Program for the Project. Corporation makes no representations or warranties that the Signage Program complies with any applicable governmental requirements or that any such signage may be installed in the Project

(18) Developer shall provide Corporation with the form of deed for the Residential Units, which shall (i) incorporate the terms of Section 8.2(2), (ii) in the case of ADUs require that the grantee, its successors and assigns, comply with Section 8.5, and (iii) provide that such covenants are enforceable by Corporation or its assigns.

Each of the foregoing Submissions shall conform and be consistent with the zoning requirements, the Permitted Uses Plan and the ERA Submissions.

4.3 SCHEDULE FOR SUBMISSIONS

All Submissions must be provided to Corporation by no later than the dates set forth on the Schedule of Performance.

4.4 PREPARATION OF CONSTRUCTION DRAWINGS

The drawings, plans and specifications to be submitted in accordance with Section 4.1 shall be prepared by and signed by the Architect, who shall be licensed to practice architecture in and by the District. A District licensed structural, geotechnical, and/or civil engineer, as applicable, shall review and certify all final foundation and grading designs. The Architect shall coordinate the work of any associated design professions, including engineers and landscape architects. The Architect shall inspect all construction and upon request by Corporation shall certify as to the acceptability of construction in a form reasonably acceptable to Corporation. Upon Developer's submission of the Final Plans to Corporation for approval in accordance with Section 4.1(2), the Architect shall certify (on a form reasonably acceptable to Corporation) that the Improvements have been designed in accordance with all District and federal Laws relating to accessibility for persons with disabilities. All architectural and engineering firms and all architects and engineers engaged by Developer or by or through said architectural firms or architects (except those exclusively engaged in interior design) must be approved in advance by Corporation, in its reasonable discretion. No person or entity debarred by HUD or the District government shall be engaged to provide architectural, engineering or other design or consulting services with respect to the Project.

4.5 SCOPE OF CORPORATION REVIEW AND APPROVAL OF DEVELOPER'S SUBMISSIONS

(1) Corporation shall use commercially reasonable efforts to complete its review of each Submission identified in Sections 4.1 and 4.2 within forty five (45) days after receiving a complete Submission from Developer, and within said period shall indicate in writing to Developer Corporation's approval, approval with comments, or disapproval of such Submission. In no event shall any alleged oral approval of

any Submission be binding on Corporation In the event of a disapproval, Corporation shall also notify Developer in writing within said forty five (45) day period specifying the reasons for such disapproval. If any such Submission is approved with comments or disapproved, Developer shall have fifteen (15) days from its receipt of written notice from Corporation to resubmit amended materials. Corporation shall have another forty five (45) day period to approve, approve with comments or disapprove the amended Submission and the provisions of this Section 4.5 relating to approval, rejection and resubmission of corrected Submissions shall continue to apply until all Submissions have been approved by Corporation; provided however, that if after the third submission of an item to Corporation it still has not been approved by Corporation, Corporation may, at its option, terminate this Agreement by written notice to Developer.

Notwithstanding any review and approval process, Developer must have obtained Corporation's approval of all Submissions no later than the date specified for such approval in the Schedule of Performance ("Submissions Approval Date"), except that if Corporation's review herein exceeds forty five (45) days after receipt of a complete Submission for reasons not caused by Developer, the Submission Approval Date shall automatically be extended on a day-for-day basis provided Developer has given Corporation notice of such extension within five (5) Business Days after the end of the applicable forty five (45) day period. If Developer has not obtained Corporation's approval of all Submissions by the Submission Approval Date (as the same may be extended as provided in this Section 4.5), then Corporation may, at its option, terminate this Agreement by written notice to Developer. In no event will Corporation's failure to respond to a request for an approval of a Submission be deemed an approval

(2) If Developer is proceeding diligently and in good faith and desires to extend a specified time identified in the Schedule of Performance for the provision of any Submission under this Agreement, Corporation may (but shall not be obligated to) for good cause shown, grant such extension in writing. Developer agrees that it will notify Corporation in writing of such request for extension no less than five (5) Business Days prior to the specified time for such Submission. Such notice shall include a written justification for the extension, and Developer shall promptly provide such additional information with respect thereto as Corporation shall reasonably request.

(3) No Corporation review is made of or approval given as to the compliance of the Submissions or any changes thereto, with any building codes, regulations or standards, including, without limitation, building engineering and structural design, or any other applicable Laws. Corporation shall incur no liability in connection with its review of any Submissions and is reviewing such Submissions solely for the purpose of protecting it own interests under this Agreement.

(4) Corporation's review and approval or disapproval of Submissions as heretofore provided shall be final and conclusive. Corporation will not disapprove or require changes subsequently (except by mutual agreement) in, or in a manner which is inconsistent with, matters which it has previously approved. If there is a disagreement between Corporation and Developer as to whether a matter contained in a particular Submission has been approved previously or whether Corporation is acting in a manner which is inconsistent with matters which it

previously approved, Corporation's sole but reasonable judgment shall apply in resolving the disagreement.

4.6 CHANGES IN SUBMISSIONS

No Significant Changes in the Final Plans shall be made without Corporation's prior written approval. If Developer desires to make any Significant Changes in the Final Plans after the Final Plans have been approved by Corporation in accordance with Section 4.1, Developer shall submit the proposed changes to Corporation for approval. Any Significant Changes in the approved final Budget shall be subject to Corporation's prior approval. Any changes to any other approved Submissions shall be subject to Corporation's prior approval.

4.7 GOVERNMENT REQUIRED CHANGES

Notwithstanding any other provisions of this Agreement, Corporation shall grant its approval of those elements of the Final Plans and those changes in the Final Plans which are required by any governmental authority, provided, that (i) Corporation shall have been afforded a reasonable opportunity to discuss such element of, or change in, the Final Plans with the governmental authority requiring such element or change and with the Architect, and (ii) the Architect shall have cooperated with Corporation and such governmental authority in seeking such reasonable modifications of the required element or change as Corporation may deem necessary or desirable Developer and Corporation each agree to use diligent, good faith efforts to resolve Corporation's approval of such elements or changes, and Corporation's request for reasonable modifications to such required elements or changes, as soon as reasonably possible. Developer shall promptly notify Corporation in writing of any changes requested by the District government's building inspectors during the permitting and construction phase

4.8 REVIEW PERIOD FOR CHANGES

Corporation shall respond to Developer's request for approval of a Significant Change or any other change requiring Corporation's approval, within thirty (30) days after receipt of the written request, provided however, that if Board of Directors action is required on such request (in the judgment of Corporation's staff), then the time for response will be within forty-five (45) days after receipt of written request

4.9 PROGRESS MEETINGS/CONSULTATION

During the preparation of the Submissions made pursuant to Section 4.1, Corporation's staff and Developer shall hold periodic progress meetings as appropriate considering the progress of Developer's Section 4.1 Submissions, to coordinate the preparation of, submission to, and review of the Section 4.1 Submissions by Corporation.

ARTICLE 5 - DEVELOPMENT OF PROPERTY AND CONSTRUCTION OF IMPROVEMENTS

5.1 OBLIGATION TO CONSTRUCT IMPROVEMENTS

In addition to the Purchase Price and participation payments, as consideration for Corporation conveying the Property to Developer, Developer hereby agrees to develop, construct, use, maintain and operate the Improvements on the Property in the manner set forth in the Development Plan and this Agreement. All Improvements shall be constructed in compliance with all Permits and Laws and in a first-class and diligent manner in accordance

with the highest industry standards. The cost of developing the Property and construction of all Improvements thereon shall be borne solely by Developer.

5.2 PERIOD OF CONSTRUCTION

Developer shall achieve Commencement of Construction on or before the date which is fifteen (15) days after the Closing Date and shall diligently pursue completion of the Improvements, such that Completion of Construction shall occur on or before the date that is twenty-four (24) months after the Closing Date. The date for achieving Commencement of Construction shall be subject only to the extensions for Force Majeure set forth in clauses (i), (ii), (iii), (iv), and (v) in the definition of Force Majeure. The date for achieving Completion of Construction shall be subject only to the extensions for Force Majeure set forth in clauses (i), (ii), (iii), (iv), (v) and (vi) in the definition of Force Majeure.

5.3 INSPECTION OF SITE

After Closing, Corporation reserves for itself and its representatives the right to enter the Property from time to time and at no cost or expense to Corporation, upon reasonable advance notice and in compliance with all applicable Laws, for the purpose of performing routine inspections in connection with the development and construction of the Improvements. Developer understands that Corporation or its representatives will enter the Property from time to time for the sole purpose of undertaking the inspection of the Improvements to determine conformance to the Development Plan and this Agreement Developer waives any claim that it may have against Corporation, its officers, directors, employees, agents, consultants or representatives, arising out of entry upon the Property and resulting in whole or in part from causes other than the gross negligence or willful misconduct of Corporation, its employees or agents, and hereby agrees to save Corporation harmless from all liability, obligation, loss, cost, or damage that might arise out of, or stem from, Corporation's representatives entering the Property, except liability, obligation, loss, cost, or damage resulting solely from Corporation's, or its employees' or agents' gross negligence or willful misconduct. Any inspection of the Improvements or access of the Property by Corporation hereunder shall not be deemed an approval, warranty or other certification as to the compliance of the Improvements or Property with the any building codes, regulations or standards, including, without limitation, building engineering and structural design, or other applicable Laws.

5.4 CONSTRUCTION MANAGER

Corporation shall have the right to utilize a construction manager or other consultant to assist Corporation in the review of the Submissions pursuant to Article 4 and inspection of the development and construction of the Improvements pursuant to this Article 5. Subject to Section 15.21, all costs of such construction manager or other consultant shall be paid by Developer.

5.5 PRE-CONSTRUCTION USE AND CONDITION

After Closing and prior to the time required for Commencement of Construction, Developer may use the Property or any portion thereof for parking or any other uses approved in advance by Corporation in its discretion, so long as such parking and other uses are permitted by applicable zoning and other governmental requirements of the District. Developer shall maintain the Property during such pre-construction period in good, clean repair and condition and sightly in appearance If at any time prior to Commencement of Construction, Developer fails to maintain the Property in such good, clean and sightly condition, Corporation shall have the right to enter the Property and perform all maintenance and clean-up of the

Property deemed necessary by Corporation, all at Developer's sole cost and expense In such event, Corporation shall be reimbursed for such maintenance and clean-up costs from Developer within five (5) Business Days after demand Any sums not paid by Developer within five (5) Business Days after demand shall bear interest at the rate of ten percent (10%) per annum (or the highest rate permitted by law, if less) until paid. Corporation may, at its option, off-set any amounts due hereunder against the Deposit

5.6 PROGRESS REPORTS

Subsequent to Closing and until issuance of the Certificate of Completion, Developer shall make written reports to Corporation as to the progress of the construction of the Improvements, in such form and detail and at such times as may reasonably be requested by Corporation, and shall include a reasonable number of construction photographs taken since the last report submitted by Developer Developer will also contemporaneously submit to Corporation any progress reports it submits to its Approved Mortgagee.

5.7 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 government or other authority Prior to Closing, Corporation shall, upon request by Developer, execute applications for such Permits as are required by the District government or other authority, at no cost, expense, obligation or liability to Corporation In no event shall Developer commence site work or construction of all or any portion of the Improvements until Developer shall have obtained all Permits necessary for such work Developer shall submit its application for a Permit within a period of time that Developer believes in good faith is sufficient to allow issuance of such Permit prior to the date of Closing, but in no event later than the date set forth on the Schedule of Performance. 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 Corporation.

5.8 CERTIFICATE OF COMPLETION

5.8.1 Certificate of Completion

Promptly after Developer achieves Completion of Construction, Corporation shall furnish Developer with an appropriate instrument ("Certificate of Completion") pursuant to this Section 5 8.1. The Certificate of Completion shall constitute a conclusive and incontestable determination (and it shall be so provided in such certificate) that: (i) all of the terms, covenants, agreements, conditions and provisions of this Agreement relating to obligations of Developer with respect to development and construction of the Improvements, including the times for Commencement of Construction and Completion of Construction, have been fully satisfied, and that Developer and its successors and assigns shall have no further obligations whatsoever with respect to construction of the Improvements; and (ii) any rights and remedies of Corporation in the event of a default by Developer hereunder in Developer's obligations to develop and construct the Improvements are extinguished and shall not thereafter apply.

Corporation's issuance of the Certificate of Completion does not relieve Developer or any other Person or entity from any and all District government requirements or conditions to occupancy of any of the Improvements, which requirements or conditions must be complied with separately to the extent applicable. The issuance of the Certificate of Completion pursuant to this Section 5.8 shall not be deemed an approval, warranty or other certification as to the

compliance of the Improvements or Property with any building codes, regulations or standards, including, without limitation, building engineering and structural design, or the applicable Laws.

5.8.2 Residential Unit Certificates of Completion

With respect to the For-Sale Component of the Project, if (i) Developer is prepared to sell a Residential Unit in accordance with the terms and conditions of this Agreement to a Qualified Purchaser (or Qualified Purchasers, as applicable), (ii) the given Residential Unit has been completed in accordance with the provisions of the Development Plan and this Agreement, and (iii) if no Developer default exists under this Agreement or event that with the giving of notice or passage of time would constitute a Developer default, then Corporation will, at the request of Developer, issue a certificate of completion with respect to each such Residential Unit (each, a "Unit Certificate of Completion").

With respect to an individual Residential Unit, the Unit Certificate of Completion shall be conclusive evidence of the following: (i) that the Qualified Purchaser of such Residential Unit, any transferee, assignee or successor-in-interest thereof, shall not (because of such purchase) incur any obligation hereunder with respect to the construction of the Improvements or otherwise except as expressly set forth in the deed conveying such unit from Developer to such Qualified Purchaser; (ii) that neither Corporation nor any party thereafter shall have or be entitled to exercise with respect to such Residential Unit any rights or remedies or controls that it may otherwise have or be entitled to exercise with respect to the Property as a result of a default in or breach of any provision of this Agreement or the Deed by Developer or any successor-in-interest or assign of Developer, unless (A) such default or breach is by the Qualified Purchaser or any successor-in-interest to or assign of such Residential Unit with respect to the covenants contained and referred to in Section 8.2(2) and, in the case of ADUs Section 8.5, and restated in the deed conveying such unit from Developer to such Qualified Purchaser, and (B) the right, remedy or control relates to such default or breach; and (iii) any holder of a Mortgage pertaining to such Residential Unit shall not be bound by this Agreement, except with respect to the covenants contained and referred to in Section 8.2(2) and, in the case of ADUs Section 8.5, all as the same shall be contained in the deed conveying such Residential Unit from Developer to such Qualified Purchaser. When Developer has received a Unit Certificate of Completion for each Residential Unit contained within the For-Sale Component, Corporation shall provide to Developer an instrument in recordable form in which Corporation acknowledges the same.

For purposes of this Section 5.8.2, construction of a given Residential Unit shall be deemed to have been completed in accordance with the provisions of the Development Plan and this Agreement when: (i) Developer has obtained a Certificate of Occupancy for such Residential Unit, and (ii) the Architect has provided a certificate in form reasonably acceptable to Corporation certifying that such Residential Unit has been constructed in accordance with the Final Plans and all applicable Laws.

5.8.3 Recordation of Certificate.

The Certificate of Completion and the Unit Certificates of Completion shall be in such form as will enable them to be recorded in the Land Records. If Corporation refuses or fails to provide the Certificate of Completion or a Unit Certificate of Completion in accordance with this Section 5.8, Corporation shall, within fifteen (15) days after written request by Developer, provide Developer with a written statement indicating in adequate detail in what respects Developer has failed to complete the Improvements or any part thereof in accordance with the provisions of the Development Plan and this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of Corporation, for Developer to take or

perform in order to obtain such Certificate of Completion or Unit Certificate of Completion. The Certificate of Completion and each Unit Certificate of Completion shall be recorded at Developer's cost and expense

5.9 RETENTION OF PLANS, WORKING DRAWINGS, SPECIFICATIONS

Promptly upon completion of the Improvements (as evidenced by Corporation's issuance of a Certificate of Completion in accordance with Section 5.8), Developer shall deliver to Corporation, at Developer's cost and expense, a complete set of "as-built" drawings for the Project For a period of five (5) years from the later of: (i) the date of Closing; or (ii) the date on which the Final Plans are approved by Corporation, Developer shall retain in its records a copy of all design materials with regard to the Improvements, including plans, working drawings, and contract specifications prepared by it for, or as a basis for, the submission of Final Plans in accordance with Section 4 1 or otherwise used by Developer for the construction of the Improvements. At Developer's expense, copies of such materials shall be made available to Corporation upon its request during the five (5) year period.

5.10 WAIVER OF CLAIMS AND JOINING IN PETITIONS

Developer hereby waives (as the contract purchaser of the Property under this Agreement and as the owner after the conveyance of the Property) any and all claims to or awards of damages, if any, to compensate for the closing, vacating, or change of grade of any street, alley, or other public right-of-way within or fronting or abutting on, or adjacent to, the Property in connection with the Improvements contemplated hereby, and shall upon the request of Corporation prior to Closing subscribe to, and join with, Corporation in any petition or proceeding required for such vacating, dedication, change of grade and, to the extent necessary, rezoning, and execute any waiver or other document in respect thereof, provided however, that such closing or vacating of any street, alley or other public right-of-way shall not deprive Developer of its sole means of egress and ingress to the Improvements.

5.11 PUBLIC REALM; TRAFFIC; IMPROVEMENTS

Developer shall cooperate with Corporation in implementing the public realm design guidelines and improvements set forth in the "Columbia Heights Public Realm Framework" dated October 2003, and shall use commercially reasonable efforts to adhere to the same.

Developer shall cooperate with Corporation in implementing a traffic management plan for the Columbia Heights neighborhood, which plan will be developed by Corporation with input from Developer and other developers of projects in Columbia Heights, and which plan shall take into account the Columbia Heights / Mount Pleasant Transportation Study dated October 2003. The plan shall overseen by Corporation's construction manager, and Developer shall use commercially reasonable efforts to comply with the same.

Developer shall promptly repair any damage to public sidewalks and curbs caused by Developer or any of its contractors. Corporation shall have the right to perform all repair deemed necessary by Corporation, all at Developer's sole cost and expense, if Developer fails to do so promptly after written notice thereof (or without need of notice if Corporation in its discretion deems such disrepair to present a hazard). In such event, Corporation shall be reimbursed for such repair costs from Developer within five (5) Business Days after demand Any sums not paid by Developer within five (5) Business Days after demand shall bear interest at the rate of ten percent (10%) per annum (or the highest rate permitted by law, if less) until paid. Corporation may, at its option, off-set any amounts due hereunder against the Deposit.

5.12 SITE PREPARATION

Developer, at its sole cost and expense, shall be responsible for all preparation of the Property for development in accordance with the Development Plan, including costs associated with demolition, construction of site 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 Improvements 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 agency approvals and government standards, and Laws

5.13 CONSTRUCTION OVER UTILITY EASEMENTS

Developer shall not construct any Improvements on, over, or within the boundary lines of any easement for public utilities, unless such construction is provided for in the building permit plans approved by the District in connection with its issuance of a building permit and any other required Permit.

5.14 SIGN CONTROL

During the construction of the Improvements and until the issuance of the Certificate of Completion for the Improvements

(1) No sign or other means or objects of identification or advertisement (collectively, "Signs") or any subsequent modifications thereof shall be erected or displayed upon the Property without the prior written approval of Corporation.

(2) If Developer desires erect any Sign on the Property, or replace existing Signs, Developer shall submit plans of such Signs to Corporation in sufficient completeness and detail to enable Corporation to evaluate the size, location, design and aesthetic qualities of such Signs

(3) At all times during the development of the Property, Developer, at its expense, shall have in place at the Property at least one Sign reasonably satisfactory to Corporation, identifying the Project as a development undertaken in cooperation with Corporation and shall so identify the Project on all other signs placed on the Property These signs shall be designed in accordance with the terms hereof and erected within ten (10) days after the execution of this Agreement.

Notwithstanding the foregoing, Developer must additionally comply with all Laws regarding the installation of signage at the Property

5.15 BARRIERS

Developer shall be solely responsible for providing appropriate construction barriers and construction signs during the period of construction. Such signs and the composition and appearance of any non-moveable construction barriers shall be submitted to Corporation for approval before installation.

5.16 DEVELOPMENT TEAM

Any change in Developer shall be subject to the terms of Article 9. Any change in the Architect or Contractor shall be subject to the prior written approval of Corporation. Any change in the attorney, leasing agent, financial advisor or management consultant acting on behalf of

the Developer for this Project may be made upon written notice to Corporation of such change. Approval of any Approved Mortgagee shall be subject to the terms of Article 13 Notwithstanding the foregoing, no Person that has been debarred by HUD or the District government shall perform any service or provide any goods and materials or perform any work with respect to the Project.

5.17 PERMITTED USES STATEMENT

The Parties agree that fifty percent (50%) of the Residential Units in the Project will be ADUs, with 3 units affordable at 30% of AMI, 7 units affordable at 60% of AMI, and 18 units affordable at 80% of AMI. As of the Effective Date, however, the types and locations of units which will be affordable at 30%, 60% or 80% of AMI, respectively, have not yet been determined. Developer will submit to Corporation plans and materials identifying with particularity the types and locations of Residential Units which will be ADUs affordable at 30%, 60% or 80% of AMI, respectively, all of which shall be Submissions subject to prior approval of Corporation in accordance with Article 4

Developer covenants to use best efforts to identify and complete negotiations with a child development center operator for a lease of the Child Development Center. If after use of best efforts Developer is unable to finalize such a lease, then the Permitted Uses of the space identified as the Child Development Center may be modified to permit non-specified retail or such other use as Corporation may approve in its sole discretion.

The Parties shall execute and deliver at Closing an instrument, in form and substance satisfactory to the Parties, indicating the location of every Residential Unit ADU, indicating any change of Permitted Uses for the Child Development Center, and confirming the Permitted Uses of the Project ("Permitted Uses Statement"). The Permitted Uses Statement shall be recorded together with this Agreement, and upon such recording, all references herein to this Agreement shall be deemed to refer to this Agreement as modified by the Permitted Uses Statement.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

6.1 REPRESENTATIONS AND WARRANTIES OF CORPORATION

Corporation hereby represents and warrants to Developer as follows:

(1) Corporation is a duly formed and validly existing instrumentality of the District

(2) The execution, delivery and performance of this Agreement by Corporation and the transactions contemplated hereby between Corporation and Developer have been approved by all necessary parties, and Corporation has the authority to dispose of the Property.

(3) No agent, broker or other Person acting pursuant to express or implied authority of Corporation 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. Corporation has not dealt with any agent or broker in connection with the sale of the Property

(4) There is no litigation, arbitration, administrative proceeding or other similar proceeding pending against Corporation which relates to the Property. There is no other litigation, arbitration, administrative proceeding or other similar proceeding pending against Corporation which, if decided adversely to

Corporation, would impair Corporation's ability to perform its obligations under this Agreement

The representations and warranties contained in this Section 6 1 shall not survive the delivery of the Deed at Closing. Corporation shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond Corporation's control.

6.2 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby covenants, represents and warrants to Corporation as follows:

(1) Developer is a not-for-profit corporation which is duly formed and validly existing under the laws of the District.

(2) The execution, delivery and performance of this Agreement by Developer and the transactions contemplated hereby have been approved by all necessary parties.

(3) The execution, delivery, and performance of this Agreement by Developer and 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 to which Developer is subject, or (iii) any agreement or contract to which Developer is a party or to which it is subject.

(4) 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 purchase of the Property at Closing as contemplated by this Agreement or will be entitled to make any claim against Corporation for a commission or finder's fee. Developer has not dealt with any agent or broker in connection with its purchase of the Property.

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

(6) Developer's purchase of the Property, and its other undertakings pursuant to this Agreement are and will be used for the purpose of constructing the Project in accordance with the Permitted Uses and Development Plan, and not for speculation in land holding

The representations and warranties contained in this Section 6 2 shall survive the delivery of the Deed at Closing. Developer shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond Developer's control

ARTICLE 7 - CONDITIONS TO CLOSING

7.1 CONDITIONS PRECEDENT TO DEVELOPER'S OBLIGATION TO CLOSE

The obligations of Developer to purchase the Property and perform the other obligations it is required to perform on or by the Closing Date shall be subject to the following conditions precedent:

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

(2) The representations and warranties made by Corporation in Section 6.1 of this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Corporation shall have executed and delivered to Developer a certificate, dated as of the Closing Date, to the foregoing effect

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

7.2 CONDITIONS PRECEDENT TO CORPORATION'S OBLIGATIONS TO CLOSE

The obligations of Corporation to convey the Property and perform the other obligations it is required to perform on or by the Closing Date shall be subject to the following conditions precedent

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

(2) The representations and warranties made by Developer in Section 6.2 of this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Developer shall have executed and delivered to Corporation a certificate, dated as of the Closing Date, to the foregoing effect.

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

(4) All Submissions pursuant to Sections 4.1 and 4.2 shall have been provided by Developer to Corporation and Corporation shall have received, reviewed and approved such Submissions.

(5) The Equity Commitment and Loan Commitments remain in full force and effect. Developer shall be ready, willing and able in accordance with the terms and conditions of this Agreement to acquire the Property, and all conditions under the Equity Commitment and Loan Commitments to funding the Purchase Price, all other costs and expenses associated with Developer's acquisition of the Property hereunder, and the Costs for the Improvements have been satisfied, other than conditions that must be satisfied after such Closing pursuant to the terms of approved Equity Commitment or approved Loan Commitments, as applicable.

(6) Developer shall have certified in writing to Corporation that Developer is ready, willing and able in accordance with the terms and conditions of this Agreement to achieve Commencement of Construction by the time set forth in Section 5.2, that all conditions precedent under this Agreement to Commencement of Construction have been fulfilled and that there have been no Significant Changes to the Submissions approved by Corporation under Section 4.1 or the approved Budget and there have been no changes to the other Submissions approved by Corporation under Section 4.2.

(7) Developer shall have furnished to Corporation certificates of insurance or duplicate originals of insurance policies required of Developer by Article 10.

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

(9) Developer shall have provided the updated final statement of sources and uses required under Section 4.2(10).

(10) Developer shall have obtained from the District government or other authority having jurisdiction over the Property approval of any zoning changes, lot consolidations or subdivisions, and/or alley closings, and Developer shall have complied with all obligations related thereto (including without limitation payment of any required contribution to the Housing Production Trust Fund).

If all of the conditions to Closing set forth above in this Section 7.2 have not been satisfied by the Closing Date, Corporation shall have the option, at its sole discretion, to (i) terminate this Agreement by written notice to Developer whereupon the Deposit shall be retained by Corporation (or, if the only condition which remains unsatisfied, despite the best efforts of Developer, is obtaining the approval(s) described in Section 7.2(10), then the Deposit will be returned to Developer) and the Parties shall be released from any further liability or obligation hereunder except those that survive termination of this Agreement; or (ii) delay Closing for up to three (3) months to permit Developer to satisfy the conditions to Closing set forth in this Section 7.2. In the event Corporation proceeds under clause (ii), Closing shall occur within thirty (30) days after the conditions precedent set forth in this Section 7.2 have been satisfied, but if such conditions precedent have not been satisfied by the end of the three (3) month period, Corporation may again proceed under clause (i) or (ii) above, in its sole discretion.

ARTICLE 8 - COVENANTS AND RESTRICTIONS

8.1 COVENANTS RUNNING WITH THE LAND

The Parties hereby acknowledge that it is intended and agreed, and the Deed conveying the Property to Developer shall so expressly provide, that the agreements and covenants of Developer provided in this Agreement (including, without limitation, the development and construction obligations contained in Article 5 and the participation payments set forth in Article 2A) shall be covenants running with the Property and Improvements and that they shall, in any event and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, Corporation, its successors and assigns, for the term contained herein.

8.2 COVENANTS AND RESTRICTIONS ON USE OF PROPERTY

Notwithstanding anything to the contrary contained in this Agreement, Developer agrees for itself, its successors and assigns, and every successor in interest to the Property or any part thereof, and the Deed conveying the Property to Developer shall contain covenants reflecting such, that Developer and its successors and assigns shall.

(1) Use the Property only in accordance with the Permitted Uses as shown on the Permitted Uses Plan and as described in this Agreement, such that prior to issuance of the Certificate of Completion, the Property shall be used only for the development and construction of the Improvements in accordance with the Development Plan and this Agreement, and thereafter until the expiration of the

Permitted Uses Period, the Property and Improvements shall be used only for the Permitted Uses as shown on the Permitted Uses Plan

(2) 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 Property or any Improvements thereon.

(3) Not sell, assign, transfer, convey or encumber the Project or any part thereof in violation of Article 9 or mortgage, encumber or lien the Project or any part thereof in violation of Article 13.

(4) Comply with all requirements set forth in Section 11 of the Agreement.

The covenants and agreements identified in Section 8.2(1) shall remain in effect for thirty (30) years after the issuance of the Certificate of Completion, and for thirty (30) years after the issuance of the applicable Unit Certificate of Completion with respect to each Residential Unit (in each case, the "Permitted Uses Period"), at which time such covenants shall terminate. Upon request Developer shall provide Corporation with reasonable evidence of Developer's compliance with the requirements of Section 8 2(1). The covenants and agreements identified in Sections 8.2(2) shall remain in effect without limitation as to time. The covenants and agreement identified in Section 8.2(3) shall remain in effect for the time periods specified in Article 9 and Article 13, respectively. The covenants and agreements identified in Section 8.2(4) shall remain in effect for the time periods specified in Article 11; provided however, that upon the issuance of a Unit Certificate of Completion for a Residential Unit and the recording of a deed conveying the Residential Unit to a Qualified Purchaser, the covenants and agreements identified in Section 8.2(4) shall terminate with respect only to such Residential Unit

8.3 COVENANTS TO CONSTRUCT IMPROVEMENTS

Developer agrees for itself, its successors and assigns, and every successor-in-interest to the Property or any part thereof, and the Deed conveying title to the Property to Developer shall contain covenants on the part of Developer and such successors and assigns, that Developer and such successors and assigns shall achieve Commencement of Construction by the date required in Section 5.2, and diligently prosecute the development and construction of the Improvements in accordance with the Development Plan and this Agreement, such that Completion of Construction shall occur by no later than the date for set forth in Section 5.2. The covenant to develop and construct contained in this Section 8.3 shall run with the land and otherwise remain in effect until the issuance of the Certificate of Completion, at which time such agreements and covenants to develop and construct shall terminate.

8.4 COVENANT NOT TO CHANGE COMPLETED IMPROVEMENTS

Developer agrees for itself, its successors and assigns, and every successor-in-interest to the Property or any part thereof, and the Deed conveying title to the Property to Developer shall contain covenants on the part of Developer and such successors and assigns, that without the prior written approval of Corporation (or its then-current successor, as applicable), Developer and such successors and assigns shall not: (i) reconstruct, demolish or subtract from the Improvements; (ii) make any additions, alterations or extensions to the exterior of the Improvements or the Property; and/or (iii) change the extent and nature of the open space; each

until the expiration of the Permitted Uses Period Damage or destruction of the Improvements by fire or other casualty shall be repaired or restored as provided in Section 10.2

8.5 COVENANTS REGARDING ADUS

Developer agrees for itself, its successors and assigns, and every successor in interest to the Property or any part thereof, and the Deed shall contain covenants reflecting such, that Developer and such successors and assigns shall:

(1) reserve as ADUs at least fifty percent (50%) of the Residential Units for sale to Qualified Purchasers, with 3 units affordable at 30% of AMI, 7 units affordable at 60% of AMI, and 18 units affordable at 80% of AMI. The types and locations of units which are to be ADUs are subject to Corporation's approval in its sole discretion in accordance with this Agreement and shall be confirmed in the Permitted Uses Statement.

(2) upon completion of construction of the Residential Unit ADUs (and following the issuance of Unit Certificates of Completion, if applicable), convey each Residential Unit ADU to a Qualified Purchaser who meets the income requirements set forth above using the form of deed approved by Corporation pursuant to Section 4.2(18), subject to the following restrictions: (i) the owner of such ADU (except for Corporation, NPCDC or any non-profit housing development agency or organization expressly approved by Corporation) shall occupy the unit as a principal residence, and shall not permit exclusive occupancy of the ADU by any other party, except as may be approved by Corporation in its sole discretion, (ii) during ADU Period, the ADU shall be used, occupied, sold and held as a low or moderate (as applicable) income residential unit under the District of Columbia Municipal Regulations and other applicable Laws and pursuant to the procedures, rules and regulations for ADUs adopted by Corporation or its designee for administering ADUs, (iii) the ADU Resale Obligations set forth on Exhibit J attached hereto and incorporated by reference shall apply to each conveyance of the ADU during the ADU Period; and (iv) the District and Corporation (or the respective designee or agent of either) shall have the right to enforce such restrictions;

(3) not convert, remove, demolish or otherwise alter any Residential Unit ADU without the prior written approval of Corporation prior to the sale of such Residential Unit ADU to a Qualified Purchaser in accordance with this Agreement.

Expiration of the ADU Period will mark the end of the affordability covenants with respect to the particular Residential Unit, but shall not effect the Permitted Uses covenants with respect thereto, which shall remain in effect for the duration of the Permitted Uses Period.

For purposes of Developer's initial sales of Residential Unit ADUs to the first Qualified Purchasers, the date of determination of AMI shall be August 14, 2003. For any subsequent sale of a Residential Unit ADU during the applicable ADU Period, the date of determination of AMI (for purposes of determining the purchase price and income class of the subsequent buyer of the ADU) shall be the effective date of the contract for the sale of the ADU from the ADU Reseller to such buyer.

8.6 DEVELOPER'S COVENANT REGARDING COMPLIANCE WITH ENVIRONMENTAL LAWS; INDEMNIFICATION; RELEASE

Developer hereby covenants that, and at its sole cost and expense, 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 Corporation and the District and their respective members, officers, agents, employees shall have no responsibility or liability with respect thereto Developer shall indemnify, defend and hold Indemnified Parties 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) Developer's violation of any Environmental Law, (ii) any Release or threatened Release of a Hazardous Material, or (iii) any condition of pollution, contamination or Hazardous Material-related nuisance on, under or from the Property, regardless of how or when the same was caused or discovered ("Environmental Claims").

Developer, for itself, the Developer Parties, their 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.

8.7 CORPORATION RIGHTS TO ENFORCE

In amplification, and not in restriction of, the provisions of the preceding sections in this Article 8, it is intended and agreed that Corporation and its successors and assigns shall be deemed beneficiaries of the agreements and covenants provided above, both for and in their own right and also for the purposes of protecting the interests of the community and the other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided Such agreements and covenants shall run in favor of Corporation (and if Developer receives District financial assistance with respect to the Property, the District, and if Developer receives Federal financial assistance with respect to the Property, the United States) for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether Corporation has at any time been, remains, or is an owner of any land or interest therein to or in favor of which such agreements and covenants relate. Corporation shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions or suits, at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement of covenant may be entitled, including, without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative These rights and remedies are in addition to, and not in derogation of, the rights and remedies of Corporation set forth in Article 12.

8.8 LEAD BASED PAINT PROHIBITION

Developer shall comply with the regulations issued by HUD set forth in 24 C.F.R. § 35 100 *et seq* and all applicable rules and orders issued thereunder, or any District statutes or regulations, which prohibit the use of lead based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead based paint hazards.

8.9 RECORDATION OF COVENANTS

The restrictions and covenants contained in this Article 8 shall be contained in the Deed recorded in the Land Records upon Closing. Notwithstanding any other provision of this Agreement, if Corporation becomes a fee owner of the Property or any portion thereof, whether voluntarily or involuntarily, through the exercise of the Right of Re-entry or for any other reason, then the covenants contained in this Article 8 (except those contained in Section 8.2(2)) shall terminate and be of no further force or effect as to the Property or the portion thereof of which Corporation has become the fee owner. Notwithstanding the foregoing, if Developer has obtained a Unit Certificate of Completion for a Residential Unit, then a Qualified Purchaser of such Residential Unit shall not be bound by the terms of this Agreement, but shall only be bound by the portions hereof contained in the deed to such Residential Unit approved by Corporation.

ARTICLE 9 - TRANSFER AND ASSIGNMENT

9.1 RELIANCE OF CORPORATION ON DEVELOPER

Developer hereby recognizes and acknowledges that:

(1) The development and construction of Improvements on the Property in accordance with the Development Plan is important to the general welfare of the community in which the Property is located.

(2) Public assistance has been made available by the District government to the community in which the Property is located.

(3) A transfer of the stock, manager, membership or partnership interests in Developer is for practical purposes a transfer of the Agreement, Property and Improvements, and constitutes a Transfer hereunder.

(4) The qualifications and identity of Developer and its officers, stockholders, managers, members and partners, are of particular concern to the community and Corporation.

(5) Corporation is entering into this Agreement with Developer because of the qualifications and identity of Developer, and its officers, stockholders, managers, members and partners, and in so entering into this Agreement, is willing to accept and rely on the obligations of Developer for the faithful performance of all undertakings and covenants in this Agreement.

9.2 TRANSFER PRIOR TO BUYOUT DATE

For the reasons set forth in Section 9.1, except as expressly permitted in Section 9.4 and in Article 13, (i) Developer represents, warrants, covenants and agrees, for itself and its successors and assigns, that, prior to the Buyout Date, Developer (or any successor in interest

thereof) shall not make or create, or suffer to be made or created, any Transfer, without the prior written approval of Corporation; and (ii) Developer represents, warrants, covenants and agrees, for its officers, partners, managers, members, owners and stockholders, and any successors in interest of its officers, partners, managers, members, owners and stockholders, that, prior to the Buyout Date, the officers, partners, managers, members, owners or stockholders of Developer (or any successor in interest thereof) shall not make or create, or suffer to be made or created, any Transfer of stock, manager, membership, ownership or partnership interests or change in corporate officers, without the prior written approval of Corporation. With respect to this Section 9 2, Developer and the parties signing this Agreement on behalf of Developer represent and warrant that they have the authority of all of their existing stockholders, managers, members, owners or partners to agree to this provision on their behalf and to bind them with respect thereto

9.3 TRANSFER AFTER BUYOUT DATE

After the Buyout Date, Developer may Transfer this Agreement, the Property and the Improvements without the prior consent of Corporation, provided however, that any such Transfer is subject to all covenants and restrictions affecting the Property and Improvements contained in this Agreement, including (without limitation) those identified in Articles 8 and 11. Developer agrees to provide prior written notice of such Transfer to Corporation.

9.4 PERMITTED TRANSFERS

At or after the Closing, nothing contained in this Article 9 shall prohibit or limit any of the following: (i) Developer's creation of an Approved Mortgage or any foreclosure sale or deed-in-lieu of foreclosure resulting from an Approved Mortgagee's exercise of its rights under an Approved Mortgage or any transfer by an Approved Mortgagee to an Unrelated Party of Developer; (ii) any pledge of the ownership interests in Developer to an Approved Mortgagee, or any foreclosure of such ownership interests resulting from an Approved Mortgagee's exercise of its rights or any transfer by such Approved Mortgagee of such ownership interests to an Unrelated Party of Developer; (iii) the sale of any Residential Unit to a Qualified Purchaser and conveyance of such Residential Unit on the deed form approved by Corporation under Section 4.2(18); (iv) the lease of space in the Project to Unrelated Party tenants, so long as such lease complies with the Permitted Uses Plan; (v) the granting of easements required in connection with the development of the Property pursuant to the Development Plan; (vi) the assignment of Developer's rights and transfer of the Property to an Affiliate formed to permit the admission of equity partners or members on the terms and conditions set forth in the approved Equity Commitment and/or an Institutional Lender on the terms and conditions set forth in the approved Loan Commitment; provided, that (A) Members of Developer identified in Section 6.2(1) retain control of Developer, (B) the amount of funds from the approved Equity Commitment and approved Loan Commitment, together with all other funds available to Developer for the Project, does not exceed an amount equal to the Purchase Price and the Costs set forth in the Budget, (C) in each case, that Developer complies with the provisions of this Article 9, (including without limitation Section 9 5), (D) the minority or local participation percentage in the ownership or management of Developer shall not be reduced in the aggregate by more than ten percent (10%) of that in effect as of the Effective Date (i.e., ten percent (10%) of the minority or local participation percentage, not ten percent (10%) of the total ownership of Developer), and (E) Developer, transferor and such transferee shall certify in a form satisfactory to Corporation, that all consideration in respect of such admission will be applied to Costs set forth in the Budget (it being the intent of the parties hereto that, until the issuance of the Certificate of Completion, there shall be no transfer for profit or disbursement of capital); (vii) in the event of the death of a person holding a partnership interest or membership interest in Developer, such person's interest may be transferred to such person's estate or

beneficiaries under or pursuant to such person's will, but if the deceased person was a general partner, manager or managing member, the deceased person's interest shall be converted to that of a limited partner or non-managing member, as applicable, and (viii) the transfer or assignment as a gift to Family Members of limited partnership interests, non-managing member interests, or stock, so long as the Members identified in Section 6.2(1) remain in control of Developer. Notwithstanding the foregoing, any transfer permitted pursuant to this Section 9.4 shall not alter the relationship between Corporation and Developer with respect to negotiations, design review, program or approvals, or construction of the Improvements. Nothing in this Section 9 4 is intended to limit Developer's right to make a Transfer pursuant to Section 9.3.

9.5 CRITERIA FOR CORPORATION APPROVAL OF TRANSFER

At any time before the Buyout Date, Developer may submit a written request to Corporation for the approval of a proposed Transfer (a "Proposed Transfer") with all relevant written documents and information pertaining thereto and such additional documents and information as Corporation may reasonably request. Within sixty (60) days after the submission of the request (including all documents and information required by Corporation), Corporation shall notify Developer in writing of Corporation's decision with respect to the Proposed Transfer If Corporation approves the terms of the Proposed Transfer, Corporation shall thereafter accept the proposed transferee, provided, that such Proposed Transfer must occur within one hundred and twenty (120) days following the date of Corporation's approval If the Proposed Transfer does not occur within the one hundred and twenty (120) day period following the date of Corporation's approval, Developer shall not be entitled to make the Proposed Transfer without first obtaining again Corporation's approval of the terms of the Proposed Transfer. If Corporation fails to respond to any such request within the sixty (60) day period, the request shall be deemed disapproved.

Corporation's approval of a Transfer shall be based upon (without limitation) the following conditions·

(1) Any proposed transferee shall have the professional and financial qualifications (as reasonably determined by Corporation) adequate to fulfill the obligations undertaken in this Agreement by Developer.

(2) Any proposed transferee, by a writing in form satisfactory to Corporation and in form recordable among the Land Records, for itself and its successors and assigns, and expressly for the benefit of Corporation, shall have expressly assumed all of the obligations of Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which Developer is subject hereunder, including, without limitation, the obligation to make participation payments under Section 2A hereof and to pay third party fees under Section 15 21 hereof. If any transferee, or any other successor in interest whatsoever to the Property, or any part thereof, or any interest therein, shall fail to expressly assume such obligations or shall fail to so agree, such failure shall not relieve or except such transferee or a successor of or from such obligations, conditions or restrictions, or deprive or limit Corporation of or with respect to any rights or remedies or controls with respect to the Property or development or the construction of the Improvements. It is the intent of this provision, together with other provisions of this Agreement, that (to the fullest extent permitted by law and equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no Transfer, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit Corporation of or with respect to any rights or remedies or

controls provided in or resulting from this Agreement with respect to the Property, the participation payments and the development, construction, operation and use of the Improvements that Corporation would have had, had there been no such Transfer.

(3) All instruments and other legal documents involved in effecting a Transfer shall be submitted to Corporation for approval prior to execution.

(4) Prior to the issuance of the Certificate of Completion, the consideration payable for the Transfer to any Developer Party by the proposed transferee or on its behalf, shall not exceed an amount representing the Actual Cost (as hereinafter defined). It is the intent of this provision to preclude a Transfer for profit prior to the issuance of the Certificate of Completion and to provide that in the event any such Transfer is made (and is not cancelled), Corporation shall be entitled, among other remedies, to increase the Purchase Price to Developer by the amount that the consideration payable for such Transfer exceeds the amount of the Actual Cost. Such consideration, to the extent that it exceeds the amount of the Actual Cost, belongs to Corporation and shall be tendered to Corporation forthwith As part of the information required under this Section 9.5, Developer and the proposed transferee shall each certify to Corporation as to the amount of consideration (in all forms) paid or to be paid by, or on behalf of, proposed transferee to any Developer Party in connection with the Transfer.

For the purposes hereof, the term "Actual Cost" shall mean (i) the Purchase Price of the Property, and (ii) the Unrelated Party Costs paid by Developer after the execution of the ERA by both Parties in connection with the negotiation of this Agreement, the acquisition of the Property, and the development and construction of the Improvements, less any net income received by Developer in connection with the Property. In the event of a Transfer of less than all of Developer's interest in this Agreement and the Project, Actual Cost shall be allocated by Developer to the portion of the Project (or interest therein) subject to the Transfer (such allocation to be subject to Corporation's prior approval) Developer shall certify the amount of such Actual Cost to Corporation as part of the information provided to Corporation under this Section 9.5 and shall provide such reasonable back up information as Corporation may require.

(5) In the event of a Transfer after the issuance of the Certificate of Completion, but prior to the Buyout Date, the proposed transferee shall be a not-for-profit entity qualified to operate the Project, as determined by Corporation in its reasonable discretion.

(6) If a Transfer is approved by Corporation, such approval shall be indicated to Developer in writing.

(7) Developer shall not be in default under this Agreement and no event shall exist that with the giving of notice or passage of time would constitute such a default.

(8) Developer and its transferee shall comply with such other conditions as Corporation reasonably may find necessary in order to achieve and safeguard the purposes of this Agreement.

Before the issuance of the Certificate of Completion, Corporation's approval of a proposed Transfer will be granted or denied in its sole and absolute discretion.

9.6 NO RELEASE

In the absence of specific written agreement by Corporation to the contrary, no Transfer, or approval by Corporation thereof, shall be deemed to relieve Developer, or any other party bound in any way by this Agreement, from any of its obligations under this Agreement or the Deed or deprive Corporation of any of its rights and remedies under this Agreement or the Deed.

9.7 ENFORCEABILITY

Developer hereby acknowledges and agrees that the restrictions on Transfer pursuant to this Article 9 do not constitute an unreasonable restraint on Developer's right to transfer or otherwise alienate the Property Developer hereby waives any and all claims, challenges and objections that may exist with respect to the enforceability of the restrictions on Transfer contained in this Agreement, including any claim that such restrictions on Transfer constitute an unreasonable restraint on alienation.

9.8 RESERVED

9.9 DEFAULT

Any Transfer in violation of this Article 9 shall be deemed a material default under this Agreement and shall be subject to Corporation's remedies contained in this Agreement, including (without limitation) the Right of Re-entry identified in Section 12.6.

ARTICLE 10 - INSURANCE OBLIGATIONS; CASUALTY; INDEMNIFICATION

10.1 INSURANCE OBLIGATIONS

During the periods identified below, Developer shall carry or cause to be carried and maintained in full force and effect (A) property insurance for the full replacement cost of the Improvements; (B) builder's risk insurance; (C) comprehensive automobile liability insurance, and commercial general liability coverage on an "occurrence basis" against claims for personal injury, including, without limitation, bodily injury, death and broad form contractual liability; (D) worker's compensation insurance; and (E) professional liability insurance, all as follows:

(A) Property Insurance - After achieving Completion of Construction, Developer shall maintain property insurance insuring the Property and the Improvements thereon for the full replacement cost value on an "all-risk" occurrence basis.

(B) Builder's Risk Insurance - During construction of the Improvements, Developer shall maintain builder's risk insurance for the amount of the completed value (or lesser amount acceptable to Corporation) on an all-risk form, including flood risk, insuring the interests of Developer, Corporation and any contractors and subcontractors as named insureds as their interests may appear.

(C) 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 be satisfied or have expired, Developer shall 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) per occurrence, of which at least One Million Dollars ($1,000,000) 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 Corporation from time to time, in its reasonable discretion.

(D) 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 workers' compensation insurance in such amounts as required by applicable Laws.

(E) Professional Liability Insurance - During construction of the Improvements, Developer shall maintain professional liability insurance with limits of not less than One Million Dollars ($1,000,000) 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 Corporation.

All liability insurance shall name Corporation as an additional insured thereunder. All property and builder's risk insurance shall name Corporation as a named insured Any deductibles with respect to the foregoing insurance policies shall be subject to the approval of Corporation. 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 Corporation may carry. Such insurance shall be obtained through a recognized insurance company licensed to do business in the District 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 Corporation certificates of insurance (or copies of the policies if requested by Corporation) together with satisfactory evidence of payment of premiums for such policies. The policies shall contain an agreement by the insurer notifying Corporation 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.

10.2 CASUALTY CONDEMNATION

10.2.1 Prior to Issuance of the Certificate of Completion

In the event of damage or destruction to the Improvements on the Property following the acquisition thereof by Developer at Closing but prior to the issuance of the Certificate of Completion, Developer shall be obligated to repair or restore the Improvements in conformity with the Development Plan, subject to changes necessary to comply with then-current building code requirements, as approved by Corporation in its reasonable discretion. Notwithstanding anything in this Agreement to the contrary, Developer shall not be entitled to issuance of a Certificate of Completion or release from its development obligations hereunder until Developer has completed its restoration obligations.

10.2.2 After Issuance of the Certificate of Completion

In the event of damage or destruction to the Improvements on the Property following the issuance of the Certificate of Completion, Developer shall promptly cause the Property to be restored to the condition existing prior to the casualty, subject to changes necessary to comply with then current building code requirements, as approved by Corporation in its reasonable discretion.

10.3 INDEMNIFICATION

Developer shall indemnify, defend, and hold harmless the Indemnified Parties from and against any and all losses, costs, claims, damages, liabilities and causes of action (including reasonable attorney's fees and court costs) arising out of this Agreement or in any way connected with the 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 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 an Indemnified Parties. The obligations of Developer under this Section 10.3 shall survive termination of this Agreement and/or the issuance of the Certificate of Completion.

ARTICLE 11 - EQUAL OPPORTUNITY; EMPLOYMENT COVENANTS

11.1 EQUAL EMPLOYMENT OPPORTUNITY

Developer, for itself, its successors, and assigns, agrees that in the development, construction and operation of the Property in accordance with this Agreement:

(1) Developer 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

(2) Developer will take affirmative action to ensure that employees are treated 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. Developer agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by the District of Columbia Department of Employment Services ("DOES") and/or Corporation setting forth the provisions of this non-discrimination clause.

(3) Developer will, in all solicitations or advertisements for employees placed by or on behalf of Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or 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.

(4) If Developer receives Federal financial assistance, and if the Project is a union project with respect to the Property, Developer shall:

(i) send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract or understanding, a notice, to be provided by the Department of Labor ("DOL"), advising the said labor union or worker's representative of Developer's commitments under Section 202 of the Executive Order 11246 of September 24, 1965,

as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment;

(ii) comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules and regulations and relevant orders of DOL, including the goals and timetables for minority and female participation and the Standard Federal Equal Employment Opportunity Construction Contract Specifications to the extent applicable,

(iii) furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of DOL and HUD, and will permit access to its books, records and accounts pertaining to its employment practices by DOL and HUD for purposes of investigation to ascertain compliance with such rules, regulations and orders;

(iv) require the inclusion of the provisions of paragraphs (1) through (3) of this subsection in every contract, subcontract or purchase order, unless exempted by rules, regulations, or orders of DOL issued pursuant to Section 204 of Executive Order No. 11246 of September 24,1965, as amended, so that such provisions will be binding upon each contractor, subcontractor and vendor. Developer will take such action with respect to any contract, subcontract or purchase order as Corporation, DOES or DOL may direct as a means of enforcing such provisions, including sanctions for noncompliance.

(v) in the event of Developer's non-compliance with the nondiscrimination clause of this Agreement or with any applicable rule, regulation, or order, Corporation, DOES and/or DOL may take such enforcement against Developer, including, but not limited to, an action for injunctive relief and/or monetary damages, as may be provided by law.

The provisions of this Section 11.1 shall be made applicable to corporations, limited liability companies, partnerships, sole proprietorships, trusts, individuals or other entities who operate, reside or conduct business in the District.

11.2 OPPORTUNITY FOR TRAINING AND EMPLOYMENT

The District requires that priority for training and employment opportunities be given to residents of the District and priority for construction and operation contracts for work in connection with the Property be awarded to business concerns which are located in, or owned in substantial part by persons residing in the District. In accordance therewith, Developer will agree to: (i) comply with the approved Affirmative Action Plan and Community Participation Plan attached hereto as Exhibit H and Exhibit I, respectively, (ii) comply with the requirements of Mayor's Order 83-265, D.C. Law 5-93, as amended, and D.C. Law 14-24; and (iii) comply with all applicable labor and employment standards, laws, regulations and orders in the construction and operation of the Property. Notwithstanding the foregoing, Developer recognizes the importance of training and employment opportunities for residents of the area known as Columbia Heights and shall work diligently to maximize opportunities for the training and employment of Columbia Heights residents with respect to the Project.

In addition, Developer agrees that, if the Project is a union project, during the construction and operation of the Project provided for in this Agreement.

(1) The general contractor will send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding; a notice advising said labor organization or worker's representative of the general contractor's commitments under this subsection and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

(2) The general contractor will include this Section 11.2 in every subcontract for work in connection with the construction and operation of the Improvements and will, at the direction of Corporation and/or DOES, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of the provisions of this section. The general contractor will not let any subcontract where the general contractor has notice or knowledge that the subcontractor has been found in violation of these requirements, and will not let any subcontract unless the subcontractor has first provided the general contractor with a preliminary statement of ability to comply with the requirements in this section.

The provisions of this Section 11.2 shall be made applicable to corporations, limited liability companies, partnerships, sole propnetorships, trusts, individuals or other entities who operate, reside or conduct business in the District.

11.3 OPPORTUNITY FOR LOCAL, SMALL, OR DISADVANTAGED BUSINESS ENTERPRISES

In cooperation with Corporation, the Department of Housing and Community Development, DOES, and federal and other public and private agencies and organizations, Developer agrees that it will promote opportunities for businesses certified by the District of Columbia Office of Local Business Development ("OLBD") or any successor governmental entity as Local, Small, or Disadvantaged Business Enterprises ("LSDBEs") in the development, construction and operation of the Property to the fullest extent consistent with sound economic development and financial practices.

In order to assure that LSDBEs are provided equal opportunity in the development, construction and operation, Developer will:

(1) publicize available opportunities through private and public agencies, organizations and LSDBE business associations;

(2) solicit letters of interest through these agencies and organizations and from individual entrepreneurs and cooperate with public and privately funded business and technical assistance agencies and organizations, to assist in identifying potentially viable LSDBEs for contracting; and

(3) commit to use commercially reasonable efforts to achieve a contracting and subcontracting goal (including sub-subcontractors at every tier) of thirty-five percent (35%) of business enterprises that are currently certified by OLBD or any successor governmental entity as LSDBEs, in each case as of the effective date of the subcontract.

The provisions of this Section 11.3 shall be made applicable to corporations, limited liability companies, partnerships, sole proprietorships, trusts, individuals or other entities who operate, reside or conduct business in the District.

11.4 EMPLOYMENT OF DISTRICT RESIDENTS

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 government is the creation of job opportunities for District residents. Accordingly, Developer agrees to comply with the following: (i) enter into a First Source Employment Agreement with the D C Department of Employment Services; (ii) 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 residents for all new jobs created by the Project, all in accordance with such First Source Employment Agreement; and (iii) use diligent efforts to ensure that at least fifty one percent (51%) of apprentices and trainees employed are residents of the District registered in programs approved by the D.C. Apprenticeship Council.

11.5 SURVIVAL

The obligations set forth in this Article 11 shall survive issuance of a Certificate of Completion and shall be contained in the Deed. Notwithstanding the foregoing, the obligations of Developer set forth in this Article 11 shall bind Developer and its successors and permitted assigns, but shall not bind any Qualified Purchaser of a Residential Unit.

11.6 DEFINITIONS

As used in Section 11 3(3), the term "commercially reasonable" shall mean efforts undertaken in good faith in accordance with commonly accepted commercial practice.

ARTICLE 12 - DEFAULTS AND REMEDIES

12.1 DEFAULT BY DEVELOPER

It shall be deemed a default by Developer (or its successor or assign) hereunder if Developer (or its successor or assign) 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 Corporation (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 therefor). If such failure or 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 forty-five (45) days, to cure such failure; provided however, Developer must commence the cure within such 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 extend the Closing Date and shall terminate on the Closing Date. Furthermore, no cure period shall be available hereunder for the failure of Developer to achieve Commencement of Construction by the date required under Section 5.2.

12.2 DEFAULT BY CORPORATION

It shall be deemed a default by Corporation hereunder if Corporation 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 (except no notice shall be necessary nor shall any cure period apply to Corporation's obligation to close on its sale of the Property, time being of the essence therefor). If such failure cannot be reasonably cured within thirty (30) days, Corporation shall have such additional time as is reasonably necessary, not to exceed an

additional forty-five (45) days, to cure such failure, provided however, Corporation must commence the cure within such 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 extend the Closing Date and shall terminate on the Closing Date.

12.3 CORPORATION REMEDIES IN THE EVENT OF DEFAULT BY DEVELOPER PRIOR TO CONVEYANCE

If Developer fails to cure within the applicable cure period any default by Developer hereunder that occurs prior to conveyance of the Property at Closing, Corporation shall have the following remedies:

(1) Corporation may terminate this Agreement and retain the Deposit as liquidated damages, and all plans and specifications with regard to the development and construction of the Improvements, including (without limitation) the Final Plans, shall be automatically assigned to Corporation in accordance with Section 12 9 free and clear of all liens and claims for payment;

(2) Corporation may cure Developer's default, at Developer's sole cost and expense. Developer shall reimburse Corporation its actual out-of-pocket costs for such cure within ten (10) Business Days after demand therefor. Any such sums not paid by Developer within ten (10) Business Days after demand shall bear interest at the rate of ten percent (10%) per annum or the highest rate permitted by law, if less, until paid;

(3) Corporation may pursue specific performance of Developer's obligations hereunder; and/or

(4) Corporation may pursue any and all other remedies available at law and/or in equity, including without limitation injunctive relief.

12.4 CORPORATION REMEDIES IN THE EVENT OF DEFAULT BY DEVELOPER SUBSEQUENT TO CONVEYANCE

If Developer fails to cure within the applicable cure period any default by Developer under this Agreement that occurs subsequent to conveyance of the Property at Closing, Corporation shall have the following remedies:

(1) Corporation may cure Developer's default, at Developer's sole cost and expense Developer shall reimburse Corporation its actual out-of-pocket costs for such cure within ten (10) Business Days after demand therefor. Any such sums not paid by Developer within ten (10) Business Days after demand shall bear interest at the rate of ten percent (10%) per annum or the highest rate permitted by law, if less, until paid;

(2) Corporation may exercise its Right of Re-entry in accordance with Section 12.6;

(3) Corporation may pursue specific performance of Developer's obligations hereunder; and/or

(4) Corporation may pursue any and all other remedies available at law and/or in equity, including (without limitation) injunctive relief.

12.5 DEVELOPER REMEDIES IN THE EVENT OF DEFAULT BY CORPORATION

If Corporation fails to cure within the applicable cure period any default by Corporation under this Agreement, Developer shall have the following remedies.

(1) If such default occurs prior to Closing, Developer may either (i) terminate this Agreement and receive a return of the Deposit, or (ii) pursue specific performance (in which case the Deposit shall remain with Corporation); or

(2) If such default occurs subsequent to Closing, Developer may pursue specific performance

12.6 CORPORATION'S RIGHT OF RE-ENTRY

In the event that subsequent to conveyance of the Property (or any part thereof) to Developer and prior to the Buyout Date, Developer or an Approved Mortgagee fails to cure within the applicable cure periods any (i) default by Developer under this Agreement that materially adversely affects the development or construction of the Improvements in accordance with the Development Plan, including (without limitation) failure to achieve Commencement of Construction or Completion of Construction by the respective dates set forth in Section 5.2, abandonment or substantial suspension of construction work, or making a Significant Change to the Final Plans or Budget without Corporation's prior written consent, (ii) default by Developer under the terms of Article 13, including (without limitation) making or permitting any mortgage, encumbrance, lien, levy, attachment, materialman's or mechanics lien not permitted thereunder; (iii) default by Developer under the terms of Article 9, or (iv) monetary default by Developer under this Agreement, then in addition to (but not in lieu of) those other remedies identified in Section 12.4, Corporation shall have the exclusive right to declare a termination in favor of Corporation of the title and of all the rights and interests in and to the Property conveyed in the Deed to Developer, and to re-enter the Property ("Right of Re-entry"), at Corporation's option, upon the following terms and conditions:

(1) If an event occurs which gives rise to Corporation's Right of Re-entry, then Corporation shall notify Developer, in accordance with Section 14 in a writing that specifically sets forth the nature of such default and the measures Developer must take to cure the same, that Corporation intends to exercise its Right of Re-entry if Developer fails to cure such default within twenty (20) Business Days after the date of receipt of the notice ("Second Cure Period"). If Developer (or an Approved Mortgagee) fails to cure such default within such Second Cure Period, then Corporation may exercise its Right of Re-entry by notifying Developer within one hundred twenty (120) days after the expiration of Second Cure Period that Corporation has elected to exercise its Right of Re-entry hereunder ("Exercise Notice") Re-entry shall take place on a date designated by Corporation which is thirty (30) to sixty (60) days from the date of Corporation's exercise of the Right of Re-entry. The date of exercise of the Right of Reentry shall be the date the Exercise Notice is deemed received by Developer pursuant to Article 14. Upon Corporation's exercise of its Right of Re-entry, Developer shall have no further right to make Permitted Transfers under Section 9.4.

(2) On the date designated for re-entry, Corporation shall have the absolute right to execute and record or file among the Land Records a written declaration of the termination of the right, title and interest of Developer, 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 the Corporation) the

estate conveyed in the Deed to Developer, and Corporation shall acquire the Property subject to any Approved Mortgages. Developer shall deliver such documents as Corporation's title insurance company reasonably shall require to evidence such termination, and the affidavits, indemnities and other agreements reasonably required by Corporation's title insurance company in connection with insuring title to the Property upon such re-entry. Real property taxes, owners association dues and assessments, water and sewer charges, rent and interest on any outstanding indebtedness to be taken subject to, if any, shall be adjusted as of the date of re-entry. Any real property taxes or assessments which have been paid or are payable on the Property shall be apportioned between Corporation and Developer as of the date Corporation re-enters the Property so that Corporation shall bear that portion of such charges which accrue on and after such re-entry, but the foregoing shall not affect or impair Corporation's tax exempt status. If re-entry occurs before the tax rate is fixed for the then current year, the apportionment of real estate taxes shall be upon the basis of the rate for the preceding year applied to the latest assessed valuation. Subsequent to re-entry, when the tax rate is fixed for the year in which re-entry occurs, Developer and Corporation agree to adjust the proration of taxes, and, if necessary, to refund or pay (as the case may be) such sums as shall be necessary to effect such adjustment. Developer shall pay the District of Columbia deed transfer tax, the cost of preparation of the Termination Declaration, all recording taxes and charges, title examination, survey and title insurance fees. Corporation shall be entitled to use the Deposit for paying the sums due from Developer hereunder.

(3) Subsequent to the re-vesting of title to the Property as provided herein, Corporation shall, pursuant to its responsibilities under District law, use reasonable efforts to resell and/or lease the Property, as soon and in such manner as Corporation shall find feasible and consistent with the objectives of the Act (as determined by Corporation), to a qualified and responsible party or parties (as determined by Corporation) who will assume the obligation of making or completing the Improvements (or such other improvements as shall be satisfactory to Corporation) and in accordance with the uses specified for such Property in this Agreement (or such other uses as shall be satisfactory to Corporation). Upon such resale and/or lease of the Property, the proceeds thereof shall be applied in the following order:

First, to pay off the principal, unpaid and accrued interest thereon and other sums due and payable to an Approved Mortgagee pursuant to its Loan Documents;

Second, to reimburse Corporation for all costs and expenses incurred by Corporation, including but not limited to attorneys fees, court costs, management fees, consultants fees, salaries of personnel, in connection with the recapture, management and resale of the Property (but less any income derived from the Property or part thereof in connection with such management) and any sums due from Developer pursuant to the provisions of this Agreement;

Third, to pay any taxes, assessments, and water and sewer charges with respect to the Property or part thereof which accrued prior to such re-vesting of title of Corporation and remain unpaid;

Fourth, to pay payments reasonably made or necessary to be made to discharge any Mortgage, encumbrances or liens (excluding any Mortgage approved by Corporation pursuant to Article 13 and repaid as provided above) existing on the Property at the time of re-vesting of title thereto in Corporation or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of Developer, its successors or transferees,

Fifth, to pay expenditures made or obligations incurred by Corporation with respect to the making or completion of the Improvements or any part thereof on the Property;

Sixth, to pay any amounts otherwise due and owing Corporation by Developer, its successors or transferees, pursuant to this Agreement; and

Seventh, to reimburse Developer, its successors or transferees, up to the amount equal to (x) the amount (or the allocable portion thereof) of the cash actually invested by it and/or the Unrelated Party Costs paid by Developer in making any of the Improvements on the Property in accordance with the Development Plan (and not funded from the proceeds of the loans described above), less (y) any gains or income withdrawn or made by it in connection with the Property

(4) Corporation shall have the right to have this Right of Re-entry judicially enforced so long as Corporation institutes legal proceedings within one (1) year from the date of its Exercise Notice. The exercise of this Right of Re-entry and re-entry thereunder shall terminate all obligations and/or covenants of Developer in this Agreement, except those that expressly survive termination of this Agreement. The termination of this Right of Re-entry shall not operate to terminate any of the other obligations and/or covenants of Developer in the Agreement. Notwithstanding anything to the contrary contained herein, the Right of Re-Entry shall terminate with respect to a Residential Unit upon issuance of a Unit Certificate of Completion for such Residential Unit and conveyance of such Residential Unit to a Qualified Purchaser.

(5) Corporation's re-entry shall be effective upon recordation of the Termination Declaration among the Land Records

(6) Corporation may not exercise its Right of Re-entry if an Approved Mortgagee institutes foreclosure or similar proceedings prior to the Second Cure Period and diligently pursues the same, unless and until such proceedings are terminated with Developer retaining its interest in the Property or unless and until a purchaser acquires title to the Property and fails either (i) to assume this Agreement as required in Section 13.1.6; or (ii) to perform in accordance with the terms of this Agreement after its acquisition of title to the Property.

As used in this Section 12.6, "Property" shall mean the Property and Improvements thereon, excluding any Residential Units for which the Right of Re-entry has terminated pursuant to Section 12.6(4).

The provisions of this Section 12.6 shall be contained in the Deed.

12.7 OTHER RIGHTS AND REMEDIES OF CORPORATION

Corporation shall have the right to institute such actions or proceedings as it may deem desirable for effectuating the purposes of this Article 12, including without limitation the right to seek specific performance.

12.8 NO WAIVER BY DELAY; WAIVER

Notwithstanding anything to the contrary contained herein, except where specific time periods are provided in Section 12.6(4) of this Agreement, any delay by Corporation in instituting or prosecuting any actions or proceedings with respect to a default by Developer hereunder or otherwise asserting its rights or pursuing its remedies under this Article 12 or any other right or remedy available under law or in equity, shall not operate as a waiver of such rights or to deprive Corporation of or limit such rights in any way (it being the intent of this provision that Corporation shall not be constrained by waiver, laches, or otherwise in the exercise of such remedies) Any waiver by Corporation hereunder must be made in writing. Any waiver in fact made by Corporation with respect to any specific default by Developer under this Section 12.8 shall not be considered or treated as a waiver of Corporation with respect to any other defaults by Developer or with respect to the particular default except to the extent specifically waived in writing.

12.9 ASSIGNMENT OF PLANS AND SPECIFICATIONS

If Corporation terminates the Agreement (i) prior to conveyance of the Property to Developer in accordance with Section 12.3 or (ii) subject to the rights of an Approved Mortgagee, as a result of Corporation's exercise of its Right of Re-entry pursuant to Section 12.6, Developer hereby transfers and assigns to Corporation all of Developer's right, title and interest in and to all construction contracts, architectural and engineering contracts, plans and specifications (including the Final Plans), Permits, bonds in favor of Developer, sewer permits and tap fees, utility deposits and all other contracts, agreements, permits and authorizations in any way related to the development and construction of the Improvements or such portion of the Improvements as is subject to the Right of Re-entry. Such assignment shall vest automatically without further written documentation, shall be made at the sole cost and expense of Developer, and shall be free of liens and any claims for payment (except that such assignment shall be subordinate in all respects to the rights of an Approved Mortgagee).

12.10 RIGHTS AND REMEDIES CUMULATIVE

The rights and remedies of Corporation under this Agreement, whether provided by law, in equity, or by the Agreement, shall be cumulative, and the exercise by Corporation of any one or more of such remedies shall not preclude the exercise of any other remedies for the same such default or breach.

ARTICLE 13 - MORTGAGE FINANCING

13.1 LIMITATION UPON ENCUMBRANCES OF PROPERTY AND IMPROVEMENTS

13.1.1 Prior Approval of Corporation for Mortgage

Prior to the issuance of the Certificate of Completion, neither Developer nor any successor-in-interest to the Property shall engage in any financing or other transaction creating any Mortgage or other lien or encumbrance upon the Property, or suffer any lien or encumbrance to be made on or attached to the Property, whether by express agreement or by operation of law, without the prior written approval of Corporation, in each instance. Any such

Mortgage or other lien or encumbrance not permitted by this Article 13 shall be deemed to be a violation of this covenant on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced. The holder of a Mortgage approved by Corporation pursuant to this Section 13.1 1 and/or granted by Developer after issuance of the Certificate of Completion, shall be referred to herein as an "Approved Mortgagee" and such Mortgage shall be referred to herein as an "Approved Mortgage." Notwithstanding anything herein to the contrary, Developer shall not use any portion of the Property or Improvements to secure any indebtedness or obligations of any Developer Party incurred for or in relation to any other real property or business enterprise

Corporation shall agree to reasonable amendments to this Agreement required by prospective Mortgagees to the extent that such amendments do not materially adversely affect the rights and obligations or Corporation hereunder and otherwise comply with the requirements of Section 13 1.7.

13.1.2 Prior Approval of Corporation for Amendments, Modifications, Etc.

Prior to the issuance of the Certificate of Completion, neither Developer nor any successor in interest to the Property shall amend, modify, replace or otherwise alter the Submissions approved by Corporation pursuant to Sections 4.2(3) and 4.2(6) or any loan commitments or loan documents approved by Corporation pursuant to Section 13.1.3, without the prior written approval of Corporation.

13.1.3 Criteria for Approval

Prior to the issuance of the Certificate of Completion, Corporation, in its reasonable discretion, shall grant approval of a Mortgage, a pledge of membership interests in Developer, or an amendment, modification, replacement or other alteration described in Section 13.1.2 if: (i) it secures bona fide indebtedness, the proceeds of which will be applied only to the Purchase Price and to the Costs set forth in the Budget, or to finance the costs of repair, rebuilding or restoration of the Improvements, or to refinance or "take out" the loans or financing described above in this clause (i) (provided, that no distribution shall be made to any Developer Party in connection with such financing); (ii) the amount of such indebtedness, together with all other funds available to Developer, will be sufficient to complete the development and construction of the Improvements; (iii) the documents evidencing and securing such indebtedness ("Loan Documents") shall permit the disposition and application of insurance proceeds and condemnation awards in the manner provided in Section 10.2, shall require the Mortgagee to provide Corporation with written notice of any default by Developer and the cure period(s) specified in Section 13.4 in which Corporation may cure such default before Mortgagee exercises any of its rights or remedies for default involving foreclosure of any of the Property and written notice at the time any Mortgagee initiates any Mortgage foreclosure action, shall recognize Corporation's rights under Section 13.5, and shall contain the express provision that the Mortgagee's title in and to the Property is subject to this Agreement, (iv) Developer is not in default under the terms of this Agreement and no event has occurred which with the giving of notice or passage of time would constitute a default under the terms of this Agreement; and (v) the Mortgagee shall be either an Institutional Lender or any other lender approved in advance by Corporation. In connection with any requests for approval of a Mortgage or other lien or encumbrance pursuant to this Section 13.1.3, Developer shall provide to Corporation the information described in Section 4.2, as applicable.

13.1.4 Notification of Liens

Notwithstanding the foregoing, Developer shall promptly notify Corporation of any Mortgage or other lien or encumbrance that has been granted on or attached to the Property, whether by voluntary act of Developer or otherwise.

13.1.5 Title Subject To Agreement

All the rights acquired by any Mortgagee under a Mortgage, either before or after foreclosure or transfer in lieu thereof, or by a purchaser of the Property by means of a foreclosure sale of the Property shall be subject to each and all of the terms, covenants, conditions and restrictions set forth in this Agreement, none of which terms, covenants, conditions and restrictions are or shall be deemed waived by Corporation by reason of the permitting of such Mortgage, except as specifically waived by Corporation in a separate written instrument addressed to an Approved Mortgagee.

13.1.6 Assumption of Agreement

In the event of a foreclosure sale in which the Property is acquired by a Person other than an Approved Mortgagee or in the event that after acquiring title to the Property through a foreclosure sale or deed in lieu thereof, the Approved Mortgagee shall thereafter Transfer the Property, the purchaser, transferee or assignee shall expressly assume all of the covenants, agreements and obligations of Developer under this Agreement by a written instrument to be filed promptly and recorded among the Land Records, in which event the time limits set forth on the Schedule of Performance shall be extended by Corporation for such reasonable period of time as may then be necessary to complete development and construction of the Improvements. If the Approved Mortgagee acquires title to the Property, whether through foreclosure sale or deed in lieu thereof, such Approved Mortgagee shall not be required to assume the terms and provisions of this Agreement so long as the Approved Mortgagee does not undertake or continue the construction or completion of the Improvements beyond the extent necessary to conserve or protect the Improvements or construction already made. If the Approved Mortgagee acquires the Property and thereafter undertakes or continues the construction or completion of the Improvements beyond the extent necessary to conserve or protect the Improvements or construction already made, then the Approved Mortgagee shall expressly assume all of the covenants, agreements and obligations of Developer under this Agreement by a written instrument to be filed promptly and recorded among the Land Records, in which event the time limits set forth on the Schedule of Performance shall be extended by Corporation for such reasonable period of time as may then be necessary to complete development and construction of the Improvements. Any such assuming Mortgagee properly completing the Improvements shall be entitled, upon written request made to Corporation, to the Certificate of Completion from Corporation with respect to such Improvements to the same extent and in the same manner as Developer would have been entitled if Developer had not defaulted. The Approved Mortgagee shall have no liability for any obligations under this Agreement arising after the date that such Approved Mortgagee transfers title to the Property to an unrelated third party.

13.1.7 Mortgage Agreement

Upon request by Developer, Corporation shall enter into an agreement with an Approved Mortgagee, regarding the rights and responsibilities of Corporation and the Approved Mortgagee in the event of a default by Developer under the Loan Documents or this Agreement; provided however, that (i) such agreement shall be in substance reasonably acceptable to Corporation; (ii) Developer shall not be in default under the terms of this Agreement and no

event shall have occurred that with the giving of notice or passage of time would constitute a default under the terms of this Agreement, (iii) such agreement shall not materially adversely affect the rights and obligations of Corporation under this Agreement; (iv) the Loan Documents shall comply with the terms of Section 13.1.3(iii); (v) such agreement shall provide Corporation with the notice of default, cure period and notice of the institution of foreclosure proceedings provided for in Section 13.4, and (vi) such agreement shall provide Corporation with the rights provided in Section 13.5.

13.2 COPY OF NOTICE OF DEFAULT TO MORTGAGEE

Whenever Corporation shall deliver any notice or demand to Developer with respect to any breach or default by Developer in its obligations or covenants under this Agreement in accordance with Section 12.1 or otherwise, Corporation shall at the same time forward a copy of such notice or demand to each Approved Mortgagee, at the last address of such Approved Mortgagee provided to Corporation by such Approved Mortgagee.

13.3 MORTGAGEE RIGHT TO CURE DEVELOPER DEFAULT

From and after notice of Developer's default has been given to Approved Mortgagee in accordance with Section 13.2, such Approved Mortgagee shall have the same period, after the giving of such notice upon it, for remedying or causing to be remedied any default or acts or omissions which are the subject matter of such notice as is given Developer under this Agreement, plus an additional ten (10) Business Days to remedy or cause to be remedied any monetary default and an additional forty five (45) days to remedy or cause to be remedied any non-monetary default. If an Approved Mortgagee does not remedy any such default within the applicable time period provided above in this Section 13.3, then, provided such Approved Mortgagee institutes foreclosure or similar proceedings within the applicable time period provided above in this Section 13.3 and diligently pursues the same, such time period shall be extended for so long as the Approved Mortgagee prosecutes such proceeding diligently and in good faith to conclusion such that such Approved Mortgagee or another Person shall acquire title to the Property and the provisions of Sections 13.1.5 and 13.1.6 shall apply, unless and until such proceedings are terminated with Developer retaining its interest in the Property or unless and until a purchaser acquires title to the Property pursuant to such proceedings and fails (i) to assume this Agreement as required in Section 13.1.6, and (ii) to perform in accordance with the terms of this Agreement after its acquisition of title to the Property (after giving effect to the extension of the Schedule of Performance provided in Section 13.1.6). Corporation shall accept such performance by or at the instigation of such Approved Mortgagee as if the same had been done by Developer. Developer hereby authorizes each Approved Mortgagee to take any such action at such Approved Mortgagee's option and hereby authorizes entry upon the Property, including the Improvements, by the Approved Mortgagee for such purpose No Approved Mortgagee shall be entitled to exercise the rights set forth in this Section 13.3 or to notice pursuant to Section 13.2 unless and until written notice of the name and address of the Approved Mortgagee shall have been given to Corporation, notwithstanding any other form of notice, actual or constructive. Notwithstanding the foregoing, failure to deliver any such notice to the Mortgagee pursuant to this Section 13.3 shall in no way affect the validity of the notice sent to Developer, as between Developer and Corporation, unless such default is cured by an Approved Mortgagee as hereinabove provided.

13.4 CORPORATION'S OPTION TO CURE MORTGAGE DEFAULT

Prior to the issuance of the Certificate of Completion, whenever an Approved Mortgagee shall deliver any notice or demand to Developer with respect to any breach or default by Developer in its obligations or covenants under the Loan Documents, the Approved Mortgagee

shall at the same time forward a copy of such notice or demand to Corporation. From and after notice of Developer's default has been given to Corporation in accordance with this Section 13 4, Corporation shall have the same period, after the giving of such notice upon it, for remedying or causing to be remedied any defaults or actions or omissions which are the subject matter of such notice as is given Developer under the Loan Documents, plus an additional ten (10) Business Days to remedy or cause to be remedied any monetary default and an additional forty five (45) days to remedy or cause to be remedied any non-monetary default. The Approved Mortgagee shall accept such performance by or at the instigation of Corporation as if the same had been done by Developer, and at the request of Corporation. Developer hereby authorizes Corporation to take any such action at Corporation's option and hereby authorizes entry upon the Property, including the Improvements, by Corporation for such purpose. Corporation's cure rights hereunder shall extend to completing construction of the Improvements in the place and stead of Developer. In such event, Corporation shall be entitled, in addition to and without limitation upon any other rights or remedies to which it shall be entitled by this Agreement, operation of law, or otherwise, to reimbursement from Developer of all reasonable costs and expenses incurred by Corporation in curing such default and to a lien upon the Property (or the portion thereof to which the Mortgage relates) for such reimbursement; provided, that any such lien shall be subject always to the lien of (including any lien contemplated, because of advances yet to be made) any Mortgage on the Property which has been approved by Corporation pursuant to this Article 13. Such reimbursement shall be made to Corporation upon demand, together with interest thereon at the rate of ten percent (10%) per annum until paid in full. Developer hereby authorizes Corporation, without any obligation to do so, to perform any act required of Developer in order to prevent a default or acceleration under any Mortgage, or the taking of any foreclosure or other action to enforce the collection of the indebtedness secured by the Mortgage, and Developer agrees to indemnify, defend and hold Indemnified Parties harmless from any losses, costs, claims, damages, liabilities and causes of action (including reasonable attorneys' fees and court costs) resulting from Corporation exercising its rights under this Section 13.4.

13.5 CORPORATION'S RIGHT TO PURCHASE PROPERTY OR NOTE

In the event of any default by Developer under the terms of this Agreement or the terms of any Loan Documents, which default occurs prior to the issuance of the Certificate of Completion and is not cured by Developer or an Approved Mortgagee within the cure periods provided for in this Agreement, Corporation shall have the right, upon notice given to an Approved Mortgagee, to acquire the note secured by the applicable Approved Mortgage and the other Loan Documents, for the principal amount outstanding, unpaid interest accrued thereon and other sums then due and payable to the Approved Mortgagee pursuant to the Loan Documents ("Payoff Amount") If Corporation elects to exercise its right to re-enter the Property pursuant to Section 12.6, then the Mortgagee shall agree that (i) Corporation may re-enter and re-vest title to the Property in Corporation subject to the Mortgage, (ii) the transfer of the Property to Corporation shall not cause an acceleration of the indebtedness secured by the Mortgage, and (iii) Mortgagee shall not institute foreclosure or similar proceedings after the Second Cure Period until the date that is one hundred eighty (180) days after the Second Cure Period, provided that Corporation cures any monetary defaults under the Loan Documents (other than those caused by acceleration), as provided in Section 13.4. Further, if a Mortgagee acquires title to the Property by foreclosure or by transfer in lieu of foreclosure, Corporation may, at any time within ninety (90) days after such acquisition, purchase the Property from the Mortgagee for the Payoff Amount.

13.6 NOTICES

Any notice or other communication which Corporation shall desire or is required to give to or serve upon the Approved Mortgagee shall be in writing and shall be served in the manner set forth in Article 14 addressed to the Approved Mortgagee at the address provided for pursuant to Section 13.3. Any notice or other communication which Mortgagee desires to give to Corporation shall be deemed to been duly given or served if sent in the manner and at Corporation's address as set forth in Article 14, or at such other address as shall be designated by Corporation by notice in writing given to Mortgagee in like manner.

13.7 BENEFITS TO APPROVED MORTGAGES

Notwithstanding anything to the contrary contained herein, the provisions of this Article 13 shall inure only to the benefit of Approved Mortgagees.

13.8 DEFINITION.

As used in this Article 13, the term "Property" shall refer to the Property the Improvements thereon, or any part thereof or interest therein, that is encumbered by an Approved Mortgage.

ARTICLE 14 - NOTICES

Any notices required to be 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 Corporation at the following addresses:

RLA Revitalization Corporation
1801 K Street N.W , Suite 1200
Washington, D.C. 20006
Attention: Executive Vice President

With a copy to:

RLA Revitalization Corporation
1801 K Street N W., Suite 1200
Washington, D.C. 20006
Attention: General Counsel

With a copy to:

Reed Smith LLP
1301 K Street, N.W.
Suite 1100 East Tower
Washington, D C. 20005
Attention: A. Scott Bolden, Esquire

Any notices required to be 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:

Non-Profit Community Development Corporation
1330 New Hampshire Avenue, NW, Suite 111
Washington, DC 20036
Attention: Michelle Owens

with a copy to.

Litman Development
3331 22nd Street, SE, Suite A
Washington, DC 20020
Attention: Arnold K. Litman

Notices which shall be served upon Developer or Corporation 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 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 15 - MISCELLANEOUS

15.1 TERM OF THIS AGREEMENT

The term of this Agreement will be from the Effective Date until the earlier of (i) termination in accordance with the terms and conditions contained herein, and (ii) issuance of the Certificate of Completion for all of the Improvements and the Anniversary Date, except for those terms and conditions herein that expressly survive.

15.2 INFORMATION AS TO STOCKHOLDERS, MEMBERS AND PARTNERS MAINTENANCE OF SEPARATE BOOKS AND ACCOUNTS

Developer agrees that until the Anniversary Date:

(1) Developer shall promptly notify Corporation of any and all changes whatsoever in the ownership of stock, manager, membership or partnership interests, legal or beneficial, or of any other act or transaction involving or resulting in any change in the ownership of such stock, manager, membership or partnership interests or the relative distribution thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers, managers, managing members or general partners have been notified or otherwise have knowledge or information;

(2) Developer shall, at such time or times as Corporation may request, furnish Corporation with a complete statement, subscribed and sworn to by the President or other executive officer, manager, managing member or general partner of Developer, setting forth all of the stockholders, managers, members or partners in Developer and the extent of their respective holdings, and in the event any other parties have a beneficial interest in such stock or interests, their names and the extent of such interest, all as determined or indicated by the records of Developer, by specific inquiry made by such officer, manager,

managing member or general partner of all parties who on the basis of such records own any stock or other interest in Developer or by such other knowledge or information as such officer, manager, managing member or general partner shall have Such lists, dates, and information shall in any event have been furnished to Corporation immediately prior to the execution of this Agreement as a condition precedent thereto, and annually thereafter on the anniversary of the Effective Date until the Anniversary Date, and

(3) Developer shall keep books and accounts of its operations and transactions relating to the Property and Improvements separate and distinct from any other property or business enterprise owned or operated by any Developer Party.

15.3 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 (or their) 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.

15.4 FORCE MAJEURE

Neither Corporation nor Developer, as the case may be, nor any successor-in-interest, shall be considered in breach of, or default in, its obligations with respect to the preparation of the Property for development, conveyance of the Property or the beginning and completion of construction of the Improvements, or progress in respect thereto, 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 Corporation or of Developer shall be extended for the period of the Force Majeure; provided, however, that (i) the party seeking the benefit of this Section 15.4 shall, within ten (10) days after it becomes aware of the beginning of any such Force Majeure event, have first notified the other party thereof in writing of the cause or causes thereof, with supporting documentation, and requested an extension for the period of the forced delay, (ii) in the case of a delay in obtaining Permits as described in clause (v) of the definition of Force Majeure, Developer 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 Corporation to monitor and expedite the Permit process, (iii) the party seeking the delay must take commercially reasonable actions to minimize the delay, and (iv) delays caused by Force Majeure shall not exceed ninety (90) days in the aggregate. If either party requests any extension on the date of completion of any obligation hereunder due to Force Majeure, it shall be the responsibility of such party to reasonably demonstrate that the delay was caused specifically by a delay of a critical path item of such obligation. Force Majeure delays shall not delay the Closing Date and shall not apply to any obligation to pay money

15.5 ESTOPPEL CERTIFICATE

From time to time upon request of Developer (in connection with encumbering the Property with an Approved Mortgage or a Approved Transfer) and provided Developer is not then in default under this Agreement and no event has occurred that with the giving of notice or passage of time would constitute a default, Corporation will upon thirty (30) days written request

of Developer issue an estoppel certificate or other instrument certifying, to Corporation's knowledge as of the date of such certificate or instrument, (i) that Developer is not in default under this Agreement, and (ii) to such other factual matters as Developer may reasonably request.

15.6 CONFLICT OF INTERESTS; CORPORATION REPRESENTATIVES NOT INDIVIDUALLY LIABLE

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

15.7 PROVISIONS NOT MERGED WITH DEED

None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring title to the Property from Corporation to Developer or any successor-in-interest, and any such deed shall not be deemed to affect or impair the provisions and covenants of the Agreement.

15.8 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.

15.9 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.

15.10 LAW APPLICABLE

This Agreement shall be construed in accordance with and governed by the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof.

15.11 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings related to the subject matter hereof All Exhibits are incorporated herein by reference, whether or not so stated. In the event of any conflict between the Exhibits and this Agreement, this Agreement shall control.

15.12 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.

15.13 CONTINGENT UPON APPROVAL

Notwithstanding anything to the contrary contained herein, Corporation's performance of its obligations under this Agreement shall be contingent upon the approval of the Board of Directors of Corporation Upon full execution and delivery of this Agreement by Developer and Corporation, such contingency shall be irrevocably deemed to have been satisfied.

15.14 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.

15.15 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and, subject to the provisions of Article 9 and Article 13, shall inure to the benefit of, the successors and assigns of Corporation, Developer and any Mortgagee, and where the term "Developer", "Corporation" or "Mortgagee" is used in this Agreement, it shall mean and include their respective successors and assigns. Furthermore, with respect to Corporation, it shall mean and include, without limitation and as applicable, the District, HUD, and/or the United States.

15.16 ATTORNEYS' FEES

In the event that either party brings a legal action to enforce rights under this Agreement, the prevailing party in any such proceeding will be entitled to recover its reasonable attorneys' fees and costs of the proceeding.

15.17 THIRD PARTY BENEFICIARY

Except for any Approved Mortgagee, which is an intended third party beneficiary of this Agreement, no Person shall be a third party beneficiary of this Agreement.

15.18 WAIVER OF JURY TRIAL

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

15.19 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.

15.20 MODIFICATIONS AND AMENDMENTS

None of the terms or provisions of this Agreement may be changed, waived, modified or terminated except by an instrument in writing executed by the party or parties against which enforcement of the change, waiver, modification or termination 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.

15.21 THIRD PARTY FEES

Developer agrees to reimburse Corporation for all of Corporation's actual out-of-pocket third-party expenses (not including overhead expenses) incurred in connection with the satisfaction of the requirements of this Agreement or any of the conditions precedent to Closing, drafting, negotiation and entry into of this Agreement and the ERA, review of all plans, materials, information and items submitted to Corporation under this Agreement or any other agreement between Corporation and Developer and third-party expenses otherwise incurred by Corporation in connection with the development , construction, financing, operation or sale of the Property (including, without limitation, reasonable fees and expenses of any and all attorney(s), construction consultant(s), environmental consultant(s), appraiser(s), architect(s) and accountant(s)) (collectively, "Third Party Fees"), provided however, that Developer's obligation to reimburse Corporation for Third Party Fees (i) shall not exceed Twenty-Five Thousand Dollars ($25,000) in the aggregate for the period prior to the issuance of the Certificate of Completion, and (ii) shall not exceed Five Thousand Dollars ($5000) per year following issuance of the Certificate of Completion for the Rental Component until the Anniversary Date.

The initial reimbursement of Third Party Fees shall occur within thirty (30) days after execution of this Agreement and thereafter shall occur monthly upon presentation of an invoice from Corporation; provided, that as long as Developer is not in default of this Agreement, payment of such reimbursement amounts will not be due until Closing. If Developer fails to make in a timely manner any reimbursement required to be paid prior to Closing, Corporation may, upon ten (10) Business Days notice to Developer, terminate this Agreement unless such failure has been cured within such ten (10) Business Day period. If Closing does not occur for any reason, then reimbursement of Third Party Fees shall occur within thirty (30) days after presentation of an invoice from Corporation. Any sum due hereunder not paid within thirty (30) days after invoice shall bear interest at the rate of ten percent (10%) per annum or the highest rate permitted by law, if less.

This Section 15.21 shall survive termination of this Agreement and shall survive issuance of the Certificate of Completion

15.22 ANTI-DEFICIENCY

Developer acknowledges that the obligations of Corporation to fulfill financial obligations of any kind pursuant to this Agreement, including indemnification, if any, are subject to the provisions of Section 446 of the District of Columbia Home Rule Act and the federal Anti-deficiency Act, regardless of whether a particular obligation was expressly so conditioned. Corporation agrees, using reasonable efforts, to exercise all lawful and available authority to satisfy any financial obligations of Corporation that may arise under this Agreement, including, without limitation, attempting to obtain the necessary appropriations and/or the reprogramming of available funds if such reprogramming is legal and necessary to satisfy Corporation's financial obligations; however, Corporation's obligations under this Agreement are subject to the receipt of specific authority from Congress, with no implication that Congress will give this authorization. Notwithstanding the foregoing, the obligations of Corporation that may arise under this Agreement shall not constitute an indebtedness of Corporation within the meaning of any constitutional or statutory debt limitation or restriction and do not constitute an obligation for which Corporation is obligated to levy or pledge any form of taxation or for which Corporation has levied or pledged any form of taxation.

15.23 SUBMISSION OF AGREEMENT

The submission by Corporation to Developer of this Agreement in unsigned form shall be deemed to be a submission solely for Developer's consideration and not for acceptance and execution. Such submission shall have no binding force and effect, shall not constitute an option, and shall not confer any rights upon Developer or impose any obligations upon Corporation, irrespective of any reliance thereon, change of position or partial performance The submission by Corporation of this Agreement for execution by Developer and the actual execution of this Agreement and delivery thereof by Developer to Corporation shall similarly have no binding force and effect on Corporation unless and until Corporation shall have approved this Agreement in accordance with all applicable Laws and procedures, executed this Agreement, and delivered a counterpart of this Agreement to Developer.

15.24 SEVERABILITY

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, 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

15.25 DECISIONS BY CORPORATION

If this Agreement specifies that a decision will be made by Corporation in its reasonable discretion, any such decision shall be subject to the Board of Directors' satisfaction of its fiduciary obligations if applicable to such decision

15.26 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.

15.27 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 Corporation, it being understood and agreed that neither the method of computation of any participation nor any other provision contained herein, nor any acts of the parties hereto shall be deemed to create any such relationship.

15.28 ARBITRATION

To the extent permitted by law, any controversy or claim arising from or relating to this Agreement or the breach thereof (other than under Article 2A which shall be governed by Exhibit L hereto) shall be settled by binding arbitration administered by the American Arbitration Association under its Arbitration Rules for the Real Estate Industry ("Arbitration Rules") and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Each party shall each select one arbitrator, and the arbitrators thus selected shall select one additional arbitrator All arbitration hearings will be commenced before the panel

of three arbitrators within ninety (90) calendar days of the demand for arbitration; further, the arbitrators shall only, upon a showing of cause, be permitted to extend the commencement of such hearing for up to an additional sixty (60) calendar days.

15.29 CARRYING COSTS

It is understood by Developer that time is of the essence because for each day the site remains under Corporation's control, Corporation incurs certain costs. Corporation may, in its sole discretion, require Developer to pay carrying charges as they accrue on a monthly basis Such payment shall be made within thirty (30) days after demand from Corporation. Carrying charges may, at the option of Corporation, be set off against any sums put up by Developer as the Deposit. Carrying charges for each month shall be in an amount equal to the monthly prime interest rate as published in the *Wall Street Journal* plus two percent multiplied by the Purchase Price of the Property, but no less than Five Thousand Dollars ($5,000) per month

Corporation shall provide Developer with a detailed budget for carrying costs not less than ninety (90) days before the costs begin to accrue. Developer shall not be responsible for carrying costs until at least two hundred forty (240) days after the date of execution of the ERA (i.e., October 16, 2002).

ARTICLE 16 - RELEASE

As additional consideration for Corporation's entry into this Agreement, Developer does hereby release and forever discharge Corporation its agents, servants, employees, directors, officers, attorneys, parents, Affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations, if any, acting on its behalf (collectively, the "Corporation Released Parties"), of and from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which Developer may now have or claim to have against the Corporation Released Parties as of the Effective Date of this Agreement, whether presently known or unknown, of every nature and extent whatsoever on account of or in any way touching, relating to, concerning, arising out of or founded upon the ERA, the Property, any documents executed in connection therewith (other than this Agreement) or any hearings held, notices given, or decisions made in connection therewith, of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the Effective Date of this Agreement. The agreement and covenant on the part of Developer under this Article 16 is contractual and not a mere recital, and the parties hereto acknowledge and agree that no liability whatsoever is admitted on the part of any party.

[Remainder of this page intentionally blank.]

IN TESTIMONY WHEREOF, Corporation, in accordance with the provisions of a duly adopted resolution of its Board of Directors, has caused these presents to be signed in its name by Theodore N Carter, its President & CEO, attested by Therman A. Baker, Jr., its Chief Operating Officer, and its corporate seal to be hereunto affixed, and Corporation does hereby constitute and appoint said Theodore N. Carter its true and lawful Attorney-in-Fact to acknowledge and deliver these presents as its act and deed.

IN TESTIMONY WHEREOF, Developer, in accordance with the duly adopted provisions of its Board of Directors, has caused these presents to be signed by Michelle Owens, its Managing Director, attested by [illegible] its [illegible], and its corporate seal to be hereunto affixed, and does hereby appoint said Michelle Owens its true and lawful Attorney-In-Fact to acknowledge and deliver these presents as its act and deed.

CORPORATION:

ATTEST

RLA REVITALIZATION CORPORATION

By: [signature] By: [signature] [SEAL]

Name: Therman A Baker, Jr. Name: Theodore N. Carter

Title: Chief Operating Officer Title: President & CEO

DEVELOPER:

ATTEST

NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit Corporation

By: [signature] By: [signature] [SEAL]

Name: [illegible] Name: Michelle Owens

Title: [illegible] Title: Managing Director

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA

ss.

DISTRICT OF COLUMBIA

I, _____, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT Theodore N. Carter who is personally known to me (or proved by oaths of credible witnesses to be) the person named as the Attorney-In Fact in the foregoing and annexed Land Disposition and Development Agreement, bearing the date of the 15th day of October, 2003, personally appeared before me in said District of Columbia, and as Attorney-In-Fact as aforesaid, acknowledged the same to be the act and deed of the RLA REVITALIZATION CORPORATION, one of the Parties thereto.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 2003.

_____

NOTARY PUBLIC

SEAL

My Commission Expires: 10/31/07

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA

ss.

DISTRICT OF COLUMBIA

I, Patricia D. Hubbard, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT Michelle Owens, who is personally known to me (or proved by oaths of credible witnesses to be) the person named as the Attorney-In Fact in the foregoing and annexed Land Disposition and Development Agreement, bearing the date of the 15th day of October, 2003, personally appeared before me in said District of Columbia, and as Attorney-In-Fact as aforesaid, acknowledged the same to be the act and deed of NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit Corporation, one of the Parties thereto

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 16 day of October, 2003.

NOTARY PUBLIC

SEAL

My Commission Expires:

Patricia D. Hubbard
Notary Public, District of Columbia
My Commission Expires 12-14-04

Exhibit A

Description of Property

All of that certain lot or parcel of land situated, lying and being in the District of Columbia and being more particularly described as follows:

Lot numbered Eight Hundred Forty-Nine (849) in Square numbered Two Thousand Six Hundred Sixty-Seven (2667), containing approximately 24,000 square feet,

and now or formerly known as 2746 14th Street, NW.

Exhibit B

Deed of Conveyance

SPECIAL WARRANTY DEED

§

DISTRICT OF COLUMBIA § KNOW ALL MEN BY THESE PRESENTS

§

That RLA REVITALIZATION CORPORATION, successor-in-interest to the fee simple title of the District of Columbia Redevelopment Land Agency to the Property (as defined herein) pursuant to D.C. Law 14-188, effective October 1, 2002, ("Grantor" or "Corporation"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit Corporation ("Grantee" or "Developer") the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD and CONVEYED and by these presents does hereby GRANT, BARGAIN, SELL and CONVEY to Grantee all of the real property situated in the District of Columbia, described on Exhibit "A" attached hereto and made a part hereof ("Property"), together with any right, title and interest of Grantor in any and all improvements thereon, and all rights, tenements, hereditaments, easements, appendages, ways, privileges and appurtenances pertaining thereto, and together with any right, title and interest of Grantor in and to adjacent streets, alleys, rights-of-way, strips or gores.

TO HAVE AND TO HOLD the said described Property unto and to the use of Grantee, its successors and assigns forever.

AND the Grantor covenants that it will warrant specially the Property hereby conveyed; and that it will execute such further assurances of said land as may be requisite

SUBJECT TO any and all those easements, restrictions, conditions, encumbrances, encroachments and rights-of-way of record forming the chain of title to the Property, including, without limitation, the Land Disposition and Development Agreement, dated _____ __, 200_, and recorded in the land records of the District of Columbia in Deed Book ____, Page ____ ("LDA" or "Agreement") Notwithstanding anything to the contrary contained in this Special Warranty Deed, all of the provisions herein are subject in all respects to the terms, conditions, limitations and other provisions set forth in the LDA as if such provisions had been fully incorporated into this Special Warranty Deed. In the event of any inconsistency between the terms of the LDA and the terms of this Special Warranty Deed, the terms of the LDA shall control. All terms used in this Special Warranty Deed shall have the same meaning and definition as set forth in the LDA, except as otherwise defined herein, and for such purpose the applicable defined terms of the LDA are incorporated herein by reference.

FURTHER SUBJECT TO any and all those restrictions, covenants, and conditions, identified on Exhibit "B" attached hereto and incorporated herein by reference (hereinafter referred to collectively as the "Covenants Running with the Land"), which shall be covenants running with the land, and without regard to technical classification or designation, legal or

otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed forever thereafter in perpetuity.

FURTHER SUBJECT TO any and all those, restrictions, covenants, and conditions, identified on Exhibit "C" attached hereto and incorporated herein by reference (hereinafter referred to collectively as the "Construction Covenants"), which shall be covenants running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed until recordation of a Certificate of Completion, or until recordation of a Unit Certificate of Completion with respect to each Residential Unit, at which respective time such Construction Covenants shall terminate.

FURTHER SUBJECT TO any and all those, restrictions, covenants, and conditions, identified on Exhibit "D" attached hereto and incorporated herein by reference (hereinafter referred to collectively as the "Temporary Covenants"), which shall be covenants running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed until recordation for the term identified therein.

FURTHER SUBJECT TO the payment of certain sums of money identified on Exhibit "E" attached hereto and incorporated herein by reference (hereinafter referred to collectively as the "Charge on the Land"), which constitutes partial consideration for the grant of the Property and shall be a covenant running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed for the term identified therein. The Charge on the Land is hereby made a lien against the Property, and acceptance of this deed by the Grantee shall constitute Grantee's personal obligation to make such payments

FURTHER, CORPORATION SHALL CONVEY THE PROPERTY TO DEVELOPER IN "AS IS" CONDITION AND CORPORATION 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 ENVIRONMENTAL LAW, OTHER LAW OR ANY OTHER MATTER AFFECTING THE USE, VALUE, OCCUPANCY OR ENJOYMENT OF THE PROPERTY, OR AS TO ANY OTHER MATTER WHATSOEVER. CORPORATION SHALL HAVE NO RESPONSIBILITY TO PREPARE THE PROPERTY IN ANY WAY FOR DEVELOPMENT AT ANY TIME. DEVELOPER ACKNOWLEDGES THAT NEITHER CORPORATION NOR ANY EMPLOYEE, REPRESENTATIVE OR AGENT OF CORPORATION HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY IMPROVEMENTS THEREON. THE PROVISIONS HEREOF SHALL SURVIVE TERMINATION OF THE LDA OR ISSUANCE OF THE CERTIFICATE OF COMPLETION AND UNIT CERTIFICATES OF COMPLETION, AS APPLICABLE.

UPON CONDITION SUBSEQUENT THAT, in the event that subsequent to conveyance of the Property (or any part thereof) to Developer and prior to the Buyout Date, Developer or an Approved Mortgagee fails to cure within the applicable cure periods any (i) default by Developer under the Agreement that materially adversely affects the development or construction of the Improvements in accordance with the Development Plan, including (without limitation) failure to

achieve Commencement of Construction or Completion of Construction by the respective dates set forth in LDA Section 5.2, abandonment or substantial suspension of construction work, or making a Significant Change to the Final Plans or Budget without Corporation's prior written consent; (ii) default by Developer under the terms of LDA Article 13, including (without limitation) making or permitting any mortgage, encumbrance, lien, levy, attachment, materialman's or mechanics lien not permitted thereunder, (iii) default by Developer under the terms of LDA Article 9, or (iv) monetary default by Developer under the LDA, then in addition to (but not in lieu of) those other remedies identified in LDA Section 12.4, Corporation shall have the exclusive right to declare a termination in favor of Corporation of the title and of all the rights and interests in and to the Property conveyed in the Deed to Developer, and to re-enter the Property ("Right of Re-entry"), at Corporation's option, upon the following terms and conditions.

(1) If an event occurs which gives rise to Corporation's Right of Re-entry, then Corporation shall notify Developer, in accordance with LDA Section 14 in a writing that specifically sets forth the nature of such default and the measures Developer must take to cure the same, that Corporation intends to exercise its Right of Re-entry if Developer fails to cure such default within twenty (20) Business Days after the date of receipt of the notice ("Second Cure Period"). If Developer (or an Approved Mortgagee) fails to cure such default within such Second Cure Period, then Corporation may exercise its Right of Re-entry by notifying Developer within one hundred twenty (120) days after the expiration of Second Cure Period that Corporation has elected to exercise its Right of Re-entry hereunder ("Exercise Notice") Re-entry shall take place on a date designated by Corporation which is thirty (30) to sixty (60) days from the date of Corporation's exercise of the Right of Re-entry. The date of exercise of the Right of Reentry shall be the date the Exercise Notice is deemed received by Developer pursuant to LDA Article 14 Upon Corporation's exercise of its Right of Re-entry, Developer shall have no further right to make Permitted Transfers under LDA Section 9 4.

(2) On the date designated for re-entry, Corporation shall have the absolute right to execute and record or file among the Land Records a written declaration of the termination of the right, title and interest of Developer, 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 the Corporation) the estate conveyed in the Deed to Developer, and Corporation shall acquire the Property subject to any Approved Mortgages. Developer shall deliver such documents as Corporation's title insurance company reasonably shall require to evidence such termination, and the affidavits, indemnities and other agreements reasonably required by Corporation's title insurance company in connection with insuring title to the Property upon such re-entry. Real property taxes, owners association dues and assessments, water and sewer charges, rent and interest on any outstanding indebtedness to be taken subject to, if any, shall be adjusted as of the date of re-entry. Any real property taxes or assessments which have been paid or are payable on the Property shall be apportioned between Corporation and Developer as of the date Corporation re-enters the Property so that Corporation shall bear that portion of such charges which accrue on and after such re-entry, but the foregoing shall not affect or impair Corporation's tax exempt status. If re-entry occurs before the tax rate is fixed for the then current year, the apportionment of real estate taxes shall be upon the basis of the rate for the preceding year applied to the latest assessed valuation Subsequent to re-entry, when the tax rate is fixed for the year in which re-entry occurs,

Developer and Corporation agree to adjust the proration of taxes, and, if necessary, to refund or pay (as the case may be) such sums as shall be necessary to effect such adjustment. Developer shall pay the District of Columbia deed transfer tax, the cost of preparation of the Termination Declaration, all recording taxes and charges, title examination, survey and title insurance fees. Corporation shall be entitled to use the Deposit for paying the sums due from Developer hereunder.

(3) Subsequent to the re-vesting of title to the Property as provided herein, Corporation shall, pursuant to its responsibilities under District law, use reasonable efforts to resell and/or lease the Property, as soon and in such manner as Corporation shall find feasible and consistent with the objectives of the Act (as determined by Corporation), to a qualified and responsible party or parties (as determined by Corporation) who will assume the obligation of making or completing the Improvements (or such other improvements as shall be satisfactory to Corporation) and in accordance with the uses specified for such Property in the LDA (or such other uses as shall be satisfactory to Corporation). Upon such resale and/or lease of the Property, the proceeds thereof shall be applied in the following order:

First, to pay off the principal, unpaid and accrued interest thereon and other sums due and payable to an Approved Mortgagee pursuant to its Loan Documents,

Second, to reimburse Corporation for all costs and expenses incurred by Corporation, including but not limited to attorneys fees, court costs, management fees, consultants fees, salaries of personnel, in connection with the recapture, management and resale of the Property (but less any income derived from the Property or part thereof in connection with such management) and any sums due from Developer pursuant to the provisions of the LDA;

Third, to pay any taxes, assessments, and water and sewer charges with respect to the Property or part thereof which accrued prior to such re-vesting of title of Corporation and remain unpaid;

Fourth, to pay payments reasonably made or necessary to be made to discharge any Mortgage, encumbrances or liens (excluding any Mortgage approved by Corporation pursuant to LDA Article 13 and repaid as provided above) existing on the Property at the time of re-vesting of title thereto in Corporation or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of Developer, its successors or transferees;

Fifth, to pay expenditures made or obligations incurred by Corporation with respect to the making or completion of the Improvements or any part thereof on the Property,

Sixth, to pay any amounts otherwise due and owing Corporation by Developer, its successors or transferees, pursuant to the LDA; and

Seventh, to reimburse Developer, its successors or transferees, up to the amount equal to (x) the amount (or the allocable portion thereof) of the cash actually invested by it and/or the Unrelated Party Costs paid by Developer in making any

of the Improvements on the Property in accordance with the Development Plan (and not funded from the proceeds of the loans described above), less (y) any gains or income withdrawn or made by it in connection with the Property.

(4) Corporation shall have the right to have this Right of Re-entry judicially enforced so long as Corporation institutes legal proceedings within one (1) year from the date of its Exercise Notice. The exercise of this Right of Re-entry and re-entry thereunder shall terminate all obligations and/or covenants of Developer in the LDA, except those that expressly survive termination of the LDA. The termination of this Right of Re-entry shall not operate to terminate any of the other obligations and/or covenants of Developer in the Agreement. Notwithstanding anything to the contrary contained herein, the Right of Re-Entry shall terminate with respect to a Residential Unit upon issuance of a Unit Certificate of Completion for such Residential Unit and conveyance of such Residential Unit to a Qualified Purchaser.

(5) Corporation's re-entry shall be effective upon recordation of the Termination Declaration among the Land Records.

(6) Corporation shall have the right to exercise its Right of Re-entry only with respect to all of the Property and Improvements thereon excluding Residential Units for which the Right of Re-entry has terminated pursuant to Section (4) above.

(7) Corporation may not exercise its Right of Re-entry if an Approved Mortgagee institutes foreclosure or similar proceedings prior to the Second Cure Period and diligently pursues the same, unless and until such proceedings are terminated with Developer retaining its interest in the Property or unless and until a purchaser acquires title to the Property and fails either (i) to assume the LDA as required in LDA Section 13.1.6; or (ii) to perform in accordance with the terms of the LDA after its acquisition of title to the Property

As used in this Re-entry provision, "Property" shall mean the Property and the Improvements thereon.

In amplification, and not in restriction of, the provisions of this Deed, it is intended and agreed that Corporation and its successors and assigns shall be deemed beneficiaries of the agreements and covenants provided herein, both for and in their own right and also for the purposes of protecting the interests of the community and the other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Such agreements and covenants shall run in favor of Corporation and its successors and assigns for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether Corporation and its successors and assigns have at any time been, remain, or is/are an owner of any land or interest therein to or in favor of which such agreements and covenants relate. Corporation and its successors and assigns shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions or suits, at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement of covenant may be entitled, including, without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative. These rights and remedies are in addition to, and not in derogation of, the rights and remedies of Corporation set forth in LDA Article 12. Notwithstanding any other provisions of this Deed, if Corporation becomes a fee owner of the Property or any portion thereof, whether voluntarily or involuntarily, through the exercise of the Right of Re-entry or for any other reason, then, the

covenants contained in this Deed (except those contained in Exhibit "B", paragraph 1) shall terminate and be of no further force or effect as to the Property or the portion thereof of which Corporation has become the fee owner.

[Signatures on next page(s).]

IN TESTIMONY WHEREOF, Corporation, in accordance with the provisions of a duly adopted resolution of its Board of Directors, has caused these presents to be signed in its name signed by _____ its _____, attested by _____ its _____, and its corporate seal to be hereunto affixed, and Corporation does hereby constitute and appoint said _____ its true and lawful Attorney-in-Fact to acknowledge and deliver these presents as its act and deed.

IN TESTIMONY WHEREOF, Developer, in accordance with the provisions of a duly adopted resolution of its Board of Directors, has caused these presents to be signed in its name signed by _____ its _____, attested by _____ its _____, and its corporate seal to be hereunto affixed, and Corporation does hereby constitute and appoint said _____ its true and lawful Attorney-in-Fact to acknowledge and deliver these presents as its act and deed

Grantor

ATTEST

RLA REVITALIZATION CORPORATION

By _____

By:_____[SEAL]

Name:_____

Name:_____

Title:_____

Title._____

Grantee:

ATTEST

NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit Corporation

By:_____

By:_____[SEAL]

Name._____

Name:_____

Title:_____

Title:_____

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA

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 person named as the Attorney-In Fact in the foregoing and annexed Special Warranty Deed, bearing the date of the _____ day of _____, 200__ personally appeared before me in said District of Columbia, and as Attorney-In-Fact as aforesaid, acknowledged the same to be the act and deed of the RLA REVITALIZATION CORPORATION, one of the parties thereto.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 200__.

_____
NOTARY PUBLIC

SEAL

My Commission Expires:

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA

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 person named as the Attorney-In Fact in the foregoing and annexed Special Warranty Deed, bearing the date of the _____ day of _____, 200__ personally appeared before me in said District of Columbia, and as Attorney-In-Fact as aforesaid, acknowledged the same to be the act and deed of the NON-PROFIT COMMUNITY DEVELOPMENT CORPORATION OF WASHINGTON, DC, INC., a District of Columbia not-for-profit Corporation, one of the parties thereto.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 200__.

_____
NOTARY PUBLIC

SEAL

My Commission Expires:

EXHIBIT "A" TO SPECIAL WARRANTY DEED

DESCRIPTION OF PROPERTY

All of that certain lot or parcel of land situated, lying and being in the District of Columbia and being more particularly described as follows:

Lot numbered Eight Hundred Forty-Nine (849) in Square numbered Two Thousand Six Hundred Sixty-Seven (2667), containing approximately 24,000 square feet,

and now or formerly known as 2746 14th Street, NW

EXHIBIT "B" TO SPECIAL WARRANTY DEED

COVENANTS RUNNING WITH THE LAND

The following agreements and covenants shall be covenants running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed forever thereafter in perpetuity. The covenants are as follows:

(1) Notwithstanding anything to the contrary contained in the LDA, Developer, Developer's successors and assigns, and every successor in interest to the Property or any part thereof 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 Property or any Improvements thereon.

(2) Developer hereby covenants that, and at its sole cost and expense, 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 Corporation and the District and their respective members, officers, agents, employees shall have no responsibility or liability with respect thereto. Developer shall indemnify, defend and hold Indemnified Parties 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) Developer's violation of any Environmental Law, (ii) any Release or threatened Release of a Hazardous Material, or (iii) any condition of pollution, contamination or Hazardous Material-related nuisance on, under or from the Property, regardless of how or when the same was caused or discovered ("Environmental Claims").

Developer, for itself, the Developer Parties, their 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.

(3) Developer shall comply with the regulations issued by HUD set forth in 24 C.F.R. § 35.100 *et seq.* and all applicable rules and orders issued thereunder, or any District statutes or regulations, which prohibit the use of lead based paint

in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead based paint hazards

EXHIBIT "C" TO SPECIAL WARRANTY DEED

CONSTRUCTION COVENANTS

The following agreements and covenants shall be covenants running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed until recordation of a Certificate of Completion or recordation of a Unit Certificate of Completion with respect to each Residential Unit. The covenants are as follows:

(1) Developer, Developer's successors and assigns, and every successor in interest to the Property or any part thereof shall achieve Commencement of Construction by the date required in LDA Section 5 2, and diligently prosecute the development and construction of the Improvements in accordance with the Development Plan and the LDA, such that Completion of Construction shall occur by no later than the date for set forth in LDA Section 5.2 The covenant to develop and construct contained in this Exhibit C shall run with the land and otherwise remain in effect until the recordation of the Certificate of Completion or recordation of a Unit Certificate of Completion with respect to each Residential Unit, at which time such agreements and covenants to develop and construct shall terminate

EXHIBIT "D" TO SPECIAL WARRANTY DEED

TEMPORARY COVENANTS

The following agreements and covenants shall be covenants running with the land, and without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, Grantor and the District of Columbia, and their successors and assigns, from the date of this Special Warranty Deed for the term identified therein. The covenants are as follows

Developer, Developer's successors and assigns, and every successor in interest to the Property or any part thereof·

(1) Shall use the Property only in accordance with the Permitted Uses as shown on the Permitted Uses Plan and as described in the LDA, such that prior to issuance of the Certificate of Completion or issuance of a Unit Certificate of Completion with respect to a Residential Unit, the Property shall be used only for the development and construction of the Improvements in accordance with the Development Plan and the LDA, and thereafter until the expiration of the Permitted Uses Period, the Property and Improvements shall be used only for the Permitted Uses as shown on the Permitted Uses Plan

(2) Shall not sell, assign, transfer, convey or encumber the Project or any part thereof in violation of LDA Article 9 or mortgage, encumber or lien the Project or any part thereof in violation of LDA Article 13.

(3) Shall comply with the requirements set forth in LDA Article 11

(4) Shall reserve as ADUs at least fifty percent (50%) of the Residential Units for sale to Qualified Purchasers whose income is at or below thirty percent (30%) of AMI, at or below sixty percent (60%) of AMI, and at or below eighty percent (80%) of AMI The number of units, unit types, and locations of units which are to be ADUs shall be as set forth in the Permitted Uses Statement.

(5) Shall, upon completion of construction of the Residential Unit ADUs (and following the issuance of Unit Certificates of Completion, if applicable), convey each Residential Unit ADU to a Qualified Purchaser who meets the income requirements set forth above using the form of deed approved by Corporation pursuant to LDA Section 4.2(18), subject to the following restrictions: (i) the owner of such ADU (except for Corporation or any non-profit housing development agency or organization expressly approved by Corporation) shall occupy the unit as a principal residence, and shall not permit exclusive occupancy of the ADU by any other party, except as Corporation in its sole discretion, (ii) during ADU Period, t occupied, sold and held as a low or moderate (as applica unit under applicable Laws and pursuant to the procedure for ADUs adopted by Corporation or its designee for admi ADU Resale Obligations set forth on LDA Exhibit J conveyance of the ADU during the ADU Period; an Corporation (or the respective designee or agent of either enforce such restrictions.

(6) Shall not convert, remove, demolish or otherwise alter any Residential Unit ADU without the prior written approval of Corporation prior to the sale of such Residential Unit ADU to a Qualified Purchaser in accordance with the LDA and, with respect to any part of the Improvements other than Residential Units, shall not (i) reconstruct, demolish or subtract from the Improvements, (ii) make any additions, alterations or extensions to the exterior of the Improvements or the Property, or (iii) change the extent and nature of the open space, until the expiration of the Permitted Uses Period

(7) Shall repair or restore damage or destruction of the Improvements by fire or other casualty as provided in LDA Section 10.2.

(8) Provide Corporation with progress reports on the status of its sales of the Residential Units (until all are sold) on a quarterly basis (or more frequently, as Corporation may reasonably request from time to time).

EXHIBIT "E" TO SPECIAL WARRANTY DEED

CHARGE ON THE LAND

1 PARTICIPATION

Pursuant to the April 17, 2002 Resolution of the Board of Directors of the Corporation, the LDA shall be subject to the following condition. "Any overall return on the investment of Developer or its investors that exceeds an appropriate return must be reinvested into the community".

Accordingly, Corporation shall be entitled to participation in or approval of the reinvestment of Distributable Cash Flow and Capital Event Proceeds generated by the Project which exceeds the appropriate return agreed to by the Parties and specified herein. Developer's appropriate return will be calculated based on Distributable Cash Flow and Capital Event Proceeds to the Developer Parties, inclusive of all fees of every kind to any Developer Party, other than Developer Fees set forth on LDA Exhibit G In order to determine such amounts, Capital Event Proceeds and Cash Investment will be allocated between the For-Sale Component and the Rental Component.

The Parties hereby acknowledge and agree that the requirement that excess returns be reinvested in the community may be satisfied by use of such funds in connection with this Project or for the expansion or new construction of facilities for use by or which are directly in furtherance of the mission of NPCDC.

2 FOR-SALE COMPONENT – NET SALES PROCEEDS

Aggregate Net Sales Proceeds from Residential Units in the For-Sale Component shall be applied as follows: first, Developer's Cash Investment allocated to the For-Sale Component shall be reduced to zero, second, Developer's appropriate return, being the amount of Two Hundred Fifty Thousand Dollars ($250,000), shall be invested as equity in the Rental Component (and will then be treated as Cash Investment); thereafter, all remaining amounts shall be invested as equity in the Rental Component (and will likewise be treated as Cash Investment).

3 PROJECT - DISTRIBUTABLE CASH FLOW

The rate of return to Developer from Distributable Cash Flow will be a cumulative non-compounded annual return, with all Distributable Cash Flow treated as return on the Cash Investment, as follows: first, Developer will receive an annualized return of seven percent (7%) on the Equity Basis; thereafter, all remaining amounts shall be reinvested in the community, in a manner approved by the Corporation in its reasonable discretion.

4 PROJECT – CAPITAL EVENT PROCEEDS

With respect to Capital Event Proceeds from the Project, Developer shall be entitled to receive a return of all Cash Investment prior to any reinvestment of proceeds in the community pursuant to Section 1 above. Capital Event Proceeds from the Project shall be applied as follows: first, the Cash Investment shall be reduced to zero; thereafter, return will be calculated and Capital Event Proceeds in excess of the Cash Investment will be distributed in accordance with Section 3 above and Capital Event Proceeds will be treated as if they are Distributable Cash Flow under Section 3 (taking into account the amounts by which prior years' returns were less than or greater than the rate of return specified in Section 3). No payment of Capital Event

Proceeds hereunder shall reduce Developer's obligation to make payments under Section 3 above.

5 PARTICIPATION PAYMENTS

If one or more of the participation thresholds described in this Exhibit E are met, such amounts shall be reinvested in the community in a manner approved by the Corporation in its reasonable discretion. Except as otherwise agreed by the Parties, such amounts shall be disbursed for reinvestment no less often than annually, within ninety (90) days after the end of the accounting year of Developer ("Fiscal Year"). If any such payment is not paid when due, such payment shall accrue interest at the rate of ten percent (10%) per annum or the highest rate permitted by law, if less

6 PROJECT EXPENSES

Prior to the date that is sixty (60) days before the start of any Fiscal Year, Developer shall provide Corporation with a statement of the proposed allocation of Cash Investment, Operating Expenses, Capital Expenditures, Capital Event Proceeds, Reserves and debt between the For-Sale and Rental Components of the Project for such Fiscal Year ("Statement of Allocations") Prior to the date that is sixty (60) days before the start of any Fiscal Year after the issuance of the Certificate of Completion, Developer shall provide Corporation with a budget showing the Operating Expenses, Reserves, Capital Expenditures, and all other expenses of the Project for the following Fiscal Year ("Project Annual Budget"). The Project Annual Budget shall provide for amounts that are commercially reasonable for the operation and maintenance of the Project, including a contingency amount not to exceed five percent (5%) of the projected Operating Expenses for such Fiscal Year

Within sixty (60) days after the end of each Fiscal Year, beginning with the Fiscal Year after the issuance of the Certificate of Completion or as soon thereafter as practicable, Developer shall provide Corporation with a statement ("Project Annual Statement") showing the actual Operating Expenses, Reserves and Capital Expenditures and other expenses of the Project for such Fiscal Year and showing the actual allocation of Cash Investment, Operating Expenses, Capital Expenditures, Capital Event Proceeds, Reserves and debt between the For-Sale and Rental Components of the Project for such Fiscal Year, prepared in accordance with generally accepted accounting principles, consistently applied. The Project Annual Statement shall reflect amounts that are commercially reasonable for the operation and maintenance of the Project.

With respect to any individual line item in the Project Annual Statement, the amount will be presumed to be commercially reasonable if it is not more than five percent (5%) greater than the amount shown for such line item in the corresponding Project Annual Budget. With respect to unanticipated costs (whether operating or capital expenses) reflected in the Project Annual Statement (i e., items not listed in the corresponding Project Annual Budget), such amounts will be presumed to be commercially reasonable so long as such costs are not more than Twenty Five Thousand Dollars ($25,000) individually, or than One Hundred Thousand Dollars ($100,000) in the aggregate.

Corporation shall have the right to review and approve the Statement of Allocations, the Project Annual Budget, and the Project Annual Statement. If Corporation disapproves of a Statement of Allocations, the Project Annual Budget, or the Project Annual Statement, Corporation shall list the reasons for disapproval with reasonable specificity. If Corporation fails to respond to a request for approval of a Statement of Allocations, Project Annual Budget or Project Annual Statement within thirty (30) days after Corporation's receipt of such item, then

such item shall be deemed disapproved Notwithstanding the foregoing, Corporation's failure to approve any item pursuant to this Section 6 shall not affect Developer's obligation to make the payments required under this Exhibit E

7 FEES

Developer Parties shall be entitled only to the Developer Fees set forth on Exhibit G No other fees shall be paid to any Developer Party, unless Corporation's prior written approval is obtained with respect to such fees. At least sixty (60) days prior to the start of each Fiscal Year, Developer shall provide a list of the amounts of such Developer Fees and other approved fees that are intended to be paid during such Fiscal Year. By no later than sixty (60) days after the end of each Fiscal Year, Developer shall furnish Corporation a certified list of the amounts of all such Developer Fees and other approved fees as were actually paid during such Fiscal Year For purposes hereof, all amounts paid as fees to any Developer Party are considered to be fees for purposes of calculating amounts due to Developer; provided however, that reimbursement of such Persons for actual consultant, personnel and other overhead costs which are bona fide expenses of the Project approved by Corporation are not considered to be fees paid to a Developer Party under this Section 7

8 AUDIT

Corporation shall have the right to inspect the books and records of Developer and to have an independent annual audit of Project finances (including, without limitation, the Statement of Allocations, the Project Annual Budget and Project Annual Statement) and calculation of return due under this Exhibit E performed at the expense of Developer. Developer shall cooperate with Corporation in providing Corporation reasonable access to its books and records during normal business hours for these purposes. Developer shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. Corporation may, but shall not be obligated to, work with Developer to employ a common accounting firm for this purpose and for otherwise required Project audits; provided however, that in such event the accounting firm shall execute a separate engagement letter with Corporation for calculation of the return.

Corporation will have the right to retain an independent construction consultant at the expense of Developer to analyze and track construction costs

Copies of operating and other agreements among/between Developer and any Developer Parties will be provided to Corporation within thirty (30) days after any such agreements are executed or amended

9 SURVIVAL

The rights and obligations of the Parties pursuant to this Exhibit E shall survive issuance and recording of the Certificate of Completion. Notwithstanding the foregoing, the obligations of Developer set forth in this Exhibit E with respect to the Residential Units (i) shall not bind any Qualified Purchaser of a Residential Unit, and (ii) shall terminate with respect to a Residential Unit sold by Developer to a Qualified Purchaser when such obligations of Developer are fully carried out with respect to the payment to Corporation of the participation with respect to the Residential Unit sold to the Qualified Purchaser.

10 PARTICIPATION ARBITRATION

The Parties shall cooperate in good faith in an attempt to resolve any dispute arising under this Exhibit E. If any such dispute cannot be resolved within sixty (60) days after notice of such disagreement, either party may submit the dispute to arbitration ("Participation Arbitration") using the procedures for provided for in LDA Exhibit L

Exhibit C

Development Plan Summary

Development Summary

The Non-Profit Community Development Corporation of Washington, DC, Inc (NPCDC) will develop Parcel 5 into a mixed-use property that will provide 56 units of condominiums for sale to area residents as well as approximately 20,000 square feet of ground-floor retail and sub-surface office space

Our project will provide 56 residential units for homeownership, of which 28 units will be available at prices that will be affordable to lower-income working families. The project will be served by ample underground parking spaces

Site and Design Description

Columbia Heights is one of Washington DC's most diverse communities With more than 30,000 inhabitants, Columbia Heights is a city within a city, complete with its own identity and neighborhood focus points where people live, work, shop, and play

Parcel 5 sits on 14th Street at the southwest corner of Girard Street With a wide frontage along 14th Street, this property presents an opportunity to develop highly visible, easily accessible retail space At the same time, because of its Girard Street frontage, this property serves as an entryway to the neighborhood's mix of residential row houses and low-rise apartment buildings

The apartment units will be significantly larger than average with two full bathrooms in the two- and three-bedroom units, abundant parking, numerous windows, eat-in kitchens, and a washer and dryer in every unit.

Large first-floor, ground-level windows welcome visitors to the commercial establishments. The tower topped with a cupola is reminiscent of the many turrets throughout Columbia Heights and the building's brick and architectural precast stone or variable brick design will reflect the building materials commonly used in the neighborhood and complementing the surrounding architecture.

Underground parking is accessed off of Girard Street, alleviating congestion on 14th Street. The projected number of parking spaces are ample to meet the needs of both the residents and commercial patrons

Development Program: Residential Component

NPCDC is committed to selling 28 units (50% of the 56-unit total) to families who earn 30, 60 or 80 percent of Area Median Income (AMI) The remaining 28 units (50% of total) are unrestricted to be sold at market sales prices. Two of the residential units will be located on the first floor with the remainder on floors two through seven, encompassing 80 percent of the building's square footage. With 19 one-bedroom units, 25 two-bedroom units, and 12 three-bedroom units, the building will meet the needs of Columbia Heights' elderly people and young families alike.

Of the affordable units, 3 units (5% of total) will be available for households earning 30 percent of area median income; 7 units (12% of total) will be available for households at 60 percent of AMI; and 18 units (32% of total) will be available for households at 80 percent of AMI.

NPCDC has developed a partnership with Home Free – USA to ensure the success of the low-income residents of the Parcel 5 condominiums. Home Free USA will provide extensive pre-purchase budgeting

and home buying counseling to potential residents as well as continued post-purchase budgeting and home maintenance counseling.

Development Program: Commercial Component

The project will include a total of approximately 20,000 square feet of feet of commercial space It is expected that approximately 10,000 sq. ft. will be occupied by a day-care center Potential uses for the retail space include restaurants and cafes, boutiques, bookstores, and other neighborhood-oriented retailers.

We have structured the project assuming commercial lease rates of $25-35 per square foot. To ensure that our commercial space is affordable and accessible to a diverse spectrum of tenants, we will fund a commercial rent subsidy reserve Funded with the sales proceeds of the residential units, the primary goal of the rent subsidy reserve is to allow us to make space accessible to a community based tenant who may be expanding their business. In addition to creating this reserve, we assumed a 20% vacancy rate in our projections to protect the project from a softening of the commercial rental market in the area

Project Financing

The financing commitments provided in our proposal are still available. Our total development cost of Parcel 5 is approximately $22,000,000 It is expected that the commercial space will be funded through mortgage financing, residential sales proceeds, land equity and owner's guarantees The residential component will be financed by a construction loan with predevelopment capital through our existing banking relationships

Participants

Our development team has proven experience in urban, mixed-use projects. Our proposed architects, Paula and Bill Morris, are experienced in urban revitalization projects as well as affordable housing development. Our proposed contractor, Maggin Construction Company, has completed numerous projects in Washington, including the successful redevelopment of other Columbia Heights properties. Together these team members successfully collaborated to create Douglas Knoll, a 184-unit residential community in Southeast DC serving working families and a 62-unit development known as Wagner/Gainesville.

Exhibit D

Schedule of Performance

LDA Section	Submission Items and Milestones	Due Date
	Authorizing resolution to enter LDA	Completed
4.1(1)	Plans and Specifications, 60% design development drawings	Submitted as part of ERA Third Submission
4.1(2)	Plans and Specifications, 30% construction drawings	Submitted as part of ERA Third Submission
4.2(8)	Name of Contractor and copy of Construction Contract	Submitted as part of ERA Third Submission
4.2(9)	Ten-year operating pro forma	Submitted as part of ERA Third Submission
7.2(10)	Receive zoning, alley closings	Not applicable
4.1(3)	Plans and Specifications, 60% construction drawings	9/04/2003
4.2(2)	Apply for Building Permit	9/04/2003
4.1(4)	Final Plans and Specifications	9/04/2003
4.2(11)	Copies of certified organization documents and resolution, incumbency certificate	9/12/2003
4.2(12)	Architectural and civil engineering contracts	9/12/2003
4.2(15)	Document evidencing termination of partnership with MissionFirst	9/30/2003
4.2(17)	Signage program	9/30/2003
4.2(14)	Owners Association Documents	10/14/2003
4.2(10)	Final Sources and Uses statement	10/14/2003
	Execute LDA (deadline October 16, 2003)	**10/14/2003**
	Construction contract executed	10/30/2003
4.2(7)	Detailed Final Cost budget, including Contractor cost	10/30/2003
4.2(6)	Disbursement of funds detail	11/01/2003
4.2(3)	Final Commitments from institutional lenders ("Loan Commitments")	11/01/2003
4.2(2)	Building Permit approved	11/15/2003
4.2(6)	Proposed loan documents	11/15/2003
7.2(9)	Updated Final Source and Uses Statement	11/15/2003
4.2(3)	Commitments for equity sufficient to complete the Project ("Equity Commitments")	11/15/2003
4.2(5)	Statement to demonstrate Developer has adequate funds	11/15/2003

LDA Section	Submission Items and Milestones	Due Date
4.2(4)	Assignment of loan commitments, if permitted by lenders	11/15/2003
4.2(1)	Completion Bond	12/01/2003
7.2(7)	Certificate of Insurance	12/01/2003
7.2(6)	Statement Developer is willing, able to Close	12/01/2003
3.1	Closing (under LDA and on debt financing)	12/23/2003
5.2	Commencement of Construction	1/05/2004
5.2	Completion of Construction	9/30/2005
5.8	Certificate of Completion (C.O. and move-in)	10/30/2005
4.2(9)	Leasing updates	Quarterly (Monthly as to Child Dev. Center)

Exhibit E

Title Commitment

[attached]

J & M Abstracts, Inc.

Your Case Number: DCRLA | Full Search | Examined Thru: 7/15/2002 | Our Case Number: 02-7218

Property:

Lot 849, Square 2667, as per plat , Washington D C.

Address: 2746 - 14th Street, N W

Fee Simple Vested in:

The District of Columbia Redevelopment Land Agency

By Deed Dated: Rec: Instr. # Liber: Folio:
SEE ATTACHED FOR VESTINGS

Subject To:

From (Fee ☐) FREE AND CLEAR
To: Trustee(s)
Dated: Rec: Instr. # Liber Folio: Amt:
Securing:

From (Fee ☐)
To: Trustee(s)
Dated: Rec: Instr. # Liber Folio: Amt.
Securing:

From (Fee ☐)
To: Trustee(s)
Dated: Rec: Instr # Liber Folio: Amt:
Securing

Eq., Judg., and Liens:

NONE FOUND

Restrictions on Plat:

N/A

Rights Of Way:

Right of Way as cited in Deed rec. 6-9-70 as #10005

Exceptions:

Urban Renewal Plan for the 14th Street Urban Renewal Area

Remarks:

1) J&M ABSTRACTS, INC BEARS NO RESPONSIBILITY FOR ITEMS INDEXED INCORRECTLY AT THE RECORDER OF DEEDS 2.) RECORDER OF DEEDS THROUGH DATE IS 10-15-02. 3.) NO CURRENT LEGAL DESCRIPTION OF RECORD, NEED A CURRENT SURVEY.

J & M Abstracts, Inc.

Title Report Attachment

Case # 02-7218 **Your Case # DCRLA**

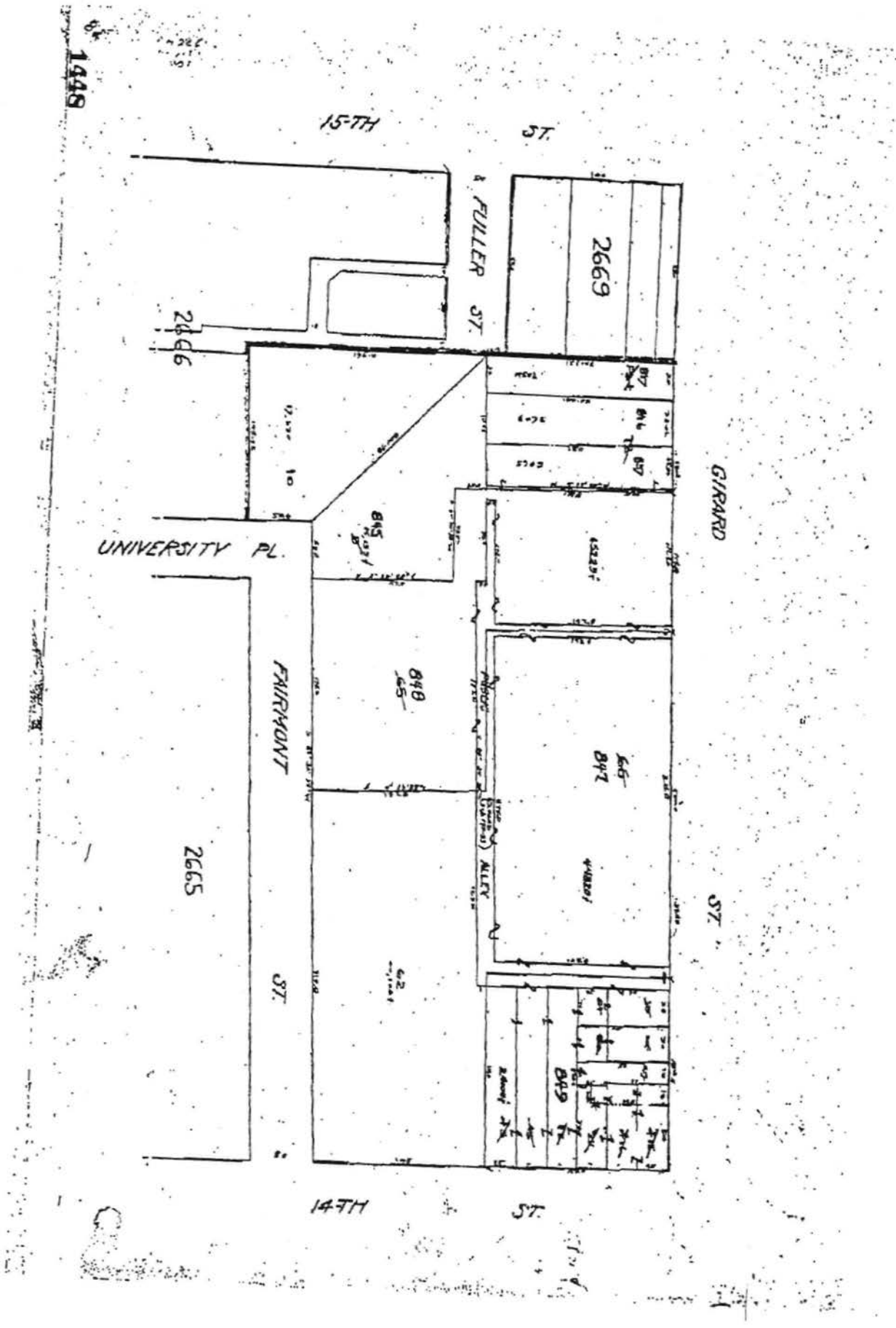
Specific to Case No 02-7218

Lot 849 is out of Lot 846 which is out of Lts. 13, 45, 49, 51, 836, 838, 800, 825, 828 & 831.

Vested in the said D.C. R.L.A. as follows·

Deed dated 6-1-70, recorded 6-2-70 as #9597 (as to Lot 831)
Deed dated 6-8-70, recorded 6-9-70 as #10005 (as to Lots 825 & 51)
Deed dated 7-10-70, recorded 7-13-70 as #12297 (as to Lots 49 & 836)
Deed dated 1-13-72, recorded 1-13-72 as #992)as to Lot 45)
Deed dated 3-31-72, recorded 3-31-72 as #6724 (as to Lot 13)
Deed dated 12-13-72, recorded 12-15-72 as #27338 (as to Lot 800)

Note that the remaining properties were aquired by Civil Action (Comdemnation proceeding, CA 2268-72 & CA 1586-71) by Assessors Order (Lots 828, 837 & 838


15-TH ST.
FULLER ST.
2669
2666
UNIVERSITY PL.
GIRARD
FAIRMONT
2665
14TH ST.
ALLEY
ST.

L

NOTE: ENCROACHMENTS MAY EXIST

GIRARD STREET. N.W.

N 85°30'35" E
160.00

N 4°29'25" W
150.00

ALLEY

VACANT
LOT 849

CONC.

S 4°29'25" E
150.00

14TH STREET. N.W.

CONC.

EXISTING BUILDING

S 85°30'35" W
160.00

LOCATION SURVEY OF:

#2746 14TH STREET. N.E.

VACANT LOT 849 SQUARE 2667

WASHINGTON D.C.

LIBER/FOLIO: A&T 3697-H

SCALE: 1"=30' DATE: 11-29-02

A LAND SURVEYING AND DESIGN COMPANY

DULEY
AND
ASSOCIATES, INC.
SERVING D.C. MD. VA.

HOUSE LOCATION SURVEYS
BOUNDARY SURVEYS - ALTA SURVEYS
TOPOGRAPHIC SURVEYS - SITE PLANS

14904 ELM STREET
UPPER MARLBORO. MD. 20772

PHONE: 301-888-1111
PHONE: 1-888-88-DULEY

FAX: 301-888-1114
FAX: 1-888-65-DULEY

STATE OF MARYLAND
WILLIAM R. HEBERT
REGISTERED
PROPERTY LINE SURVEYOR

CASE # ....
FILE # 027461-170
DRAWN BY: B.G.

SURVEYOR'S CERTIFICATE

I HEREBY STATE THAT THE EXISTING VISIBLE IMPROVEMENTS ON THE ABOVE DESCRIBED PROPERTY HAS BEEN CARE-FULLY ESTABLISHED BY ACCEPTED METHODS AND THAT THE IMPROVEMENTS APPEAR TO LIE WITHIN FLOOD ZONE C. A FLOOD CERTIFICATION IS RECOMMENDED TO DETERMINE THE EXACT FLOOD ELEVATION AND FLOOD ZONE. THIS SURVEY IS NOT TO BE USED OR RELIED UPON FOR THE ESTABLISHMENT OF ANY FENCE, BUILDING, OR OTHER IMPROVEMENTS. THIS PLAT DOES NOT PROVIDE FOR THE ACCURATE IDENTIFICATION OF PROPERTY BOUNDARY LINES, BUT SUCH IDENTIFICATION MAY NOT BE REQUIRED FOR THE TRANSFER OF TITLE OR SECURING FINANCING OR REFINANCING. THIS PLAT IS OF BENEFIT TO A CONSUMER ONLY INSOFAR AS IT IS REQUIRED BY A LENDER OR A TITLE INSURANCE COMPANY OR ITS AGENT IN CONNECTION WITH THE CONTEMPLATED TRANSFER, FINANCING OR REFINANCING THE LEVEL OF ACCURACY FOR THIS DRAWING IS 1'. NO TITLE REPORT WAS FURNISHED TO NOR DONE BY THIS COMPANY. SAID PROPERTY SUBJECT TO ALL NOTES, RESTRICTIONS AND EASEMENTS OF RECORD. BUILDING RE-STRICTION LINES AND EASEMENTS MAY NOT BE SHOWN ON THIS SURVEY. IMPROVEMENTS WHICH IN THE SURVEYORS OPINION APPEAR TO BE IN A STATE OF DISREPAIR OR MAY BE CONSIDERED "TEMPORARY" MAY NOT BE SHOWN.

Exhibit F

Requirements for Drawings and Plans

1. **Preliminary Drawings**
2. **30% Drawings**
3. **60% Drawings**
4. **Final Plans**

Exhibit G

Approved Fees

Development Fees for the Project shall be in an amount not to exceed Four Hundred Thousand Dollars ($400,000).

Exhibit H

Affirmative Action Plan

This project will provide District residents with a diverse array of job opportunities in all phases of development and operation.

First, a majority of our development team is District-based, with many employees located in the District.

Second, our proposed contractor pledges that more than half of all new hires will be District residents It is estimated that this project will create 120 full-time jobs in construction and construction-related industries, $1.8 million in wages, and $1 0 million in District and federal revenues, taxes, and fees.

Third, our proposed residential property manger has pledged to train a District resident as a property manager. They will staff the project with an experienced employee from their national headquarters, who will then hire a District resident as an assistant. The assistant will gain on-the-job property management experience that he or she can use to gain promotions within the company or to seek employment or to seek employment at other property management companies.

Fourth, the commercial space will provide jobs When leasing the commercial space, NPCDC will expect tenants to hire at least 30 percent of their on-site staff from among District residents

Exhibit I

Community Participation Plan

NPCDC is committed being a good neighbor in Columbia Heights. We believe that we can achieve this goal by involving community members in all phases of our project, from development through operation.

We have already begun the process by being responsive to the community by designing a building and development program that are in keeping with what Columbia Heights residents envisioned as they participated in the November charrette· we will build 56 units of high quality housing, reserving many of the units for families with very low and low incomes.

Because this project will be affordable, we believe that many if not all of its residents will be local Columbia Heights residents

The commercial space will also conform to the vision residents articulated in the charrette We seek to lease commercial space to a nonprofit day care provider. The remaining commercial space will likely be made available to retailers or restaurants that are appropriate for the community and that complement existing businesses. We expect commercial tenants to hire at least 30 percent of their on-site staff from the District.

We will seek resident's input into our plans We have meet and will continue to meet individually with the following key stakeholders to apprise them of our vision for the design, tenancy, and operation of Parcel 5 residents of the blocks immediately adjacent and across the street from Parcel 5, local businesses; local churches; ANC representatives; and the District Council member We have sought their input on the appropriateness of the design in terms of faced, landscaping, relationship of the building to the sidewalk, and impact on traffic. We will also seek their guidance in approving commercial tenants. We will ask the ANC to appoint two community members as representatives to meet regularly with our development team We will expect the representatives to serve as liaison between us and the community at large.

As the designs area approved and construction begins, we will communicate regularly with all key stakeholders and the two representatives to apprise them of our progress as well as of any impacts construction will have on the neighborhood. We will work with the stakeholders to ensure that we minimize disruptions to neighborhood life.

Once the project is complete and operational, our residential and commercial project management companies will ensure that their project managers are available to the community to discus concerns about project operations.

Exhibit J

ADU Resale Obligations

Any conveyance of the ADU during the ADU Period shall be subject to the following restrictions:

(1) The ADU shall remain affordable at the same percentage income level during the ADU Period. The owner of the ADU being sold ("ADU Reseller") shall use best efforts to identify a buyer who is in the same income class as was the ADU Reseller at the time of purchase of the ADU. The purchase price of the ADU upon such re-sale shall not exceed the price which is deemed affordable for such percentage of AMI as determined by the Corporation in accordance with its then-current policies and procedures for ADU Resale The date of determination of AMI with respect to an ADU re-sale shall be the effective date of the contract for the sale of the ADU from the ADU Reseller to such buyer.

(2) If after use of best efforts in accordance with paragraph (1) above the ADU Reseller cannot identify a qualified buyer in the same income class, then the ADU Reseller shall give written notice to Corporation (and to any other Person which Corporation may have designated for receipt of such notice) certifying compliance with paragraph (1) and requesting that Corporation (and/or its designee) purchase the ADU. Corporation shall have thirty (30) days after receipt of such notice to elect whether to purchase the ADU at the price determined in accordance with paragraph (1)

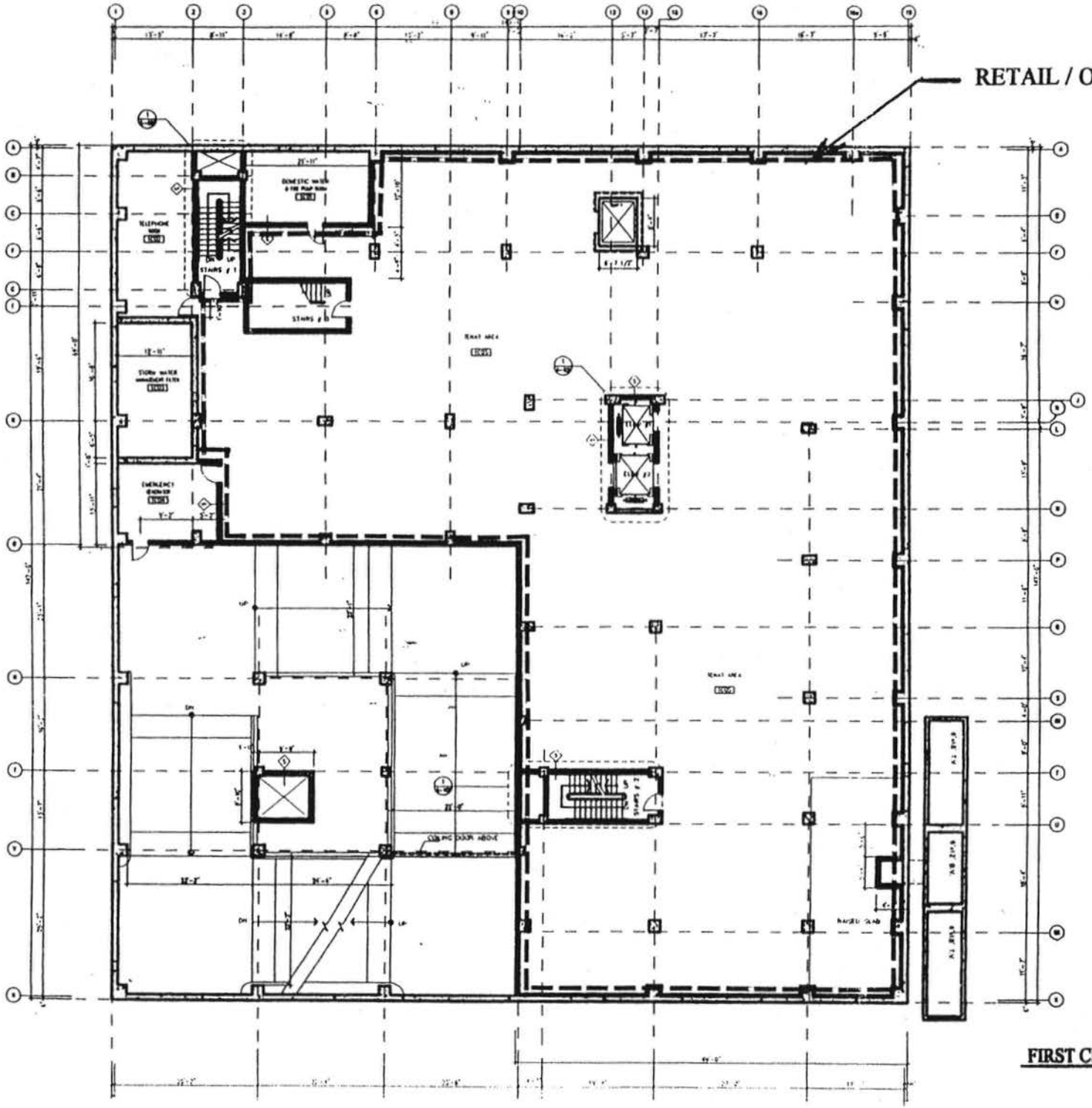
(3) If Corporation does not elect to purchase the ADU, then the ADU may be sold at fair market value to a bona fide purchaser, whereupon the ADU Period with respect to such ADU shall terminate, provided, that to the extent the sales price paid for the ADU exceeds the price determined in accordance with paragraph (1), a portion of such excess shall be paid at closing to Corporation for use in support of affordable housing, and the balance of such excess retained by the ADU Reseller, as follows:

Date of Closing of Resale of ADU:	Portion contributed to CORPORATION:	Portion retained by ADU Reseller:
During 1st to 3rd year of ADU Period	100%	None
During 4th year	95%	5%
During 5th year	90%	10%
During 6th year	80%	20%
During 7th or 8th year	70%	30%
During 9th or 10th year	60%	40%
During 11th or 12th year	50%	50%
During 13th or 14th year	40%	60%
During 15th or 16th year	30%	70%
During 17th or 18th year	20%	80%
After 18th year until end of ADU Period	10%	90%

Exhibit K

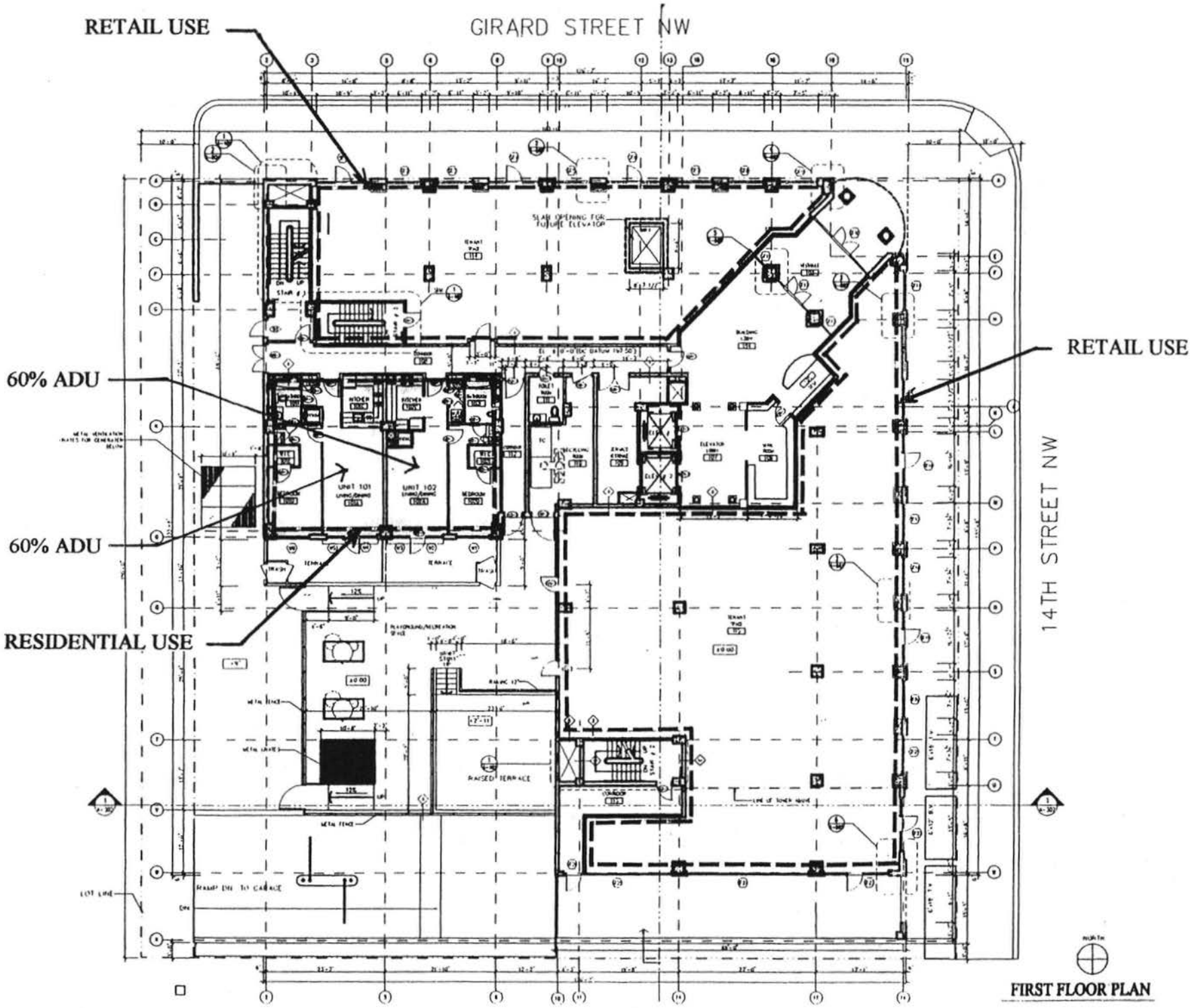
Permitted Uses Plan

[attached]

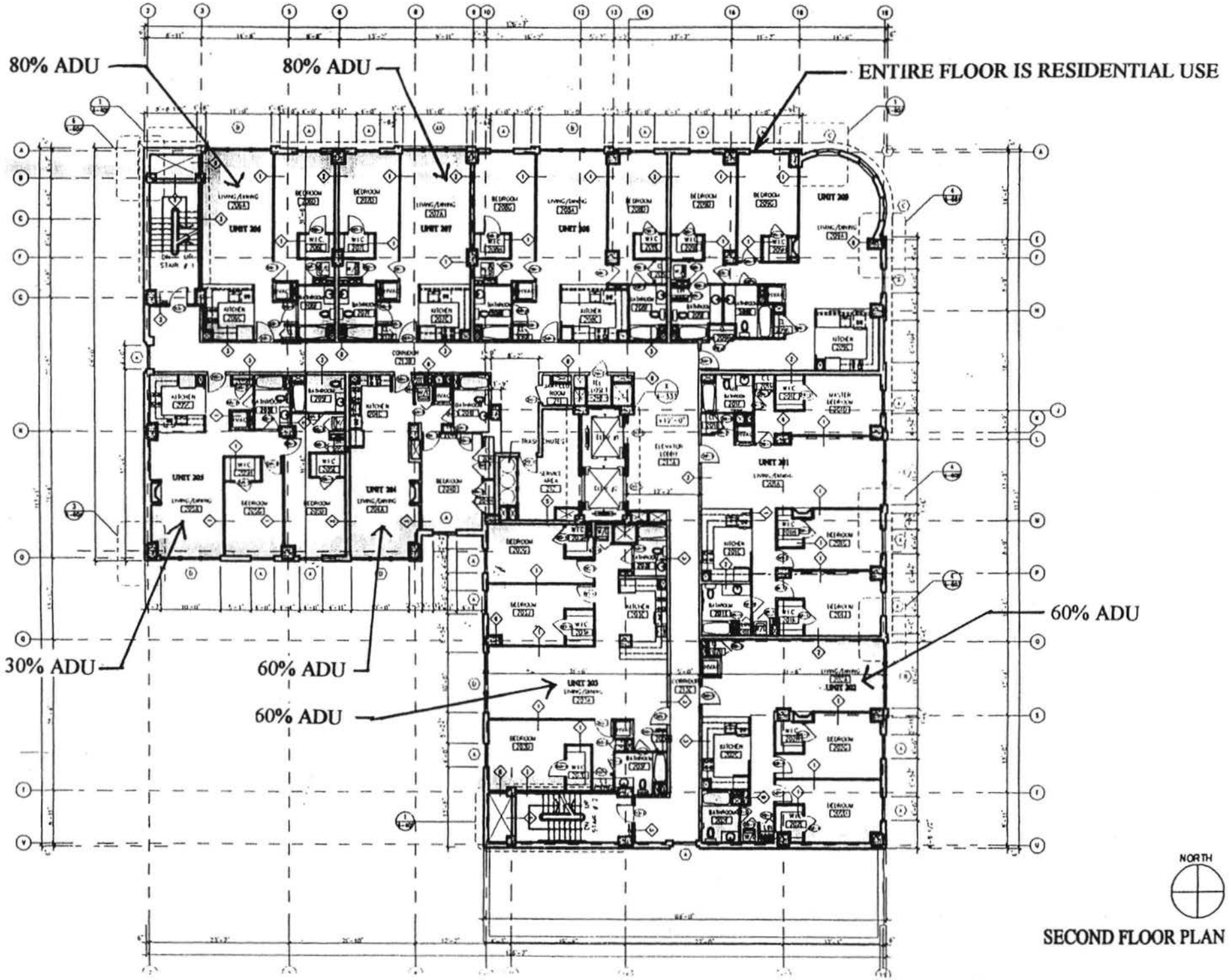


FIRST CELLAR PLAN

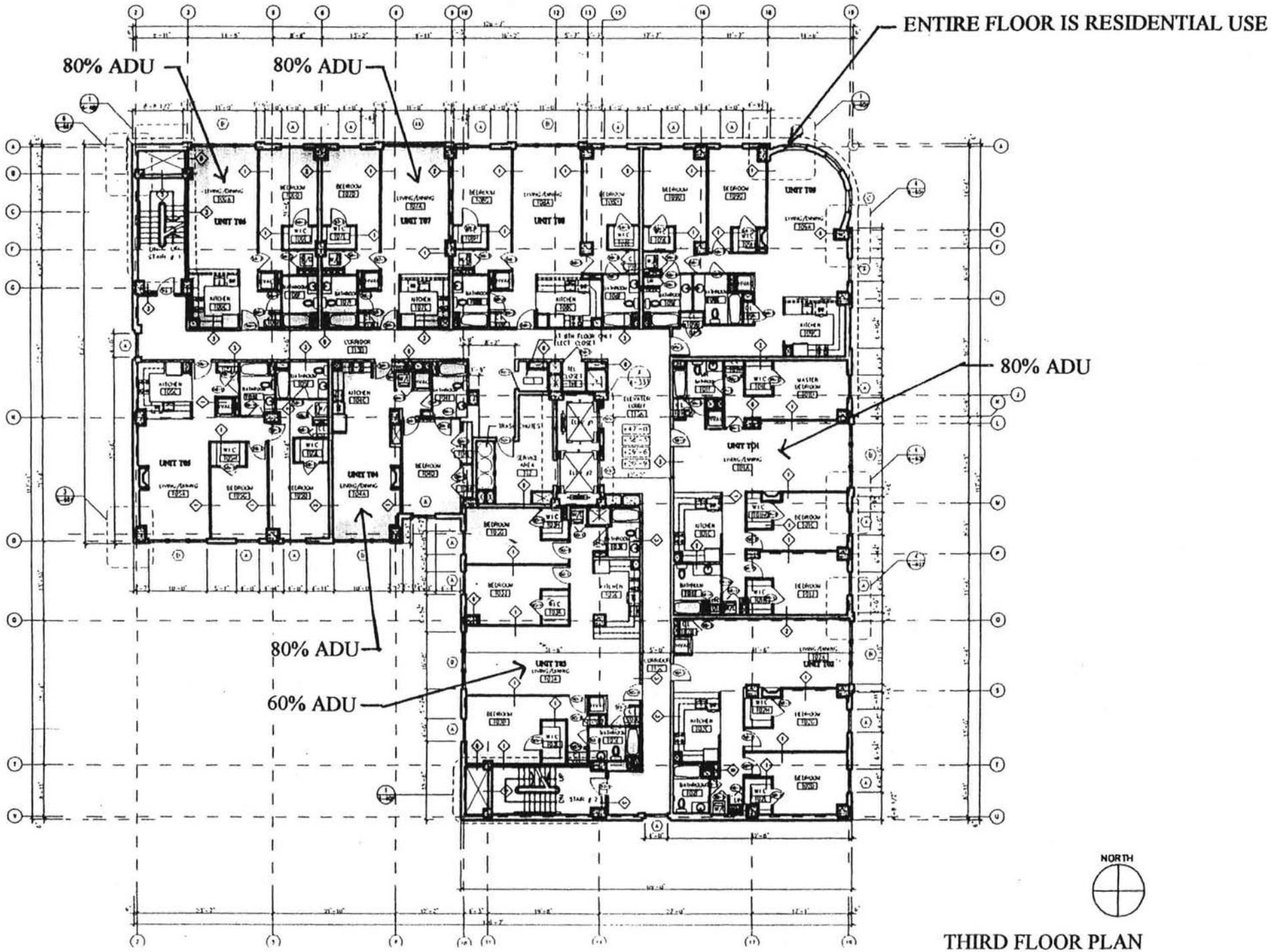
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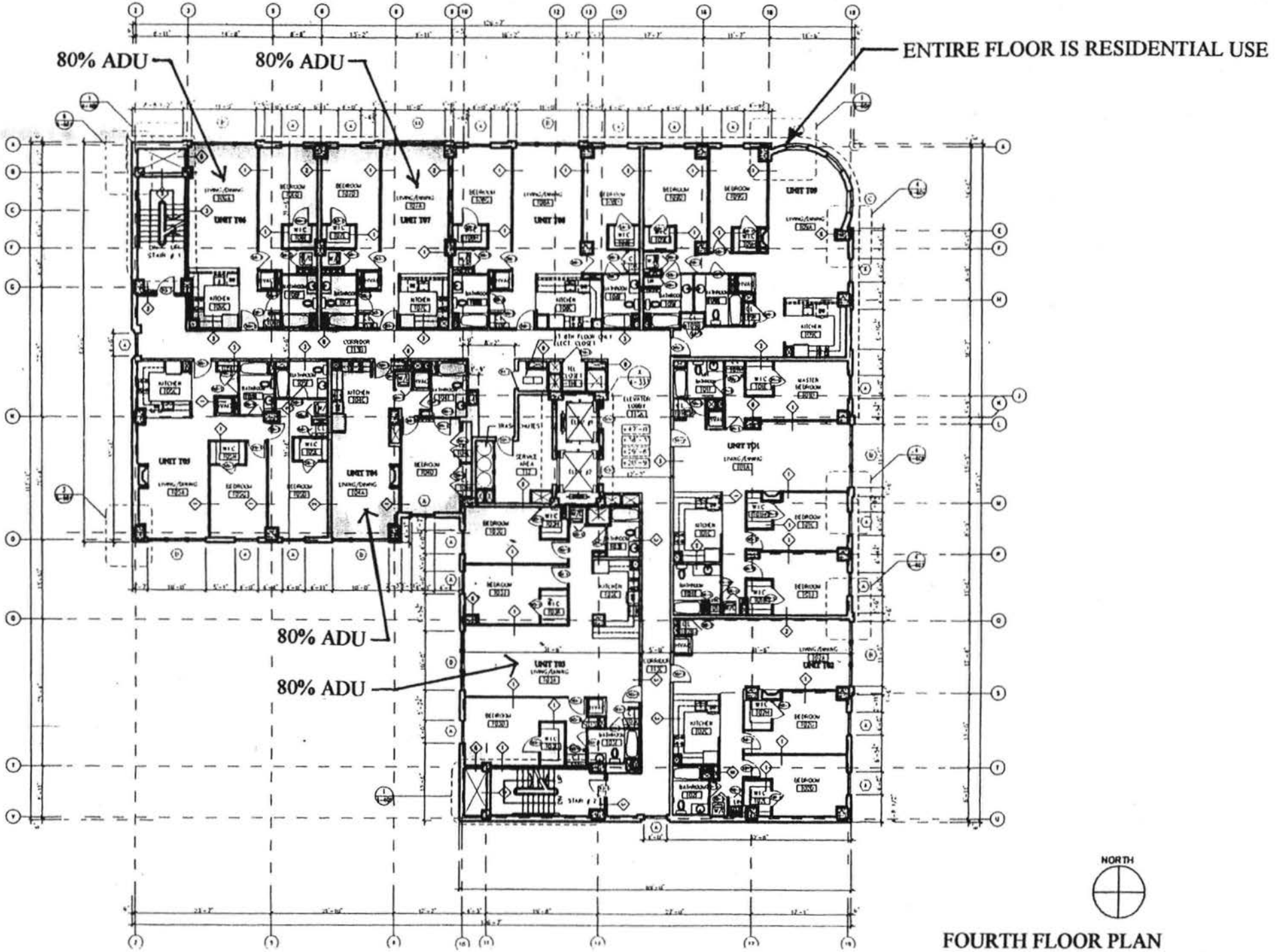
FIRST FLOOR PLAN



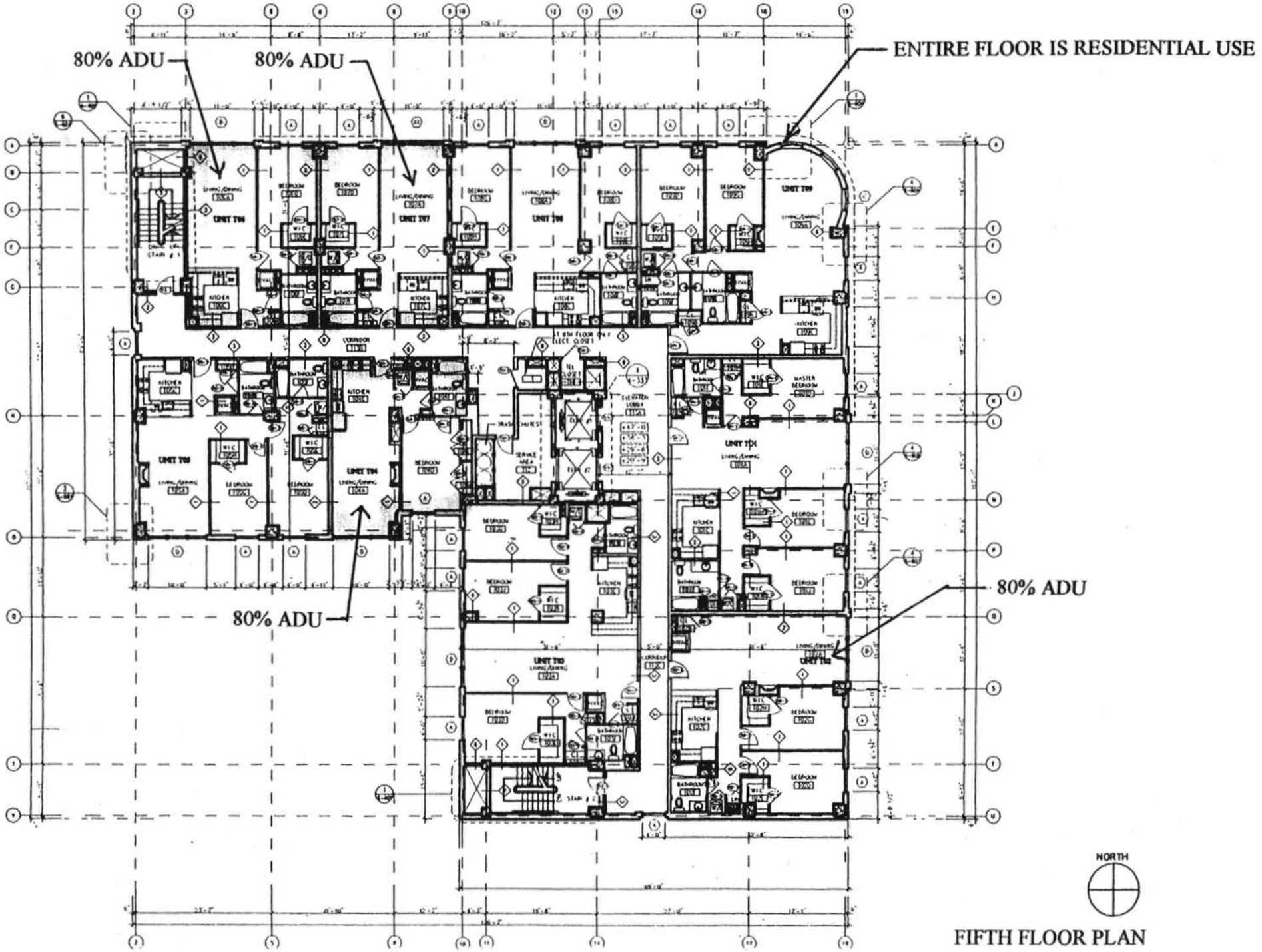
SECOND FLOOR PLAN



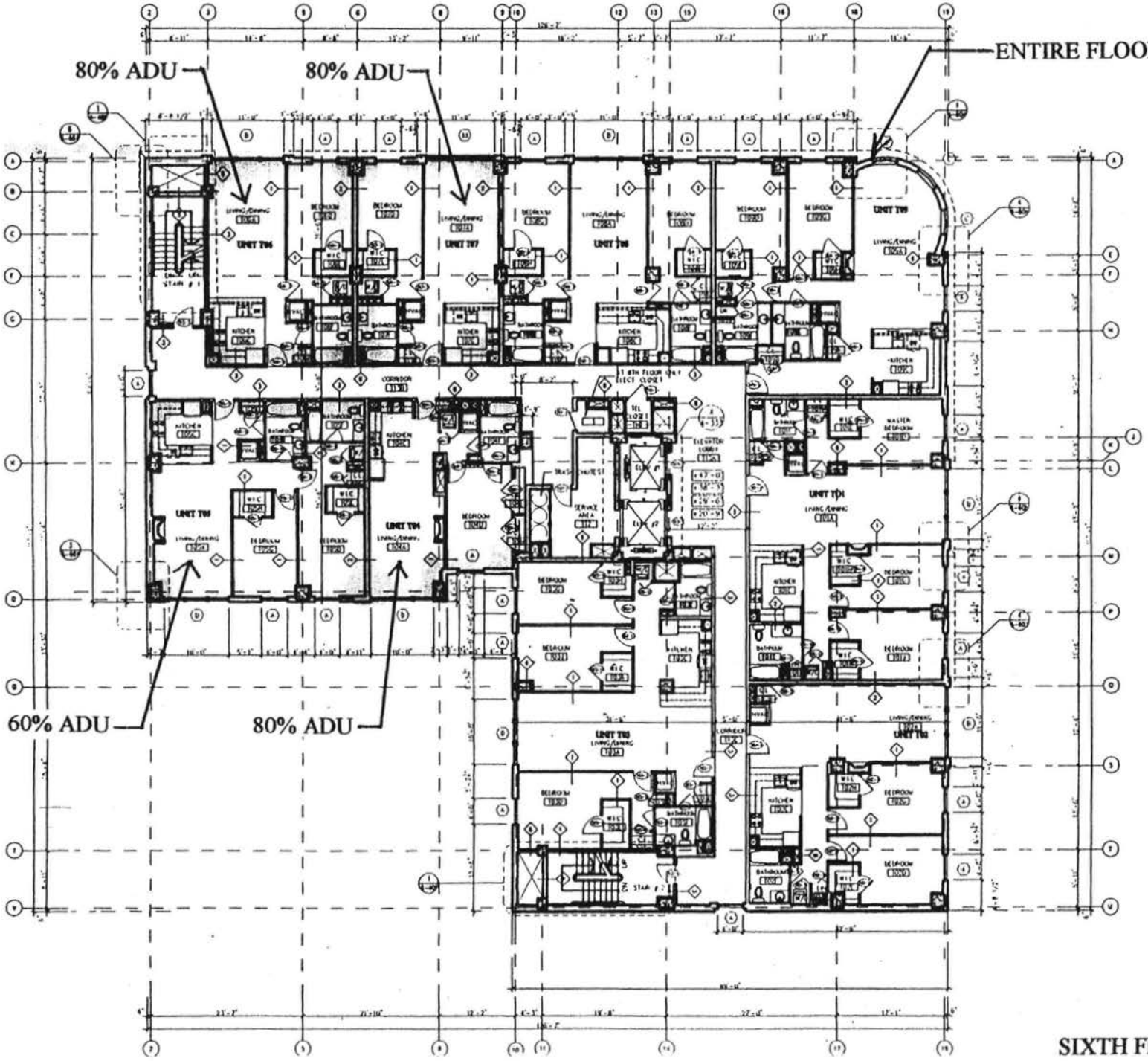
THIRD FLOOR PLAN



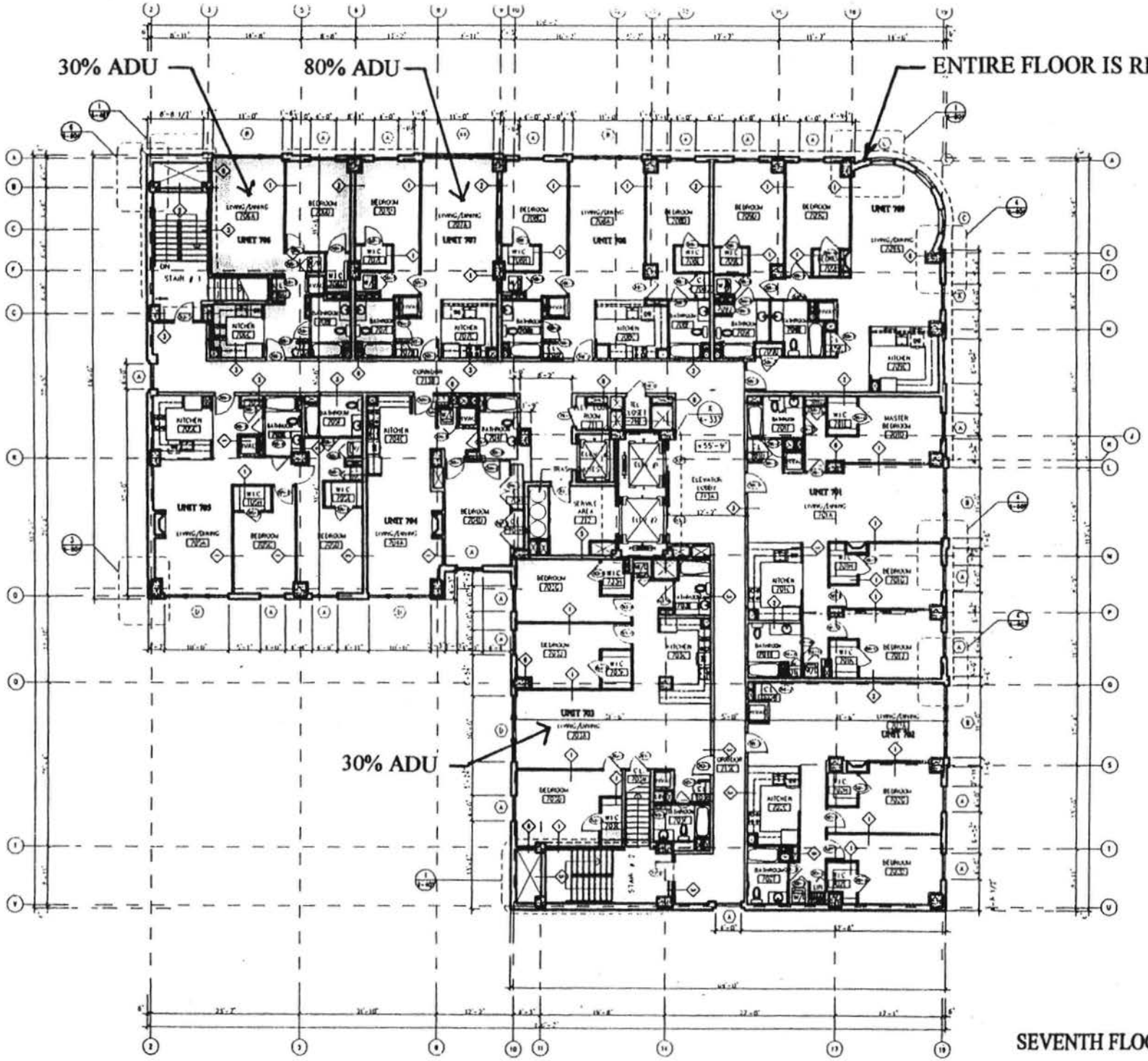
FOURTH FLOOR PLAN



FIFTH FLOOR PLAN



SIXTH FLOOR PLAN



SEVENTH FLOOR PLAN

Exhibit L

Participation Arbitration

Any dispute arising under Article 2A which has been submitted to Participation Arbitration shall be resolved in accordance with the following procedures

Either party may give written notice (an "Arbitration Election Notice") to the other that it is submitting a dispute under Article 2A to arbitration. The amount(s) then in dispute are, collectively, the "Disputed Amounts"

1 Within ten (10) Business Days after either party delivers an Arbitration Election Notice, Corporation and Developer shall each appoint one (1) arbitrator Each arbitrator shall be an individual with a minimum of ten years' personal experience directly relevant to the development, renovation and construction of new and historical buildings to be used for mixed-use office and retail uses and for-sale residential townhouses in the District If either party fails to timely select an arbitrator, the other party shall be permitted to select an arbitrator on its behalf within five (5) Business Days of such failure Within five (5) Business Days of the appointment of the two (2) arbitrators, such arbitrators shall select a third arbitrator (who must also have the qualifications identified above) In the event the two arbitrators fail to appoint or agree upon the third arbitrator within such five (5) Business Day period, Corporation or Developer may request the director of the Washington, D C regional office of the American Arbitration Association (or any successor organization, or if no successor organization exists, then to an organization composed of persons of similar qualifications) to do so within five (5) Business Days of such request. In the event of the inability or failure of any arbitrator to act, a replacement arbitrator shall be selected in the same manner as set forth above

2 Within five (5) Business Days of the determination of the identity of the three (3) arbitrators pursuant to Paragraph 1 above, the Parties and the three (3) arbitrators shall meet at a mutually acceptable location in Washington, D C , at which meeting (the "Meeting") the Corporation and Developer shall simultaneously provide each other (and each of the arbitrators) with sealed envelopes in which each party shall have set forth its determination of the Disputed Amounts (neither party being bound by any previous offers or discussions regarding the determination of the Disputed Amounts).

3 Prior to the Meeting, either party may present whatever written evidence it deems appropriate (with copies of any such written evidence being sent to the other party) At the Meeting, the Parties may each submit evidence, be heard, and cross-examine witnesses, and each of the Parties will furnish the arbitrators with such information as the arbitrators may reasonably request The Meeting shall be conducted such that Corporation and Developer shall have reasonably adequate time to present oral evidence or argument and cross-examine witnesses. The sole task of the arbitrators shall be to determine whether the Disputed Amounts proposed (pursuant to the exchange of envelopes described above) by either Corporation or Developer more accurately reflect the true Disputed Amounts (or, to the extent that the Disputed Amounts represent projections, which values more accurately reflect commercially reasonable Disputed Amounts), as each is defined in accordance with this Agreement. No other Disputed Amounts may be determined by the arbitrators, and the arbitrators may not choose one or more Disputed Amounts submitted by a party unless the arbitrators choose all of the Disputed Amounts submitted by such party. The arbitrators may not choose any partial resolution of some of the Disputed Amounts submitted by a party unless the arbitrators choose the entire resolution of all Disputed Amounts submitted by such party

4 The decision of the arbitrators shall be given within a period of twenty (20) days after the Meeting and shall be accompanied by conclusions of law (if any) and findings of fact. A decision on resolution of the Disputed Amounts in which a majority of the arbitrators concur shall in all cases be binding and conclusive upon the Parties and shall be the basis for any judgment entered in any court of competent jurisdiction The fees and expenses of the arbitrators and this Participation Arbitration process shall be borne by the party whose proposed resolution of the Disputed Amounts was not selected by the arbitrators

5 If the decision of the arbitrators is held by a court of competent jurisdiction to be unenforceable for any reason (Corporation and Developer hereby affirmatively stating it is their intent and agreement that the concurrence of two or more of the arbitrators rendered in accordance herewith to the Disputed Amounts will be legally enforceable as to them), then the determination of the Disputed Amounts shall be subject to litigation in the courts of the District with the final determination being made in accordance with a court judgment, no longer subject to appeal, of a court of competent jurisdiction.

Notwithstanding the foregoing, Corporation and Developer may at any time by mutual written agreement discontinue Participation Arbitration proceedings and themselves agree upon the Disputed Amounts.