

1000 CONNECTICUT ASSOCIATES
SUITE 1110
1000 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-5327

January 3, 2006

Ms. Carrie Thornhill
President and Chief Executive Officer
Marshall Heights Community Development Organization
Lloyd D. Smith Center
3939 Benning Road, N.E.
Washington, D.C. 20019

**Re: Contribution to MHCDO in Satisfaction of Affordable Housing
Requirement for PUD at 1000 Connecticut Ave., N.W.**

Dear Ms. Thornhill:

Thank you for taking the time to meet with Mike Tyler and our attorneys on December 2, 2005 concerning a contribution to Marshall Heights Community Development Organization ("MHCDO"), an affordable housing provider, from 1000 Connecticut Avenue Associates (the "Owner") in satisfaction of the affordable housing requirement for the Planned Unit Development ("PUD") at 1000 Connecticut Avenue, N.W., Washington, D.C.

As discussed at the meeting and in your subsequent conversations with Mike Tyler, the Owner is required to assist in the construction or rehabilitation of 12,834 square feet of affordable housing in an Housing Opportunity Area ("HOA") as delineated on the District of Columbia Generalized Land Use Policies Map. We understand that MHCDO is the contract purchase of the property at 4th Street and Mississippi Avenue, S.E., which is located in an HOA, and requires financial assistance in completing the construction of approximately 70-100 affordable row dwellings at the site.

The Owner would like to assist MHCDO in financing 12,834 square feet of space at the project site listed above by contributing \$641,700 to MHCDO. The Owner will enter into a Contract Construction Agreement with MHCDO, which will be submitted with the PUD application, that will include the following provisions:

- a. The funds will be used to facilitate the construction of a minimum of 12,834 square feet of affordable housing at the 4th and Mississippi

Avenue, S.E., site. More specifically, the funds will be used to write down the cost of offering some of the units to families earning 80 percent or less of the annual mean income. The funds will be distributed upon the issuance of a Certificate of Occupancy for the PUD project and the issuance of a Certificate of Occupancy for the affordable housing units.

- b. Upon completion of the affordable housing units, the Owner shall have the right to review the final Certificates of Occupancy or equivalent documents. Certificates of Occupancy or an equivalent document issued by the District of Columbia for the units and accepted by the permanent lender shall be evidence that the units have been completed.
- c. The funds will be paid directly to MHCDO once the Owner has determined that the project meets the completion standard set forth in subparagraph "b" above.
- d. The Contract Construction Agreement will terminate once the Owner has paid the funds to MHCDO. In the event that the Owner is unable to release all of the funds because MHCDO has failed to complete the units, the Owner will have the option of (i) working with MHCDO to find alternative housing to satisfy the obligation under the PUD project; or (ii) terminating their relationship with MHCDO and entering into a Contract Construction Agreement with another affordable housing provider to fulfill the requirements of the PUD project.
- e. The Owner and MHCDO recognize that the required housing must be completed as a prerequisite to the issuance of a Certificate of Occupancy for the PUD project. Accordingly, MHCDO agrees to make every effort to complete the rehabilitation of the units within eighteen (18) months after the Contract Construction Agreement is signed by all parties. In the event the Contract Construction Agreement is not signed within three months after the Zoning Commission issues an order approving the PUD project, this letter shall expire.
- f. MHCDO agrees that the contribution to be provided by the Owners constitutes a significant required component of the PUD project. In recognition of this significant component, MHCDO agrees to support the PUD project by providing its expertise on the production of affordable housing in the District to agency officials, at the public hearing before the Zoning Commission on the PUD, and at other meetings, as appropriate.

We are pleased to have the opportunity to collaborate with you on the production of affordable housing and hope that the foregoing establishes a basis to enable us to move forward and enter into a relationship as described above.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Gewirtz", with a stylized flourish extending from the end.

Michael Gewirtz
1000 Connecticut Avenue Associates

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