

**BUNDLE 23 (DC Habitat for Humanity)**

**PROPERTY DISPOSITION AGREEMENT**

THIS PROPERTY DISPOSITION AGREEMENT (this "**Agreement**"), is made effective for all purposes as of the 26 day of May, 2009 (the "**Effective Date**"), between (i) DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the Department of Housing and Community Development, ("**District**"), and (ii) D.C. HABITAT FOR HUMANITY, a District of Columbia nonprofit corporation (the "**Developer**").

**RECITALS:**

R-1. District owns the parcels of real property located in Washington, D.C. that are identified and described on **Exhibit A** attached hereto and incorporated herein (collectively, the "**Property**").

R-2. District desires to convey the Property to Developer to be developed in accordance with this Agreement. Pursuant to that certain "Home Again Ivy City Demonstration Redevelopment Project" (Resolution No. 17-558) dated March 4, 2008 and that certain "Home Again Ivy City Demonstration Redevelopment Project Supplemental Disposition Approval Resolution of 2008" (Resolution No. 17-559) (collectively, the "**Resolution**"), the District has been authorized by the Council of the District of Columbia to convey the Property pursuant to the terms herein.

R-3. The Property has a unique and special importance to District. Accordingly, this Agreement makes particular provision to assure the excellence and integrity of the design and construction of a high quality single family or multi-family housing project (the "**Project**"), on the Property.

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

**ARTICLE I  
DEFINITIONS**

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

"**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, general partner, manager, member or trustee of any Person described in clauses (i) or (ii) of this sentence. As used in this definition, the terms "controlling", "controlled by", or "under common control with" shall mean the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through

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

**“Affordability Covenant”** is that certain Affordable Housing Covenant in the form attached hereto as Exhibit C, to be recorded in the Land Records against the Property in connection with Closing.

**“Affordable Unit”** means each Residential Unit to be developed, sold, and used for residential purposes in accordance with the requirements of the Affordability Covenant.

**“Agreement”** means this Property Disposition Agreement.

**“Applicable Laws”** means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Environmental Laws, laws relating to historic preservation, laws relating to accessibility for persons with disabilities.

**“Approved Plans and Specifications”** as defined in Section 4.2.1.

**“Business Days”** means Monday through Friday, inclusive, other than holidays recognized by the District of Columbia government.

**“Cash Deposit”** has the meaning given in Section 2.2.1.

**“CBEs”** is defined in Section 7.5.

**“CBE Agreement”** is that agreement, in customary form, between Developer and DSLBD governing certain obligations of Developer under D.C. Law 16-33, as amended, for the Project.

**“Closing”** is the consummation of the purchase and sale of the Property as contemplated by this Agreement.

**“Closing Date”** is defined in Section 6.1.1.

**“Commencement of Construction”** means the date that is the earlier of: (a) the date identified on the Schedule of Performance, or (b) the date the Developer has obtained all of the following: (i) a building permit or an unconditional approval letter from the District of Columbia Department of Consumer Regulatory Affairs; (ii) an executed construction contract approved by the District with its general contractor, if applicable; (iii) given notice to the General Contractor to proceed under said construction contract; and (iv) caused the General Contractor to mobilize on the Property equipment required to commence construction in accordance with the Approved Plans and Specifications. For purposes of this Agreement, the term **“Commencement of Construction”** does not mean site exploration, borings to determine foundation conditions, or other pre-construction monitoring or testing to establish background information related to the suitability of the Property for development of the Improvements thereon or the investigations of environmental conditions.

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

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

**“DDOE”** means the District of Columbia Department of the Environment.

**“Declaration”** is that certain Declaration of Covenants between District and Developer, in the form attached hereto as Exhibit D, to be recorded in the Land Records against the Property in connection with Closing.

**“Deed”** means the one or more special warranty deed(s) conveying the Property to Developer at Closing in the form of Exhibit B attached hereto and incorporated herein by reference.

**“Deposit Letter of Credit”** is defined in Section 2.2.1.

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

**“Developer Default”** is defined in Section 8.1.1.

**“Developer’s Agents”** mean Developer’s agents, employees, consultants, contractors, and representatives.

**“Development Plan”** means Developer’s detailed plans for developing, constructing, financing, marketing and selling the Project.

**“Disapproval Notice”** is defined in Section 4.2.2.

**“District Default”** is defined in Section 8.1.2.

**“District Parties”** mean District’s employees, officers, consultants and duly authorized representatives and agents.

**“District Property Studies”** has the meaning given in Section 2.4.1.

**“DOES”** is the District of Columbia Department of Employment Services, and any successor agency.

**“DSLBD”** is the District of Columbia Department of Small and Local Business Development, and any successor agency.

**“Effective Date”** is the date first written above.

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

**“First Source Agreement”** is that agreement, in customary form, between the Developer and DOES, entered into in accordance with Section 7.6 herein, governing certain obligations of Developer under D.C. Law 14-24, D.C. Law 5-93, and Mayor’s Order 83-265 regarding job creation and employment generated as a result of the Project.

**“Force Majeure”** is an act or event, including, as applicable, an act of God, act of terrorism, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials, or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, and laws or orders or acts or failures to act of government or of civil, military, or naval authorities enacted or adopted after the Effective Date, so long as such act or event (i) is not within the reasonable control of Developer, Developer’s agents, or its Members; (ii) is not due to the fault or negligence of Developer, Developer’s agents or its Members; (iii) is not reasonably foreseeable and avoidable by Developer, Developer’s agents or its Members, and (iv) directly results in a delay in performance by Developer; but specifically excluding (A) shortage or unavailability of funds or financial condition, (B) changes in market conditions such that construction of the Project as contemplated

by this Agreement and the Final Project Plans and Specifications is no longer practicable under the circumstances, or (C) the acts or omissions of a general contractor, its subcontractors, or any of Developer's Members.

**"General Contractor"** means a licensed third party contractor or the Developer, if approved by the District in its sole discretion.

**"Green Communities"** means the national green building program designed by Enterprise Community Partners that provides criteria for the design, development, and operation of affordable housing.

**"Hazardous Materials"** means (a) asbestos and any asbestos containing material; (b) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other Applicable Law as a "hazardous substance," "hazardous material," "hazardous waste," "infectious waste," "toxic substance," "toxic pollutant" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity or Toxicity Characteristic Leaching Procedure (TCLP) toxicity; (c) any petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; and (d) any petroleum product, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product and any other substance the presence of which could be detrimental to the Property or hazardous to health or the environment.

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

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

**"Initial Deposit"** has the meaning given in Section 2.2.1.

**"Initial Deposit Due Date"** has the meaning given in Section 2.2.1.

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

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

**"Milestones"** means the date as specified in the Schedule of Performance by which certain actions are required to be undertaken by Developer.

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

**“Parcel”** shall mean each or any parcel of real property that collectively compose the Property.

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

**“Performance Bond”** is defined in Section 2.2.2.

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

**“Permitted Exceptions”** shall mean those exceptions to title identified in the Title Commitment.

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

**“Prohibited Person”** shall mean any of the following Persons:

(A) any Person (or any Person whose operations are directed or controlled by a Person) who has been convicted of or has pleaded guilty in a criminal proceeding for a felony or who is an on-going target of a grand jury investigation convened pursuant to Applicable Laws concerning organized crime;

(B) any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. App. §1, et seq., as amended (which countries are, as of the Effective Date hereof, North Korea and Cuba); (y) the International Emergency Economic Powers Act of 1976, 50 U.S.C. §1701, et seq., as amended; and (z) the Anti-Terrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. § 2405(j), as amended (which countries are, as of the Effective Date hereof, Iran, Sudan and Syria);

(C) any Person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time;

(D) any Person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control list located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order;

(E) any Person suspended or debarred by HUD or by the District of Columbia government; or

(F) any Affiliate of any of the Persons described in paragraphs (A) through (E) above.

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

**"Project Budget"** means the budget for the Project representing the total cost of the Improvements as provided by the Developer to the District.

**"Project Drawings"** is defined in Section 4.1.1.

**"Property"** is defined in R-1 of the Recitals.

**"Purchase Price"** means the price Developer shall pay for the acquisition of the Property pursuant to Section 2.1.2 hereof.

**"Residential Unit"** is any unit constructed as part of the Project to be developed, sold, and used for residential purposes.

**"Resolution"** has the meaning given in R-2 of the Recitals.

**"Schedule of Performance"** means that schedule of performance, attached hereto as Exhibit F and incorporated herein, setting forth the timelines for milestones in the design, development, construction, and completion of the Project (including a construction timeline in customary form) together with the dates for submission of documentation required under this Agreement, which schedule shall be attached to the Development Plan and to the Declaration.

**"Schematic Plans"** are the design plans that present a developed design based on the approved Concept Plans, and illustrate the development of building facades, scale elements, and materials. The Schematic Plans shall include: (i) a site plan (1/32' = 1') that illustrates revisions and further development of ideas presented in Concept Plans; (ii) street-level floor plans, a roof plan, and other relevant floor plans (1/16" = 1'); (iii) illustrative elevations and renderings sufficient to review the Project (minimum 1/8" = 1'); (iv) 3-dimensional massing diagrams or models and perspective sketches sufficient to review the Project; (v) one set of 24" x 36" presentation boards with the foregoing items shown thereon; (vi) illustrations and wall sections of façade design elements and other important character elements (1/2" – 1" = 1'); (vii) exterior material samples; (viii) a summary chart showing floor area, building coverage of the site, building height, floor area ratios, and number of parking spaces and loading docks, and the

amount of space dedicated to recreational use; and (ix) such other drawings or documents as District may reasonably request related to the foregoing.

“**Settlement Agent**” means Answer Title at 10 G Street, NE, Suite 140, Washington, DC 20002.

“**Settlement Statement**” is the HUD-1 statement prepared by the Settlement Agent in connection with Closing.

“**Studies**” is defined in Section 2.3.1.

“**Title Commitment**” is attached hereto as Exhibit H.

“**UST Act**” is defined in Section 2.3.3.

“**UST Regulations**” is defined in Section 2.3.3.

## **ARTICLE 2**

### **CONVEYANCE; PURCHASE PRICE; CONDITION OF PROPERTY**

#### **2.1 SALE; PURCHASE PRICE**

2.1.1 Subject to and in accordance with the terms of this Agreement, District shall sell to Developer and Developer shall purchase from District, all of District’s right, title, and interest in and to the Property.

2.1.2 The Purchase Price shall be Four Thousand Dollars (\$4,000.00) which represents the number of Parcels being purchased as indicated on Exhibit A multiplied by One Thousand Dollars (\$1,000). Developer shall pay the Purchase Price at Closing by certified check, wired funds, or other immediately available funds reasonably acceptable to District.

#### **2.2 DEPOSIT; PERFORMANCE BOND**

2.2.1 On or before the first day following the Effective Date (the “**Initial Deposit Due Date**”), Developer shall deliver to District either a letter of credit or an earnest money deposit in the amount of Four Hundred Dollars (\$400.00) (the “**Initial Deposit**”). If the Initial Deposit is in the form of a letter of credit (the “**Deposit Letter of Credit**”), the Deposit Letter of Credit shall not constitute payment on account of and shall not be credited against the Purchase Price; rather, the Deposit Letter of Credit shall be used as security to ensure Developer’s compliance with this Agreement and may be drawn on by District in accordance with the terms hereof. If the Initial Deposit is in the form of an earnest money deposit (the “**Cash Deposit**”), the Cash Deposit along with any accrued interest shall be credited against the Purchase Price if Closing shall take place in accordance with this Agreement. Any Cash Deposit shall be held in escrow by the Settlement Agent.

2.2.2 At Closing, Developer shall deliver to District an amount of money equal to the lesser of either: (i) 5% of the Project Budget, or (ii) Two Hundred Fifty Thousand Dollars



(\$250,000), in the form of any of the following: a letter of credit from a reputable bank, a payment and performance bond from a reputable surety company, or a cash reserve to be held in escrow by the Settlement Agent (the “**Performance Bond**”). If the Performance Bond shall be a letter of credit it shall be in the form attached hereto as **Exhibit E**. If the Developer shall provide a payment and performance bond, such bond shall be: (i) in an amount that is 100 percent (100%) of the cost of the Improvements as shown on the Project Budget, (ii) be issued by an entity satisfactory to the District, (iii) be in form and substance satisfactory to the District, and (iv) name the District as an obligee. District shall hold the Performance Bond to secure Developer’s performance of the obligations contained in, and in accordance with, the Declaration.

2.2.3 If the Developer shall fail to pay any portion of the Initial Deposit by the Initial Deposit Due Date, this Agreement shall automatically terminate and any portion of the Initial Deposit including any accrued interest which had been paid shall be immediately released to the District. If the portion of the Initial Deposit is evidenced as a letter of credit, the District shall have the immediate right to draw all funds under such letter of credit. Upon termination of the Agreement in accordance with this provision, the parties shall have no further rights or obligations with respect to each other or this Agreement.

## 2.3 CONDITION OF PROPERTY

### 2.3.1 Feasibility Studies; Access to Property.

(a) From time to time prior to Closing, provided this Agreement is in full force and effect and Developer is not then in default hereunder, Developer and Developer’s Agents shall have the right to enter the Property for purposes of conducting surveys, soil tests, environmental studies, engineering tests, and such other tests, studies, and investigations (hereinafter “**Studies**”) as Developer deems necessary or desirable to evaluate the Property, at Developer’s sole cost and expense; provided, Developer’s Agents shall not conduct any Studies without the prior written consent of District which consent shall not be unreasonably withheld, conditioned, or delayed and, if approved, shall permit a representative of District to accompany Developer or Developer’s Agents during the conduct of any such Studies.

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

(c) At least 24 hours prior to entry on any Parcel, Developer shall provide District (i) written notice, including a written description of the intended Studies, (ii) evidence of insurance, as required under the terms of this Agreement, and (iii) copies of any required licenses and notices in accordance with Section 2.3.1(b).

(d) In the event Developer or Developer’s Agents disturbs, removes or discovers any materials or waste on any Parcel while conducting the Studies, or otherwise during its entry on

the Property, which are determined to be Hazardous Materials as defined herein, Developer shall notify District and DDOE within five (5) Business Days after its discovery of such Hazardous Materials.

(e) Intentionally Deleted.

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

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

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

2.3.2 Soil Characteristics. Pursuant to requirements contained in D.C. Official Code § 42-608(b) the District hereby gives notice to the Developer that:

(a) The characteristic of the soil on the Property is described by the Soil Conservation Service of the United States Department of Agriculture in the Soil Survey of the District of Columbia published in 1976 Soil Maps of the District of Columbia at the back of that publication; and

(b) for further soil information, Developer may contact the District of Columbia Department of Environmental Services or the Soil Conservation Service of the Department of Agriculture.

The foregoing does not constitute a representation or warranty by District.

2.3.3 Underground Storage Tanks. In accordance with the requirements of Section 3(g) of the D.C. Underground Storage Tank Management Act of 1990, as amended by the District of Columbia Underground Storage Tank Management Act of 1990 Amendment Act of 1992 (D.C. Code § 8-113.01, *et seq.*) (collectively, the "UST Act") and the applicable D.C.

Underground Storage Tank Regulations, 20 DCMR Chapter 56 (the “**UST Regulations**”), the District hereby informs the Developer that it has no knowledge of the existence or removal during its ownership of the Property of any “underground storage tanks” as that term is defined in the UST Act. Information pertaining to underground storage tanks and underground storage tank removals of which the D.C. Government has received notification is on file with the District Department of the Environment, Underground Storage Tank Branch, 51 N Street, N.E., Third Floor, Washington, D.C., 20002, telephone no. (202) 535-2525. District’s knowledge for purposes of this Section shall mean and be limited to the actual knowledge of Hillary Lovick, Realty Project Manager, Property Acquisition and Disposition Division of the Department of Housing and Community Development, telephone no. (202) 478-1353. The foregoing is set forth pursuant to requirements contained in the UST Act and UST Regulations and does not constitute a representation or warranty by District.

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

## 2.4 DISTRICT PROPERTY STUDIES.

2.4.1 The District has undertaken certain inspections, studies and tests with respect to the Property including but not limited to storm water drainage testing, survey, and such other tests as deemed appropriate by the District (the “**District Property Studies**”).

2.4.2 The Developer hereby acknowledges and agrees that: (i) the District makes no representations or warranties regarding the accuracy or completeness of the District Property Studies, and (ii) it shall have no right to rely on the District or the District Property Studies in making a determination regarding the feasibility of the Project. The Developer acknowledges that the District has expended considerable resources on obtaining the District Property Studies, solely for the purpose of assisting the Developer in developing and constructing the Project. As such, the Developer hereby agrees that it shall have no right to object to any condition that may be discovered, offset any amounts from the Purchase Price, or to terminate this Agreement based

on the District Property Studies or any other studies undertaken by the Developer, and that any such termination shall be a default under the Agreement.

## 2.5 TITLE

2.5.1 At Closing, District shall convey good and marketable title to the Property subject to the Permitted Exceptions.

2.5.2 From and after the Effective Date through Closing, District agrees not to take any action that would cause a material adverse change to the status of title to the Property as shown on the Title Commitment, except as expressly permitted by this Agreement.

## 2.6 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. In the event of a casualty, the Developer shall be obligated to purchase the Property for the full Purchase Price without adjustment, and the District shall not be required to rebuild any improvements, but shall either raze same or render same so as not to cause a risk to person or property. Notwithstanding the foregoing, this provision shall not be construed to impose any liability on Developer for personal injury or property damage incurred by District or any third party prior to Closing except as otherwise set forth herein to the contrary as contained in Developer's indemnification obligations contained in Article 10 hereof.

## 2.7 CONDEMNATION

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

2.7.2 Condemnation. In the event of a taking of any Parcel prior to Closing, the parties agree as follows:

(a) if such taking constitutes 20% or less of the appraised value or lot square footage as determined by an independent appraiser selected by the District, in its sole discretion, the Developer shall be obligated to purchase the Property or any affected Parcel thereof for the full Purchase Price without adjustment, and in accordance with this Agreement, or

(b) if such taking constitutes more than 20% of the appraised value or lot square footage as determined by an independent appraiser selected by the District, in its sole discretion, the Developer may elect to terminate this Agreement or elect to proceed to Closing on the Property, except for the Parcels, or any portion thereof, so taken. If Developer elects to proceed to Closing on the Property, except for the taken Parcel, or any portion thereof, (i) this Agreement relating to such parcel shall terminate and the Parties shall be released from any and all obligations hereunder relating to such parcel except those that expressly survive termination, (ii) the Purchase Price for the remaining Property shall be decreased by the amount apportioned to such Parcel, or any portion thereof, and (iii) District shall have the right to any and all condemnation proceeds.

## 2.8 SERVICE CONTRACTS AND LEASES

District has not procured or entered into any (i) service, management, maintenance, or development contracts, or (ii) leases, licenses, easements, or other occupancy agreements affecting the Property that will survive Closing. District will not hereafter enter into any such contracts or agreements that will bind the Property or Developer as successor-in-interest with respect to the Property, without the prior written consent of Developer.

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

### 3.1 REPRESENTATIONS AND WARRANTIES OF DISTRICT

3.1.1 District hereby represents and warrants to Developer as follows:

- (a) The execution, delivery and performance of this Agreement by District and the transactions contemplated hereby between District and Developer shall have been approved by all necessary parties prior to Closing and District has the authority to dispose of the Property, subject to expiration of the Resolution.
- (b) No agent, broker, or other Person acting pursuant to express or implied authority of District is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against Developer for a commission or finder's fee. District has not dealt with any agent or broker in connection with the sale of the Property.
- (c) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending against District which relates to the Property. There is no other litigation, arbitration, administrative proceeding, or other similar proceeding pending against District which, if decided adversely to District, would impair District's ability to perform its obligations under this Agreement, or which could result in a lien or encumbrance against the Property.
- (d) The execution, delivery, and performance of this Agreement by District and the transactions contemplated hereby between District and Developer do not violate any of the terms, conditions or provisions of any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority to which District is subject, or any agreement, contract or Applicable Law to which District is a party or to which it is subject.

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

### 3.2 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

- (a) Developer is a District of Columbia nonprofit corporation, duly formed and validly existing and in good standing, and has full power and authority under the laws of the District of Columbia to conduct the business in which it is now engaged.
- (b) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Developer. Upon the due execution and delivery of the Agreement by Developer, this Agreement constitutes the valid and binding obligation of Developer, enforceable in accordance with its terms.
- (c) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby do not violate any of the terms, conditions, or provisions of (i) Developer's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority, or Applicable Law to which Developer is subject, or (iii) any agreement or contract to which Developer is a party or to which it is subject.
- (d) No agent, broker, or other Person acting pursuant to express or implied authority of Developer is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against District for a commission or finder's fee. Developer has not dealt with any agent or broker in connection with its purchase of the Property.
- (e) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending against Developer that, if decided adversely to Developer, (i) would impair Developer's ability to enter into and perform its obligations under this Agreement or (ii) would materially adversely affect the financial condition or operations of the Developer.
- (f) Developer's purchase of the Property and its other undertakings pursuant to this Agreement are for the purpose of constructing the Project in accordance with the Development Plan and Project Drawings and not for speculation in land holding.
- (g) Neither Developer nor any of its Members are the subject debtor under any federal, state, or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation or winding up of its assets.

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

**ARTICLE 4**  
**SUBMISSION AND APPROVAL OF PROJECT DRAWINGS;**  
**APPROVAL OF MILESTONES**

**4.1     PROJECT DRAWINGS**

4.1.1 Developer's Submissions for the Project. Developer shall submit to District for District's review and approval, the following drawings, plans and specifications (collectively, the "**Project Drawings**") for the Project within the timeframes specified below:

- (a) One hundred percent (100%) complete Schematic Plans, together with the proposed Development Plan, based on the Concept Plans within ninety (90) days after the Effective Date; and
- (b) One hundred percent (100%) complete Construction Plans and Specifications at least ten (10) Business Days prior to Closing. As part of this submission, Developer shall also provide District with a description of all interior and exterior finishes of each Residential Unit and the appliances and equipment to be included therein.

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

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

- (a) The Project Drawings shall be prepared or supervised by and signed by Developer's architect.
- (b) A structural, geotechnical, and civil engineer, as applicable, who is licensed by the District of Columbia, shall review and certify all final foundation and grading designs.
- (c) Upon Developer's submission of all Project Drawings to District, Developer's architect shall certify (on a form reasonably acceptable to District) that the Improvements have been designed in accordance with all Applicable Laws relating to accessibility for persons with disabilities.

4.1.3 Delay Caused By District. The dates set forth in Sections 4.1.1 shall be extended on a day-for-day basis for each day of delay caused by District due to its failure to timely respond to any prior submission, as more particularly described in Section 4.2.1 below. For purposes of calculating any period of such delay, the thirty (30) day period set forth in Section 4.2.1 shall control, such that the day-for-day extension shall commence as of the 31st calendar day after the applicable submission by Developer.

## 4.2 DISTRICT REVIEW AND APPROVAL OF PROJECT DRAWINGS

4.2.1 Generally. District shall have the right to review and approve or disapprove all or any part of each of the Project Drawings. District shall use good faith efforts to complete its review of each submission by Developer and provide a written response thereto, within thirty (30) days after its receipt of the same. If a Disapproval Notice, as defined in Section 4.2.2, is not sent to Developer within thirty (30) days of submission of the Project Drawings, the Project Drawings shall be deemed approved. Any Project Drawings approved (or any approved portions thereof) pursuant to this Section 4.2 shall be “**Approved Plans and Specifications.**”

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

4.2.3 Submission Deadline Extensions. If Developer is proceeding diligently and in good faith and desires to extend a specified deadline for submission of a particular Project Drawing, Developer may request such extension in writing, and, for good cause shown, District may, in its sole discretion, grant such extension by written notice.

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

## 4.3 CHANGES IN APPROVED PLANS AND SPECIFICATIONS

No Material Changes (as defined below) to the Approved Plans and Specifications shall be made without District’s prior written approval. If Developer desires to make any Material Changes to the Approved Plans and Specifications, Developer shall submit the proposed changes in writing to District for approval, which approval shall be granted or withheld in District’s sole discretion. District agrees that it shall respond to any such request within a reasonable period of time, not to exceed sixty (60) days. If District does not send a Disapproval Notice within sixty (60) days the amended Plans and Specifications shall be deemed approved. Material Changes include but are not limited to changes that will: (i) increase the Project Budget, (ii) require additional zoning approvals, (iii) increase or decrease the number of Residential Units beyond initially approved by the District, (iv) change the finishes or amenities originally approved by the District, or (v) will cause an increase in the Initial Sales Prices shown on Exhibit G.



#### 4.4 PROGRESS MEETINGS/CONSULTATION

During the preparation of the Project Drawings, District's staff and Developer, at the request of District's staff, shall upon reasonable notice hold periodic progress meetings as appropriate considering the progress of Developer's plans and specifications. During such meetings, Developer and District staff shall coordinate the preparation and submission of the Project Drawings as well as their review by District.

### ARTICLE 5 CONDITIONS TO CLOSING

#### 5.1 CONDITIONS PRECEDENT TO DEVELOPER'S OBLIGATION TO CLOSE

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

- (a) District shall have performed all obligations hereunder required to be performed by District prior to the Closing Date.
- (b) The representations and warranties made by District in Section 3.1 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date.
- (c) District shall have performed all of its material obligations and observed and complied with all material covenants and conditions required at or prior to Closing under this Agreement.
- (d) District shall have delivered (or caused to be delivered) the original, executed, and, where applicable, notarized documents required to be delivered pursuant to Section 6.2.1 herein.
- (e) As of the Closing Date, there shall be no rezoning or other statute, law, judicial, or administrative decision, ordinance, or regulation (including amendments and modifications of any of the foregoing) by any governmental authorities or any public or private utility having jurisdiction over the Property that would materially adversely affect the acquisition, development, sale, or use of the Property such that the Project is no longer physically or economically feasible. This provision shall not apply to any normal and customary reassessment of the Property for ad valorem real estate tax purposes.
- (f) Title to the Property shall be subject only to the Permitted Exceptions.

5.1.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.1.1 have not been satisfied by the Closing Date, provided the same is not the result of Developer's failure to perform any obligation of Developer hereunder, Developer shall have the option to: (i) waive such condition and proceed to Closing hereunder; (ii) terminate this Agreement by written notice to District, whereby District will release the Initial Deposit (including all accrued interest thereon, if the Initial Deposit is a Cash Deposit) to Developer and

the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement; or (iii) delay Closing for up to three (3) months to permit District to satisfy the conditions to Closing set forth in Section 5.1.1. In the event Developer proceeds under clause (iii), Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 5.1.1 have been satisfied, but if such conditions precedent have not been satisfied by the end of the three (3) month period, provided the same is not the result of Developer's failure to perform any obligation of the Developer hereunder, the Developer may again proceed under clause (i) or (ii) above. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by such date, this Agreement shall immediately terminate and be of no further force and effect, except those provisions that expressly survive termination.

## 5.2 CONDITIONS PRECEDENT TO DISTRICT'S OBLIGATION TO CLOSE

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

- (a) Developer shall have performed all obligations hereunder required to be performed by Developer prior to the Closing Date.
- (b) The representations and warranties made by Developer in Section 3.2 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date.
- (c) The Development Plan and all Project Drawings for the Project shall have been approved as Approved Plans and Specifications in their entirety pursuant to Article 4.
- (d) Developer shall be ready, willing, and able in accordance with the terms and conditions of this Agreement to acquire the Property and proceed with the development of the Project in accordance with the Approved Plans and Specifications and the Declaration.
- (e) Developer shall have executed a First Source Agreement and a CBE Agreement
- (f) Developer shall have furnished to District certificates of insurance or duplicate originals of insurance policies required of Developer hereunder.
- (g) Developer shall have provided satisfactory evidence of its authority to acquire the Property and perform its obligations under this Agreement.
- (h) Developer shall with the cooperation of the District, but at no cost to the District, have applied for and be diligently pursuing from the District of Columbia, or other authority having jurisdiction over the Property, approval of any zoning changes, lot consolidations or subdivisions, or other approvals.

- (i) Developer shall have obtained all Permits or an approval letter with the only condition being the payment of a fee to obtain all Permits required under Section 105A of Title 12A of the D.C. Municipal Regulations.
- (j) Developer shall have delivered (or caused to be delivered) the original, executed, and where applicable, notarized documents required to be delivered pursuant to Section 6.2.2 herein.
- (k) Developer shall have secured all equity and debt financing necessary to construct the Project pursuant to this Agreement and the Declaration.
- (l) Settlement Agent shall have irrevocably committed itself in writing to issue a title insurance policy for the Property at regular rates, free and clear of all encumbrances, subject only to the Permitted Exceptions.

5.2.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.2.1 have not been satisfied by the Closing Date, provided the same is not the result of District's failure to perform any obligation of District hereunder, District shall have the option, at its sole discretion, to: (i) terminate this Agreement by written notice to Developer and the District shall be entitled to keep the Initial Deposit (including all accrued interest thereon, if the Initial Deposit is a Cash Deposit), whereupon the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement or (ii) delay Closing for up to three (3) months, to permit Developer to satisfy the conditions to Closing set forth in Section 5.2.1. In the event District proceeds under clause (ii), Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 5.2.1 have been satisfied, but if such conditions precedent have not been satisfied by the end of the three (3) month period, District may again proceed under clause (i) above, in its sole discretion. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by such date, this Agreement shall immediately terminate and be of no further force and effect.

## ARTICLE 6 CLOSING

### 6.1 CLOSING DATE

6.1.1 Closing on the Property shall be held on or before the closing dates specified in the following schedule:

<u>Property Address</u>	<u>Closing Date</u>
1817 Providence Street, NE (Sq. 4043, Lot 0803)	October 29, 2009
1812 Providence Street, NE (Sq. 4044, Lot 0023)	October 29, 2009

Providence Street, NE (Sq. 4044, Lot 0033)	October 29, 2009
Providence Street, NE (Sq. 4043, Lot 0007)	October 29, 2009

Notwithstanding any provision in this Agreement to the contrary, in no event shall the Closing Date be held after February 26, 2010 (the “**Outside Closing Date**”). Closing shall occur at a time and place within the District of Columbia designated by Developer and agreed to by District, such agreement not to be unreasonably withheld, conditioned or delayed.

6.1.2 The date of Closing shall not occur later than the Outside Closing Date except if delay results, despite the best efforts of Developer, from (i) the failure of the government of the District of Columbia or other authority having jurisdiction over the Property to grant Developer any Permit (despite timely application therefore) or (ii) Developer’s failure to submit any Project Drawings timely, which failure is caused exclusively to the delay of the government of the District of Columbia (or to another authority with jurisdiction over the Property) in issuing a Permit or other approval, then the Closing Date shall be extended day-for-day during the period of such delay, but in no event not more than sixty (60) days. Notwithstanding the foregoing, the Developer must close on all Parcels prior to the expiration date of the Resolution which is March 3, 2010.

## 6.2 DELIVERIES AT CLOSING

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

- (a) the Deed, in recordable form;
- (b) the Declaration in recordable form to be recorded in the Land Records against the Property;
- (c) the Affordability Covenant in recordable form to be recorded in the Land Records against the applicable Parcel(s);
- (d) a certificate, duly executed by District, stating that all of District’s representations and warranties set forth herein are true and correct as of and as if made on the Closing Date;
- (e) a copy of the resolution approving the transaction contemplated herein; and
- (f) any and all other deliveries required from District on the Closing Date under this Agreement and such other documents and instruments as are customary and as may be reasonably requested by Developer or Settlement Agent, and reasonably acceptable to District, to effectuate the transactions contemplated by this Agreement.

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

- (a) the Purchase Price in full, except to the extent the Purchase Price has been adjusted pursuant to Section 2.7 herein, and any funds in excess of the Purchase Price, if so required by the Settlement Statement to be executed at closing;
- (b) the Performance Bond to be held by District;
- (c) any documents required to close on the equity and debt financing for Developer's construction of the Project;
- (d) the Affordability Covenant in recordable form to be recorded in the Land Records against the applicable Parcel(s);
- (e) the Declaration in recordable form to be recorded in the Land Records against the Property;
- (f) a certification of Developer's representations and warranties executed by Developer stating that all of Developer's representations and warranties set forth herein are true and correct as of and as if made on the Closing Date;
- (g) copies of all submissions and applications for Permits to the District of Columbia Department of Consumer and Regulatory Affairs ("DCRA"), submitted pursuant to the Development Plan;
- (h) copies of all Permits or approval letters obtained by Developer required under Section 105A of Title 12A of the D.C. Municipal Regulations;
- (i) a copy of the fully executed CBE Agreement;
- (j) a copy of the fully executed First Source Agreement;
- (k) the following documents evidencing the due organization and authority of Developer to enter into, join and consummate this Agreement and the transactions contemplated herein:
  - (i) The organizational documents and a current certificate of good standing issued by the District of Columbia;
  - (ii) Authorizing resolutions, in form and content reasonably satisfactory to District, demonstrating the authority of the entity and of the Person executing each document on behalf of Developer in connection with this Agreement and development of the Project;

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

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

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

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

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

### 6.3 RECORDATION OF CLOSING DOCUMENTS; CLOSING COSTS

6.3.1 At Closing, Settlement Agent shall file for recordation among the Land Records the Deed, the Affordability Covenant and the Declaration.

6.3.2 At Closing, District shall be responsible for and pay the following costs: District's attorneys' fees and Settlement Agent's charges customarily paid by sellers. At Closing, Developer shall be responsible for and pay the following costs: Developer's attorneys' fees, Settlement Agent's charges customarily paid by purchasers, D.C. real property deed recordation tax imposed pursuant to Title 42, Chapter 11 of the D.C. Official Code (2001 ed. and as amended), fees and costs associated with Developer's financing for its purchase of the Property and construction of the Project, fees and costs associated with recording any documents in the Land Records required to be recorded pursuant to this Agreement.

## **ARTICLE 7**

### **DEVELOPMENT OF PROJECT IMPROVEMENTS; COVENANTS**

#### 7.1 OBLIGATION TO CONSTRUCT IMPROVEMENTS

Developer hereby agrees to develop and construct the Project in accordance with the requirements contained in the Declaration. The Improvements shall be constructed in compliance with all Permits and Applicable Laws and in a first-class and diligent manner in accordance with industry standards. The cost of developing the Project shall be borne solely by Developer.

## 7.2 ISSUANCE OF PERMITS

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

## 7.3 SITE PREPARATION

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

## 7.4 AFFORDABILITY COVENANT

Developer agrees that a portion of the Residential Units to be developed in the Project shall be dedicated as Affordable Units, as required in the Affordability Covenant, in accordance with the schedule attached as Exhibit G.

## 7.5 OPPORTUNITY FOR CBEs

In cooperation with District, Developer agrees that it will promote opportunities for businesses certified by DSLBD, or any successor governmental entity, as Certified Business Enterprises (“CBEs”) in the development, construction, and operation of the Project, and in the equity, as applicable, consistent with the CBE Agreement to be entered into between DSLBD and Developer prior to Closing.

## 7.6 EMPLOYMENT OF DISTRICT RESIDENTS; FIRST SOURCE AGREEMENT

Pursuant to Mayor's Order 83-265, DC Law 5-93, as amended, and DC Law 14-24, Developer recognizes that one of the primary goals of the District of Columbia government is the creation of job opportunities for District of Columbia residents. Accordingly, Developer agrees to enter into a First Source Agreement, prior to Closing, with DOES that shall, among other

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

## 7.7 GREEN BUILDING REQUIREMENTS

Developer hereby acknowledges that the Project may be subject to the provisions of the Green Building Requirements described in Chapter 14A of Title VI of the D.C. Official Code, 2001 Ed., §6-1451.01 *et seq.* (2008 Supp.) (the “**Green Building Requirements**”). Under the Green Building Requirements, a residential project with 10,000 square feet of gross floor area or more, including a project with multiple buildings that are a part of one development scheme, may be required to submit a Green Communities Self Certification Check List and verification of meeting Green Communities requirements for energy efficiency to the Department of Consumer and Regulatory Affairs as part of the application for a certificate of occupancy.

## ARTICLE 8 DEFAULTS AND REMEDIES

### 8.1 DEFAULT

8.1.1 Default by Developer. It shall be deemed a default by Developer if Developer fails to perform any obligation or requirement under this Agreement or fails to comply with any term or provision of this Agreement and such default remains uncured after any applicable cure period (any such uncured default, a “**Developer Default**”).

8.1.2 Default by District. Except for Article 4, it shall be deemed a default by District if District fails to perform any obligation or requirement under this Agreement, or fails to comply with any term or provision of this Agreement and such default remains uncured after any applicable cure period (any such uncured default, a “**District Default**”). The District shall not be deemed in default for any act or omission related to any obligation under Article 4.

### 8.2 DISTRICT REMEDIES IN THE EVENT OF DEVELOPER DEFAULT

In the event of a Developer Default, District may terminate this Agreement and, retain the Initial Deposit as liquidated damages (District shall be entitled to keep any Cash Deposit and any accrued interest thereon or draw on the Deposit Letter of Credit in its full amount), whereupon the Parties shall be released from any further liability or obligation hereunder, except those that expressly survive termination of this Agreement. Upon such termination, all plans and specifications with regard to the development and construction of the Project, including, without limitation, the Project Drawings produced to date and any Permits obtained, shall be automatically assigned to District free and clear of all liens and claims for payment. Notwithstanding the foregoing, if the Developer default was caused by a violation of Section



2.4.2, the Developer shall in addition to paying the Initial Deposit to the District, shall immediately pay to the District within ten days after notice from the District one hundred percent (100%) of the District's out-of-pocket costs (including the estimated costs of any work performed by District agencies) in obtaining the District Property Studies.

### 8.3 DEVELOPER REMEDIES IN THE EVENT OF DISTRICT DEFAULT

In the event of a District Default, Developer may (i) terminate this Agreement whereupon District will release the Initial Deposit to Developer and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement, or (ii) seek specific performance of the Agreement.

### 8.4 NO WAIVER BY DELAY; WAIVER

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

### 8.5 RIGHTS AND REMEDIES

The rights and remedies of the Parties set forth in this Article are the sole and exclusive remedies of the Parties for a default hereunder prior to the Closing.

## **ARTICLE 9 ASSIGNMENT AND TRANSFER**

### 9.1 ASSIGNMENT

Developer represents, warrants, covenants, and agrees, for itself and its successors and assigns, that Developer (or any successor in interest thereof) shall not assign its rights under this Agreement, or delegate its obligations under this Agreement, without District's prior written approval, which may be granted or denied in District's sole discretion.

### 9.2 TRANSFER

In addition to the restrictions contained in the foregoing Section 9.1, neither Developer nor any Member of Developer (including any successors in interest of Developer or its Members) shall cause or suffer to be made any assignment, sale, conveyance or other transfer, or make any contract or agreement to do any of the same, whether directly or indirectly, of the membership interests of Developer.

### 9.3 NO UNREASONABLE RESTRAINT

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

## **ARTICLE 10 INSURANCE OBLIGATIONS; INDEMNIFICATION**

### 10.1 INSURANCE OBLIGATIONS

10.1.1 Insurance Coverage. 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 carry and maintain in full force and effect the following insurance policies:

- (a) Automobile Liability and Commercial General Liability Insurance - Developer shall maintain and/or cause its contractor to maintain automobile liability insurance and commercial general liability insurance policies written so that each have a combined single limit of liability for bodily injury and property damage of not less than three million dollars (\$3,000,000.00) per occurrence, of which at least one million dollars (\$1,000,000.00) must be maintained as primary coverage, and of which the balance may be maintained as umbrella coverage; provided, however, that the foregoing statement as to the amount of insurance Developer is required to carry shall not be construed as any limitation on Developer's liability under this Agreement. The foregoing limits may be increased by District from time to time, in its reasonable discretion.
- (b) Workers' Compensation Insurance - Developer shall maintain and cause its general contractor and any subcontractors to maintain workers' compensation insurance in such amounts as required by Applicable Laws.
- (c) Professional Liability Insurance - Developer shall cause its architect and every engineer or other professional who will perform services in connection with the Project to maintain professional liability insurance with limits of not less than one million dollars (\$1,000,000.00) for each occurrence, including coverage for injury or damage arising out of acts or omissions with respect to all design and engineering professional services provided by the architect of record, structural, electrical and mechanical engineers with a deductible acceptable to District.
- (d) Contractor's Pollution Legal Liability Insurance - Developer shall not remove, store, transport, or dispose of demolition debris, hazardous waste or contaminated soil, without first obtaining (or causing its contractor to obtain) a Contractor's Pollution Legal Liability Insurance Policy covering Developer's liability during such activities. The policy shall include such coverage for bodily injury, personal

injury, loss of, damage to, or loss of use of property, directly or indirectly arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquid or gas, waste materials, or other irritants, contaminants, or pollutants into or upon the land, the atmosphere, or any water course or body of water, whether it be gradual or sudden and accidental.

10.1.2 General Policy Requirements. Developer shall name District as an additional insured under all policies of liability insurance identified above. Any deductibles with respect to the foregoing insurance policies shall be commercially reasonable. All such policies shall include a waiver of subrogation endorsement. All insurance policies required pursuant to this Section 10.1 shall be written as primary policies, not contributing with or in excess of any coverage that District may carry. Such insurance shall be obtained through a recognized insurance company licensed to do business in the District of Columbia and rated by A.M. BEST as an A-X or above. Prior to any entry onto the Property at any time pursuant to this Agreement, Developer shall furnish to District certificates of insurance (or copies of the policies if requested by District) together with satisfactory evidence of payment of premiums for such policies. The policies shall contain an agreement by the insurer notifying District in writing, by certified U.S. Mail, return receipt requested, not less than thirty (30) days before any material change, reduction in coverage, cancellation, including cancellation for nonpayment of premium, or other termination thereof or change therein.

## 10.2 INDEMNIFICATION

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

## ARTICLE 11 NOTICES

### 11.1 TO DISTRICT

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

District of Columbia  
Department of Housing and Community Development  
Property Acquisition and Disposition Division  
1800 Martin Luther King, Jr. Ave., SE

Suite 317  
Washington, D.C. 20020  
Attention: Martine Combal, Manager

With a copy to:

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

#### 11.2 TO DEVELOPER

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

DC Habitat for Humanity  
843 Upshur Street, NW  
Attn: Executive Director  
Washington, DC 20011

With a copy to:

Arnold & Porter LLP  
555 12<sup>TH</sup> Street, NW  
Attn: Jennifer Perkins  
Washington, DC 20004

Notices served upon Developer or District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party against receipted copy, when the copy of the notice is receipted; (ii) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; or (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If 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 12 MISCELLANEOUS

### 12.1 PARTY IN POSITION OF SURETY WITH RESPECT TO OBLIGATIONS

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

### 12.2 FORCE MAJEURE

Neither District nor Developer, as the case may be, nor any successor-in-interest, shall be considered in default under this Agreement with respect to their respective obligations to prepare the Property for development, or convey the Property, 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 District or of Developer shall be extended for the period of the Force Majeure; provided, however that: (a) the Party seeking the benefit of this Section 12.2 shall have first notified, within ten (10) days after it becomes aware of the beginning of any such Force Majeure event, 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; (b) in the case of a delay in obtaining Permits, Developer must have filed complete applications for such Permits by the dates set forth in Article IV and hired an expeditor reasonably acceptable to District to monitor and expedite the Permit process; and (c) the Party seeking the delay must take commercially reasonable actions to minimize the delay. 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, except as otherwise provided herein.

### 12.3 CONFLICT OF INTERESTS; REPRESENTATIVES NOT INDIVIDUALLY LIABLE

12.3.1 No official or employee of District shall participate in any decision relating to this Agreement which affects his or her personal interests or engage in any conduct or activity which may interfere with the official's or employee's full and proper discharge of his or her duties in the review, evaluation, award, implementation, monitoring and performance of contracts hereunder. No District employee, or any member of his or her immediate household, may acquire an interest in or operate any business or commercial enterprise which is in any way related, directly or indirectly, to the employee's official duties, or which might otherwise be involved in an official action taken or recommended by the employee, or which is in any way related to matters over which the employee could wield any influence, official or otherwise.

12.3.2 No official or employee of District shall be personally liable to Developer or any successor-in-interest in the event of any default or breach by District or for any amount which may become due to Developer or such successor-in-interest or on any obligations hereunder.

#### 12.4 SURVIVAL; PROVISIONS NOT MERGED WITH DEED

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

#### 12.5 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.

#### 12.6 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.

#### 12.7 LAW APPLICABLE; FORUM FOR DISPUTES

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

#### 12.8 ENTIRE AGREEMENT; RECITALS; EXHIBITS

This Agreement constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings related to the subject matter hereof. The Recitals of this Agreement are incorporated herein by this reference and are made a substantive part of the agreements between the Parties. All Exhibits are incorporated herein by reference, whether or not so stated.

#### 12.9 COUNTERPARTS

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

delivery of this Agreement by facsimile shall be sufficient for all purposes and shall be binding on any Person who so executes.

#### 12.10 TIME OF PERFORMANCE

All dates for performance (including cure) shall expire at 6:00 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.

#### 12.11 SUCCESSORS AND ASSIGNS

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

#### 12.12 THIRD PARTY BENEFICIARY

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

#### 12.13 WAIVER OF JURY TRIAL

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

#### 12.14 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.

#### 12.15 MODIFICATIONS AND AMENDMENTS

None of the terms or provisions of this Agreement may be changed, waived, modified, or removed except by an instrument in writing executed by the Party or Parties against which enforcement of the change, waiver, modification, or removal is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or refusal to enforce the same.

#### 12.16 ANTI-DEFICIENCY LIMITATION; AUTHORITY

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

statutes may be amended from time to time; and (iv) Section 446 of the District of Columbia Home Rule Act.

12.16.2 Developer acknowledges and agrees that any unauthorized act by District is void. It is Developer's obligation to accurately ascertain the extent of District's authority.

#### 12.17 SEVERABILITY

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

#### 12.18 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.

#### 12.19 NO PARTNERSHIP

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

#### 12.20 EACH PARTY TO BEAR ITS OWN COSTS

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

*SIGNATURES ON FOLLOWING PAGE*



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

DISTRICT

DISTRICT OF COLUMBIA, by and through the  
Department of Housing and Community  
Development acting pursuant to Mayor's Order  
2007-209 and Mayor's Order 2008-161

By: 

Name: Leila Finucane Edmonds

Title: Director

Approved as to legal sufficiency:

D.C. Office of the Attorney General

By: 

Assistant Attorney General

Date: 5/19/09

DEVELOPER

DC HABITAT FOR HUMANITY,  
a District of Columbia nonprofit corporation

By: 

Name: Kent Adcock

Title: President

**Exhibits:**

Exhibit A	Property Description
Exhibit B	Deed
Exhibit C	Affordability Covenant
Exhibit D	Declaration of Covenants
Exhibit E	Letter of Credit
Exhibit F	Schedule of Performance
Exhibit G	Schedule of Affordable Units
Exhibit H	Title Commitment for Property

**Exhibit "A"**  
**Legal Description**

**1812 Providence Street, NE**

Lot 23 in Block 7 in a subdivision made by Frederick W. Jones of part of "Youngsborough" known as "Ivy City", as per plat recorded in Liber Levy Court 2 at folio 76 in the Office of the Surveyor for the District of Columbia.

Note: At the date hereof the above described land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 23 in Square 4044.

**Providence Street, NE**

Lot 33 in Block 7 in a subdivision made by Frederick W. Jones of part of "Youngsborough" known as "Ivy City", as per plat recorded in Liber Levy Court 2 at folio 76 in the Office of the Surveyor for the District of Columbia.

Note: At the date hereof the above described land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 33 in Square 4044.

**Providence Street, NE**

Lot 7 in Block 8 in a subdivision made by Frederick W. Jones of part of "Youngsborough" known as "Ivy City", as per plat recorded in Liber Levy Court 2 at folio 76 in the Office of the Surveyor for the District of Columbia.

Note: At the date hereof the above described land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 7 in Square 4043.

**1817 Providence Street, NE**

Part of Lot 10 in Block 8 in a subdivision made by Frederick W. Jones of part of "Youngsborough" now known as "Ivy City", as per plat recorded in Liber Levy Court 2 at folio 76 in the Office of the Surveyor for the District of Columbia, and described in accordance with a plat of survey recorded in Survey Book 139 at page 365 of said Surveyor's Office records, as follows:

BEGINNING for the same at a peg on the easterly line of Providence Street at the southwest corner of said lot and running thence

Northwesterly along the easterly line of said street, 51.51 feet to a peg therein distant 32 feet southeasterly from the northwest corner of said lot; thence

**Exhibit "A"**  
**Legal Description**  
**(continued)**

Northeasterly and parallel with the northwesterly line of said lot, 69 feet to a peg; thence

Northwesterly and parallel with the said line of said street, 20.67 feet to a peg; thence

Northeasterly and parallel with the said northwesterly line of said lot, 51 feet to a peg in the northeasterly line of said lot; thence

Southeasterly along said northeasterly line, 18.63 feet to an old peg in the southerly line of said lot; thence along said southerly line

Southwesterly 131.80 feet to the point of beginning

Note: At the date hereof the above described land is designated on the Records of the Assessor of the District of Columbia for assessment and taxation purposes as Lot 803 in Square 4043.

**EXHIBIT B**

Conveyance made by the District of Columbia  
No Transfer Taxes Required Pursuant to  
D.C. Official Code 47-902(2)

\_\_\_\_\_  
Washington, D.C.

Please record and return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN AFFORDABLE HOUSING COVENANT, DATED AS OF \_\_\_\_\_, 20\_\_\_\_, RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA AS INSTRUMENT NUMBER \_\_\_\_\_, ON \_\_\_\_\_, 20\_\_\_\_, AS AMENDED, (THE "AFFORDABLE HOUSING COVENANT") WHICH AMONG OTHER THINGS: (1) IMPOSES RESTRICTIONS ON THE SALE AND CONVEYANCE OF THE SUBJECT PROPERTY, AND (2) REQUIRES THE GRANTEE TO GET APPROVAL FROM \_\_\_\_\_ BEFORE SELLING, LEASING OR REFINANCING THE PROPERTY.

**SPECIAL WARRANTY DEED**

[Address].

[Square \_\_, Lot \_\_\_\_]

**THIS SPECIAL WARRANTY DEED**, made as of the \_\_\_\_ day of \_\_\_\_, 2008, is from **THE DISTRICT OF COLUMBIA**, a municipal corporation, acting through the District of Columbia Department of Housing and Community Development pursuant to Mayor's Order 2007-209 and Mayor's Order 2008-161 ("**GRANTOR**") to \_\_\_\_\_, a \_\_\_\_\_ ("**GRANTEE**").

WITNESSETH, that in consideration of \_\_\_\_\_ dollars (\$\_\_\_\_\_) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant, bargain, sell and convey unto Grantee, in fee simple, all of the Grantor's right, title and interest in and to all those pieces or parcels of land, together with the improvements, rights, privileges, easements and appurtenances thereunto belonging, situated in the District of Columbia, and being more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"), free and clear of all liens, encumbrances, reservations and exceptions, including without limitation municipal liens, except:

- (1) all Permitted Exceptions attached hereto as Exhibit B,
- (2) all applicable building and zoning laws and regulations,

and, SUBJECT TO covenants, restrictions and easements of record, including, without limitation, the covenants and restrictions contained in that certain Declaration of Covenants dated as of even date herewith and the Affordable Housing Covenant recorded among the Land Records of the District of Columbia (the "Redevelopment Covenants"), and;

Grantor's right of re-entry for violation of the Redevelopment Covenants as provided herein.

In the event that the Grantee violates any one or more terms or conditions of the Redevelopment Covenants and such violation continues beyond any cure period provided in the Redevelopment Covenants, the Grantor shall have the right to enter and take possession of and reacquire title to the Property; on such terms as provided in the Redevelopment Covenants. Upon the full satisfaction of Grantee's obligations under the Redevelopment Covenants, the foregoing right of re-entry against Grantee shall terminate and Grantor shall release and extinguish the same by recording evidence of the same in the Office of the Recorder of Deeds for the District of Columbia. Irrespective of any termination of or release by Grantor of its right to re-enter against Grantee, Grantor will retain all other rights reserved in the Redevelopment Covenants for the specified term(s) therein.

TO HAVE AND TO HOLD the Property, together with all rights, privileges, and advantages thereunto belonging or appertaining to the Grantee, its successors and assigns, forever.

AND Grantor covenants that it will warrant specially the Property, and will execute such further assurances thereof as may be requisite.

THIS DEED is made pursuant to Pursuant to D.C. Law 14-267, the "Vacant and Abandoned Properties Community Development and Disapproval of Disposition of Certain Scattered Vacant and Abandoned Properties Act of 2002."

IN WITNESS WHEREOF, the DISTRICT OF COLUMBIA, acting by and through The District of Columbia's Department of Housing and Community Development, has, on this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, caused this Special Warranty Deed to be executed, acknowledged and delivered by the Director of the Department of Housing and Community Development, for the purposes herein contained.

**GRANTOR**

Approved for Legal Sufficiency:

DISTRICT OF COLUMBIA,  
acting by and through Department of Housing and  
Community Development

By: \_\_\_\_\_

Assistant Attorney General

By: \_\_\_\_\_

Leila Finucane Edmonds  
Director of Department of Housing  
and Community Development

DISTRICT OF COLUMBIA )ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 200\_\_  
by \_\_\_\_\_, Director of Department of Housing and  
Community Development, whose name is subscribed to the within instrument, being authorized  
to do so on behalf of the District of Columbia, acting by and through the District of Columbia's  
Department of Housing and Community Development, has executed the foregoing and annexed  
document as her free act and deed.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

GRANTOR: District of Columbia  
Department of Housing  
and Community Development  
1800 Martin Luther King, Jr. Ave., SE  
Washington, DC 20020  
Attention: Manager

GRANTEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Exhibit A to Special Warranty Deed**

Legal Description

**Exhibit B to Special Warranty Deed**

**Permitted Exceptions**



**EXHIBIT C**  
[Affordability Covenant]

AFFORDABLE HOUSING COVENANT  
(Home Again Program for Deteriorated and Abandoned Properties)

THIS AFFORDABLE HOUSING COVENANT (the “**Covenant**”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by and for the benefit of the DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the District of Columbia Department of Housing and Community Development (hereinafter referred to as “**Declarant**”).

RECITALS

WHEREAS, Declarant is the current owner of certain real property located in Washington, D.C. and set forth and described on Exhibit A attached hereto and made a part hereof (the “**Site**”), which Site is the subject of this Covenant;

WHEREAS, Declarant plans to convey the Site to D.C. Habitat for Humanity, a District of Columbia not-for-profit corporation (the “**Developer**”), pursuant to the terms and conditions of that certain Property Disposition Agreement between the Declarant and the Developer (the “**Property Disposition Agreement**”);

WHEREAS, in the interest of furthering its public policy of increasing the affordable housing stock in the District of Columbia (the “**District**”), the Declarant is recording this Covenant to require the Developer and any successor owner to: (i) assume and perform certain obligations for the development, construction or rehabilitation, marketing, ownership, and sale of the Affordable Units (as defined below) on the Site (the Affordable Units and the Site are collectively, the “**Property**”), (ii) sell Affordable Units only to Eligible Purchasers (as defined below), and (iii) provide for the continued ownership and occupancy of the Affordable Units by an Affordable Owner (as defined below) for a period of fifteen (15) years following the date of first occupancy by such Affordable Owner; and

WHEREAS, as a condition precedent to the transfer of title of the Site from the Declarant to the Developer, the Developer has agreed that the Site shall be conveyed subject to this Covenant.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

ARTICLE I

Defined Terms

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

“**Affordable Owner**”: means an Eligible Purchaser who has purchased an Affordable Unit.

**“Affordable Unit”**: means each of the properties listed as an Affordable Unit on Exhibit B.

**“AMI”**: means the area median income for a household in the “Washington Metropolitan Statistical Area” as set forth in the most current periodic calculation provided by HUD, adjusted for family size without regard to any adjustments made by HUD for the purposes of the programs it administers. Adjustments of AMI for household size shall be made in the same manner as is prescribed in section 2(1) of the Housing Production Trust Fund Act, effective March 16, 1989 (D.C. Law 7-202; D.C. Official Code §§ 42-2801(1)).

**“Annual Income”**: means the annual income of a Household as defined in 24 CFR §5.609 as of the date of this Covenant.

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

**“Capital Improvement Claim”** means a request and any supporting documentation submitted by an Affordable Owner to DHCD documenting a capital improvement made by the Affordable Owner to an Affordable Unit after such unit was purchased by the Affordable Owner.

**“Certificate of Eligibility”**: means a certification from an Eligible Purchaser in a form approved by the District Agency that shall be given to the District, the Developer (or if applicable, the Affordable Owner), and the title insurance company insuring title to the Property representing and warranting the following: (i) he or she has disclosed all of the Household’s Annual Income to the Developer, Affordable Owner, and/or Certifying Entity; (ii) he or she has been informed of his or her rights and obligations under this Covenant; (iii) that the Eligible Purchaser intends to occupy the Affordable Unit as their principal residence, and (iv) the Eligible Purchaser does not have an interest in any other real property. The Certificate of Eligibility shall be signed and notarized by the Eligible Purchaser and shall be attached to the deed conveying the Affordable Unit.

**“Certifying Entity”**: has the meaning given in Article IV.

**“Deed”**: means the Special Warranty Deed from the Declarant to the Developer.

**“Designated Affordability Level”**: has the meaning given in Article III. B.

**“Designated Housing Provider”**: has the meaning given in Article III.A.1.

**“DHCD”**: means the District of Columbia Department of Housing and Community Development

**“District Agency”**: means the agency of the government of the District of Columbia that is responsible for implementing the Inclusionary Zoning Implementation Amendment Act of 2006, as codified in D.C. Official Code §§ 6-1041.01 *et seq.*

**“Eligible Capital Improvement”**: means major structural system upgrades, special assessments, new additions, and improvements related to increasing the health, safety, or energy efficiency of an Affordable Unit. Such improvements generally include: (i) major electrical wiring system upgrades; (ii) major plumbing system upgrades; (iii) room additions; (iv) installation of additional closets and walls; (v) alarm systems; (vi) smoke detectors; (vii) removal

Affordable Housing Covenant (D.C. Habitat for Humanity) v3

of toxic substances, such as asbestos, lead, mold, or mildew; (viii) insulation or upgrades to double-paned windows or glass fireplace screens; and (ix) upgrade to Energy Star built-in appliances, such as furnaces, water heaters, stoves, ranges, dishwashers, and microwave hoods. Improvements that meet these criteria may be given 100% credit as determined by DHCD.

**“Eligible Purchaser”** has the meaning given in Article III B.

**“Eligible Replacement and Repair Cost”**: means in-kind replacement of existing amenities and repairs and general maintenance that keep an Affordable Unit in good working condition. Such improvements generally include: (i) electrical maintenance and repair, such as switches and outlets; (ii) plumbing maintenance and repair, such as faucets, supply lines, and sinks; (iii) replacement or repair of flooring, countertops, cabinets, bathroom tile, or bathroom vanities; (viii) non-Energy Star replacement of built-in appliances, including furnaces, water heaters, stoves, ranges, dishwashers, and microwave hoods; (ix) replacement of window sashes; (x) fireplace maintenance or in-kind replacement; (xi) heating system maintenance and repairs; and (xii) lighting system. Costs that meet these criteria may be given 50% credit for repairs as determined by DHCD.

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

**“Ineligible Cost”**: means costs of cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures not eligible for capital improvement credit as determined by DHCD. These improvements generally include: (i) cosmetic enhancements such as fireplace tile and mantel, decorative wall coverings or hangings, window treatments (blinds, shutters, curtains, etc.), installed mirrors, shelving, refinishing of existing surfaces; (ii) non-permanent fixtures, such as track lighting, door knobs, handles and locks, portable appliances (refrigerator, microwave, stove/ oven, etc.); and (iii) installations with limited useful life spans, such as carpet, painting of existing surfaces, window glass and light bulbs.

**“Initial Sale Price”** shall have the meaning shown on Exhibit B.

**“IZIA Act”**: means the Inclusionary Zoning Implementation Amendment Act of 2006, as codified in D.C. Official Code §§ 6-1041.01 *et seq.*

**“IZ Regulations”**: means the IZIA Act regulations published in Chapter 26 of Title 11 of the District of Columbia Municipal Regulations, as may be amended from time to time.

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

**“Marketing Period”** shall be the period beginning on the date that the Developer first offers the redeveloped Property for sale to Eligible Purchasers until the date the Developer transfers title to the Property to an Eligible Purchaser.

**“Maximum Resale Price”**: has the meaning given in Article V.E.1.

**“Mortgagee”**: has the meaning given in Article XIV.

**“OAG”**: Office of the Attorney General for the District of Columbia.

**“Occupancy Period”** shall be a continuous and consecutive period beginning on the date Affordable Housing Covenant (D.C. Habitat for Humanity) v3

that an Affordable Owner first acquires an Affordable Unit and ending fifteen (15) years thereafter.

**“PADD”**: means the Property Acquisition and Disposition Division of the Department of Housing and Community Development.

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

**“Property”**: has the meaning given in the Recitals.

**“Redevelopment Period”** shall be the period beginning on the date that the Declarant transfers the Site to the Developer and ending on the date of Final Completion of the Project as stated in the Schedule of Performance attached to the Property Disposition Agreement.

**“Release”**: is defined in Article IX.

**“Sale”**: has the meaning given in Article III.A.1.

**“Site”**: has the meaning given in the Recitals.

**“Transferee”**: has the meaning given in Article IV.

## ARTICLE II

### Redevelopment Period

A. Following the sale and conveyance of the Property from the Declarant to the Developer, Developer shall not sell, transfer, convey, hypothecate or assign fee simple title to the Property, or any lesser interest therein, to any party other than an Eligible Purchaser, as defined below, unless otherwise permitted in writing by the Declarant.

B. During the Redevelopment Period, Developer shall construct and complete the Project in accordance with the Approved Plans and Specifications (as defined in the Property Disposition Agreement) and in accordance with applicable laws and regulations and the Property Disposition Agreement. At the end of the Redevelopment Period, the Developer shall offer the Property for sale to Eligible Purchasers.

## ARTICLE III

### Marketing of Affordable Units; Eligible Purchaser

A. Marketing and Sale To An Eligible Purchaser.

1. The Developer shall market and offer for Sale the Affordable Units solely to Eligible Purchasers (as defined below) or with the approval of Declarant to a **“Designated Housing Provider”** (as defined below). A Designated Housing Provider is any of the following: (i) Workforce Housing Land Trust (The Workforce Housing Production Program Approval Act of 2006, effective 27 March 14, 2007, (D.C. Law 16-278; D.C. Official Code §6-1061.01 et seq.(2008 Supp.); (ii) District of Columbia Housing Authority; or (iii) any non-profit organization authorized by DHCD.

2. When an Affordable Unit becomes available for sale to an Eligible Purchaser, the Developer or Affordable Owner shall provide PADD with written notice within ten (10) Business Days of its availability. Developer or Affordable Owner shall register the Affordable Unit on the Housing Locator website established under the Affordable Housing Clearinghouse Directory Act of 2008, (enacted on May 2, 2008), 55 D.C. Reg. 5313. Developer or Affordable Owner shall provide proof to PADD that the Affordable Unit has been registered, prior to PADD approving any Sale.

B. “**Eligible Purchaser**” shall mean: (i) a household consisting of one (1) or more individuals that is interested in purchasing an Affordable Unit as their principal residence and the adult member(s) of which shall certify that he, she, or they shall use the Property as his, her, or their principal residence; and the adult members have in the aggregate an Annual Income, which does not exceed the percentage of AMI for such Affordable Unit as designated on Exhibit B (the “**Designated Affordability Level**”).

C. **Initial Sale Price.**

1. Upon completion of the Affordable Unit, the Developer shall not sell the Affordable Unit for a price greater than the Initial Sale Price as shown on Exhibit B. Developer may not increase the Initial Sale Price for an Affordable Unit without the prior written approval of the Declarant and Declarant may withhold or condition its written approval, if any, in its sole and absolute discretion.

2. If Declarant approves in writing an increase to the Initial Sale Price for an Affordable Unit and that increase amounts to a Sales Price, as defined below, that is at least five percent (5%) above the Initial Sale Price (such excess, the “**Excess Sales Price**”), then fifty percent (50%) of the amount of the Excess Sales Price shall be recaptured by and distributed to the Declarant from the Developer. For purposes of this Covenant, the term “**Sales Price**” shall mean the sales price identified in the contract for sale or agreed upon between the Developer, as seller, and an Eligible Purchaser, as buyer, for the Affordable Unit, but shall exclude any amounts approved by PADD to be used to assist an Eligible Purchaser with closing costs, down payment assistance, or other costs in connection with purchasing the Affordable Unit. Declarant reserves the right to approve or disapprove for any reason any Sales Price above the Initial Sale Price proposed by Developer.

## ARTICLE IV

### Initial Sale; Re-Sale Restrictions

A. Any conveyance of an Affordable Unit shall be subject to the procedures contained in this Article IV.

B. **Review by Certifying Authority.**

1. The determination of whether a proposed purchaser meets the requirements of an Eligible Purchaser shall be made exclusively by the Certifying Authority

based on the criteria set forth in this Covenant. The Certifying Authority shall determine eligibility using the standards for "Eligible Purchaser" set forth above.

2. Developer, with respect to the initial sale of an Affordable Unit, and an Affordable Owner of an Affordable Unit desiring to sell his or her Affordable Unit shall notify in writing the entity or entities selected by DHCD as the party authorized to review and certify the eligibility of a person as an Eligible Purchaser (the "**Certifying Authority**"). The Developer may be selected as the Certifying Authority with the written approval of DHCD.

3. After the initial sale of the Affordable Unit, at any time there is no Certifying Authority approved by DHCD or if the Certifying Authority approved by DHCD fails to identify a Eligible Purchaser reasonably acceptable to an Affordable Owner desiring to sell his or her Affordable Unit within thirty (30) days after written request therefor, such Affordable Owner may, upon fifteen (15) days written notice to DHCD, select a Certifying Authority to qualify a prospective purchaser as an Eligible Purchaser.

4. A conveyance of an Affordable Unit shall only be effective if (i) a Certificate of Eligibility of a Qualified Purchaser duly executed by the Eligible Purchaser and signed and confirmed by the Certifying Authority and dated within twelve (12) months of the closing of such sale is recorded prior to or contemporaneously with the deed conveying the Affordable Unit. The Affordable Owner, Developer (for the initial sale of an Affordable Unit), Mortgagee, DHCD and any title insurer shall each be a third party beneficiary of such Certificate of Eligibility of a Qualified Purchaser. Failure to record such Certificate of Eligibility of Qualified Purchaser, within ten (10) days after notice from the Certifying Authority or DHCD, shall be a default under this Covenant. The Certificate of Eligibility of Qualified Purchaser shall certify that such Certifying Authority has informed the appropriate Person(s) of the rights and obligations of such Person(s) under Article IV and Article V of this Covenant.

5. The Developer and each Affordable Owner shall use a form of deed, which includes the language below in 12 point type and in all caps on the front page thereof:

THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN AFFORDABLE HOUSING COVENANT, DATED AS OF \_\_\_\_\_, 20\_\_ RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA AS INSTRUMENT NUMBER \_\_\_\_\_, ON \_\_\_\_\_ 20\_\_, AS AMENDED, WHICH AMONG OTHER THINGS: (1) IMPOSES RESTRICTIONS ON THE SALE AND CONVEYANCE OF THE SUBJECT PROPERTY, AND (2) REQUIRES THE GRANTEE TO GET APPROVAL FROM \_\_\_\_\_ BEFORE SELLING, LEASING OR REFINANCING THE PROPERTY.

D. In the event an Affordable Owner, voluntarily or involuntarily transfers the Affordable Unit pursuant to operation of law, court order, divorce, death or other similar transfer of legal or beneficial title to all or any part of the Affordable Unit to a Transferee, heir, devisee or other personal representative of such Affordable Owner (each "**Transferee**"), such Transferee, shall be automatically bound by all of the terms, obligations and provisions of this Covenant; provided that, and in furtherance of the District's public policy, such Transferee, shall

Affordable Housing Covenant (D.C. Habitat for Humanity) v3

do one of the following: (i) obtain and execute a Certificate of Eligibility of a Qualified Purchaser for himself or herself within the later of: (A) sixty (60) days of the date the Transferee took title, or (B) sixty (60) days after receiving the interest in the Affordable Unit following probate, and recordation of the same in the Land Records, and record it along with a special warranty deed in the form prescribed by this Covenant in Article 5C; or (ii) if the Transferee does not meet the requirements of an Eligible Purchaser or otherwise can not make the certifications in the Certificate of Eligibility of a Qualified Purchaser, the Transferee shall promptly use its diligent and best efforts (as such term is defined below) to sell the Affordable Unit in accordance with this Covenant.

E. For purposes of this Article IV, “best efforts” shall mean that (i) an Affordable Owner or Transferee, as applicable, has provided the notice to DHCD, and DHCD has not identified an Eligible Purchaser acceptable to the Affordable Owner or Transferee within 30 days of written request therefore; and (ii) an Affordable Owner or Transferee, as applicable, subsequently has selected a Certifying Authority pursuant to this Article IV herein, and such Certifying Authority has not identified an Eligible Purchaser acceptable as to such Affordable Owner or Transferee within ninety (90) days after receipt of such notice.

F. Intentionally Deleted.

G. In no event shall a Transferee reside in an Affordable Unit except in accordance with Article IV, D.

## ARTICLE V

### Occupancy Period

A. During the Occupancy Period, an Eligible Purchaser and any subsequent Eligible Purchaser may not sell, lease, assign, release, hypothecate, or otherwise transfer any interest in the Property to any person or entity, other than another Eligible Purchaser and in accordance with this Covenant, without Declarant’s prior written consent. Prior to the execution of any purchase contract with an Eligible Purchaser, the Seller under such contract shall provide notice to the Declarant of the Seller’s intent to enter into the contract in accordance with Article III and Article IV. Such Seller shall not execute the purchase contract until Declarant shall have had ten (10) business days to review the same. Any transfer of any interest in the Property during the Occupancy Period shall conspicuously reference these Covenants and the Eligible Purchaser’s requirements discussed herein, and these Covenants shall be referenced in the original Deed from Declarant to Developer, and each subsequent deed to any Eligible Purchaser or Transferee during the Occupancy Period.

B. Intentionally Deleted.



C. Developer shall be responsible for compliance with the terms of this Covenant only during the period of Developer's ownership of the Project. After the initial sale of an Affordable Unit, the Affordable Owner shall be responsible for compliance with the terms of this Covenant only during the period of such Affordable Owner's ownership of the applicable Affordable Unit.

D. By acceptance of a deed for an Affordable Unit, each Affordable Owner shall be deemed to represent and warrant to DHCD: (i) they are purchasing the Affordable Unit as a full time residence and has no ownership interest in any other housing, (ii) they will not lease the Affordable Unit, except as provided in Article V, Section E, (iii) they will not allow more than the number of persons, including the Affordable Owner, to reside at the Affordable Unit than permitted under applicable law, and (iv) they will comply with the provisions of this Covenant and sell the Affordable Unit only to an Eligible Purchaser.

E. Intentionally Deleted.

F. Determining Sale Price of Affordable Unit during the Occupancy Period

1. The re-sale price of each Affordable Unit for each subsequent Sale shall not exceed the Maximum Resale Price ("Maximum Resale Price" or "MRP") which shall be determined through use of the formula  $MRP = (P \times F) + V$  ("Resale Formula"), where:

P = the price the Affordable Owner paid for the Affordable Unit;

F = the sum of the Ten Year Compound Annual Growth Rates of the AMI from the year of purchase to the year of sale. This function can be described by the following equation.

$$F = (1 + [((AMI \text{ Year } m / AMI \text{ Year } m-10) ^ {1/10} -1) + ... ((AMI \text{ Year } k / AMI \text{ year } k-10) ^ {1/10} -1) / n]) ^ n$$

*Where: m = year in which property is purchased*

*k = year in which property is sold*

*n = number of years the property is owned*

*or as published by the District Agency.*

V = the sum of the value of Eligible Capital Improvements and Eligible Replacement and Repair Costs.

2. Except as otherwise provided herein, all proceeds of a Sale in excess of the Maximum Sales Price shall be paid to the District of Columbia for deposit into the Department of Housing and Community Development's Property Acquisition and Disposition Division or such other fund established by applicable law.

G. Any sale of an Affordable Unit in violation of this Covenant shall be a default hereunder.

## ARTICLE VI

### Evidence of Compliance

The Developer and any Eligible Purchaser and any other party bound, directly or indirectly, by the obligations hereunder, shall provide to the Declarant and/ or the Certifying Authority written verification or such other written documentation as may be required by the Declarant and/ or the Certifying Authority, to evidence and substantiate the qualification of any and all persons claiming to be an Eligible Purchaser, prior to the execution of a sales agreement for an Affordable Unit. All such evidence shall be satisfactory to the Declarant and/ or the Certifying Authority in its sole and absolute discretion.

## ARTICLE VII

### Default; Remedies

In the event of any sale, assignment, lease or use of an interest in an Affordable Unit in violation of this Covenant, Declarant and its designees shall have the right to institute such actions or proceedings as it may deem necessary, desirable or appropriate for effectuating the purposes of this Covenant and enforcing the obligations set forth herein, including without limitation: (i) the right to seek specific performance, (ii) disgorgement of proceeds from the Developer or Affordable Owner of a sale or lease of the Property in violation of this Covenant injunctive relief and other equitable remedies, (iii) the right to seek specific performance, and (iv) the remedy of rescission with respect to the conveyance of an Affordable Unit not in compliance with this Covenant, and damages against an owner of an Affordable Unit or his or her estate for breach of its obligations hereunder. Any exercise of the remedy of rescission shall be subject to the interest of any mortgage or deed of trust lien upon the Affordable Unit. If Declarant shall prevail in any such legal action to enforce this Covenant, then the Person against whom Declarant shall prevail, shall pay Declarant all of its costs and expenses, including reasonable attorney fees, incurred in connection with Declarant efforts to enforce this Covenant. In the event the District is represented by OAG, reasonable attorney's fees shall be calculated based on an equivalent amount that a private firm of comparable size to OAG in the Washington, D.C. area would have charged for such representation based on the number of hours OAG employees prepared for and participated in any such litigation.

## ARTICLE VIII

### Covenants Binding on Successors and Assigns

These Covenants are and shall be binding upon the Property and shall run with the land for the period of time stated herein and until all obligations required to be performed under these Covenants are fulfilled. The rights and obligations of the Declarant, the Developer, the Eligible Purchaser and their respective successors and assigns shall be binding upon and inure to the

benefit of the foregoing parties and their respective successors and assigns; provided however that, all rights of the Declarant pertaining to the monitoring and/or enforcement of the obligations of the Developer or Eligible Purchaser hereunder shall not convey with the transfer of title or any lesser interest in the Property, but shall be retained by the District of Columbia, or such other transferee as the Declarant may so determine.

## ARTICLE IX

### Amendment of Covenants

These Covenants may be amended, modified or released by an instrument in writing executed by the Declarant. Any such amendment, modification or release shall relate back to the date of recordation of these Covenants. Any amendment by the Declarant to these Covenants that amends, modifies, or releases the terms of these Covenants shall be recorded among the Land Records before it shall be deemed effective.

## ARTICLE X

### Settlement

The Developer shall deliver to the Declarant, any written documentation requested pursuant to this Covenant (the “Documents”), at least thirty (30) calendar days prior to the settlement date for the sale of the Property from the Developer to an Eligible Purchaser (the “**Settlement**”). The Documents shall include the name and contact information of the escrow agent designated by the parties (“**Escrow Agent**”) for the sale of the Property to the Eligible Purchaser. The Declarant shall have eleven (11) business days from receipt of the Documents to review the same and notify the Developer of any material deficiencies or errors in the Documents. Provided that Developer or Eligible Purchaser cure such deficiencies or errors to Declarant’s reasonable satisfaction, Declarant shall provide written approval of Settlement (the “**Settlement Approval**”) and deliver the Settlement Approval and such other documents necessary to conduct the Settlement, including a partial release of these Covenants with respect to the Developer and its Redevelopment obligations, to the Escrow Agent a reasonable period of time prior to the Settlement on the Property, for Escrow Agent to hold in escrow pending such Settlement.

## ARTICLE XI

### Termination and Release of Covenants

This Covenant shall terminate fifteen (15) years after the Developer first transfers the Affordable Unit to an Eligible Purchaser. Notwithstanding the foregoing, this Covenant may be amended, terminated and/ or released in whole or in part by Declarant in writing at any time,

without notice to the Developer, any Eligible Purchaser or Transferee.

## ARTICLE XII

### Notices

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

DECLARANT:

District of Columbia  
Department of Housing and Community Development  
Property Acquisition and Disposition Division  
801 North Capitol Avenue, NE, Ground Floor  
Washington, D.C. 20002  
Attention: Manager

With a copy to:

The Office of the Attorney General for the District of Columbia  
1100 15<sup>th</sup> Street, N.W., Eighth Floor  
Washington, D.C. 20005  
Attn: Chief, Real Estate Section

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

DEVELOPER:

D.C. Habitat for Humanity  
843 Upshur Street, NW  
Attn: Executive Director  
Washington, DC 20011

With a copy to:

Arnold & Porter LLP  
555 12<sup>th</sup> Street, NW  
Attn: Jennifer Perkins  
Washington, DC 20004

Notices which shall be delivered to Developer or Declarant 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 Covenant and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Covenant.

### ARTICLE XIII

#### Insolvency or Bankruptcy of Developer

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

### ARTICLE XIV

#### Mortgages, Mortgagees, and Foreclosure

A. An Eligible Purchaser may obtain purchase money financing necessary to purchase the Property from Developer. In the event any Mortgagee under a mortgage or deed of trust placed against the Property (“**Mortgagee**”) intends to initiate a foreclosure proceeding under a mortgage or deed of trust recorded against the Property, the Mortgagee shall first notify Declarant of its intent to do the same in writing, at least sixty (60) calendar days prior to the initiation of any proceeding relating to the Property, and shall include in its notice the amount of Affordable Owner’s outstanding obligations to such Mortgagee (the “**Foreclosure Notice**”). Recordation of a Notice of Foreclosure does not constitute a Foreclosure Notice under these Covenants.

Upon receipt of such notice, Declarant may elect to purchase, in which case Affordable Owner and Mortgagee shall have the obligation to sell, the Property for an amount equal to Affordable Owner’s obligations under Mortgagee’s mortgage or deed of trust (the “**Option to Purchase**”), with no obligation upon Declarant to exercise the same. Declarant shall have sixty (60) calendar days from the date of the notice to exercise its Option to Purchase.

B. Assuming Declarant has not exercised its Option to Purchase described above, prior to acquiring the estate of Affordable Owner in connection with any foreclosure proceedings, or any conveyance in lieu of foreclosure, and prior to any further conveyance of the estate due to any such foreclosure or conveyance in lieu of foreclosure, Mortgagee (or any successor or

acquirer of the estate) shall offer the estate for sale to Declarant in writing on the same terms and conditions being offered by or to any third party, whereupon Declarant shall have a thirty (30) day period to determine whether to exercise it's a Second Option to Purchase the estate on such terms and conditions (but shall be under no obligation to do so) (the "**Second Option to Purchase**"), failing which Mortgagee (or other successor or acquirer of the estate at foreclosure) may so convey the estate to such third party on such particular terms and conditions.

C. All Mortgagees securing and/or recording their interest in the Property after these Covenants acknowledges the terms and conditions of these Covenants and that any mortgage or deed of trust placed against the Property is subordinate to these Covenants. Notwithstanding the foregoing, if the Mortgagee holds a HUD insured mortgage, this Covenant shall terminate upon foreclosure, deed-in-lieu of foreclosure or assignment of the insured mortgage to HUD.

## ARTICLE XV

### MISCELLANEOUS

#### A. LAW APPLICABLE; FORUM FOR DISPUTES

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

#### B. COUNTERPARTS

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

#### C. 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.

#### D. WAIVER OF JURY TRIAL

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

#### E. FURTHER ASSURANCES

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

F. SEVERABILITY

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

IN WITNESS WHEREOF, the Declarant has, on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, caused these presents to be executed, acknowledged and delivered by the Director of the Department of Housing and Community Development, its duly authorized representative, for the purposes therein contained.

**DECLARANT**

WITNESS:

DISTRICT OF COLUMBIA,  
acting by and through the District of Columbia  
Department of Housing and Community  
Development

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Leila Finucane Edmonds  
Title: Director, Department of Housing and  
Community Development

DISTRICT OF COLUMBIA ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ by \_\_\_\_\_, the Director of the Department of Housing and Community Development, whose name is subscribed to the within instrument, being authorized to do so on behalf of the District of Columbia, acting by and through the Department of Housing and Community Development, has executed the foregoing and annexed document as his free act and deed.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

Approved for Legal Sufficiency:

District of Columbia Office of the Attorney General

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





ACKNOWLEDGED AND AGREED:

WITNESS:

DEVELOPER:

D.C. HABITAT FOR HUMANITY, a District of  
Columbia nonprofit corporation

\_\_\_\_\_  
Print Name:

By: \_\_\_\_\_  
Name:  
Title:

DISTRICT OF COLUMBIA ) ss:

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

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

Exhibit A

Legal Description

Exhibit B

**Schedule of Affordable Units**

<b><u>Affordable Unit</u></b>	<b><u>Designated Affordability Level</u> (% of AMI)</b>	<b><u>Initial Sales Price</u></b>
Providence St., NE (4043, 0007) - #1	30%	\$175,000
Providence St., NE (4043, 0007) - #2	30%	\$175,000
1817 Providence St., NE (4043, 0803) - #1	30%	\$150,000
1817 Providence St., NE (4043, 0803) - #2	30%	\$150,000
1812 Providence St., NE (4044, 0023) - #1	30%	\$175,000
1812 Providence St., NE (4044, 0023) - #2	30%	\$175,000
Providence St., NE (4044, 0033) - #1	30%	\$175,000
Providence St., NE (4044, 0033) - #2	30%	\$175,000

**EXHIBIT D**  
[Declaration of Covenant]

**DECLARATION OF COVENANTS  
(Home Again – Developer Covenants)**

THIS DECLARATION OF COVENANTS (the “**Covenant**”) is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2009 (“**Effective Date**”), by D.C. HABITAT FOR HUMANITY a District of Columbia nonprofit corporation (the “**Declarant**”) for the express benefit of the DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the District of Columbia Department of Housing and Community Development (hereinafter referred to as “**District**”)

RECITALS

R-1. Pursuant to the terms of a Property Disposition Agreement (the “**Agreement**”) dated \_\_\_\_\_, 2009 between District and Declarant, the District has sold and conveyed to Declarant immediately prior to the Effective Date of this Covenant certain real property located in Washington, D.C. and more particularly described in Exhibit A attached hereto (the “**Property**”).

R-2. Under the terms of the Agreement, the District sold and conveyed the Property to the Declarant for a purchase price below fair-market value, in exchange for the Declarant agreeing to develop, construct, own and operate a single-family or multifamily residential housing project as approved by the District as more particularly described in the Agreement (the “**Project**”).

R-3. In order to insure to the District that the Declarant will construct the Project on the Property in accordance with the Agreement, the Declarant has agreed to subject the Property to certain covenants regarding the construction and use of the Project and the disposition of the Property all as more particularly described herein.

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

**ARTICLE I  
DEFINITIONS AND MISCELLANEOUS PROVISIONS**

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

“**Affordability Covenant**” is the covenant agreement between District and Declarant that contains certain affordability requirements for the Project, and is recorded in the Land Records.

“**Agreement**” is defined in the Recitals.

**“Approved Plans and Specifications”** means construction plans, drawings, and specifications submitted to and approved by District and based upon which all Permits shall be issued.

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

**“CBE”** shall mean a certified business enterprise, certified as a “CBE” by the DSLBD under applicable District of Columbia law, as amended.

**“CBE Agreement”** is that agreement, in customary form, between Declarant and the DSLBD governing certain obligations of Declarant under D.C. Law 16-33 for the Project.

**“Certificate of Completion”** means that certificate provided by Declarant to the District upon Completion of Construction, as required under Section 2.4 herein.

**“Certificate of Final Completion”** is defined in Section 2.4.5.

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

**“Commencement of Construction”** means the date that is the earlier of: (a) the date identified on the Schedule of Performance, or (b) the date the Developer has obtained all of the following: (i) a building permit or an unconditional approval letter from the District of Columbia Department of Consumer Regulatory Affairs; (ii) an executed construction contract approved by the District with its general contractor, if applicable; (iii) given notice to the General Contractor to proceed under said construction contract; and (iv) caused the General Contractor to mobilize on the Property equipment required to commence construction in accordance with the Approved Plans and Specifications. For purposes of this Agreement, the term **“Commencement of Construction”** does not mean site exploration, borings to determine foundation conditions, or other pre-construction monitoring or testing to establish background information related to the suitability of the Property for development of the Improvements thereon or the investigations of environmental conditions.

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

**“Construction Covenants”** shall mean those covenants contained in Articles II and III.

**“Construction Drawings”** shall mean the drawings, plans, and specifications for the Improvements submitted by Declarant to District.

**“Declarant’s Agents”** mean the Declarant’s agents, employees, consultants, contractors, and representatives

**“Development Plan”** means the Declarant’s detailed plans for developing, constructing, financing, marketing and selling the Project.

**“DOES”** is the District of Columbia Department of Employment Services, and any successor agency.

**“DOL”** is the United States Department of Labor.

**“DSLBD”** is the District of Columbia Department of Small and Local Business Development, and any successor agency.

**“Event of Default”** is defined in Section 6.1.

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

**“First Source Agreement”** is that agreement, in customary form, between the Declarant and the DOES, entered into in accordance with Section 8.5 of the Agreement, governing certain obligations of Declarant under D.C. Law 14-24, D.C. Law 5-93 and Mayor’s Order 83-265 regarding job creation and employment generated as a result of construction of the Project.

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



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

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

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

**“Laws”** means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Environmental Laws, all laws relating to accessibility for persons with disabilities.

**“Member”** means any Person with an interest in Declarant.

**“Milestone”** means the date as specified in the Schedule of Performance by which certain actions are required to be undertaken by Declarant.

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

**“Party”** when used in the singular, shall mean either District or Declarant; when used in the plural shall mean both District and Declarant.

**“Performance Bond”** means an amount of money equal to the lesser of either: (i) 5% of the Project Budget, or (ii) Two Hundred Fifty Thousand Dollars (\$250,000), in the form of any of the following: a letter of credit from a reputable bank in accordance with a form approved by District, a payment and performance bond from a reputable surety company, or a cash reserve to be held in escrow by a settlement agent for the benefit of District

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

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

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

**“Project Drawings”** shall mean the drawings, plans and specifications for the Improvements submitted by Declarant to District.

**“Property”** is defined in the Recitals.

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

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

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

**“Second Notice”** means that second notice of submission given by Declarant to District in accordance with Section 2.3 herein. Any Second Notice shall be labeled, in bold, 18-point font, as a “Second and Final Notice.” Declarant shall deliver any Second Notice to District, in the manner identified in Section 12.1, in an envelope that is conspicuously labeled “Second and Final Notice.”

**“Use Covenants”** means those covenants contained in Article IV.

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

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

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

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

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

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

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

1.9 **INCLUDING.** The word “including,” and variations thereof, shall mean “including without limitation.”

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

## **ARTICLE II CONSTRUCTION COVENANTS**

### **2.1 OBLIGATION TO CONSTRUCT PROJECT**

2.1.1 Declarant hereby agrees to develop and construct the Project in accordance with the Approved Plans and Specifications, the Schedule of Performance, the Affordability Covenant, and this Covenant. The Project shall be constructed in compliance with all Permits and Laws and in a first-class and diligent manner in accordance with industry standards. The cost of development and construction of Project thereon shall be borne solely by Declarant.

2.1.2 Declarant agrees that it will not transfer, sell, assign, or otherwise convey fee title in the Property at any time prior to Final Completion without the prior approval of the District, which approval may be granted or withheld in the sole discretion of District.

### **2.2 PRE-CONSTRUCTION ITEMS**

2.2.1 **ISSUANCE OF PERMITS.** Declarant shall have the sole responsibility for obtaining all Permits from the applicable agency within the District of Columbia government or other authority. In no event shall Declarant commence site work or construction of all or any portion of the Project until Declarant has obtained all Permits necessary to commence and maintain the same, without lapse, to complete the portion of the contemplated work. Declarant shall submit to District copies of documents evidencing each and every Permit obtained by Declarant.

2.2.2 **SITE PREPARATION.** Declarant, at its sole cost and expense, shall be responsible for all preparation of the Property for development and construction in accordance with the Development Plan and Approved Plans and Specifications, including costs associated with excavation, construction of the Project, utility relocation and abandonment, relocation and rearrangement of water and sewer lines and hook-ups, and construction or repair of alley ways on the Property and abutting public property necessary for the Project. All such work, including but not limited to, excavation, backfill, and upgrading of the lighting and drainage, shall be

performed under all required Permits and in accordance with all appropriate District of Columbia agency approvals and government standards, and Laws.

2.3 **Intentionally Deleted.**

2.4 **CONSTRUCTION RESTRICTIONS AND OBLIGATIONS**

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

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

2.4.3 Declarant shall achieve Final Completion on or before the date that is indicated in the Schedule of Performance.

2.4.4 Promptly after Declarant achieves Completion of Construction, Declarant shall furnish District with a Certificate of Completion, in which Declarant states under oath that the Project has been completed, subject only to Punch List Items, in accordance with all Approved Plans and Specifications and all applicable Laws. In the Certificate of Completion, the Declarant also shall determine, among other things, that all of the Construction Covenants herein, which relate to obligations of Declarant to develop and construct the Project, including the times for Commencement of Construction and Completion of Construction, have been fully satisfied.

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

2.5 **LABOR/EMPLOYMENT COVENANTS.**

2.5.1 If Declarant receives federal or District of Columbia financial assistance, and if the construction of the Project is a union project with respect to the Property, Declarant shall:

- (a) 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 DOL, advising the said labor union or worker's representative of Declarant'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;

- (b) 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 the 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;
- (c) 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 the 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; and
- (d) require the inclusion of the provisions of paragraphs (a) through (c) 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.

2.5.2 Declarant will take such action with respect to any contract, subcontract, or purchase order as District, DOES, or DOL may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event of Declarant's non-compliance with this Section or with any applicable rule, regulation, or order, the District, DOES, or DOL may take such enforcement against Declarant, including, but not limited to, an action for injunctive relief and/or monetary damages, as may be provided by Law.

2.6 **COMMUNITY BENEFIT PLANS.** During the term of this Covenant, Declarant agrees to: (i) comply with all applicable labor and employment standards, Laws, and orders in the construction of the Project; (ii) comply with and maintain the CBE Agreement; and (iii) comply with and maintain the First Source Agreement.

### **ARTICLE III**

#### **MONITORING AND INSPECTING THE CONSTRUCTION OF THE PROJECT**

3.1 **INSPECTION AND MONITORING RIGHTS.** In addition to and notwithstanding any monitoring and inspecting requirements of Declarant's construction lender and any applicable District of Columbia building and health code requirements, District shall have the following rights:

3.1.1 **INSPECTION OF SITE.** District shall have the right to enter the Property from time to time and at no cost or expense to District (but at the risk of District), for the purpose of performing routine inspections in connection with the development and construction of the Project. Declarant understands that District or its representatives will enter the Property from time to time for the sole purpose of undertaking the inspection of the Project to determine

conformance to the Approved Plans and Specifications and this Covenant, as applicable, and Declarant shall have the right to accompany those persons during such inspections. Declarant waives any claim that it may have against District, its officers, directors, employees, agents, consultants, or representatives, arising out of District representatives' entry upon the Property unless resulting from the gross negligence or willful misconduct of said District representatives. Any inspection of the Project or access of the Property by District hereunder shall not be deemed an approval, warranty, or other certification as to the compliance of the Project or Property with any building codes, regulations, standards, or other applicable Laws.

3.1.2 PROGRESS REPORTS. From and after the Effective Date and until issuance of the Certificate of Final Completion, and in addition to the notice provisions contained in Section 3.2, Declarant, upon request by District, shall make written reports to District as to the progress of the construction of the Project, in such form and detail as may reasonably be requested by District, and shall include a reasonable number of construction photographs taken since the last report submitted by Declarant. Such progress reports shall be delivered to District by the Declarant within ten (10) days after request by District, but not more frequently than on a monthly basis.

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

3.2 MILESTONE NOTICES. Upon completion of each Milestone in the Schedule of Performance, Declarant shall notify District, and District shall have thirty (30) days to inspect the Property and certify Declarant's completion of such Milestone. In the event District fails to certify completion of such Milestone within thirty (30) days after receipt of Declarant's notice, the District shall waive its opportunity to certify or contest completion of the applicable Milestone.

## **ARTICLE IV USE COVENANTS**

4.1 The Property shall be used for residential purposes only.

4.2 Following issuance of the Certificate of Final Completion, Declarant warrants

- a. All appliances shall be under warranty for a minimum of one (1) year from the date of transfer of the Property from Declarant to a purchaser; and
- b. All structural (including roofing), electrical, mechanical, heating and air conditioning systems shall be under warranty for a minimum of ten (10) years from the date of transfer of the Property from Declarant to a purchaser.

## **ARTICLE V TERM; RELEASE**

5.1 **TERM OF CONSTRUCTION COVENANTS.** The Construction Covenants, and any obligations hereunder that relate solely to the development and construction of the Project, shall run with the land and otherwise remain in effect until District delivers to Declarant the Certificate of Final Completion.

5.2 **TERM OF USE RESTRICTIONS AND OTHER COVENANTS.** All other obligations, liabilities, terms, and conditions set forth herein shall run with the land, binding Declarant and its successors and assigns, until all obligations required to be performed under these Covenants are fulfilled.

5.3 **RELEASE.**

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

5.3.2 Upon District's delivery to Declarant of the Certificate of Final Completion, District shall release the Letter of Credit, to the extent the full amount of the same has not been drawn in accordance with Section 6.2.1(a) herein.

## **ARTICLE VI DEFAULT AND REMEDIES**

6.1. **EVENTS OF DEFAULT.** Each of the following shall constitute an “Event of Default” on the part of Declarant:

- (a) Declarant defaults in the performance of any obligation, term, or provision under this Covenant, and such default shall continue uncured for thirty (30) days after written notice of such default from District, provided that such thirty (30) day period may be extended for an additional period of time, at the sole discretion of District, to the extent required to complete such cure;
- (b) Declarant fails to complete any Milestone by the date indicated in the Schedule of Performance; or
- (c) Declarant commits any affirmative act of insolvency or shall file any petition or action under any bankruptcy or insolvency law, or any other law or laws for relief of, or relating to debtors; or if there shall be filed any insolvency petition under any bankruptcy or insolvency statute against Declarant or there shall be appointed any receiver or trustee to take possession of any property of Declarant and such petition or appointment is not set aside or withdrawn or does not cease within sixty (60) days from the date of such filing of appointment.

## 6.2 **REMEDIES.**

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

- (a) District may draw on the Letter of Credit, in an amount to be determined by District, in its sole discretion, up to the full amount of the Letter of Credit, upon an Event of Default that arises under Section 6.1(b);
- (b) District may cure Declarant's Event of Default, at Declarant's sole cost and expense. Declarant shall pay to District an amount equal to its actual out-of-pocket costs for such cure within ten (10) Business Days after demand therefor. Any such sums not paid by Declarant within ten (10) Business Days after demand shall bear interest at the rate of fifteen percent (15%) per annum or the highest rate permitted by Law, if less, until paid;
- (c) District may pursue specific performance of Declarant's obligations hereunder;
- (d) District may pursue re-enter the Property in accordance with the covenants contained in Declarant's deed(s) to the Property; and
- (e) District may pursue any and all other remedies available at law and in equity, including without limitation, injunctive relief.

6.2.2 If District pursues any of its remedies under this Section that require the filing of a court action and District prevails in a court of competent jurisdiction, District shall be entitled to reimbursement of all costs including its attorneys' fees. In the event District is represented by



OAG, attorneys' fees shall be calculated based on an equivalent amount that a private firm of comparable size to OAG in the Washington, D.C. area would have charged for such representation based on the number of hours OAG employees prepared for and participated in any such litigation.

## **ARTICLE VII INSURANCE OBLIGATIONS**

7.1 During the periods identified below, Declarant shall carry and maintain in full force and effect the following insurance policies:

- (a) Property Insurance - After achieving Completion of Construction, Declarant shall maintain property insurance insuring the Project under a Special Form (Causes of Loss) policy for 100% insurable replacement value with no co-insurance.
- (b) Builder's Risk Insurance – At all times after the Effective Date of this Covenant until delivery of the Certification of Final Completion, Declarant shall maintain builder's risk insurance for the amount of the completed value of the Project (or lesser amount acceptable to District) under a Special Form (Causes of Loss) policy with no co-insurance penalty, including flood risks if the Property is located in a flood zone, insuring the interests of Declarant, District and any contractors and subcontractors.
- (c) Automobile Liability and Commercial General Liability Insurance - At all times after the Effective Date of this Covenant until delivery of the Certificate of Final Completion, Declarant shall maintain and cause its contractor to maintain automobile liability insurance and commercial general liability insurance policies written to each have a combined single limit of liability for bodily injury and property damage of not less than three million dollars (\$3,000,000.00) per occurrence, of which at least one million dollars (\$1,000,000.00) must be maintained as primary coverage, and of which the balance may be maintained as umbrella coverage; provided however, that the foregoing statement as to the amount of insurance Declarant is required to carry shall not be construed as any limitation on Declarant's liability under this Covenant. The foregoing limits may be increased by District from time to time, in its sole discretion.
- (d) Workers' Compensation Insurance - At all times after the Effective Date of this Covenant until such time as all obligations of Declarant hereunder have been satisfied or have expired, Declarant shall maintain and cause its general contractor and any subcontractors to maintain workers' compensation insurance in such amounts as are required by applicable Laws.
- (e) Professional Liability Insurance – At all times after the Effective Date, the Declarant shall cause the architect, and every engineer or other professional who will perform services in connection with the Project to maintain professional liability insurance with limits of not less than one million dollars (\$1,000,000.00) for each occurrence, including coverage for injury or damage arising out of acts or

omissions with respect to all design and engineering professional services provided by the architect of record, structural, electrical, and mechanical engineers with a deductible acceptable to District.

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

## **ARTICLE VIII CASUALTY**

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

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

## **ARTICLE IX INDEMNIFICATION**

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

**ARTICLE X**  
**COVENANTS BINDING ON SUCCESSORS AND ASSIGNS**

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

**ARTICLE XI**  
**AMENDMENT OF COVENANT**

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

**ARTICLE XII**  
**NOTICES**

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

DISTRICT:

D.C. Department of Housing and Community Development  
Property Acquisition and Disposition Division  
1800 Martin Luther King, Jr. Ave., SE  
Suite 317  
Washington, D.C. 20020  
Attn: Martine Combal, Manager

With a copy to:

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

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

DECLARANT:

DC Habitat for Humanity  
843 Upshur Street, NW  
Attn: Executive Director  
Washington, DC 20011

With copy to:

Arnold & Porter, LLP  
555 12<sup>th</sup> Street, NW  
Attn: Jennifer Perkins  
Washington, DC 20004

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

**ARTICLE XIII  
FORCE MAJEURE**

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

*[Signatures on following page]*

IN WITNESS WHEREOF, the Declarant has, on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, caused this Covenant to be executed, acknowledged and delivered, for the purposes therein contained.

**DECLARANT:**

DC HABITAT FOR HUMANITY,  
a District of Columbia nonprofit corporation

By: \_\_\_\_\_  
Name: Kent Adcock  
Title: President

**APPROVED BY THE DISTRICT  
THIS \_\_\_\_ DAY OF \_\_\_\_\_, 200\_\_:**

DISTRICT OF COLUMBIA,  
acting by and through the District of Columbia Department of  
Housing and Community Development

By: \_\_\_\_\_  
Name: Leila Finucane Edmonds  
Title: Director

Approved for legal sufficiency

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Assistant Attorney General for the Office  
of the Attorney General for the District of Columbia

**DISTRICT OF COLUMBIA** ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by Gordon Brown, the President of DC Habitat for Humanity, a District of Columbia nonprofit corporation, the Declarant herein, whose name is subscribed to the within instrument, being authorized to do so on behalf of said Declarant, has executed the foregoing and annexed document as his/her free act and deed, for the purposes therein contained.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

**DISTRICT OF COLUMBIA** ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by Leila Finucane Edmonds, the Director for the D.C. Department of Housing and Community Development, whose name is subscribed to the within instrument, being authorized to do so on behalf of the District of Columbia, acting by and through the District of Columbia D.C. Department of Housing and Community Development, has executed the foregoing and annexed document as her free act and deed.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

## **EXHIBIT A**

### **Legal Description**

## EXHIBIT B

### Schedule of Performance

<b>Property Address</b>	<b>Developer Closing with Home Again</b>	<b>Commencement of Construction</b>	<b>Rough-In Inspection</b>	<b>Completion of Construction</b>	<b>Final Completion</b>	<b>Developer Closing with Eligible Purchaser</b>
1817 Providence Street, NE (Sq. 4043, lot 0803)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
1812 Providence Street, NE (Sq. 4044, lot 0023)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
Providence Street, NE (Sq. 4044, lot 0033)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
Providence Street, NE (Sq. 4043, lot 0007)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011



**EXHIBIT E**

**Office of Attorney General for the District of Columbia Form Letter of Credit**

ISSUER:  
[Name of Bank]  
[Bank Address]

Date of Issue: \_\_\_\_\_, 2009

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [Insert Number]

**Beneficiary**

**Applicant**

District of Columbia, by and through  
The Department of Housing and  
Community Development  
1800 Martin Luther King, Jr. Ave., SE  
Washington D.C. 20020  
Attention: Director

[Name of Developer]

AMOUNT: \$ \_\_\_\_\_

EXPIRY DATE: [Insert Date] subject to renewal provisions herein

Ladies and Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit [Insert Number]  
("Letter of Credit") in favor of Beneficiary for the account of Applicant up to an aggregate  
amount of \_\_\_\_\_ U.S DOLLARS (U.S. \$ \_\_\_\_\_)  
Available for payment when accompanied by the following three items:

1. A draft at sight drawn on [Name of Bank] duly endorsed on its reverse thereof by a duly authorized representative of the Beneficiary, specifically referencing this Letter of Credit Number [Insert Number];
2. The original of this Letter of Credit; and
3. A dated statement issued on the letterhead of Beneficiary, stating: "The amount of this drawing is \$ \_\_\_\_\_, drawn under Irrevocable Standby Letter of Credit No. [Insert Number] and represents funds due and owing to the District of Columbia." Such statement shall be conclusive as to such matters and Issuer will accept such statement as binding and correct. Issuer shall have no right, duty, obligation or responsibility to evaluate the performance or nonperformance of any underlying agreement between Applicant and Beneficiary before performing under the terms of this Letter of Credit.

Continues on the next Page

This Letter of Credit shall automatically renew for one year term upon the Anniversary of the expiry date set forth above (The "Anniversary Date") until [insert date] unless (i) earlier released by Beneficiary in writing or (ii) Issuers delivers written notice to both Applicant and Beneficiary that this Letter of Credit will not be renewed on the Anniversary Date upon which this Letter of Credit will no longer be renewed. Notwithstanding any terms and/or conditions to the contrary, this Letter of Credit will expire no later than [Insert Date].

If a drawing made by Beneficiary under this Letter of Credit reaches the address provided on this Standby Letter of Credit via Courier (FEDEX or DHL) on or prior to 1:00 PM (Eastern Time) on a Business Day (Defined below) and, provided that such drawing and the statement presented in connection therewith conform to the terms and conditions hereof, payments shall be made to Beneficiary in the amount specified, in immediately available funds, on the same Business Day. If a drawing is made by Beneficiary under this Letter of Credit after 1:00 pm (Eastern Time) on a Business Day and, provided that such drawing and the statement presented in connection therewith conform to the terms and conditions hereof, payments shall be made to Beneficiary in the amount specified, in immediately available funds on the next Business Day. If requested by Beneficiary, payment under this Letter of Credit may be deposit of immediately available funds into an account designated by Beneficiary. As used herein, the term "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institution in the District of Columbia are authorized or required by law to close.

Drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented by the Mayor, City Administrator, the Director of the Department of Housing and Community Development, or one of their duly authorized representatives, on or before the Expiry Date to Issuer's office at the address of Issuer set forth above.

This undertaking is issued subject to the International Standby Practices 1998 ("ISP98"). As to matters not expressly governed by ISP98, this Letter of Credit is governed by and shall be construed in accordance with the laws of the District of Columbia.

This Letter of Credit set forth in full terms of our undertaking. This undertaking shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or other agreement, without the express written authorization of Issuer, Beneficiary and Applicant.

Continues on the next Page

[Insert Letter of Credit Number]

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Should you have occasion to communicate with us regarding the Letter of Credit, kindly direct your communication to the attention of Letters of Credit Dept. to the address aforementioned stating as reference our Standby Letter of Credit Number [Insert Letter of Credit Number].

Truly Yours,

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Authorized Signature

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Authorized Signature

**EXHIBIT F**

**Schedule of Performance**

<b>Property Address</b>	<b>Developer Closing with Home Again</b>	<b>Commencement of Construction</b>	<b>Rough-In Inspection</b>	<b>Completion of Construction</b>	<b>Final Completion</b>	<b>Developer Closing with Eligible Purchaser</b>
1817 Providence Street, NE (Sq. 4043, lot 0803)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
1812 Providence Street, NE (Sq. 4044, lot 0023)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
Providence Street, NE (Sq. 4044, lot 0033)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011
Providence Street, NE (Sq. 4043, lot 0007)	October 2009	March 2010	June 2010	August 2010	October 2010	March 2011

## **EXHIBIT G**

### **Schedule of Affordable Units**

<b><u>Affordable Unit</u></b>	<b><u>Designated Affordability Level</u> (% of AMI)</b>	<b><u>Initial Sales Price</u></b>
Providence St., NE (4043, 0007) - #1	30%	\$175,000
Providence St., NE (4043, 0007) - #2	30%	\$175,000
1817 Providence St., NE (4043, 0803) - #1	30%	\$150,000
1817 Providence St., NE (4043, 0803) - #2	30%	\$150,000
1812 Providence St., NE (4044, 0023) - #1	30%	\$175,000
1812 Providence St., NE (4044, 0023) - #2	30%	\$175,000
Providence St., NE (4044, 0033) - #1	30%	\$175,000
Providence St., NE (4044, 0033) - #2	30%	\$175,000

**EXHIBIT H**

[Title Commitment]