PROPERTY DISPOSITION AGREEMENT

THIS PROPERTY DISPOSITION AGREEMENT (this "**Agreement**"), is made between (i) **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Department of Housing and Community Development (the "**District**"), and (ii) Paramount Development, LLC, a Homeowner, a Not For Profit Corporation or a District of Columbia Certified Business Enterprise ("**Developer**").

RECITALS:

R-1. The District owns a certain parcel of real property located in Washington, D.C. with the address 501 Rhode Island Avenue, NW as further described on Exhibit A attached hereto and incorporated herein (the "**Property**").

R-2. Pursuant to D.C. Code § 42-3171.03 (2008 Supp.) (the "**Act**"), District offered for sale through a competitive process the aforementioned Property to Developer for the purpose of eliminating or reducing blight by providing for the disposition and development of the Property at the highest bid price at the Property Acquisition and Disposition Division Auction ("**PADD Auction**"), provided that Developer agrees to develop or rehabilitate a single-family or multi-family housing project approved by the District (the "**Project**") on the Property, and in accordance with the terms of this Agreement.

R-3. In accordance with the Act, following a public hearing on the proposed terms and conditions of this Agreement after at least 30 days public notice, District has been authorized to convey the Property to Developer.

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

"**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.

"**Auction Participant Agreement**" means that agreement made by and between District and Developer, dated June 30, 2010, in connection with the PADD Auction.

"**Bidder Registration Fee**" means the amount of Fifteen Thousand Dollars ($15,000.00) per property required to register to bid, payable by cashier's check or certified funds, to be retained by Escrow Agent and applied towards the required Deposit, as defined below.

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

"**Buyer's Premium**" means a fee equal to five percent (5%) of the bid price.

"**CBE**" means a company that has certified its business with the District of Columbia Department of Small Local Business Development as a Certified Business Enterprise.

"**CBE Agreement**" is that agreement, in customary form, between Developer and the District of Columbia Department of Small Local Business Development governing certain obligations of Developer under D.C. Law 16-33 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.

"**Commencement of Construction**" means the date that is the earlier of: (a) the date identified on the Schedule of Performance, or (b) the date that is ninety (90) days from the date of Closing on the Property.

"**DCRA**" means the District of Columbia Department of Consumer and Regulatory Affairs.

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

"**Declaration**" is that certain Declaration of Covenants by District and acknowledged by the Developer in the form attached hereto as Exhibit B, to be recorded in the Land Records against the Property in connection with Closing.

"**Developer**" means an individual or a non-profit corporation, partnership, limited liability company, or corporation.

"**Deed**" means the special warranty deed(s) conveying the Property to Developer at Closing in the form of Exhibit C attached hereto and incorporated herein by reference.

"**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 and financing the Project.

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

"**District Parties**" mean District's employees, officers, consultants and duly authorized representatives and agents.

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

"**Effective Date**" is the date the Agreement is signed by the District.

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

"**Escrow Agent**" is Alex Cooper Auctioneers, Inc., or such agent designated by District to hold all deposit funds in preparation for Closing.

"**General Contractor**" means a third party contractor licensed by District, or the Developer, with the express written consent of District, which consent shall be in the District's sole discretion.

"**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.

"**Homeowner**" means a person(s) purchasing the Property who intends to reside in the Property as their principal place of residence.

"**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 Project Drawings; 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.

"**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 Owner.

"**Not For Profit Corporation**" means a corporation no part of the income of which is distributable to its members, directors, or officers.

"**Parcel**" shall mean each or any parcels 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.

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

(B) 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.

(C) 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.

(D) Any Person suspended or debarred by HUD or by the District of Columbia government.

(E) Any Affiliate of any of the Persons described in paragraphs (A) through (D) 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 Drawings**" is defined in Section 4.1.1.

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

"**Purchase Price**" means the sum of the bid price and the Buyer's Premium Developer shall pay for the acquisition of the Property pursuant to Section 2.1.2 hereof.

"**Schedule of Performance**" means that schedule of performance, attached hereto as Exhibit D 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.

"**Settlement Agent**" means the title agent selected by Developer.

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

"**Title Commitment**" means the title report and/ or commitment for title insurance prepared by the Settlement Agent for the Property.

"**UST Act**" is defined in Section 2.4.2.

"**UST Regulations**" is defined in Section 2.4.2.

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 Eighty nine thousand two hundred fifty and 00/100 No/Dollars ($ 89,250), the sum of the bid price and the Buyer's Premium (5% of the bid price). Purchaser shall pay the Purchase Price by certified check or wire transfer of immediately available funds at Closing.

2.2 DEPOSIT

2.2.1 Within three (3) Business Days after the date of the PADD Auction, Developer shall deliver to Escrow Agent a good faith deposit in the amount of ten percent (10%) of the Purchase Price (the "**Deposit**"), which shall be credited against the Purchase Price at Closing. The Bidder Registration Fee retained by Escrow Agent shall be applied towards the Deposit and Developer shall pay any additional sums required to equal such Deposit within the proscribed period. The Deposit shall be held by Escrow Agent in a non-interest bearing account.

2.2.2 In the event Developer fails to pay the Deposit within the proscribed period, Developer shall be declared in default hereunder and shall forfeit to District all funds paid as liquidated damages.

2.3 COMMISSIONS

As of Closing, no brokerage commissions will be due or payable to any brokers except to _____ (the "**Broker**"). Developer shall be solely responsible for paying the Broker any and all commissions due for such services whether or not pursuant to a separate agreement between Broker and Developer, and shall indemnify the District against any claims, fees or actions by Broker in connection with this Agreement. 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. District has not dealt with any agent or broker in connection with the sale of the Property.

2.4 CONDITION OF PROPERTY

2.4.1 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.

2.4.2 Underground Storage Tanks. In accordance with the requirements of Section 3(g) of the D.C. Underground Storage Tank Management Act of 1990, as amended by the District of Columbia Underground Storage Tank Management Act of 1990 Amendment Act of 1992 (D.C. Code § 8-113.01, *et seq.*) (collectively, the "**UST Act**") and the applicable D.C. Underground Storage Tank Regulations, 20 DCMR Chapter 56 (the "**UST Regulations**"), District hereby represents and warrants to Developer that it is unaware of any "underground storage tanks" (as defined in the UST Act) located on the Property or previously removed from the Property during District's ownership. Information pertaining to underground storage tanks and underground storage tank removals of which the D.C. Government has received notification is on file with the District Department of the Environment, Underground Storage Tank Branch, 51 N Street, N.E., Third Floor, Washington, D.C., 20002, telephone (202) 535-2525. District's knowledge for purposes of this Section shall mean and be limited to the actual knowledge of Martine Combal, Manager of the Property Acquisition and Disposition Division, Department of Housing and Community Development. The foregoing is set forth pursuant to requirements contained in the UST Act and UST Regulations and does not constitute a representation or warranty by District.

2.4.3 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, AS TO THE SUITABILITY OR FITNESS OF THE PROPERTY, 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. THE PROVISIONS HEREOF SHALL SURVIVE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

District and Developer acknowledge and agree that District shall have no liability or responsibility for the development, construction or maintenance of the Project whatsoever and that Developer shall be solely responsible for any and all damages resulting therefrom.

2.4.4 Access to Property.

(a) After Developer signs the Agreement, from time to time prior to Closing, provided this Agreement is in full force and effect and Developer is not then in default hereunder, beyond any applicable cure periods, Developer and Developer's Agents shall have the right to enter the Property for purposes of conducting surveys, appraisals, 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 invasive Studies without the prior written consent of District, and, if approved, shall permit a representative of District to accompany Developer or Developer's Agents during the conduct of any such invasive Studies.

(b) Developer and Developer's Agents are solely responsible for obtaining any necessary licenses and permits for the Studies and any work associated therewith, including transportation and disposal of materials. In addition, Developer and Developer's Agents shall be obligated to comply with all Applicable 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 or verbal notice, including a 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 2.4.4(b).

(d) 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.

(e) 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, agents, third party contractors, and potential lenders or equity investors 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; provided however, that Developer shall in no way be responsible for any disclosure of confidential information by any such third party. 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.

(f) 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 10 and Developer shall restore the Property after such tests are completed.

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 on the Property shall be borne by District.

2.7 CONDEMNATION

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.

2.8 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 District is the owner of the Property.

(b) 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.

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

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

3.2 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

(a) Developer is a Homeowner/ Not For Profit Corporation/ CBE, and if applicable, duly formed and validly existing and in good standing, and has full power and authority under the laws of the District of Columbia to conduct the business in which it is now engaged. (The individual is not a Prohibited Person). Neither Member, Shareholder nor any Person owning directly or indirectly any interest in Developer, Member or Shareholder is a Prohibited Person.

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

(c) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby do not violate any of the terms, conditions, or provisions contained herein or, if applicable, (i) Developer's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other governmental authority, or 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, except as noted in Section 2.3.

(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 the development and/or rehabilitation of the Project in accordance with the Development Plan and not for speculation in land holding.

(g) Neither Developer nor its Member or Shareholder is 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.

ARTICLE 4
SUBMISSION AND REVIEW OF PROJECT DRAWINGS

4.1 PROJECT DRAWINGS

4.1.1 Developer's Submissions for the Project. Developer shall submit to the District's Property Acquisition and Disposition Division ("**PADD**"), a copy of the drawings, plans and specifications (the "**Project Drawings**") for the Project after Closing but prior to applying for any necessary permits from DCRA. 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 material changes to such Project Drawings.

4.1.2 Review by District. Notwithstanding anything to the contrary herein, Developer shall submit a copy of any application for Permit and any Project Drawings applicable to such Permit to PADD for review prior to submission to DCRA. District's review 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 its review of such Project Drawings shall be solely for the purpose of protecting its own interests.

All of the Project Drawings submitted for Permit to DCRA 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 or engineer.

(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 DCRA, 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 Changes in Project Drawings. Changes that substantially alter or modify the overall design of the Project Drawings shall be submitted to PADD for District's review. If Developer desires to make any material changes to the Project Drawings, Developer shall submit the proposed changes in writing to PADD prior to making any such proposed changes.

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 conditions precedent stated below.

(a) 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.

(b) 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.

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

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 or (ii) terminate this Agreement by written notice to District, whereby the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement. The foregoing notwithstanding, Closing shall not occur after the Closing Date. If Closing has not occurred by such date, this Agreement shall immediately terminate and be of no further force and effect.

5.2 CONDITIONS PRECEDENT TO DISTRICT'S OBLIGATION TO CLOSE

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

(a) Developer shall have performed all obligations hereunder required to be performed by Developer prior to the Closing Date, except for such post-Closing obligations described in Article 4 of this Agreement.

(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) 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.

(e) Developer shall have obtained a fully executed CBE Agreement, if applicable.

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

(g) Developer shall have provided satisfactory evidence of its authority, if necessary, to acquire the Property and perform its obligations under this Agreement, including providing all documents required under Section 6.2.2.

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

(i) Developer shall have secured all equity and debt financing, if any, to rehabilitate or construct the Project pursuant to this Agreement and the Declaration and provided satisfactory evidence of acquisition and construction financing no later than seven (7) days prior to the public hearing held in accordance with DCMR 10-3207.2(d).

(j) Developer shall pay the Buyer's Premium to Alex Cooper Auctioneers. Payment of such Buyer's Premium shall be Developer's sole responsibility.

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, whereupon the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement or (ii) delay Closing for up to thirty (30) days, to permit Developer to satisfy the conditions to Closing set forth in Section 5.2.1. In the event District proceeds under clause (ii), Closing shall occur within fifteen (15) days after the conditions precedent set forth in Section 5.2.1 have been satisfied, but if such conditions precedent have not been satisfied by the end of the thirty (30) day period, District may again

proceed under clause (i) above, in its sole discretion. The foregoing notwithstanding, Closing shall not occur after the Closing Date, unless such date falls on a Saturday, Sunday or legal holiday. In the event such date falls on a Saturday, Sunday or legal holiday, the Closing Date shall be on the next business day thereafter. If Closing has not occurred by such date, this Agreement shall immediately terminate in accordance with clause (i).

ARTICLE 6
CLOSING

6.1 CLOSING DATE

Closing on the Property shall be held on or before the date that is no later than one-hundred twenty (120) days after the date of the PADD Auction or **October 28, 2010** (the "**Closing Date**"), subject to extension as provided in this Agreement. Closing shall occur on or before the Closing Date at the offices of the Settlement Agent or another location acceptable to the Parties.

6.2 DELIVERIES AT CLOSING

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

(a) the Deed, in recordable form;

(b) the Declaration in recordable form to be recorded in the Land Records against the Property;

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

(d) 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/ or deliver, as applicable, to Settlement Agent:

(a) the Purchase Price in full, and any funds in excess of the Purchase Price, to cover all costs as shown on the Settlement Statement to be executed at closing;

(b) any documents required to close on the equity and debt financing, if any, for Developer's acquisition and construction of the Project;

(c) a certificate of Developer's representations and warranties, duly 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, and shall survive the date of Closing;

(d) a copy of the fully executed CBE Agreement, if applicable;

(e) an affidavit certifying that the Developer is a qualified Homeowner, if applicable;

(f) documentation that the Developer is an active, certified CBE, if applicable;

(g) the following documents, if applicable, 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 jurisdiction in which the Developer entity is organized and 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)Any financial statements of Developer that may be requested by District,

(g) Evidence of satisfactory liability, casualty and builder's risk insurance policies in the amounts, and with such insurance companies, as required in Article 10 of this Agreement; and

(h) 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 Declaration of Covenants and the Deed.

6.3.2 Developer shall be responsible for and pay all costs associated with Closing, including but not limited to any fees to the Settlement Agent and all recordation taxes for Closing.

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 make application therefor directly to the applicable agency within the District of Columbia. Developer shall submit to PADD copies of all final applications submitted. District shall, upon request by Developer, execute applications for such Permits as are required by the District of Columbia government or other authority, at no cost, expense, obligation, or liability to District. In no event shall Developer commence site work or construction of all or any portion of the Project until Developer shall have obtained all Permits for the work in question. From and after the date of Developer's submission of an application for a Permit, Developer shall diligently prosecute such application until receipt.

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 Project Drawings, 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 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 CBEs in the equity, development, construction, and operation of the Project consistent with the CBE Agreement to be entered into between DSLBD and Developer prior to Closing.

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. 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**").

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 Deposit, whereupon the Parties shall be released from any further liability or obligation hereunder, except those that expressly survive termination of this Agreement. In the event of a Developer default as defined in Section 8.1.1 of this agreement, Escrow Agent shall pay Deposit to District as full and complete liquidated damages and as the exclusive and sole right and remedy in the event of Developer's default.

8.3 DEVELOPER REMEDIES IN THE EVENT OF DISTRICT DEFAULT

In the event of a District Default, Developer may either 1) terminate this Agreement, whereupon Escrow Agent shall return the Deposit to Developer and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement or 2) waive the Default and proceed to Closing.

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. During the periods identified below, and in addition to any insurance policies required under the terms of the Declaration, Developer and/ or its General Contractor, as applicable, shall carry and maintain in full force and effect the following insurance policies:

(a) Builder's Risk Insurance - During construction of the Project, Developer 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 Developer, District and any contractors and subcontractors.

(b) Automobile Liability and Commercial General Liability Insurance - At all times after the Commencement of Construction until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and/or cause its contractor to maintain automobile liability insurance and commercial general liability insurance policies written so that each have a

combined single limit of liability for bodily injury and property damage of not less than one million dollars ($1,000,000.00) per occurrence, of which at least five hundred thousand dollars ($500,000.00) 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.

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

(d) Professional Liability Insurance - During development of the Project, 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.

(e) Contractor's Pollution Legal Liability Insurance - At all times after the Commencement of Construction until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall not remove, store, transport, or dispose of demolition debris, hazardous waste or contaminated soil, without first obtaining (or causing its contractor to obtain) a Contractor's Pollution Legal Liability Insurance Policy covering Developer's liability during such activities with limits of not less than two hundred fifty thousand dollars ($250,000). 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
1800 Martin Luther King, Jr. Ave - SE
Washington, D.C. 20020
Attention: Martine Combal, Manager

With a copy to:

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

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 address for the Developer as shown on the signature page.

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 CONFLICT OF INTERESTS; REPRESENTATIVES NOT INDIVIDUALLY LIABLE

The PADD Auction is open to the general public, including all District employees not directly involved with the Property Acquisition and Disposition Division of the District of Columbia Department of Housing and Community Development (**"PADD"**). No PADD employee, or any member of his or her immediate household, may participate, directly or indirectly, in the PADD Auction.

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.

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.

12.3 SURVIVAL; PROVISIONS 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.

12.4 TITLES OF ARTICLES AND SECTIONS

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

12.5 SINGULAR AND PLURAL USAGE; GENDER

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

12.6 LAW APPLICABLE; FORUM FOR DISPUTES

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

12.7 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. In the event of any conflict between the Exhibits and this Agreement, this Agreement shall control. The terms of the Auction Participant Agreement are incorporated herein by this reference and are made a substantive part of the agreements between the Parties. In the event of any conflict between the Auction Participation Agreement and this Agreement, this Agreement shall control.

12.8 COUNTERPARTS

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

12.9 TIME OF PERFORMANCE

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

12.10 SUCCESSORS AND ASSIGNS

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

12.11 THIRD PARTY BENEFICIARY

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

12.12 WAIVER OF JURY TRIAL

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

12.13 FURTHER ASSURANCES

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

12.14 MODIFICATIONS AND AMENDMENTS

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

12.15 ANTI-DEFICIENCY LIMITATION; AUTHORITY

12.15.1 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.

12.15.2 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.

12.16 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.

12.17 TIME OF THE ESSENCE; STANDARD OF PERFORMANCE

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

12.18 NO PARTNERSHIP

Nothing contained herein shall be deemed or construed by the Parties hereto or any third party as creating the relationship of principal and agent or of partnership or of joint venture between Developer and District. Escrow Agent is an independent contractor and does not act on behalf of District. Any conduct or acts committed by Escrow Agent in connection hereunder shall be deemed independent of District and District shall have no liability for any such acts committed thereby.

[Remainder of Page Intentionally Blank. Signatures Appear on Following Page.]

IN WITNESS WHEREOF, District has, on this ___ day of _____, 2010 caused these presents to be signed, acknowledged and delivered in its name by its duly authorized representative.

DISTRICT

Approved for legal sufficiency
District of Columbia Office of
Attorney General

By: _____
Name: Lauren J. Buckner
Title: Assistant Attorney General

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

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

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

DEVELOPER

DEVELOPER

By: Paramount Development, LLC
Name: Gayle Harrison
Title: Member

Developer's Contact Information:

_____
_____
_____

Phone: 202-460-3467
Fax: _____
E-Mail: _____

RECEIPT FOR PAYMENT

I HEREBY ACKNOWLEDGE THAT A PAYMENT IN THE AMOUNT OF _____ DOLLARS ($ 15000.00) WAS PAID ON JUNE 30, 2010, AND WAS DEPOSITED INTO ESCROW WITH ALEX COOPER AUCTIONEERS, INC., AND SHALL BE APPLIED TO THE DEPOSIT DUE UNDER THIS AGREEMENT.

By: _____
Representative for Alex Cooper Auctioneers, Inc.

Exhibit "A"
Legal Description

501 Rhode Island Avenue, NW

Lot 33 in the Square South of Square 475 in a subdivision made by Edward Holland, as per plat recorded in Liber 65 at folio 29 in the Office of the Surveyor for the District of Columbia.

SUBJECT TO a right of way for alley purposes over part of said Lot 33 and being bounded and described as follows:

BEGINNING for the same at the most northwesterly corner of said Lot 33 and running thence Southeasterly to the northwest corner of Lot 34 of said subdivision; thence East along the northern line of said Lot 34 and a prolongation thereof to intersect the most western line of Lot 32 in said subdivision; thence Northwesterly along said western line of Lot 32 to the most northerly line of said Lot 33; thence Westerly along said northern line of Lot 33, 1904 feet to the point of beginning.

EXHIBIT B

DECLARATION OF COVENANTS
(Property Acquisition and Disposition Division – Developer Covenants)

EXHIBIT C

SPECIAL WARRANTY DEED

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

_____
Washington, D.C.

A. THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO ALL MATTERS OF RECORD RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA TO THE EXTENT LAWFULLY AFFECTING THE REAL PROPERTY WHICH IS THE SUBJECT OF THIS DEED, INCLUDING ALL OF THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN DECLARATION OF COVENANTS, DATED AS OF _____, 2010 RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA AS INSTRUMENT NUMBER _____, ON _____, 2010.

THIS SPECIAL WARRANTY DEED, made as of the ___ day of _____, 2010, **THE DISTRICT OF COLUMBIA**, a municipal corporation, acting through the District of Columbia Department of Housing and Community Development (**"GRANTOR"**) to _____ (**"GRANTEE"**).

WITNESSETH, that in consideration of TEN DOLLARS ($10.00) 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,

(3) 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 recorded immediately prior to this Special Warranty Deed among the Land Records of the District of Columbia (the "Covenants").

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," (as amended, the "Act.)

IN WITNESS WHEREOF, Grantor has caused this Special Warranty Deed to be executed, acknowledged and delivered for the purposes herein contained.

DISTRICT

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

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

Approved for legal sufficiency
District of Columbia Office of Attorney General

By: _____
Name: Lauren J. Buckner
Title: Assistant Attorney General

DISTRICT OF COLUMBIA)ss:

The foregoing instrument was acknowledged before me on this ____ day of _____, 2010 by Leila Finucane Edmonds, 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
Attn: Director, Department of Housing and Community Development
1800 Martin Luther King, Jr. Ave - SE
Washington, D.C. 20020

GRANTEE: _____
_____
_____

Exhibit A to Special Warranty Deed

Legal Description

Exhibit B to Special Warranty Deed

Permitted Exceptions

EXHIBIT D

Schedule of Performance

Property Address: _____

DESCRIPTION OF PERFORMANCE	DATE OF PERFORMANCE
Closing Date	
Submit Project Drawings to PADD	
Submit Project Permits Verification to PADD	
Commencement of Construction	
Rough-In Inspection	
Projected Final DCRA Inspection Date	
Completion of Construction	
Final Completion	
Date Property Offered for Sale	