LAND DISPOSITION AND DEVELOPMENT AGREEMENT

THIS LAND DISPOSITION AND DEVELOPMENT AGREEMENT (this "**Agreement**"), is made effective for all purposes as of the 12th day of July, 2011, between (i) DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development, ("**District**"), and (ii) 1115 H STREET PARTNERS LLC, a District of Columbia limited liability company (the "**Developer**").

RECITALS:

R-1. District owns the parcel of land located at 1113-1117 H Street, N.E. in Washington, D.C., known as for tax and assessment purposes as Lot 0819 in Square 0982 (the "**Property**").

R-2. District desires to convey the Property to Developer to be developed in accordance with this Agreement. The disposition of the Property to Developer was approved on July 12, 2011 by the Council of the District of Columbia pursuant to the *1113-1117 H Street, NE Second Disposition Approval Resolution of 2011*, Resolution 19-0166 ("**Resolution**"), subject to certain terms and conditions incorporated 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 the Project necessary and appropriate for a first class, urban development serving District residents and the public at large.

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:

"**Affordable Unit**" means each unit to be developed, sold, and used for residential purposes in accordance with the requirements of the Inclusionary Zoning Covenant.

"Approved Plans and Specs" is defined in Section 4.2.

"Architect" means Norman Smith Architecture or another architect of record, licensed to practice architecture in the District of Columbia, which has been selected by Developer for the Project and approved by District.

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

"CBE" 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 regarding contracting and employment of CBEs in the pre-construction and construction of 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 Developer has (i) executed a construction contract with its general contractor; (ii) given such general contractor a notice to proceed under said construction contract; (iii) caused such general contractor to mobilize on the Property equipment required to commence excavation, and (iv) obtained the Permits and commenced excavation upon the Property pursuant to the Approved Plans and Specs. 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.

"**Community Participation Program**" is defined in Section 4.6.

"**Completion of Construction**" is defined in the Construction and Use Covenant.

"Concept Plans" are the design plans that serve the purpose of establishing the major direction of the design of the Project.

"Construction and Use Covenant" is that certain Construction and Use Covenant between District and Developer, in the form attached hereto as Exhibit E, to be recorded in the Land Records against the Property in connection with Closing.

"**Construction Drawings**" mean the Concept Plans, the Schematic Plans, the Design Development Plans and the Construction Plans and Specifications, which shall be submitted by Developer to District and subject to District's approval, pursuant to Article 4.

"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.

"**Control**" means 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.

"**Council Term Sheet**" means the executed term sheet attached hereto as Exhibit M, as required per D.C. Code § 10-801(b-1)(6)(2009).

"**Debt Financing**" shall mean the financing to be obtained by Developer from an Institutional Lender to fund the costs set forth in the Project Budget, other than the Equity Investment.

"Deed" means the special warranty deed 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 the Developer's agents, employees, consultants, contractors, and representatives.

"Development and Completion Guaranty" is that guaranty, attached hereto as Exhibit G, to be executed by Guarantors, which shall bind the Guarantors to develop and otherwise construct the Project in the manner and within the time frames pursuant to the terms of this Agreement and the Construction and Use Covenant.

"Development Plan" means Developer's detailed plans for developing, constructing, financing, using, and operating the Project, in the form and substance required under Section 4.1.

"**Disapproval Notice**" shall mean a notice of disapproval issued by the District pursuant to Section 4.2.2.

"**Disposal Plan**" is defined in Section 2.3.1.

"**District Deed of Trust**" is defined in Section 2.1.3.

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

"**District Note**" is defined in Section 2.1.2.

"**District Note Guaranty**" is defined in Section 2.1.4.

"**District Title Policy**" is defined in Section 2.1.3.

"**DOES**" is the District of Columbia Department of Employment Services.

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

"**Effective Date**" is the date first written above, which shall be the date of the last Party to sign this Agreement as set forth on the signature pages attached hereto, provided that all Parties shall have executed and delivered this Agreement to one another.

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

"**Equity Investment**" shall mean all funding that is required for the development and construction of the Project in excess of any Debt Financing.

"**Final Project Budget and Funding Plan**" is defined in Section 9.1.

"First Source Employment Agreement" is that agreement, in customary form, between the Developer and DOES, entered into in accordance with Section 8.4 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, 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 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 the 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 the Developer, Developer's Agents, or its Members or District in the event the District's claim is based on a Force Majeure Event, and (iv) directly results in a delay in performance by Developer or District. Force Majeure specifically excludes (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 Approved Plans and Specs are no longer practicable under the circumstances, or (C) the acts or omissions of a general contractor, its subcontractors, or any of Developer's Agents or Members.

"**Guarantor**" is the Person approved by District pursuant to Section 4.5 who will execute the Development Completion Guaranty.

"**Guarantor Submissions**" shall mean the current audited financial statements and audited balance sheets, profit and loss statements, cash flow statements and other financial reports and other financial information of a proposed guarantor as District may reasonably request, together with a summary of such proposed guarantor's other guaranty obligations and the other contingent obligations of such proposed guarantor (in each case, certified by such proposed guarantor or an officer of such proposed guarantor as being true, correct and complete).

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

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

"**Inclusionary Zoning Covenant**" means that covenant required to be recorded against a subject property pursuant to D.C. Official Code § 6-1041.01 *et seq*. in order to comply with the District of Columbia's inclusionary zoning program.

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

"**Institutional Lender**" shall mean a Person that is not an Affiliate of Developer or a Prohibited Person and is, at the time it first makes a loan to Developer, or acquires an interest in any such loan, (i) a savings bank, savings and loan association, credit union, commercial bank or trust company organized or chartered under the laws of the United States or any state thereof or the District of Columbia or a foreign banking institution (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity); (ii) an insurance company organized and existing under the laws of the United States of America or any state thereof or the District of Columbia or a foreign insurance company (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity); (iii) an institutional investor such as a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), a real estate mortgage investment conduit or securitization trust or similar investment entity; (iv) an entity that qualifies as a "REMIC" under the IRS Code or other public or private investment entity (in each case whether acting as principal or agent); (v) a brokerage or investment banking organization (in each case whether acting individually or in a fiduciary or representative (such as an agency) capacity) as principal

or agent); (vi) an employees' welfare, benefit, pension or retirement fund; (vii) an institutional leasing company; (viii) an institutional financing company; (ix) any non-District of Columbia governmental agency or entity insured by a governmental agency or any combination of the foregoing entities; (x) a finance company principally engaged in the origination of commercial mortgage loans or any financing related subsidiary of a Fortune 500 company; (xi) any federal, state, or District agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public funds; (xii) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension funds having in the aggregate no less than $1 Billion in assets; (xiii) any entity of any kind actively engaged in commercial real estate financing and having total assets (on the date when its interest in this Project, or any portion thereof, is obtained) of at least $1 Billion; or (xiv) a charitable organization regularly engaged in making loans secured by real estate. Notwithstanding anything to the contrary in this definition, EagleBank (also known as Eagle Bancorp, Inc.) shall be considered an Institutional Lender.

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

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

"**Letters of Credit**" is defined in Section 2.2.

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

"**Modification**" is defined in Section 4.3.

"**Outside Closing Date**" is defined in Section 6.1.

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

"**Performance Letter of Credit**" 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 and this Agreement.

"Permitted Exceptions" has the meaning given it in Section 2.4.

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

"**Preferred Retail Uses**" is defined in Section 7.9.

"**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; or (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); or (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, the "**Anti-Terrorism Order**"), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (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; or (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 Construction and Use Covenant.

"**Project Budget**" is defined in Section 9.1.

"**Project Funding Plan**" is defined in Section 9.1.

"Property" means all right, title, and interest of District in and to the real property located at 1113-1117 H Street, N.E. in Washington, D.C., known as for tax and assessment purposes as Lot 0819 in Square 0982, as more particularly described on Exhibit A, attached hereto and incorporated herein by reference, together with all appurtenances and improvements located thereon as of the Effective Date.

"Purchase Price" means the price Developer shall pay for the acquisition of the Property pursuant to Section 2.1 hereof.

"**Repayment Event**" means:

(1) the sale, disposition, assignment, conveyance, exchange, or other similar event with respect to the Project, including, without limitation, any assignment of this Agreement by

Developer, or any refinancing or other transfer of the Project, or any part thereof, to one or more Persons, whether by means of a conveyance of title or, in one or a series of related transactions, a transfer, of Control of Developer;

(2) any sale or transfer of Control to one or more Persons of any entity comprising a member, partner, or owner of Developer at any tier or tiers of ownership which occurs on or near the time of any sale or other transfer of Control to one or more Persons of all of the other entities comprising the members, partners, or owners of Developer at any tier or tiers of ownership (other than any transfer(s) to or by an Institutional Lender to secure debt or in connection with the exercise of their remedies after a default by the applicable debtor under their secured debt documents, as applicable);

(3) in the event the Property is subject to a condominium regime, sales of individual condominium units to users for the purpose of residing in or operating a business from such condominium units shall not be considered a Repayment Event; however none of the proceeds from any such sale shall be distributed as returns on any Equity Investment unless and until the District Note is paid in full as further provided in Section 2.1.3;

(4) any effective transfer of ownership by long-term management agreement (but expressly excluding takings, contributions, and hypothecations) which yields proceeds of value to Developer; or

(5) any other transactions by Developer with respect to its right, title, or interests in or to the Property or this Agreement that would be reasonably characterized either as a capital event or capital transaction under GAAP.

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

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

"Schedule of Performance" means that schedule of performance, attached hereto as Exhibit H 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 Construction and Use Covenant.

"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 (½" – 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.

"**Second Notice**" means that notice given by Developer to District in accordance with Section 4.2.1. Any Second Notice shall (a) be labeled, in bold, 18 point font, as a "SECOND AND FINAL NOTICE"; (b) contain the following statement: "A FAILURE TO RESPOND TO THIS NOTICE WITHIN TEN (10) CALENDAR DAYS SHALL CONSTITUTE APPROVAL OF THE [NAME OF SUBMISSION ORIGINALLY SUBMITTED ON (DATE OF DELIVERY OF SUCH SUBMISSION)]"; (c) be delivered in the manner prescribed in Section 11.1, in an envelope conspicuously labeled "SECOND AND FINAL NOTICE".

"**Settlement Agent**" means the title agent selected by Developer and mutually acceptable to Developer and District.

"**Settlement Statement**" is the statement prepared by the Settlement Agent setting forth the sources and uses of all acquisition funds associated with Closing.

"**Studies**" is defined in Section 2.3.1.

"**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; DISTRICT FINANCING

2.1.1 Conveyance. 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 Purchase Price; District Note. The Purchase Price shall be One Million Dollars ($1,000,000). The Purchase Price shall be paid by Developer to District at Closing as a combination of cash and by the delivery to District of a promissory note executed by Developer in the form attached hereto as Exhibit C (the "**District Note**"). Specifically, Developer shall tender a cash payment in the amount of One Hundred and Fifty Thousand Dollars ($150,000) at Closing and shall execute and deliver to District the District Note in the amount of Eight Hundred and Fifty Thousand Dollars ($850,000).

2.1.3 Terms of District Note; District Deed of Trust. The District Note shall be interest only on the outstanding balance of the District Note and shall be payable bi-annually from the earlier of (i) the issuance of a Certificate of Occupancy for the Project or (ii) twenty (20) months from the Closing Date at a per annum interest rate to be set at Closing as the Ten-Year United States Treasury Constant Maturity Rate, as of three (3) Business Days prior to Closing, plus Three-Hundred (300) basis points. The outstanding principal balance and all unpaid accrued interest shall be due and payable on the earlier of (i) a Repayment Event or (ii) the same date as the Institutional Lender's Debt Financing maturity date, but in no event later than seventy-eight

(78) months from the Closing Date. Notwithstanding the foregoing, in the event the Property is subject to a condominium regime, sales of individual condominium units to users for the purpose of residing in or operating a business from such condominium units shall not be considered a Repayment Event; however none of the proceeds from any such sale shall be distributed as returns on any Equity Investment unless and until the District Note is paid in full. In the event of a sale of an individual condominium unit as contemplated herein, any amounts repaid on the District Note shall reduce the principal amount due on the District Note and interest shall continue to be calculated on the remaining outstanding principal and shall be due and payable bi-annually. The District Note shall be secured by a deed of trust (the "**District Deed of Trust**") in the form attached hereto as Exhibit D, which shall be recorded against the Property at the Closing. The District Deed of Trust shall be insured by an ALTA Lender's Policy (the "**District Title Policy**"). The District Title Policy in the amount of the District Note shall be issued in District's favor at Closing, paid for by Developer at its sole cost and expense and subject only to the Permitted Exceptions. At Closing, if District requests in its sole discretion, District and Developer shall executed a separate loan agreement that incorporates the terms and conditions of the District Note and the District Deed of Trust as contained in this Section 2.1.

2.1.4 District Note Guaranty. In addition to the District Deed of Trust, the District Note will also be secured by a guaranty in the amount of the District Note, delivered to the District at Closing in the form attached hereto as Exhibit D-1 (the "**District Note Guaranty**"). The District Note Guaranty shall be security for the full repayment of the District Note and may be called on by the District in the event of a Developer default under the District Note or the District Deed of Trust. Upon the issuance of a Certificate of Occupancy for the Project and Developer's delivery of a replacement guaranty, in the same form as the District Note Guaranty, guaranteeing repayment of one-half of the then outstanding principal amounts due on the District Note plus all interest payment amounts remaining on the District Note, District shall release the original District Guaranty and such replacement guaranty shall become the District Note Guaranty. Upon conversion of the Institutional Lender's Debt Financing from a "construction period" loan to a "permanent loan" and Developer's delivery of a replacement guaranty, in the same form as the District Note Guaranty, guaranteeing repayment of one-half of the then outstanding principal amounts due on the District Note plus all interest payment amounts remaining on the District Note, District shall release the previous District Note Guaranty and such replacement guaranty shall become the District Note Guaranty. Upon satisfaction in full of the District Note and all other obligations under the District Note and District Deed of Trust, District shall release the District Note Guaranty.

2.1.5 District Note Forgiveness. In order to incentivize Developer's achievement of certain goals for the Project, District agrees to forgive a certain amount of the District Note and to deliver to Developer for execution a new District Note with the reduced amounts if the following Project objectives are achieved and if Developer is not in default of this Agreement or any Related Agreement:

(a) DC Resident Hiring / First Source Employment Agreement. In addition to the requirement of Section 7.6, if any tenant (as evidenced by an executed non-contingent lease) for any portion of the commercial space in the Project executes a First Source Employment Agreement with the District Department of Employment Services (DOES) committing to the hiring of District residents for a minimum of 51% of the positions created by the business and

fully complies with such agreement for a period of not less than two (2) years (or until the occurrence of a Repayment Event if such Repayment Event occurs prior to two (2) years from the execution of a First Source Employment Agreement by any tenant), District shall forgive Two Thousand Four Hundred Dollars ($2,400) of the District Note for each resident hired. This calculation will be made by multiplying the total confirmed full time workers planned to be hired, as mandated by the First Source Employment Agreement between the tenant and DOES, by Two Thousand Four Hundred Dollars ($2,400). The tenant may elect to execute an agreement where the mandated percentage of D.C. residents as full time workers is higher than 51%, however, 51% shall be the minimum amount. The total District Note forgiveness associated with this incentive shall not exceed an aggregate amount of Seventy Two Thousand Dollars ($72,000).

(b) Unique, Local Retailers and Businesses. So as to facilitate unique, locally based businesses, the District shall forgive the District Note in the amount of Thirty Dollars ($30) per rentable square foot of commercial space in the Project leased to or purchased by, and operated by a unique, locally based business (as evidenced by an executed non-contingent lease of not less than seven (7) years or purchase agreement and, with respect to operations, as evidenced by continuous operation for not less than two (2) years after the issuance of a Certificate of Occupancy for the retail space, or until the occurrence of a Repayment Event if such Repayment Event occurs prior to two (2) years from the issuance of the a Certificate of Occupancy for the retail space). The total District Note forgiveness associated with this incentive shall not exceed an aggregate amount of Sixty Thousand Dollars ($60,000). For purposes of this Section 2.1.5(b), "locally based" shall be defined as a firm's headquarters and the majority of their operations are located within the District of Columbia and "unique" shall be those businesses with no more than six (6) locations in the United States of America. In any event, District shall have the right to approve any commercial tenant, and the form of the commercial lease, in its sole but reasonable discretion.

(c) Green Building. In addition to the requirements of Section 7.8, the District shall forgive the District Note in the following amounts upon Developer's proof of award and receipt of the final LEED certification from the US Green Building Council: LEED Silver = $40,000; LEED Gold = $130,000; LEED Platinum = $170,000.

2.2 LETTERS OF CREDIT

2.2.1 Deposit Letter of Credit. On or before the Effective Date, Developer shall deliver to the District a letter of credit in the amount of Ten Thousand Dollars and No Cents ($10,000.00), in the form of one or more letters of credit, which letter(s) of credit shall be in the form attached hereto as Exhibit F and reasonably satisfactory to the District in all respects (the "**Deposit Letter of Credit**"). The Deposit Letter of Credit is not 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.

2.2.2 Performance Letter of Credit. At Closing, Developer shall deliver to District an additional letter of credit in the amount of Thirty Thousand Dollars and No Cents ($30,000.00) (the "**Performance Letter of Credit**"). District shall hold both the Deposit Letter of Credit and