COMSTOCK HOLDING COMPANIES, INC.

FORM 10-Q
(Quarterly Report)

Filed 11/14/16 for the Period Ending 09/30/16

Address	1886 METRO CENTER DRIVE SUITE 410 RESTON, VA 20190
Telephone	703-883-1700
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2016

or

☐ **Transition Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____to _____

Commission File Number 1-32375

Comstock Holding Companies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-1164345**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1886 Metro Center Drive, 4 th Floor
Reston, Virginia 20190
(703) 883-1700
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 14, 2016, 3,028,225 shares of Class A common stock, par value $0.01 per share, and 390,500 shares of Class B common stock, par value $0.01 per share, of the registrant were outstanding.

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES

FORM 10-Q
INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	September 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	$ 2,464	$ 12,448
Restricted cash	2,556	2,566
Trade receivables	514	332
Real estate inventories	48,189	38,223
Fixed assets, net	282	394
Other assets, net	2,570	4,515
TOTAL ASSETS	$ 56,575	$ 58,478
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 12,155	$ 7,638
Notes payable - secured by real estate inventories	24,848	24,823
Notes payable - due to affiliates, unsecured, net of discount	15,763	19,028
Notes payable - unsecured	1,161	1,548
Income taxes payable	21	—
TOTAL LIABILITIES	53,948	53,037
Commitments and contingencies (Note 8)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Series B preferred stock $0.01 par value, 824,058 and 772,210 shares issued and liquidation preference of $4,120 and $3,861 at September 30, 2016 and December 31, 2015, respectively	$ 1,252	$ 1,174
Class A common stock, $0.01 par value, 11,038,071 shares authorized, 3,028,225 and 2,997,437 issued, and outstanding, respectively	30	30
Class B common stock, $0.01 par value, 390,500 shares authorized, issued, and outstanding	4	4
Additional paid-in capital	176,078	175,963
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(180,464)	(175,785)
TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT	(5,762)	(1,276)
Non-controlling interests	8,389	6,717
TOTAL EQUITY	2,627	5,441
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 56,575	$ 58,478

The accompanying notes are an integral part of these consolidated financial statements.

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues				
Revenue—homebuilding	$ 12,880	$ 12,043	$ 32,102	$ 34,168
Revenue—other	223	245	685	1,001
Total revenue	13,103	12,288	32,787	35,169
Expenses				
Cost of sales—homebuilding	11,985	10,749	29,815	29,933
Cost of sales—other	85	103	329	456
Impairment charges and recovery, net	91	—	91	—
Sales and marketing	427	498	1,313	1,412
General and administrative	1,236	1,853	4,151	5,686
Interest and real estate tax expense	133	100	655	426
Operating loss	(854)	(1,015)	(3,567)	(2,744)
Other income, net	98	28	119	802
Loss before income tax expense	(756)	(987)	(3,448)	(1,942)
Income tax expense	—	(36)	(57)	(23)
Net loss	(756)	(1,023)	(3,505)	(1,965)
Net income attributable to non-controlling interests	290	68	1,174	877
Net loss attributable to Comstock Holding Companies, Inc.	(1,046)	(1,091)	(4,679)	(2,842)
Paid-in-kind dividends on Series B Preferred Stock	87	—	259	—
Net loss attributable to common stockholders	$ (1,133)	$ (1,091)	$ (4,938)	$ (2,842)
Basic net loss per share	$ (0.34)	$ (0.33)	$ (1.49)	$ (0.90)
Diluted net loss per share	$ (0.34)	$ (0.33)	$ (1.49)	$ (0.90)
Basic weighted average shares outstanding	3,326	3,284	3,317	3,166
Diluted weighted average shares outstanding	3,326	3,284	3,317	3,166

The accompanying notes are an integral part of these consolidated financial statements.

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except per share data)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	$ (3,505)	$ (1,965)
Adjustment to reconcile net loss to net cash used in operating activities		
Amortization of loan discount, loan commitment and deferred financing fees	832	240
Deferred income tax benefit	7	(79)
Depreciation expense	144	109
Gain on derivative	—	(696)
Earnings from unconsolidated joint venture, net of distributions	25	(9)
Stock compensation	56	193
Impairment charges	813	—
Changes in operating assets and liabilities:		
Restricted cash	42	(259)
Trade receivables	(182)	(409)
Real estate inventories	(9,953)	(8,231)
Other assets	527	401
Accrued interest	391	694
Accounts payable and accrued liabilities	4,560	2,702
Income taxes payable	21	(43)
Net cash used in operating activities	(6,222)	(7,352)
Cash flows from investing activities:		
Purchase of fixed assets	(32)	(168)
Principal received on note receivable	26	27
Restricted cash	(32)	(450)
Net cash used in investing activities	(38)	(591)
Cash flows from financing activities:		
Proceeds from notes payable	24,157	27,367
Payments on notes payable	(28,390)	(26,258)
Loan financing costs	(70)	(92)
Distributions to non-controlling interests	(4,413)	(1,150)
Contributions from non-controlling interests	5,000	2,450
Taxes paid related to net share settlement of equity awards	(8)	(32)
Repurchase of stock	—	(79)
Net cash (used in) provided by financing activities	(3,724)	2,206
Net decrease in cash and cash equivalents	(9,984)	(5,737)
Cash and cash equivalents, beginning of period	12,448	7,498
Cash and cash equivalents, end of period	$ 2,464	$ 1,761
Supplemental cash flow information:		
Interest paid, net of interest capitalized	$ (44)	$ (245)
Income taxes paid	$ —	$ 319
Supplemental disclosure for non-cash activity:		
Increase in class A common stock par value in connection with issuance of stock compensation	$ —	$ 1
Increase in class A common stock par value in connection with CGF Private Placement	$ —	$ 2
Increase in additional paid-in capital in connection with issuance of class A common stock under the CGF Private Placement	$ —	$ 903
Discount on notes payable	$ —	$ (543)
Accrued liability settled through issuance of stock	$ 43	$ 75
Paid in-kind dividends	$ 78	$ —

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying unaudited financial statements of Comstock Holding Companies, Inc. and subsidiaries ("Comstock" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X. Such financial statements do not include all of the information and disclosures required by GAAP for complete financial statements. In our opinion, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included in the accompanying financial statements. For further information and a discussion of our significant accounting policies, other than discussed below, refer to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Comstock Holding Companies, Inc., incorporated in 2004 as a Delaware corporation, is a multi-faceted real estate development and construction services company focused in the Washington, D.C. metropolitan area (Washington, D.C., Northern Virginia and Maryland suburbs of Washington, D.C.). We have substantial experience with building a diverse range of products, including multi-family homes, single-family homes, townhouses, mid-rise condominiums, high-rise multi-family condominiums and mixed-use (residential and commercial) developments. References in this Form 10-Q to "Comstock," "Company," "we," "our" and "us" refer to Comstock Holding Companies, Inc. together in each case with our subsidiaries and any predecessor entities unless the context suggests otherwise.

The Company's Class A common stock is traded on the NASDAQ Capital Market under the symbol "CHCI" and has no public trading history prior to December 17, 2004.

On September 25, 2015, the Company effected a 1-for-7 reverse stock split of its issued and outstanding shares of Class A common stock and Class B common stock. The Company's Class A common stock continued trading on The NASDAQ Capital Market on a post-split basis on September 28, 2015. Throughout this quarterly report on Form 10-Q, a reference to a number of shares of the Company's common stock, refers to the number of shares of common stock after giving effect to the reverse stock split, unless otherwise indicated.

For the three and nine months ended September 30, 2016 and 2015, comprehensive loss equaled net loss; therefore, a separate statement of comprehensive loss is not included in the accompanying consolidated financial statements.

Liquidity and Capital Resources

We require capital to operate, to post deposits on new potential acquisitions, to purchase and develop land, to construct homes, to fund related carrying costs and overhead and to fund various advertising and marketing programs to generate sales. These expenditures include payroll, community engineering, entitlement, architecture, advertising, utilities and interest as well as the construction costs of our homes. Our sources of capital include, and we believe will continue to include, private equity and debt placements (which has included significant participation from Company insiders), funds derived from various secured and unsecured borrowings to finance acquisition, development and construction on acquired land, cash flow from operations, which includes the sale and delivery of constructed homes, finished and raw building lots and the potential sale of public debt and equity securities. The Company is involved in ongoing discussions with lenders and equity sources in an effort to provide additional growth capital to fund various new business opportunities. See Note 13 in the accompanying consolidated financial statements for more details on our credit facilities and Note 11 in the accompanying consolidated financial statements for details on private placement offerings.

We have outstanding borrowings with various financial institutions and other lenders that have been used to finance the acquisition, development and construction of real estate projects. The Company has generally financed its development and construction activities on a single or multiple project basis so it is not uncommon for each of our projects or collection of our projects to have a separate credit facility. Accordingly, the Company typically has had numerous credit facilities and lenders.

As of September 30, 2016, the Company has $10.0 million of its credit facilities and project related loans scheduled to mature during the remainder of 2016. We are in active discussions with our lenders seeking long term extensions and modifications to these loans. These debt instruments impose certain restrictions on our operations, including speculative unit construction limitations, curtailment obligations, and financial covenant compliance. If we fail to comply with any of these restrictions, an event of default could occur. Additionally, events of default could occur if we fail to make required debt service payments or if we fail to come to agreement on an extension on a certain facility prior to a given loan's maturity date. Any event of default would likely render the obligations under these instruments due and payable as of that event. Any such event of default would allow certain of our lenders to exercise cross default provisions in our loan agreements with them, such that all debt with that institution could be called into default. We are anticipating that with the successful resolution of the debt extension discussions with our lenders, capital raises from our recent private placement, current available cash on hand, and additional cash from settlement proceeds at existing and under development communities, the Company will have sufficient financial resources to sustain its operations through the next 12 months, though no assurances can be made that the Company will be successful in its efforts. The Company will also continue to focus on its cost structure in an effort to conserve cash and manage expenses. Such actions may include cost reductions and/or deferral arrangements with respect to current operating expenses.

Recent Developments

On October 24, 2016, Comstock Redland Road II, L.C., a subsidiary of the Company, entered into a Purchase and Sale Agreement with Momentum Apartments, LLC for the sale of multi-family property located in Rockville, Maryland. The Agreement provides for a purchase price of $3.5 million. The Company expects to close on the sale of the property in the second quarter of 2017.

Use of Estimates

Our financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts for the reporting periods. We base these estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. We evaluate these estimates and judgements on an ongoing basis. Actual results may differ from those estimates under different assumptions or conditions.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases ("ASU 2016-02"). The core principle of the standard is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in its statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 is effective for public companies for annual reporting periods beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers ("ASU 2016-08"). The core principle of the standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2016-08 is effective for public companies for annual reporting periods beginning after December 15, 2017, and early adoption is permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation ("ASU 2016-09"). The standard simplifies and clarifies certain aspects of share-based payment accounting and presentation. ASU 2016-09 is effective for public companies for annual reporting periods beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"). ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice for certain cash receipts and cash payments. The amendments in this guidance are effective for public companies for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

We assessed other accounting pronouncements issued or effective during the nine months ended September 30, 2016 and deemed they were not applicable to us and are not anticipated to have a material effect on our consolidated financial statements.

2. REAL ESTATE INVENTORIES

After impairments and write-offs, real estate held for development and sale consists of the following:

	September 30, 2016	December 31, 2015
Land and land development costs	$ 32,527	$ 22,896
Cost of construction (including capitalized interest and real estate taxes)	15,662	15,327
	$ 48,189	$ 38,223

3. WARRANTY RESERVE

Warranty reserves for units settled are established to cover potential costs for materials and labor with regard to warranty-type claims expected to arise during the typical one-year warranty period provided by the Company or within the two-year statutorily mandated structural warranty period for condominiums. Because the Company typically subcontracts its homebuilding work, subcontractors are required to provide the Company with an indemnity and a certificate of insurance prior to receiving payments for their work. Claims relating to workmanship and materials are generally the primary responsibility of the subcontractors and product manufacturers. The warranty reserve is established at the time of closing, and is calculated based upon historical warranty cost experience and current business factors. This reserve is an estimate and actual warranty costs could vary from these estimates. Variables used in the calculation of the reserve, as well as the adequacy of the reserve based on the number of homes still under warranty, are reviewed on a periodic basis. Warranty claims are directly charged to this reserve as they arise.

The following table is a summary of warranty reserve activity which is included in accounts payable and accrued liabilities within the consolidated balance sheets:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Balance at beginning of period	$ 294	$ 294	$ 312	$ 492
Additions	111	48	197	140
Releases and/or charges incurred	(46)	(80)	(150)	(370)
Balance at end of period	$ 359	$ 262	$ 359	$ 262

4. CAPITALIZED INTEREST AND REAL ESTATE TAXES

Interest and real estate taxes incurred relating to the development of lots and parcels are capitalized to real estate inventories during the active development period, which generally commences when borrowings are used to acquire real estate assets and ends when the properties are substantially complete or the property becomes inactive. A project becomes inactive when development and construction activities have been suspended indefinitely. Interest is capitalized based on the interest rate applicable to specific borrowings or the weighted average of the rates applicable to other borrowings during the period. Interest and real estate taxes capitalized to real estate inventories are expensed as a component of cost of sales as related units are sold.

The following table is a summary of interest and real estate taxes incurred and capitalized and interest and real estate taxes expensed for units settled:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Total interest incurred and capitalized	$ 811	$ 887	$ 2,404	$ 2,514
Total real estate taxes incurred and capitalized	53	125	170	314
Total interest and real estate taxes incurred and capitalized	$ 864	$ 1,012	$ 2,574	$ 2,828
Interest expensed as a component of cost of sales	$ 579	$ 471	$ 1,285	$ 1,227
Real estate taxes expensed as a component of cost of sales	64	64	165	156
Interest and real estate taxes expensed as a component of cost of sales	$ 643	$ 535	$ 1,450	$ 1,383

The amount of interest from entity level borrowings that we are able to capitalize in accordance with Accounting Standards Codification ("ASC") 835 is dependent upon the average accumulated expenditures that exceed project specific borrowings. Additionally, when a project becomes inactive, its interest, real estate taxes and indirect production overhead costs are no longer capitalized but rather expensed in the period they are incurred.

The following is a breakdown of the interest and real estate taxes expensed in the consolidated statements of operations for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest incurred and expensed from entity level borrowings	$ 133	$ 97	$ 645	$ 414
Interest incurred and expensed for inactive projects	—	—	5	4
Real estate taxes incurred and expensed for inactive projects	—	3	5	8
	$ 133	$ 100	$ 655	$ 426

5. LOSS PER SHARE

The weighted average shares and share equivalents used to calculate basic and diluted income per share for the three and nine months ended September 30, 2016 and 2015 are presented in the accompanying consolidated statements of operations. Restricted stock awards, stock options and warrants for the three and nine months ended September 30, 2016 and 2015 are included in the diluted earnings per share calculation using the treasury stock method and average market prices during the periods, unless their inclusion would be anti-dilutive.

As a result of net losses for the three and nine months ended September 30, 2016 and 2015, respectively, the following shares have been excluded from the diluted share computation as their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Restricted stock awards	—	5	—	7
Stock options	—	—	—	7
Warrants	—	—	—	1
	—	5	—	15

6. SEGMENT DISCLOSURES

We operate our business through three segments: Homebuilding, Multi-family, and Real Estate Services. We are currently focused on the Washington, D.C. area market.

In our Homebuilding segment, we develop properties with the intent to sell as fee-simple properties or condominiums to individual buyers or to private or institutional investors. Our for-sale products are designed to attract first-time, early move-up, and secondary move-up buyers. We focus on products that we are able to offer for sale in the middle price points within the markets where we operate, avoiding the very low-end and high-end products.

In our Multi-family segment, we focus on projects ranging from approximately 75 to 200 units in locations that are supply constrained with demonstrated demand for stabilized assets. We seek opportunities in the multi-family rental market where our experience and core capabilities can be leveraged. We will either position the assets for sale when completed or operate the asset within our own portfolio. Operating the asset for our own account affords us the flexibility of converting the units to condominiums in the future.

In our Real Estate Services segment, we pursue projects in all aspects of real estate management, including strategic planning, land development, entitlement, property management, sales and marketing, workout and turnaround strategies, financing and general construction. We are able to provide a wide range of construction management and general contracting services to other property owners.

The following table includes the Company's three reportable segments of Homebuilding, Multi-family, and Real Estate Services. Each of these segments operates within the Company's single Washington, D.C. area reportable geographic segment.

	Homebuilding	Multi-family	Real Estate Services	Total
Three Months Ended September 30, 2016				
Gross revenue	$ 12,880	$ —	$ 223	$13,103
Gross profit	895	—	138	1,033
Net (loss) income	(894)	—	138	(756)
Depreciation and amortization	89	—	—	89
Interest expense	133	—	—	133
Total assets	56,427	—	148	56,575
Three Months Ended September 30, 2015				
Gross revenue	$ 12,043	$ —	$ 245	$12,288
Gross profit	1,294	—	142	1,436
Net (loss) income	(1,165)	—	142	(1,023)
Depreciation and amortization	122	—	—	122
Interest expense	97	—	—	97
Total assets	59,251	—	301	59,552
Nine Months Ended September 30, 2016				
Gross revenue	$ 32,102	$ —	$ 685	$32,787
Gross profit	2,287	—	356	2,643
Net (loss) income	(3,861)	—	356	(3,505)
Depreciation and amortization	144	—	—	144
Interest expense	650	—	—	650
Total assets	56,427	—	148	56,575
Nine Months Ended September 30, 2015				
Gross revenue	$ 34,168	$ —	$ 1,001	$35,169
Gross profit	4,235	—	545	4,780
Net (loss) income	(2,510)	—	545	(1,965)
Depreciation and amortization	327	—	—	327
Interest expense	418	—	—	418
Total assets	59,251	—	301	59,552

The Company allocates sales, marketing and general and administrative expenses to the individual segments based upon specifically allocable costs.

7. INCOME TAX

During the three and nine months ended September 30, 2016, the Company recognized income tax expense of $0 and $57, respectively, and as of September 30, 2016 the effective tax rate is 2%. During the three months ended September 30, 2015, the Company recognized income tax expense of $36. During the nine months ended September 30, 2015, the Company recorded a net income tax expense of $23, which resulted from an out of period adjustment to reverse the valuation allowance, resulting in the recognition of a deferred tax benefit of $121, offset by income tax expense of $144, both related to the New Hampshire Avenue project in Washington, D.C. Because this error was not material to any previously filed consolidated financial statements and the impact of correcting this error in 2015 was not material, the Company recorded the correction in the first quarter of 2015. The effective tax rate for the three and nine months ended September 30, 2015 was 3% and 1%, respectively.

The Company has not recorded any accruals related to uncertain tax positions as of September 30, 2016 and 2015. We file U.S. and state income tax returns in jurisdictions with varying statutes of limitations. The 2012 through 2015 tax years remain subject to examination by federal and most state tax authorities.

8. COMMITMENTS AND CONTINGENCIES

Litigation

Currently, we are not subject to any material legal proceedings. From time to time, however, we are named as a defendant in legal actions arising from our normal business activities. Although we cannot accurately predict the amount of our liability, if any, that could arise with respect to legal actions pending against us; we do not expect that any such liability will have a material adverse effect on our financial position, operating results and cash flows. We believe that we have obtained adequate insurance coverage, rights to indemnification, or where appropriate, have established appropriate reserves in connection with any such legal proceedings.

Letters of credit, performance bonds and compensating balances

The Company has commitments as a result of contracts with certain third parties, primarily local governmental authorities, to meet certain performance criteria outlined in such contracts. The Company is required to issue letters of credit and performance bonds to these third parties as a way of ensuring that the commitments entered into are met. These letters of credit and performance bonds issued in favor of the Company and/or its subsidiaries mature on a revolving basis, and if called into default, would be deemed material if assessed against the Company and/or its subsidiaries for the full amounts claimed. In some circumstances, we have negotiated with our lenders in connection with foreclosure agreements for the lender to assume certain liabilities with respect to the letters of credit and performance bonds. We cannot accurately predict the amount of any liability that could be imposed upon the Company with respect to maturing or defaulted letters of credit or performance bonds. At September 30, 2016 and 2015, the Company had $1.4 million and $3.5 million in outstanding letters of credit, respectively. At September 30, 2016 and 2015, the Company had $4.3 million and $5.0 million in outstanding performance and payment bonds, respectively. No amounts have been drawn against the outstanding letters of credit or performance bonds.

We are required to maintain compensating balances in escrow accounts as collateral for certain letters of credit, which are funded upon settlement and release of units. The cash contained within these escrow accounts is subject to withdrawal and usage restrictions. As of September 30, 2016 and December 31, 2015, we had approximately $1.0 million in these escrow accounts, which are included in 'Restricted cash' in the accompanying consolidated balance sheets.

9. RELATED PARTY TRANSACTIONS

The Company leases its corporate headquarters from an affiliated entity that is wholly-owned by our Chief Executive Officer. Future minimum lease payments under this lease are as follows:

2016	$ 84
2017	167
Total	$251

For the three months ended September 30, 2016 and 2015, total payments made under this lease agreement were $84 and $81, respectively. For the nine months ended September 30, 2016 and 2015, total payments made under this lease agreement were $246 and $239, respectively.

On February 23, 2009, Comstock Homes of Washington, L.C., a wholly-owned subsidiary of the Company, entered into a Services Agreement with Comstock Asset Management, L.C., an entity wholly-owned by our Chief Executive Officer, to provide services related to real estate development and improvements, including legal, accounting, marketing, information technology and other additional support services. For the three months ended September 30, 2016 and 2015, the Company billed Comstock Asset Management, L.C. $222 and $244, respectively, for services and out-of-pocket expenses. For the nine months ended September 30, 2016 and 2015, the Company billed Comstock Asset Management, L.C. $684 and $617, respectively, for services and out-of-pocket expenses incurred. Revenues from this arrangement are included within 'Revenue – other' in the accompanying consolidated statements of operations. As of September 30, 2016 and December 31, 2015, the Company was owed $145 and $81, respectively, under this contract, which is included in 'Trade receivables' in the accompanying consolidated balance sheets.

On October 17, 2014, Comstock Growth Fund ("CGF"), an administrative entity managed by the Company, entered into a subscription agreement with Comstock Development Services, LC ("CDS"), an entity wholly-owned by our Chief Executive Officer, pursuant to which CDS purchased membership interests in CGF for a principal amount of $10 million. Other purchasers who purchased interests in the private placement included members of the Company's management and board of directors and other third-party, accredited investors for an additional principal amount of $6.2 million (the "CGF Private Placement").

Simultaneously, on October 17, 2014, the Company entered into an unsecured promissory note with CGF whereby CGF made a loan to the Company in the initial principal amount of $10 million and a maximum capacity of up to $20 million. On December 18, 2014, the loan agreement was amended and restated to provide for a maximum capacity of $25 million. All of the other terms of the unsecured promissory note remained the same. The Company borrowed an additional principal loan amount of $6.2 million under the amended and restated CGF promissory note bringing the total aggregate principal amount borrowed to $16.2 million. The CGF loan has a three year term carrying a floating interest rate of LIBOR plus 9.75% with a 10% floor. The loan requires an annual principal repayment in the amount of 10% of the average outstanding balance and a monthly interest payment that will be made in arrears.

Purchasers other than CDS who purchased membership interests in CGF received warrants that represent the right to purchase an amount of shares of our Class A common stock, depending upon the investment amount. As of September 30, 2016 and December 31, 2015, there were 76 warrants issued in connection with the CGF Private Placement outstanding, representing the right to purchase shares of our Class A common stock having an aggregate fair value of $433, which was considered as a debt discount. The Company amortizes the debt discount over the three year term of the loan to interest expense. As of September 30, 2016, $12.6 million was outstanding in principal and accrued interest, net of discounts, on the CGF loan. For the three months ended September 30, 2016 and 2015, the Company made interest payments of $0.4 million and $0.3 million, respectively, on the CGF loan. For the nine months ended September 30, 2016 and 2015, the Company made interest payments of $1.2 million and $1.1 million, respectively, on the CGF loan.

On December 18, 2014, CGF entered into amended and restated subscription agreements with CDS, members of the Company's management and board of directors and the other third party accredited investors who participated in the CGF Private Placement (the "Amended CGF Private Placement"). Under the Amended CGF Private Placement, in addition to the warrants described above, the Company entered into a commitment to grant 226,857 shares of our Class A common stock to the purchasers in the Amended CGF Private Placement. On May 12, 2015, the Company issued 226,857 un-registered shares of its Class A common stock to the purchasers in the Amended CGF Private Placement. The Amended CGF Private Placement was closed for additional investments on May 15, 2015.

On December 29, 2015, the Company and Stonehenge Funding, L.C. ("Stonehenge"), an entity wholly owned by our Chief Executive Officer, entered into a Note Exchange and Subscription Agreement pursuant to which the note in the original principal amount of $4,500 issued to the Company by Stonehenge was exchanged for 772,210 shares of the Company's Series B Non-Convertible Preferred Stock, par value $0.01 per share and a stated value of $5.00 per share (the "Series B Preferred Stock"). The number of shares of Series B Preferred Stock received by Stonehenge in exchange for the note represented the principal amount outstanding plus accrued interest under the note as of December 29, 2015, which was $3,861. The note was cancelled in its entirety on December 29, 2015. The holders of Series B Preferred Stock earn dividends at a rate of 8.75% per annum accruing from the effective date of the Note Exchange and Subscription Agreement. The dividends accrue whether or not declared. The dividends are also cumulative and payable quarterly in arrears at the last day of each quarterly reporting period in the form of additional Series B Preferred Stock (PIK) or in the sole discretion of the board of directors, in cash. For the three and nine months ended September 30, 2016, 17,411 and 51,848 shares of the Series B Preferred Stock, respectively, with a liquidation value of $87 and $259, respectively, were paid in-kind, and are included in 'Stockholders' equity' in the accompanying consolidated balance sheets.

On December 29, 2015, Comstock Growth Fund II, L.C. ("CGF II"), an administrative entity managed by the Company was created for the purpose of extending loans to the Company. CGF II entered into a subscription agreement with CDS pursuant to which CDS purchased membership interests in CGF II for an initial aggregate principal amount of $5.0 million (the "CGF II Private Placement").

Simultaneously, on December 29, 2015, the Company and CGF II entered into an unsecured revolving line of credit promissory note in the initial principal amount of $5.0 million and a maximum amount available for borrowing of up to $10.0 million with a two year term, which may be extended an additional year. The interest rate is 10% per annum, and interest payments will be accrued and paid in-kind monthly for the first year, and then paid current monthly in arrears beginning December 31, 2016. As of September 30, 2016 and December 31, 2015, $3.2 million and $5.0 million, respectively, was outstanding in principal and accrued interest on the CGF II loan.

See Note 11 to the consolidated financial statements for a description of the Comstock VII, Comstock VIII, Comstock IX, and Comstock X Private Placements and Note 13 to the consolidated financial statements for a description of the CGF Private Placement and the CGF II Private Placement.

10. NOTE RECEIVABLE

The Company originated a note receivable to a third party in the amount of $180 in September 2014. This note has a maturity date of September 2, 2019 and is payable in monthly installments of principal and interest of $3. This note bears a fixed interest rate of 6% per annum. As of September 30, 2016 and December 31, 2015, the outstanding balance of the note was $115 and $141, respectively, and is included within 'Other assets' in the accompanying consolidated balance sheets. The interest income of $2 for the three months ended September 30, 2016 and 2015, is included in 'Other income, net' in the consolidated statements of operations. The interest income of $6 and $7 for the nine months ended September 30, 2016 and 2015, respectively, is included in 'Other income, net' in the consolidated statements of operations.

11. VARIABLE INTEREST ENTITY

Included within the Company's real estate inventories at September 30, 2016 and December 31, 2015 are several projects that are determined to be variable interest entities ("VIEs"). These entities have been established to own and operate real estate property and were deemed VIEs primarily based on the fact that the equity investment at risk is not sufficient to permit the entities to finance their activities without additional financial support. The Company determined that it was the primary beneficiary of these VIEs as a result of its majority voting and complete operational control of the entities.

On August 23, 2012, the Company formed New Hampshire Ave. Ventures, LLC, a joint venture of its subsidiary, Comstock Ventures XVI, L.C., and 6000 New Hampshire Avenue, LLC, for the purpose of acquiring, developing and constructing a 111-unit project (the "NHA Project") in Washington, D.C. The Company evaluated the joint venture and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support. The Company determined that it was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and obligation to absorb losses, or receive benefits. The Company contributed its ownership interest in Comstock Ventures XVI, L.C. to Comstock Investors VII, L.C. ("Comstock VII") on March 13, 2013. During the nine months ended September 30, 2016 and 2015, New Hampshire Ave. Ventures, LLC distributed $1.9 million and $1.1 million, respectively, to its non-controlling interest member, 6000 New Hampshire Avenue, LLC.

On September 27, 2012, the Company formed Comstock Eastgate, L.C., a joint venture of the Company and BridgeCom Development II, LLC, for the purpose of acquiring, developing and constructing 66 condominium units in Loudoun County, Virginia. The Company evaluated the joint venture and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support. The Company determined that it was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and obligation to absorb losses, or receive benefits. During the nine months ended September 30, 2016, no distributions were made to the non-controlling interest member, BridgeCom Development II, LLC. During the nine months ended September 30, 2015, Comstock Eastgate, L.C. distributed $50 to its non-controlling interest member. The Company exited the Eastgate project in the second quarter of 2014 after closing on all 66 units.

In March 2013, Comstock Investors VII entered into subscription agreements with certain accredited investors ("Comstock VII Class B Members") pursuant to which the Comstock VII Class B Members purchased membership interests in Comstock VII for an aggregate amount of $7.3 million (the "Comstock VII Private Placement"). Comstock VII Class B Members included unrelated third-party accredited investors along with members of the Company's board of directors and the former Chief Financial Officer, the General Counsel and the former Chief Operating Officer, of the Company. The proceeds from the Comstock VII Private Placement were used for the construction of the Company's following projects: Townes at Shady Grove Metro in Rockville, Maryland consisting of 36 townhomes, Momentum | Shady Grove consisting of 117 condominium units, City Homes at the Hampshires in Washington, D.C. consisting of 38 single family residences, Townes at the Hampshires in Washington, D.C. consisting of 73 townhomes, Single Family Homes at the Falls Grove project in Prince William County, Virginia consisting of 19 single family homes and Townes at the Falls Grove project in Prince William County consisting of 110 townhomes (collectively, the "Investor VII Projects"). In connection with the Comstock VII Private Placement, the Company issued 17 warrants for the purchase of shares of the Company's Class A common stock to the non-affiliated accredited investors, having an aggregate fair value of $146. In October 2014, the Company fully redeemed the equity interest of the Comstock VII Class B Members.

In December 2013, Comstock Investors VIII, L.C. ("Comstock VIII") entered into subscription agreements with certain accredited investors ("Comstock VIII Class B Members"), pursuant to which Comstock VIII Class B Members purchased membership interests in Comstock VIII for an aggregate amount of $4.0 million (the "Comstock VIII Private Placement"). In connection with the Comstock VIII Private Placement, the Company issued 15 warrants for the purchase of shares of the Company's Class A common stock to the non-affiliated accredited investors, having an aggregate fair value of $131. Comstock VIII Class B Members included unrelated third-party accredited investors along with members of the Company's board of directors and the Company's former Chief Financial Officer and the Company's former Chief Operating Officer. The Comstock VIII Class B Members are entitled to a cumulative, preferred return of 20% per annum, compounded annually on their capital account balances. The Company has the right to repurchase the interests of the Comstock VIII Class B Members at any time, provided that (i) all of the Comstock VIII Class B Members' interests are acquired, (ii) the purchase is made in cash and (iii) the purchase price equals the Comstock VIII Class B Members' capital accounts plus an amount necessary to cause the preferred return to equal a cumulative cash on cash return equal to 20% per annum. The proceeds from the Comstock VIII Private Placement are being used for the current and planned construction of the following projects: The Townes at HallCrest in Sterling, Virginia consisting of 42 townhome units and Townes at Maxwell Square Condominium in Frederick, Maryland consisting of 45 townhome condominium units (collectively, the "Investor VIII Projects"). Proceeds of the Comstock VIII Private Placement are being utilized (A) to provide capital needed to complete the Investor VIII Projects in conjunction with project financing for the Investor VIII Projects, (B) to reimburse the Company for prior expenditures incurred on behalf of the Investor VIII Projects, and (C) for general corporate purposes of the Company. The Company evaluated Comstock VIII and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support and the Company was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and its obligation to absorb losses, or receive benefits. Accordingly, the Company consolidates this entity. During the nine months ended September 30, 2016, the Company paid distributions in the amount of $2.5 million, to its non-controlling interest member, Comstock VIII Class B Members. No distributions were paid to the Comstock VIII Class B Members during the nine months ended September 30, 2015.

In June 2015, Comstock Investors IX, L.C. ("Comstock IX") entered into subscription agreements with third-party accredited investors ("Comstock IX Class B Members"), pursuant to which Comstock IX Class B Members purchased membership interests in Comstock IX for an aggregate amount of $2.5 million (the "Comstock IX Private Placement"). Comstock IX Class B Members included unrelated third-party accredited investors. The Comstock IX Class B Members are entitled to a cumulative, preferred return of 20% per annum, compounded annually on their capital account balances. The Company has the right to repurchase the interests of the Comstock IX Class B Members at any time, provided that (i) all of the Comstock IX Class B Members' interests are acquired, (ii) the purchase is made in cash and (iii) the purchase price equals the Comstock IX Class B Members' capital accounts plus any amount necessary to cause the preferred return to equal a cumulative cash on cash return equal to 20% per annum. The proceeds from the Comstock IX Private Placement are being utilized (A) for the current and planned construction of the Stone Ridge project of 35 single family homes in Loudoun County Virginia; (B) to reimburse the Company for prior expenditures incurred on behalf of the Stone Ridge project; and (C) for general corporate purposes of the Company. The Company evaluated Comstock IX and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support and the Company was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and its obligation to absorb losses or receive benefits. Accordingly, the Company consolidates this entity. No distributions have been paid to the Comstock IX Class B Members through September 30, 2016.

In August 2016, Comstock Investors X, L.C. ("Comstock X") entered into a subscription agreement with an accredited investor ("Comstock X Class B Member"), pursuant to which the Comstock X Class B Member purchased membership interests in Comstock X for an initial amount of $5.0 million, which is part of an aggregate capital raise of $14.5 million (the "Comstock X Private Placement"). The Comstock X Class B Member is CDS, an entity wholly owned by our Chief Executive Officer. In October 2016, CDS purchased additional interests in the Comstock X Private Placement in an amount of $9.5 million resulting in an aggregate subscription amount of $14.5 million. In connection with the Comstock X Private Placement, the Company issued a total of 150 warrants for the purchase of shares of the Company's Class A common stock, having an aggregate fair value of $258. The Comstock X Member is entitled to a cumulative, preferred return of 6% per annum, compounded annually on the capital account balance. The Company has the right to repurchase the interest of the Comstock X Class B Member at any time, provided that (i) all of the Comstock X Class B Members' interest is acquired, (ii) the purchase is made in cash and (iii) the purchase price equals the Comstock X Class B Members' capital account plus accrued priority return. The proceeds from the Comstock X Private Placement are being used for the current and planned construction of the following projects: The Townes at Totten Mews, consisting of 40 townhomes in Washington, D.C., and The Towns at 1333, consisting of 18 townhomes in the City of Alexandria, Virginia (collectively, the "Investor X Projects"). Proceeds of the Comstock X Private Placement are being utilized (A) to provide capital needed to complete the Investor X Projects, (B) to reimburse the Company for prior expenditures incurred on behalf of the Investor X Projects, and (C) for general corporate purposes of the Company. The Company evaluated Comstock X and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support and the Company was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and its obligation to absorb losses, or receive benefits. Accordingly, the Company consolidates this entity.

The distributions to and contributions from the VIEs discussed above are included within the 'non-controlling interest' in the consolidated balance sheets for the periods presented.

At September 30, 2016 and December 31, 2015, total assets of these VIEs were approximately $34.9 million and $22.7 million, respectively, and total liabilities were approximately $19.3 million and $13.0 million, respectively. The classification of these assets is primarily within 'Real estate inventories' and the classification of liabilities are primarily within 'Accounts payable and accrued liabilities' and 'Notes payable – secured by real estate inventories' in the accompanying consolidated balance sheets.

12. UNCONSOLIDATED JOINT VENTURE

The Company accounts for its interest in its title insurance joint venture using the equity method of accounting and periodically adjusts the carrying value for its proportionate share of earnings, losses and distributions. The carrying value of the investment is included within 'Other assets' in the accompanying consolidated balance sheets and our proportionate share of the earnings from the investment are included in 'Other income, net' in the accompanying consolidated statements of operations for the periods presented. Our share of the earnings for the three and nine months ended September 30, 2016 are $34 and $50, respectively. During the three and nine months ended September 30, 2015, our share of the earnings from this joint venture was $23 and $77, respectively. During the nine months ended September 30, 2016 and 2015, the Company collected total distributions of $75 and $67, respectively, as a return on investment.

Summarized financial information for the unconsolidated joint venture is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Statement of Operations:				
Total net revenue	$ 96	$ 76	$ 186	$ 248
Total expenses	28	30	86	95
Net income	$ 68	$ 46	$ 100	$ 153
Comstock Holding Companies, Inc. share of net income	$ 34	$ 23	$ 50	$ 77

13. CREDIT FACILITIES

Notes payable consisted of the following:

	September 30, 2016	December 31, 2015
Construction revolvers	$ 4,151	$ 5,832
Development and acquisition notes	16,359	13,833
Mezzanine notes	1,410	1,367
Line of credit	2,928	3,791
Total secured notes	24,848	24,823
Unsecured financing	1,161	1,548
Notes payable, unsecured, net of $2.1 million and $2.3 million discount, respectively	15,763	19,028
Total notes payable	$ 41,772	$ 45,399

As of September 30, 2016, maturities and/or curtailment obligations of all borrowings are as follows:

2016	$10,038
2017	27,189
2018	4,545
Total	$41,772

As of September 30, 2016, the Company had $10.0 million of its credit facilities and project related loans scheduled to mature during the remainder of 2016, and we are in active discussions with our lenders seeking long-term extensions. The current performance of the projects and our early discussions with our lenders indicates that we will likely be successful in extending or modifying these loans, though no assurances can be made that we will be successful in these efforts.

Construction, development and mezzanine debt – secured

The Company enters into secured acquisition and development loan agreements from time to time to purchase and develop land parcels. In addition, the Company enters into secured construction loan agreements for the construction of its real estate inventories. The loans are repaid with proceeds from home closings based upon a specific release price, as defined in each respective loan agreement.

As of September 30, 2016 and December 31, 2015, the Company had secured construction revolving credit facilities with a maximum loan commitment of $36.5 million and $40.5 million, respectively. The Company may borrow under these facilities to fund its home building activities. The amount the Company may borrow is subject to applicable borrowing base provisions and the number of units under construction, which may also limit the amount available or outstanding under the facilities. The facilities are secured by

deeds of trust on the real property and improvements thereon, and the borrowings are repaid with the net proceeds from the closings of homes sold, subject to a minimum release price. As of September 30, 2016 and December 31, 2015, the Company had approximately $32.4 million and $34.7 million, respectively, of unused construction loan commitments. The Company had $4.2 million and $5.8 million of outstanding construction borrowings as of September 30, 2016 and December 31, 2015, respectively. Interest rates charged under these facilities include the London Interbank Offered Rate ("LIBOR") and prime rate pricing options, subject to minimum interest rate floors. At September 30, 2016 and December 31, 2015, the weighted average interest rate on the Company's outstanding construction revolving facilities was 4.7% and 4.8% per annum, respectively. The construction credit facilities have maturity dates ranging from October 2016 to March 2018, including extensions subject to the Company meeting certain conditions. Subsequent to quarter end, the facility with a maturity date in October 2016 was extended to April 2017, as discussed further in Note 16 to the consolidated financial statements.

As of September 30, 2016 and December 31, 2015, the Company had approximately $38.3 million and $37.8 million, respectively, of aggregate acquisition and development maximum loan commitments of which $16.4 million and $13.8 million, respectively, were outstanding. These loans have maturity dates ranging from October 2016 to September 2018, including extensions subject to certain conditions, and bear interest at a rate based on LIBOR and prime rate pricing options, with interest rate floors ranging from 4.5% to 5.5% per annum. As of September 30, 2016 and December 31, 2015, the weighted average interest rate was 5.1% and 4.7% per annum, respectively. Subsequent to quarter end, the facility with a maturity date in October 2016 was extended to April 2017, as discussed further in Note 16 to the consolidated financial statements.

As of September 30, 2016, the Company had one mezzanine loan that is being used to finance the development of the Momentum | Shady Grove project. The maximum principal commitment amount of this loan was $1.1 million, of which $1.4 million and $1.1 million of principal and accrued interest was outstanding at September 30, 2016 and December 31, 2015, respectively. This financing carries an annual interest rate of 12% of which 6% is paid on a monthly basis with the remaining 6% being accrued and paid at maturity. This financing has a maturity date of December 31, 2016 and is guaranteed by the Company and our Chief Executive Officer.

Line of credit – secured

At September 30, 2016 and December 31, 2015, the Company had a secured revolving line of credit with a maximum capacity of $4.0 million, of which $2.9 million and $3.8 million was outstanding at September 30, 2016 and December 31, 2015, respectively. This line of credit is secured by the first priority security interest in the Company's wholly owned subsidiaries' in the Washington, D.C. metropolitan area and guaranteed by our Chief Executive Officer. The Company uses this line of credit to finance the predevelopment related expenses and deposits for current and future projects and bears a variable interest rate tied to a one-month LIBOR plus 3.25% per annum, with an interest rate floor of 5.0%. This line of credit calls for the Company to adhere to financial covenants, as defined in the loan agreement such as, minimum net worth and minimum liquidity, measured quarterly and minimum EBITDA measured on an annual basis and matures on December 31, 2016. The Company obtained a waiver from the financial institution for not meeting the minimum liquidity measure as of September 30, 2016, but was in compliance with the minimum net worth requirement as dictated by the line of credit agreement as of September 30, 2016.

Unsecured note

As of September 30, 2016 and December 31, 2015, the Company had $1.2 million and $1.5 million, respectively, in outstanding balances under a 10-year unsecured note with a bank. Interest is charged on this financing on an annual basis at the Overnight LIBOR rate plus 2.2%. At September 30, 2016 and December 31, 2015, the interest rate was 2.6% and 2.5% per annum, respectively. The maturity date of this financing is December 28, 2018. The Company is required to make monthly principal and interest payments through maturity.

Notes payable to affiliate – unsecured

Comstock Growth Fund

On October 17, 2014, CGF entered into a subscription agreement with CDS, pursuant to which CDS purchased membership interests in CGF for a principal amount of $10.0 million (the "CGF Private Placement"). Other investors who subsequently purchased interests in the CGF Private Placement included members of the Company's management and board of directors and other third party accredited investors for an additional principal amount of $6.2 million.

On October 17, 2014, the Company entered into an unsecured promissory note with CGF whereby CGF made a loan to the Company in the initial principal amount of $10.0 million and a maximum amount available for borrowing of up to $20.0 million with a three year term (the "Original Promissory Note"). On December 18, 2014, the loan agreement was amended and restated to provide

for a maximum capacity of $25 million. The loan bears interest at a floating rate based on the 30 day LIBOR plus 9.75% per annum with a 10% floor per annum. Interest payments will be made monthly in arrears. There is a principal curtailment requirement of 10% annually based on the average outstanding balance for the prior year. The loan will be used by the Company (i) to finance the Company's current and future development pipeline, (ii) to repay all or a portion of the Company's prior private placements, (iii) to repay all or a portion of the Company's project mezzanine loans, and (iv) for general corporate purposes. The Company is the administrative manager of CGF but does not own any membership interests. The Company had approximately $12.6 million and $14.0 million of outstanding borrowings under the CGF loan, net of discounts, as of September 30, 2016 and December 31, 2015, respectively. As of September 30, 2016 and December 31, 2015, the interest rate was 11.3% and 10.0% per annum, respectively. For the three months ended September 30, 2016 and 2015, the Company made interest payments of $0.4 million and $0.3 million, respectively. For the nine months ended September 30, 2016 and 2015, the Company made interest payments of $1.2 million and $1.1 million, respectively. During the second quarter of 2016, the Company made the first principal curtailment to CGF in the amount of $1.6 million.

Comstock Growth Fund II

On December 29, 2015, the Company entered into a revolving line of credit promissory note with CGF II whereby CGF II made a loan to the Company in the initial principal amount of $5.0 million and a maximum amount available for borrowing of up to $10.0 million with a two year term, which may be extended an additional year. The interest rate is 10% per annum, and interest payments will be accrued and paid in kind monthly for the first year, and then paid current monthly in arrears beginning December 31, 2016. The capital provided to the Company by the loan will be used by the Company (i) to capitalize the Company's current and future development pipeline, (ii) to repay all or a portion of the Company's prior private placements, and (iii) for general corporate purposes. As of September 30, 2016 and December 31, 2015, $3.2 million and $5.0 million, respectively, was outstanding in principal and accrued interest under the CGF II loan.

14. FAIR VALUE DISCLOSURES

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are reasonable estimates of their fair values based on their short maturities. The fair value of fixed and floating rate debt is based on unobservable market rates (Level 3 inputs).

The fair value of the floating rate debt was estimated using a discounted cash flow analysis on the blended borrower rates currently available to the Company for loans with similar terms. The following table summarizes the carrying amount and the corresponding fair value of fixed and floating rate debt:

	September 30, 2016	December 31, 2015
Carrying amount	$ 41,772	$ 45,399
Fair value	$ 42,435	$ 45,166

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company may also value its non-financial assets and liabilities, including items such as real estate inventories and long lived assets, at fair value on a non-recurring basis if it is determined that impairment has occurred. Such fair value measurements use significant unobservable inputs and are classified as Level 3.

During the fourth quarter of 2015, the Company wrote off $1.4 million of a land purchase deposit paid to one of its communities in the Washington, D.C. metropolitan area due to changes made to the scheduled lot take down strategy. In July 2016, the Company, through its subsidiaries, and the land seller entered into a settlement agreement whereby the seller agreed to refund a portion of the deposit, $0.7 million, which was included in 'Impairment charges and recovery, net' in the consolidated statement of operations for the three and nine months ended September 30, 2016.

During 2016, as a result of our impairment analysis, the Company wrote off $0.8 million in feasibility, site securing, predevelopment, design, carry costs and related costs for two communities in the Washington, D.C. metropolitan area due to unsuccessful negotiations and changes in market conditions. The impairment charges are included in 'Impairment charges and recovery, net' in the consolidated statement of operations for the three and nine months ended September 30, 2016.

15. RESTRICTED STOCK, STOCK OPTIONS AND OTHER STOCK PLANS

During the three and nine months ended September 30, 2016 and 2015, the Company did not issue any stock options or restricted stock awards.

Stock-based compensation cost associated with restricted stock and stock options was recognized based on the fair value of the instruments over the instruments' vesting period. The following table reflects the consolidated balance sheets and statements of operations line items for stock-based compensation cost for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Real estate inventories - Assets	$ 4	$ 8	$ 13	$ 25
General and administrative - Expenses	15	58	56	193
	$ 19	$ 66	$ 69	$ 218

Under net settlement procedures currently applicable to our outstanding restricted stock awards for employees, upon each settlement date and election by the employees, restricted stock awards are withheld to cover the required withholding tax, which is based on the value of the restricted stock award on the settlement date as determined by the closing price of our Class A common stock on the trading day immediately preceding the applicable settlement date. The remaining amounts are delivered to the recipient as shares of our Class A common stock.

As of September 30, 2016, the weighted-average remaining contractual term of unexercised stock options was 5 years. As of September 30, 2016 and December 31, 2015, there was $0.1 million of unrecognized compensation cost related to stock grants.

16. SUBSEQUENT EVENTS

On October 3, 2016, CDS purchased additional interests in the Comstock X Private Placement in an amount of $9.5 million resulting in an aggregate subscription amount of $14.5 million.

On October 18, 2016, the Company extended its revolving construction, acquisition, and development loans related to the Yorkshire project with Cardinal Bank. This loan had an initial maturity date of October 23, 2016 and the extension provides for a maturity date of April 23, 2017. As of September 30, 2016, the Company had $0.2 million in outstanding borrowings under this revolving credit facility.

On October 24, 2016, Comstock Redland Road II, L.C., a subsidiary of the Company, entered into a Purchase and Sale Agreement with Momentum Apartments, LLC for the sale of multi-family property located in Rockville, Maryland. The Agreement provides for a purchase price of $3.5 million. The Company expects to close on the sale of the property in the second quarter of 2017.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Please see "Cautionary Notes Regarding Forward-looking Statements" for more information. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those discussed below and elsewhere in this report, particularly under the headings "Cautionary Notes Regarding Forward-looking Statements." References to dollar amounts are in thousands except per share data, or as otherwise noted.

Cautionary Notes Regarding Forward-looking Statements

This report includes forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of words such as "anticipate," "believe," "estimate," "may," " likely," "intend," "expect," "will," "should," "seeks" or other similar words or expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate industry, while other factors apply specifically to us. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation: general economic and market conditions, including interest rate levels; our ability to service our debt; inherent risks in investment in real estate; our ability to compete in the markets in which we operate; economic risks in the markets in which we operate, including actions related to government spending; delays in governmental approvals and/or land development activity at our projects; regulatory actions; our ability to maintain compliance with stock market listing rules and standards; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor or building materials; the availability and cost of land in desirable areas; natural disasters; our ability to raise debt and equity capital and grow our operations on a profitable basis; and our continuing relationships with affiliates. Additional information concerning these and other important risk and uncertainties can be found under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Our actual results could differ materially from these projected or suggested by the forward-looking statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events, except as required by law.

Overview

We are a multi-faceted real estate development and services company. We have substantial experience with building a diverse range of products, including multi-family homes, single-family homes, townhouses, mid-rise condominiums, high-rise multi-family condominiums and mixed-use (residential and commercial) developments. We operate our business through three segments: Homebuilding, Multi-family and Real Estate Services as further discussed in Note 6 to the consolidated financial statements. We are currently focused in the Washington, D.C. metropolitan area, which is the seventh largest metropolitan statistical area in the United States.

We are currently operating, or developing in multiple counties throughout the Washington, D.C. area market. The following table summarizes certain information for our owned or controlled communities as of September 30, 2016:

			Pipeline Report as of September 30, 2016							
Project	State	Product Type (1)	Estimated Units at Completion	Units Settled	Backlog (8)	Units Owned Unsold	Units Under Control (2)	Total Units Owned, Unsettled and Under Control	Average New Order Revenue Per Unit to Date	
City Homes at the Hampshires	DC	SF	38	38	—	—	—	—	$	747
Townes at the Hampshires (3)	DC	TH	73	73	—	—	—	—	$	551
Estates at Falls Grove	VA	SF	19	16	2	1	—	3	$	543
Townes at Falls Grove	VA	TH	110	78	3	29	—	32	$	301
Townes at Shady Grove Metro	MD	TH	36	26	—	10	—	10	$	626
Townes at Shady Grove Metro (4)	MD	SF	3	3	—	—	—	—	$	199
Momentum | Shady Grove Metro (5)	MD	Condo	110	—	—	110	—	110	$	—
Estates at Emerald Farms	MD	SF	84	78	5	1	—	6	$	431
Townes at Maxwell Square	MD	TH	45	45	—	—	—	—	$	421
Townes at Hallcrest	VA	TH	42	27	13	2	—	15	$	463
Estates at Leeland	VA	SF	24	2	8	14	—	22	$	460
Villas | Preserve at Two Rivers 28’	MD	TH	6	4	1	1	—	2	$	454
Villas | Preserve at Two Rivers 32’	MD	TH	10	9	1	—	—	1	$	507
Marrwood East (7)	VA	SF	35	—	2	33	—	35	$	637
Townes at Richmond Station	VA	TH	54	—	—	—	54	54	$	—
Richmond Station Multi-family	VA	MF	104	—	—	—	104	104	$	—
Townes at Totten Mews (6)	DC	TH	40	—	—	40	—	40	$	—
The Towns at 1333	VA	TH	18	—	—	18	—	18	$	—
The Woods at Spring Ridge	MD	SF	21	—	—	21	—	21	$	—
Total			**872**	**399**	**35**	**280**	**158**	**473**		

(1) “SF” means single family home, “TH” means townhouse, “Condo” means condominium, “MF” means multi-family.
(2) Under land option purchase contract, not owned.
(3) 3 of these units are subject to statutory affordable dwelling unit program.
(4) Units are subject to statutory moderately priced dwelling unit program; not considered a separate community.
(5) 18 of these units are subject to statutory moderately priced dwelling unit program.
(6) 5 of these units are subject to statutory affordable dwelling unit program.
(7) 1 of these units is subject to statutory affordable dwelling unit program.
(8) “Backlog” means we have an executed order with a buyer but the settlement did not occur prior to report date.

Results of Operations

Three and nine months ended September 30, 2016 compared to three and nine months ended September 30, 2015

Orders, cancellations and backlog

The following table summarizes certain information related to new orders, settlements, and backlog for the three and nine month periods ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Gross new orders	21	43	93	114
Cancellations	3	3	7	9
Net new orders	18	40	86	105
Gross new order revenue	$ 9,249	$ 20,298	$ 40,690	$ 55,333
Cancellation revenue	$ 1,462	$ 1,414	$ 3,025	$ 4,505
Net new order revenue	$ 7,787	$ 18,884	$ 37,665	$ 50,828
Average gross new order price	$ 440	$ 472	$ 438	$ 485
Settlements	33	24	76	70
Revenue - homebuilding	$ 12,880	$ 12,043	$ 32,102	$ 34,168
Average settlement price	$ 390	$ 502	$ 422	$ 488
Backlog units	35	59	35	59
Backlog revenue	$ 16,421	$ 29,171	$ 16,421	$ 29,171
Average backlog price	$ 469	$ 494	$ 469	$ 494

Revenue – homebuilding

Revenue from homebuilding increased by $0.9 million to $12.9 million for the three months ended September 30, 2016 as compared to $12.0 million for the three months ended September 30, 2015. For the three months ended September 30, 2016, the Company settled 33 units (19 units at Falls Grove, 4 units at Maxwell Square, 1 unit at Two Rivers, and 9 units at Hallcrest), as compared to 24 units (4 units at The Hampshires, 6 units at Falls Grove, 7 units at Maxwell Square, 4 units at Shady Grove, and 3 units at Hallcrest) for the three months ended September 30, 2015. Revenue from homebuilding decreased by $2.1 million to $32.1 million for the nine months ended September 30, 2016 as compared to $34.2 million for the nine months ended September 30, 2015. For the nine months ended September 30, 2016, the Company settled 76 units (4 units at The Hampshires, 29 units at Falls Grove, 13 units at Maxwell Square, 8 units at Two Rivers, 20 units at Hallcrest, and 2 units at the Estates at Leeland), as compared to 70 units (14 units at The Hampshires, 22 units at Falls Grove, 16 units at Maxwell Square, 14 units at Shady Grove and 4 units at Hallcrest) for the nine months ended September 30, 2015. Our homebuilding gross margin percentage for the nine months ended September 30, 2016 decreased by 5% to 7%, as compared to 12% for the nine months ended September 30, 2015. The decrease noted in margins was mainly a result of the number of units settled and the mix of homes settled and higher construction and overhead costs as a percentage of homebuilding revenue in certain of our communities that started settling during the latter part of 2015 and 2016.

At September 30, 2016, we had a total of 35 units in backlog to generate future revenue of $16.4 million as compared to $29.2 million from 59 units at September 30, 2015. Gross new order revenue, consisting of revenue from all units sold, for the nine months ended September 30, 2016 was $40.7 million on 93 units as compared to $55.3 million on 114 units for the nine months ended September 30, 2015. Gross new order revenue for the three months ended September 30, 2016 was $9.2 million on 21 units as compared to $20.3 million on 43 units for the three months ended September 30, 2015. Net new order revenue, representing revenue for all units sold less revenue from cancellations, for the three months ended September 30, 2016 was $7.8 million on 18 units as compared to $18.9 million on 40 units for the three months ended September 30, 2015. Net new order revenue for the nine months ended September 30, 2016 was $37.7 million on 86 units as compared to $50.8 million on 105 units for the nine months ended September 30, 2015.

Revenue – other

Revenue – other decreased approximately $0.3 million to $0.7 million during the nine months ended September 30, 2016, as compared to $1.0 million during the nine months ended September 30, 2015. The decrease primarily relates to revenue from our real estate services activities.

Cost of sales – homebuilding

Cost of sales – homebuilding increased by $1.3 million to $12.0 million during the three months ended September 30, 2016, as compared to $10.7 million for the three months ended September 30, 2015. The increase noted was primarily attributable to the number of units settled and the mix of homes settled during the three and nine months ended September 30, 2016.

Cost of sales – other

Cost of sales – other decreased by $0.2 million to $0.3 million during the nine months ended September 30, 2016, as compared to $0.5 million during the nine months ended September 30, 2015. The decrease primarily relates to our real estate services activities and is in line with the decrease in Revenue - other.

Impairment charges and recovery, net

During the fourth quarter of 2015, the Company wrote off $1.4 million of land purchase deposit paid to one of its communities in the Washington, D.C. metropolitan area due to changes made to the scheduled lot take down strategy. In July 2016, the Company, through its subsidiaries, and the land seller entered into a settlement agreement whereby the seller agreed to refund a portion of the deposit, $0.7 million, which was included in 'Impairment charges and recovery, net' in the consolidated statement of operations for the three and nine months ended September 30, 2016.

During the third quarter of 2016, as a result of our impairment analysis, the Company wrote off $0.8 million in feasibility, site securing, predevelopment, design, carry costs and related costs for two communities in the Washington, D.C. metropolitan area due to unsuccessful negotiations and changes in market conditions. The impairment charges are included in 'Impairment charges and recovery, net' in the consolidated statement of operations for the three and nine months ended September 30, 2016.

General and administrative

General and administrative expenses for the three months ended September 30, 2016 decreased by $0.7 million to $1.2 million, as compared to $1.9 million for the three months ended September 30, 2015. General and administrative expenses for the nine months ended September 30, 2016 decreased by $1.5 million to $4.2 million, as compared to $5.7 million for the nine months ended September 30, 2015. The decrease is attributable to attrition in employee head count and general overhead cost saving measures.

Income taxes

During the three and nine months ended September 30, 2016, the Company recognized income tax expense of $0 and $57, respectively, and as of September 30, 2016 the effective tax rate is 2%. During the three months ended September 30, 2015, the Company recognized income tax expense of $36. During the nine months ended September 30, 2015, the Company recorded a net income tax expense of $23, which resulted from an out of period adjustment to reverse the valuation allowance, resulting in the recognition of a deferred tax benefit of $121, offset by income tax expense of $144, both related to the New Hampshire Avenue project in Washington, D.C. Because this error was not material to any previously filed consolidated financial statements and the impact of correcting this error in 2015 was not material, the Company recorded the correction in the first quarter of 2015. The effective tax rate for the three and nine month periods ended September 30, 2015 was 3% and 1%, respectively.

Recent Developments

See the "Recent developments" section in Note 1 to the accompanying consolidated financial statements included in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

We require capital to operate, to post deposits on new potential acquisitions, to purchase and develop land, to construct homes, to fund related carrying costs and overhead and to fund various advertising and marketing programs to generate sales. These expenditures include payroll, community engineering, entitlement, architecture, advertising, utilities and interest as well as the construction costs of our homes. Our sources of capital include, and we believe will continue to include, private equity and debt placements (which has included significant participation from Company insiders), funds derived from various secured and unsecured borrowings to finance acquisition, development and construction on acquired land, cash flow from operations, which includes the sale and delivery of constructed homes, finished and raw building lots and the potential sale of public debt and equity securities. The Company is involved in ongoing discussions with lenders and equity sources in an effort to provide additional growth capital to fund various new business opportunities.

We have outstanding borrowings with various financial institutions and other lenders that have been used to finance the acquisition, development and construction of real estate projects. The Company has generally financed its development and construction activities on a single or multiple project basis so it is not uncommon for each of our projects or collection of our projects to have a separate credit facility. Accordingly, the Company typically has had numerous credit facilities and lenders.

As of September 30, 2016, the Company had $10.0 million of its credit facilities and project related loans scheduled to mature during the remainder of 2016. We are in active discussions with our lenders and are seeking long term extensions and modifications to the loans. These debt instruments impose certain restrictions on our operations, including speculative unit construction limitations, curtailment obligations, and financial covenant compliance. If we fail to comply with any of these restrictions, an event of default could occur. During the quarter ended September 30, 2016, the Company obtained a waiver from the lender on its secured revolving line of credit for failure to meet the minimum liquidity covenant as of September 30, 2016. See Note 13 to the accompanying consolidated financial statements for more information. Additionally, events of default could occur if we fail to make required debt service payments or if we fail to come to agreement on an extension on a certain facility prior to a given loan's maturity date. Any event of default would likely render the obligations under these instruments due and payable as of that event. Any such event of default would allow certain of our lenders to exercise cross default provisions in our loan agreements with them, such that all debt with that institution could be called into default. We are anticipating that with the successful resolution of the debt extension discussions with our lenders, the recently completed capital raises from our private placement, current available cash on hand, and additional cash from settlement proceeds at existing and under development communities, the Company will have sufficient financial resources to sustain its operations through the next 12 months, though no assurances can be made that the Company will be successful in its efforts. The Company will also continue to focus on its cost structure in an effort to conserve cash and manage expenses. Such actions may include cost reductions and/or deferral arrangements with respect to current operating expenses.

On October 18, 2016, the Company extended its revolving construction, acquisition, and development loan related to the Yorkshire project with Cardinal Bank, which had an initial maturity date of October 23, 2016 to April 23, 2017. This Yorkshire credit facility had an outstanding balance of $0.2 million, plus accrued interest, at September 30, 2016.

See Note 11 and Note 13 to the accompanying consolidated financial statements for details on private placement offerings and for more details on our credit facilities, respectively.

Cash Flow

Net cash used in operating activities was $6.2 million for the nine months ended September 30, 2016 compared to the net cash used in operating activities of $7.4 million for the nine months ended September 30, 2015. The $6.2 million net cash used in operations was primarily attributable to $10.0 million of inventory acquired, primarily related to the acquisition of three properties during the three months ended September 30, 2016, along with a net loss of $3.5 million, offset by the amortization of loan discounts and other financing fees of $0.8 million, increases in prepaid project costs of $0.5 million, increases in accrued interest of $0.4 million, and increases in accounts payable and other accrued liabilities of $4.6 million. The $7.4 million net cash used in operating activities in 2015 was primarily attributable to the significant cash out flow for real estate inventories as the Company invested $8.2 million in new projects and the gain on derivate of $0.7 million related to the issuance of stock under the CGF Private Placement, offset by increases in accounts payable and accrued liabilities of $2.7 million.

The decrease in net cash used in investing activities of $0.6 million was attributable to a decrease in the purchase of fixed assets of $0.2 million and a decrease in compensating balances held in escrow purchase accounts as collateral for certain letters of credit, which are funded upon settlement and release of units of $0.5 million.

Net cash used in financing activities was $3.7 million for the nine months ended September 30, 2016. This was primarily attributable to the distributions of $1.9 million to the New Hampshire Avenue non-controlling interest member and the distributions of $2.5 million to the Comstock Investors VIII Class B Members, along with the pay downs on notes payable of $28.4 million, offset by borrowings of $24.2 million, and a contribution of $5.0 million from the Comstock Investors X Class B Member. Net cash provided by financing activities was $2.2 million for the nine months ended September 30, 2015, primarily attributable to the $2.5 million in proceeds received by the Company from the sale of membership interests in Comstock Investors IX. See Notes 11 and 13 to the accompanying consolidated financial statements for details on private placement offerings and on our credit facilities, respectively.

Seasonality

The homebuilding industry usually experiences seasonal fluctuations in quarterly operating results and capital requirements. We typically experience the highest new home order activity in the Spring and Summer, although this activity is also highly dependent on the number of active selling communities, the timing of new community openings and other market factors. Because it typically takes four to six months to construct a new home, we deliver more homes in the second half of the year as Spring and Summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occur during the second half of the year. We expect this seasonal pattern to continue over the long-term, although it may be affected by volatility in the homebuilding industry and the general economy.

Recently Issued Accounting Standards

See Note 1 to the accompanying consolidated financial statements included in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates during the nine months ended September 30, 2016 from those disclosed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Off Balance Sheet Arrangements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2016.

Limitations on the Effectiveness of Controls

We do not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Changes in Internal Control

No changes have occurred in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated by reference from Note 8 to the accompanying consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to an exhibit to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 16, 2015).
3.2	Amended and Restated Bylaws (incorporated by reference to an Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed with the Commission on March 31, 2005).
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on March 27, 2015 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Commission on March 27, 2015).
3.4	Certificate of Designation of Series B Non-Convertible Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on December 29, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on January 4, 2016).
4.1	Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1, as amended, initially filed with the Commission on August 13, 2004 (File No. 333-118193)).
10.99*	Form of Subscription Agreement and Operating Agreement dated August 15, 2016, between Comstock Investors X, L.C. and [-], with accompanying Schedule A identifying subscribers.
10.100*	Form of Warrant issued in connection with private placement by Comstock Investors X, L.C.
10.101*	Land Purchase Agreement, between Comstock Sixth Street, LLC and Thos. Somerville Co.
10.102*	Membership Interests Agreement, between Comstock Beshers, L.C. and Dresden, LLC.
10.103*	Loan agreement, between Dresden, LLC, Comstock Emerald Farm, L.C. and Cardinal Bank.
10.104*	Promissory note, between Comstock Beshers, L.C. and Year 2003 Trust for Descendants, Pleasants Associates Limited Partnership, and CJC, LLC.
10.105*	Loan agreement, between Comstock Powhatan, L.C. and Cardinal Bank.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheet, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Changes in Stockholder's Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to the Consolidated Financial Statements.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMSTOCK HOLDING COMPANIES, INC.

Date: November 14, 2016

By: /S/ CHRISTOPHER CLEMENTE

Christopher Clemente
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2016

By: /S/ CHRISTOPHER L. CONOVER

Christopher L. Conover
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.99

SUBSCRIPTION AGREEMENT

Comstock Investors X, L.C.
c/o Comstock Holding Companies, Inc., Manager
1886 Metro Center Drive, 4 th Floor
Reston, Virginia 20190
Attention: Jubal R. Thompson, General Counsel

The undersigned subscriber ("Subscriber") acknowledges that he/she/it has received and reviewed the Risk Disclosures and operating agreement of Comstock Investors X, L.C., a Virginia limited liability company (the "Company"), including the exhibits thereto (the "Company Operating Agreement"), relating to the offering of Company membership interest(s) (the "Interests") and has reviewed it in conjunction with the risk disclosures for the manager of the Company, Comstock Holding Companies, Inc. ("Comstock" or "Manager") as contained in the latest Annual Report filed on Form 10-K as can be found online at www.sec.gov or at its investors relations homepage found at www.comstockhomes.com . Subscriber also understands that certain portions of the offering materials contain forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, those identified by such words as may, will, expect, project, anticipate, estimate, believe, intend, plan and other similar terminology. These forward-looking statements reflect the Company's current expectations and assumptions regarding future events and operating and financial performance. However, actual results are subject to risks and uncertainties, which could cause actual results to differ materially from those contained in the forward-looking statements.

Subscriber understands that the Interest(s) are being offered (the "Offering") to a small number of investors on the terms and in the manner described herein and in the Company Operating Agreement. Subscriber also understands that any promotional materials received in conjunction with the Offering are for marketing and promotional purposes only, and Subscriber understands and agrees that he/she/it cannot rely on such promotional materials to explain all terms and conditions of this Subscription Agreement or the Company Operating Agreement. Therefore, Subscriber understands that any inconsistency between the promotional materials and this Subscription Agreement or the Company Operating Agreement shall be resolved in favor of this Subscription Agreement or the Company Operating Agreement, as applicable. Subscriber acknowledges that Subscriber is not entitled to rely, and has not relied, on any oral representations.

The Company reserves the right to hold a closing of the sale and purchase of Interests before it has raised the full amount solicited in the Offering and in such event, the Company Operating Agreement shall be amended to reflect the addition of additional members at a later date. No escrow agent is being appointed in connection with the Offering.

1. Subscription. (a) Subject to the terms and conditions set forth herein and in the Company Operating Agreement, Subscriber, intending to be legally bound, hereby irrevocably subscribes for and agrees to purchase the Interest(s) in the amount specified on the signature page of this Subscription Agreement and agrees to become a party to the Company Operating Agreement. Subscriber tenders herewith a certified or bank cashier check, payable to the order of the Company or has or will initiate a wire in accordance with previously delivered wire instructions provided by the Company. In the event that the investment offering is terminated or if this subscription for any reason is rejected, the full subscription price will be promptly refunded without deduction, and this Subscription Agreement shall be null and void.

(b) Subject to the terms and conditions set forth herein and in the Company Operating Agreement, upon entry into this Subscription Agreement and receipt by the Company of the subscription price as set forth in Section 1(a), Subscriber shall receive, in addition to the Interest(s) in the amount specified on the signature page of this Subscription Agreement, the following:

(i) intentionally deleted; and

(ii) a distribution by the Company of 150,000 shares of Comstock's Class A common stock.

(c) The Company hereby acknowledges and agrees that it will distribute the shares of Comstock's Class A common stock to its members, as applicable, in accordance with the terms of the Company Operating Agreement promptly following the acquisition of such shares.

2. Acceptance of Subscription; Delivery of Company Operating Agreement. Subscriber understands and agrees that its subscription is made subject to the following terms and conditions:

(a) a) this subscription may be rejected, in whole or in part, for any reason in the sole and absolute discretion of the Manager and that this subscription shall be deemed to be accepted by the Company only when it is signed by a duly authorized officer of the Company;

(b) the Interest(s) to be issued and delivered on account of this subscription will be issued only in the name of, and delivered only to, Subscriber, and Subscriber agrees to become a party to the Company Operating Agreement in connection with the issuance and delivery of the Interest(s);

(c) intentionally deleted; and

(d) entitlement to a distribution of shares of Comstock's Class A common stock as set forth herein shall only occur after acceptance of the subscription as provided herein.

3. Representation and Warranties of Subscriber. Subscriber understands that the Interest(s) are being offered and sold under an exemption from registration afforded by the Securities Act of 1933, as may be amended (the "Securities Act"), or other applicable exemptions under applicable state securities laws; that this transaction has not been examined by the United States Securities and Exchange Commission or any state securities authority; and that all documents, records, and books pertaining to this investment have been made available upon reasonable notice for inspection by him/her/it or his/her/its counsel, accountant, investor representative or business advisor during regular business hours at the Company's office. Subscriber hereby represents, warrants and agrees as follows:

(a) Subscriber has been furnished with, and acknowledges receipt of, the Company Operating Agreement, and has held and will hold the Company Operating Agreement in confidence, it being understood that the copy received by the undersigned is solely for his/her/its own use and, except in connection with review by the undersigned's counsel, accountant, or business advisor, is not to be duplicated or redistributed without the prior written consent of the Company;

(b) Subscriber has been furnished with, and acknowledges receipt of, this Subscription Agreement and the Investor Questionnaire, if applicable, and has accurately and completely provided all of the information requested in these documents;

(c) Subscriber is (i) at least 21 years of age; (ii) a citizen of the United States of America; and (iii) a bona fide resident of the state specified in the address on the signature page of this Subscription Agreement;

(d) Subscriber is an accredited investor as defined by the Securities and Exchange Commission and meets the investor suitability requirements for investment in the Company;

(e) Subscriber understands and has fully considered for purposes of this investment the risk disclosures of both the Company and Comstock and represents and warrants that (i) he/she/it is acquiring the Interest(s) for investment and not with a view to resale or distribution; (ii) he/she/it can bear the economic risk of losing his/her its entire investment; (iii) his/her/its overall commitment to investments that are not readily marketable is not disproportionate to his/her/its net worth, and the investment is suitable for the prospective purchaser when viewed in light of his/her/its other securities holdings and his/her/its financial situation and needs; (iv) he/she/it has adequate means of providing for his/her/its current needs and personal contingencies; (v) he/she/it has evaluated all the risks of investment in the Company; (vi) he/she/it has experience in making investment decisions of this type; and (vii) he/she/it has a reasonable understanding of the business in which the Company is to be engaged;

(f) Subscriber has such knowledge and experience in financial and business matters that he/she/it is capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision;

(g) Subscriber confirms that, in making his/her/its decision to purchase the Interest(s) hereby subscribed for, he/she/it has relied solely upon the Company Operating Agreement and any independent investigations made by him/her/it; and that he/she/it, and Subscriber's counsel, accountant, and other business advisor have been given the opportunity to ask questions of, and to receive answers from, the Manager and its officers concerning the information set forth in the Company Operating Agreement, to the extent that the Manager and its officers possess such information or can acquire it without unreasonable effort or expense; and that he/she/it and such persons have availed themselves of such opportunity to the fullest extent desired and have received answers to such questions, if any; and that he/she/it and such persons have availed themselves of the opportunity to make such investigation of the documents, records, and books pertaining to the investment as they have desired;

(h) Subscriber has no contract, undertaking, understanding, agreement, or arrangement, formal or informal, with any person, directly or indirectly, to sell, transfer, or pledge to any person the Interest(s) for which he/she/it hereby subscribes or any part thereof, and Subscriber has no present plans to enter into any such contract, undertaking, agreement, or arrangement; and Subscriber understands that the legal consequences of the foregoing representations and warranties are that he/she/it must bear the economic risks of this investment for an indefinite period of time because the Interest(s) have not been registered under the Securities Act or any state's securities laws and, therefore, cannot be sold unless they are subsequently registered under the Securities Act and the applicable state's securities laws (which the Company is not obligated to do) or an exemption from such registration is available;

(i) Subscriber understands that no federal or state agency has passed on or made any recommendation or endorsement of the Interest(s) and that the Company is relying on the truth and accuracy of the representations, declarations, and warranties herein made by Subscriber in offering the Interest(s) for sale to him/her/it, without having first registered the same under the Securities Act or under the securities laws of any state or other jurisdiction;

(j) Subscriber realizes that, in the absence of the availability of the exemption afforded by Rule 144 adopted under the Securities Act, any disposition by him/her/it of the Interest(s) hereby subscribed for may require compliance with some other exemption under the Securities Act, and that the Company is under no obligation to take any action in furtherance of making any other exemption so available;

(k) Subscriber understands that by entering into the Company Operating Agreement, he/she/it will be agreeing to additional restrictions on the transferability of the Interest(s), as set forth in the Company Operating Agreement;

(l) unless otherwise specified on the signature page of this Subscription Agreement, Subscriber will not acquire Interest(s) or fund its capital contribution to the Company using funds that are considered assets of an "employee benefit plan", as defined by the Employment Retirement Security Act of 1974, as amended ("ERISA"), that is subject to ERISA; and

(m) Subscriber consents to the placement of legends on any certificate evidencing the Interest(s) hereby subscribed for, which legend shall be in form substantially as follows:

THE COMPANY INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT 1933, AS MAY BE AMENDED, OR WITH ANY AGENCY UNDER THE SECURITIES ACT OF ANY STATE, IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION PROVIDED IN THOSE STATUTES.

THE COMPANY INTEREST REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER CONDITIONS, AS SPECIFIED IN A COMPANY OPERATING AGREEMENT, COPIES OF WHICH ARE ON FILE AT THE OFFICE OF THE ISSUER AND WILL BE FURNISHED WITHOUT CHARGE TO THE HOLDER OF SUCH INTEREST UPON WRITTEN REQUEST.

PURSUANT TO RULE 506(C) ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION, YOU MUST BE AN ACCREDITED INVESTOR TO PARTICIPATE IN THIS OFFERING. BY EXECUTION OF THIS SUBSCRIPTION AGREEMENT, YOU HEREBY CERTIFY THAT YOU ARE AN ACCREDITED INVESTOR.

The foregoing representations, warranties, and undertakings are made by Subscriber with the intent that they be relied upon in determining his/her/its suitability as an investor in the Company, and the undersigned hereby agrees that such representations and warranties shall survive the purchase of the Interest(s) hereby subscribed for.

If more than one person is signing this Subscription Agreement, each representation, warranty, and undertaking made herein shall be a joint and several representation, warranty or undertaking of each such person.

4. Transferability. Subscriber agrees not to transfer or assign this Subscription Agreement or any interest herein, and further agrees that the assignment and transfer of the Interest(s) acquired pursuant hereto shall be effected only in accordance with the Company Operating Agreement and all applicable laws.

5. Revocation. Subscriber agrees that he/she/it may not cancel, terminate, or revoke this Subscription Agreement or any agreement of the undersigned made hereunder, and that this Subscription Agreement shall survive the death or disability of the undersigned and shall be binding upon the undersigned's heirs, executors, administrators, successors, and assigns.

6. No Waiver. Notwithstanding any of the representations, warranties, acknowledgements, or agreements made herein by the undersigned, the undersigned does not hereby or in any other manner waive any rights granted to him/her/it under federal or state securities laws.

7. Indemnification; Waiver of Liability. Subscriber agrees to indemnify and hold harmless the Company, the Manager and their respective officers, directors, stockholders, and employees, the other members of the Company, and all of their respective representatives and agents, from and against any and all damages, losses, costs, and expenses (including reasonable attorneys' fees) that they may incur by reason of the undersigned's failure to fulfill any of the terms or conditions of this Subscription Agreement, or by reason of any breach of the representations and warranties made by Subscriber in this Subscription Agreement or in any document provided by Subscriber to the Company.

8. Miscellaneous.

(a) All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, to the parties hereto at their respective addresses set forth herein.

(b) This Subscription Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflict of laws principles.

(c) This Subscription Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties hereto.

(d) The recitals and introductory paragraphs contained herein are hereby incorporated by reference and constitute a part of this Subscription Agreement.

(e) This Subscription Agreement may be executed in counterparts. Upon the execution and delivery of this Subscription Agreement by the Subscriber, this Subscription Agreement shall become a binding obligation of the Subscriber with respect to the purchase of the Interest(s) as herein provided.

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the day and year first written above.

COMSTOCK INVESTORS X, L.C.

By: Comstock Holding Companies, Inc.
Its: MANAGER

/ /
Date of Execution

By: _____
Name:
Title:

[SEE FOLLOWING PAGE]

TO BE COMPLETED BY SUBSCRIBER(S): (please print)

_____
Social Security Number or Taxpayer
Identification Number of Subscriber

_____
Print Name of Subscriber

By: _____
Signature of Subscriber

_____
Print Title of Person Signing, if applicable

_____
Print Name of Joint Subscriber, if applicable

By: _____
Signature of Joint Subscriber, if applicable

$ _____
Total Contribution

_____

_____

_____

_____
Address of Subscriber

(____) _____
Area Code and Telephone Number

_____
E-mail address

Date: _____/_____/_____

OPERATING AGREEMENT

OF

COMSTOCK INVESTORS X, L.C.

EFFECTIVE DATE: August 15, 2016

THE INTERESTS OF THE MEMBERS ISSUED UNDER THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE OR THE DISTRICT OF COLUMBIA. NO RESALE OF A MEMBERSHIP INTEREST BY A MEMBER IS PERMITTED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT AND ANY APPLICABLE FEDERAL OR STATE SECURITIES LAWS, AND ANY VIOLATION OF SUCH PROVISIONS COULD EXPOSE THE SELLING MEMBER AND THE COMPANY TO LIABILITY.

OPERATING AGREEMENT
OF COMSTOCK INVESTORS X, L.C.

THIS OPERATING AGREEMENT is made effective for all purposes and in all respects as of August 15, 2016, by and among the undersigned persons and entities and all persons or entities who execute a counterpart of this Agreement and become a Member (as hereinafter defined) in accordance with the provisions hereof .

WHEREAS, the parties hereto constituting all of the Members of the Company (as hereinafter defined) desire to enter into this Operating Agreement to provide for the operating, regulation and management of the Company, pursuant to Section 13.1-1023 of the Annotated Code of Virginia, as amended from time to time.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1. DEFINITIONS.

1.1 Definitions . The following terms shall have the meanings set forth below for purposes of this Agreement:

"Act" shall mean the Virginia Limited Liability Company Act, Annotated Code of Virginia, Section 13.1-1000, et seq., as amended from time to time, and any successor law or laws.

"Additional Member" shall mean those Persons other than designated on Exhibit A admitted to the Company pursuant to the terms hereof.

"Adjusted Capital Account Balance" shall, with respect to each Member, mean the balance, if any, in such Member's Capital Account as of the end of the applicable fiscal year of the Company, adjusted for the following:

(a) Such Capital Account shall be credited for any amounts to which such Member is obligated or treated as obligated to restore with respect to any deficit balance in its Capital Account pursuant to Treasury Regulations §§ 1.704-l(b)(2)(ii)(b)(3) and 1.704-l(b)(2)(ii)(c), respectively, *plus* such Member's share of liabilities of the Company for which any Member has individual and ultimate liability for repayment.

(b) Such Capital Account shall be credited for any amounts which such Member is deemed to be obligated to restore with respect to any deficit balance in its Capital Account pursuant to the next to last sentences of each of Treasury Regulation §1.704-2(g)(1) (that is, the Member's share of the Company minimum gain) and Treasury Regulation §1.704-2(i)(5) (that is, the Member's share of the minimum gain attributable to Member Nonrecourse Debt).

(c) Such Capital Account shall be debited for any adjustment, allocation or distribution described in paragraph (4), (5) or (6) of Treasury Regulation §1.704-1 (b)(2)(ii)(d).

"Affiliate" of any specified Person shall mean (a) any other Person controlling, controlled by, or under common control with, such specified Person, directly or indirectly; (b) any director, officer, member, shareholder, partner, or trustee of the specified Person; (c) any Person directly or indirectly beneficially owning or controlling 10% or more of the voting securities of, or otherwise having a substantial beneficial interest in, the specified Person; and (d) any spouse, brother, sister, mother, father, or child of the specified Person, or any trust for the primary benefit of one or more of the foregoing Persons.

"Agreement" shall mean this Operating Agreement and all exhibits attached hereto and made a part hereof, as amended, and in effect from time to time.

"Capital Account" shall, with respect to each Member, mean the separate "book" account for such Member to be established and maintained in all events in the manner provided under, and in accordance with, Treasury Regulation § 1.704-l(b)(2)(iv), as amended, and in accordance with the other provisions of Treasury Regulation § 1.704-l(b) that must be complied with in order for the Capital Accounts to be determined and maintained in accordance with the provisions of Treasury Regulation § 1.704-l(b)(2)(iv).

(a) In furtherance of and consistent with the foregoing, a Member's Capital Account shall include generally, without limitation, the Capital Contribution of a Member (as of any particular date), (i) increased by the Member's allocable share of Profit (as defined in Section 10.1 hereof), income, and gain of the Company (including, if such date is not the close of the Company Accounting Year, the allocable share of Profit, income and gain of the Company for the period from the close of the last Company Accounting Year to such date); and (ii) decreased by the Member's allocable share of Loss and deductions of the Company and distributions by the Company to such Member (including, if such date is not the close of the Company Accounting Year, the allocable share of Loss and deductions of the Company and distributions by the Company during the period from the close of the last Company Accounting Year to such date). For purposes of the foregoing, distributions of property shall result in a decrease in a Member's Capital Account equal to the Gross Asset Value of such property distributed (less the amount of indebtedness, if any, of the Company which is assumed by such Member and/or the amount of indebtedness, if any, to which such property is subject, as of the date of distribution) by the Company to such Member.

(b) In the event that the Gross Asset Value of the Company Assets is adjusted under and pursuant to the definition of Gross Asset Value in this Section, the Capital Accounts of all Members shall be adjusted simultaneously therewith in order to reflect the aggregate net adjustment which would have occurred if the Company had recognized Profit or Loss equal to the amount of such aggregate net adjustment upon the disposition of the Company Assets at a purchase price equal to their Gross Asset Values, and such Profit and Loss were allocated pursuant to Article 10 hereof.

(c) In the event that the provisions of Treasury Regulation § 1.704-l(b)(2)(iv) fail to provide guidance on how adjustments to the Capital Accounts of the Members should be made to reflect particular adjustments to Company capital on the books of the Company, then such Capital Account adjustments shall be made by the Manager in its reasonable determination, with the review and concurrence of the Company's certified public accountants and/or with the advice of the professional tax advisors of the Company, in a manner that (i) maintains equality between (A) the aggregate Capital Accounts of the Members, and (B) the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes in accordance with Treasury Regulation § 1.704-l(b); (ii) is consistent with the underlying economic arrangement among the Members; and (iii) is based, wherever practicable, on federal tax accounting principles.

"Capital Contribution" or "Capital Contributions" shall mean the aggregate amount of cash and/or the Gross Asset Value of property (less the amount of any initial reimbursement made to a Member pursuant to Section 7.12 hereof and less the amount of indebtedness, if any, of such Member, or its Affiliate, that is assumed by the Company and/or the amount of indebtedness, if any, to which such property is subject, as of the date of contribution (without regard to the provisions of Code § 7701(g)) contributed by a Member to the capital of the Company, as well as any additional contributions made to (or for the benefit of) the Company pursuant to this Agreement, including, but not limited to, any amounts paid by a Member (except to the extent (a) indemnification is made by another Member, or (b) such other Member has a claim of contribution against any other Member) in respect of any claims, liabilities or obligations against the Company and/or pursuant to any guaranty of Company indebtedness by such Member.

"Certificate" shall mean the Articles of Organization of the Company, as provided for pursuant to the Act, as originally filed with the office of the Commonwealth of Virginia State Corporation Commission, as amended and/or restated from time to time as herein provided.

"Class A Units" shall mean units of Company Interest having the characteristics described herein with respect to such class of Units.

"Class B Units" shall mean units of Company Interest having the characteristics described herein with respect to such class of Units.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor law or laws.

"Company" shall mean Comstock Investors X, L.C., a Virginia limited liability company, as said limited liability company may from time to time be constituted.

"Company Accounting Year" shall mean the accounting year of the Company for federal income tax purposes, ending December 31 of each year, unless the Manager determines otherwise pursuant to the Code or the Treasury Regulations promulgated thereunder.

"Company Assets", at any particular time, shall mean any assets or property (real or personal, tangible or intangible, fixed or contingent) of the Company.

"Company Business" shall be as set forth in Article 5 herein.

"Company Interest" shall mean an ownership interest in the Company evidenced by outstanding Units.

"Company Minimum Gain" shall mean partnership minimum gain determined pursuant to Treasury Regulation § 1.704-2(d).

"Comstock" shall mean Comstock Holding Companies, Inc., a Delaware corporation.

"Depreciation" shall mean depreciation as determined under the method of accounting prescribed for compliance with the capital account maintenance rules set forth in Treasury Regulation § 1.704-1(b)(2)(iv), as distinguished from any accounting method that the Company may adopt for other purposes such as financial reporting.

"Distributable Cash Flow" shall mean all cash amounts received by the Company (such as, but not limited to, rental revenue, loan or refinance proceeds (including loan or refinance proceeds related to a Project), partnership distributions, stock dividends or similar distributions, net proceeds on the sale of any Company Asset (including a Project or any portion thereof), and the Capital Contributions of the Members), plus any other funds (including amounts previously set aside as reserves by the Manager, where and to the extent it no longer regards such reserves as necessary, in its sole and absolute discretion, in the efficient conduct of the Company Business deemed available for distribution by the Manager), less (a) the total cash disbursements of the Company in the ordinary course of the Company Business (such as, but not limited to, operating expenses of the Company and repayments of any loans or paid in capital made to the Company by any Person whatsoever (including Members) and permitted Manager reimbursements; less (b) such reserves as are necessary to meet any loan covenants in financial agreements; and less (c) such reserves or other uses of cash as the Manager, in its reasonable discretion, shall deem to be necessary for the efficient conduct of the Company Business.

"Effective Date" shall mean the date inserted in the opening paragraph of this Agreement.

"Gross Asset Value" shall mean, with respect to any Company Asset, such Company Asset's adjusted basis for federal income tax purposes, except as follows at the time of contribution:

(a) the initial Gross Asset Value of any property contributed by a Member to the Company shall be the fair market value of such property as reasonably determined by the Tax Matters Member and the contributing Member;

(b) the Gross Asset Values of all Company Assets shall be adjusted to equal their respective fair market values, as reasonably determined by the Tax Matters Member, as of the following times: (i) immediately prior to the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Company to a Member of more than a de minimis amount of money or other Company Asset as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); (iv) the grant of an interest in the Company as consideration for the provision of services to or for

the benefit of the Company by an existing Member acting in a Member capacity or in anticipation of being a Member; and (v) in such other circumstances as permitted by the Code and the Treasury Regulations promulgated thereunder; provided , however , that the adjustments pursuant to clauses (i), (ii), (iv) and (v) above shall be made only if the Tax Matters Member determines, in its reasonable discretion and subject to the reasonable consent of the Priority Members, that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) the Gross Asset Value of any Company Asset distributed to any Member shall be adjusted to equal the fair market value, as reasonably determined by the Tax Matters Member, of such Company Asset on the date of distribution; and

(d) the Gross Asset Value of each Company Asset shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Company Asset pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(*m*); provided , however , that Gross Asset Value shall not be adjusted pursuant to this clause (d) to the extent the Tax Matters Member determines, in its reasonable discretion, that an adjustment pursuant to clause (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

If the Gross Asset Value of any Company Asset has been determined or adjusted pursuant to clauses (a), (b) or (d) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company Asset for purposes of computing Profit and Loss.

"Initial Closing" shall mean the execution of the Agreement by the Manager upon the collection by the Manager of initial Capital Contributions equal to $2,500,000, or such lesser amount as it estimates may be required by the Company to adequately fund the Project.

"Manager" shall mean that Person elected by the Members to serve as manager of the Company pursuant to Section 7.3 of this Agreement, including any successor Manager duly elected in accordance with the terms of this Agreement.

"Member(s)" shall mean those Persons designated as such on Exhibit A-1 and Exhibit A-2, attached hereto and any amendment thereof.

"Member Non-recourse Debt" shall mean any non-recourse liability (that is, any liability considered nonrecourse for purposes of Treasury Regulation § 1.1001-2 and any other liability for which the creditor's right to repayment is limited to one or more of the Company Assets), or portion thereof, for which a Member bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulation § 1.752-2(b)(1).

"Member's or Members' Loans " shall mean any loans to the Company made by Members in accordance with Section 8.4 hereof.

"Negative Capital Account" shall mean a Capital Account with a balance less than zero.

"Percentage Interest" means, with respect to each Member, a percentage equal to the total number of Units of a class held by such Member divided by the total number of Units outstanding in that class.

"Person" shall mean any natural person, his heirs, executors, administrators, legal representatives, successors and assigns where the context so admits, general partnership, limited partnership, limited liability partnership, limited liability company, joint venture, corporation, trust, estate, sole proprietorship, unincorporated organization, association, employee organization, mutual company, joint stock company, firm, institution, or other entity.

"Powhatan" shall mean Comstock Powhatan, L.C.

"Positive Capital Account" shall mean a Capital Account with a balance greater than zero.

"Priority Members" shall mean all of the Members holding Class B Units.

"Priority Return" means, in respect of any Priority Member, a cumulative, compounded preferred return to such Priority Member that accrues and accumulates at a rate of six percent (6%) per annum, or such lesser amount as may be approved by the Members, compounded annually (calculated like interest) on the amount of Unreturned Capital Contributions of such Priority Member calculated from the date a Capital Contribution is physically received by the Company; provided, that for the purposes of such calculation, distributions of cash to a Priority Member shall be deemed to have been made as of the last day of a month if such cash distributions are sent to the Priority Member not later than the thirtieth (30th) day of the following month; and also provided that a Priority Member's Priority Return shall be adjusted and trued up on a one time basis and added to their Capital Account at the time the Total Capital Contribution has been received by the Company.

"Project(s)" shall mean the residential real estate construction projects commonly known as (i) Totten Mews, consisting of real property approved for construction of 35 single family attached residential townhouse units and five affordable dwelling units located on Sixth Street in Washington DC, NE and (ii) the Towns at 1333, consisting of real property approved for construction of 18 single family attached residential townhouse unitslocated on Powhatan Street in Alexandria, Virginia or any other residential project as may be approved by the Requisite Members in their sole and absolute discretion.

"Project Entity" shall mean each of Powhatan and Sixth Street.

"Requisite Members" shall mean Members who, in the aggregate, own at least 2/3 of of the Class B Units.

"Sixth Street" shall mean Comstock Sixth Street, L.C.

"Tax Matters Member" shall mean the Member designated in Section 7.13.

"Total Capital Contribution" shall mean the aggregate amount of the Capital Contributions made to the Company up to but in no event to exceed $14,500,000.

"Treasury Regulation" shall mean the federal income tax regulations, including any temporary or proposed regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time (it being understood that all references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations).

"Units" means Class A Units, Class B Units and units of Company Interest of any other class or series that is hereafter authorized.

"Unpaid Priority Return" means, with respect to each Priority Member, the aggregate Priority Return of such Priority Member, minus the cumulative distributions paid to such Priority Member pursuant to Section 9.1(a) of this Agreement (including by operation of Section 13.2(c)).

"Unreturned Capital Contributions" means, with respect to each Priority Member, the sum of all Capital Contributions made to the Company by such Priority Member, minus the cumulative distributions paid to such Member pursuant to Section 9.1(b) of this Agreement (including by operation of Section 13.2(c)).

ARTICLE 2. FORMATION; NAME OF THE COMPANY.

2.1. Company Formation . The parties hereto have formed and agree to continue the Company pursuant to the provisions of the Act. The terms and provisions hereof will be construed and interpreted in accordance with the terms and provisions of the Act, and if any of the terms and provisions of this Agreement should be deemed inconsistent with those of the Act, the Act will be controlling unless otherwise provided herein. The Members intend that the Company shall be taxed as a partnership for state and/or federal income tax purposes. Each party hereto represents and warrants that it is duly authorized to join in this Agreement and that the Person executing this Agreement on behalf of each party is duly authorized to do so.

2.2. Name . The name of the Company is "Comstock Investors X, L.C." The business of the Company shall be conducted under such name or such other names as the Manager or the Members may from time to time determine.

2.3 The Certificate, etc. The Members hereby agree to execute, file, and record all such certificates and documents, including amendments to the Certificate, and to do such other acts as may be appropriate to comply with all requirements for the formation, continuation, and operation of a limited liability company, the ownership of property, and the conduct of business under the laws of the Commonwealth of Virginia and any other jurisdiction in which the Company may own property or conduct business.

ARTICLE 3. PRINCIPAL OFFICE AND PLACE OF BUSINESS.

3.1. Principal Office . The principal office of the Company at which the records of the Company shall be kept is 1886 Metro Center Drive, 4 th Floor, Reston, Virginia 20190, or such other address designated by the Manager. The Company may have such other or additional offices as the Manager, in its sole discretion, shall deem advisable.

3.2. Registered Agent . The registered office of the Company in the Commonwealth of Virginia is: 1886 Metro Center Drive, 4 th Floor, Reston, Virginia 20190 and the name of the registered agent of the Company in the Commonwealth of Virginia at such address is Christopher Clemente.

3.3 Change. The principal business office, the registered office, and the registered agent of the Company may be changed by the Manager from time to time in accordance with the applicable provisions of the Act and any other applicable laws.

ARTICLE 4. TERM

The term of the Company shall continue in perpetuity, unless it is earlier terminated in accordance with the terms of this Agreement or the provisions of the Act.

ARTICLE 5. BUSINESS OF THE COMPANY.

5.1 Purposes. The purposes of the Company, on either a direct or indirect basis, are (a) to make equity investments, directly or indirectly, in the Project; (b) to own and develop, directly or indirectly, the real property with respect to the Project; (c) to lease, hold manage, operate, and maintain such real property and any improvements constructed thereon; (d) to sell such real property and any improvements constructed thereon; (e) to enter into agreements to provide for the construction or management of the construction of the Project; (f) to engage in any other activities relating to, and compatible with, the development of the Project and the construction and management of construction of the Project; (g) to authorize or enter into agreements to lease, manage and maintain the Project; (h) to take such other actions, or do such other things, as are necessary or appropriate (in the sole discretion of the Manager) to carry out the provisions of this Agreement; and (i) to engage in any other lawful act or activity for which limited liability companies may be organized under the Act, and by such statement all lawful acts and activities shall be within the purposes of the Company, except as otherwise prohibited in this Agreement.

5.2 Powers. In furtherance of its purposes, but subject to all of the provisions of this Agreement, the Company, on either a direct or indirect basis, shall have the power and is hereby authorized to (a) acquire by purchase, lease, contribution of property, or otherwise, own, sell, convey, transfer, or dispose of any real property or personal property that may be necessary, convenient, or incidental to the accomplishment of the purposes of the Company; (b) operate, purchase, maintain, finance, improve, own, sell, convey, assign, mortgage, lease, demolish, or otherwise dispose of any real of personal property that may be necessary, convenient or incidental to the accomplishment of the purposes of the Company; (c) borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Company, and secure the same by mortgage, pledge, or other lien on any Company Assets; (d) invest any funds of the Company pending distribution or payment of the same pursuant to the provisions of this Agreement; (e) prepay in whole or in part, refinance, recast, increase, modify, or extend any indebtedness of the Company and, in connection therewith,

execute any extensions, renewals, or modifications of any mortgage or security agreement securing such indebtedness; (f) enter into, perform, and carry out contracts of any kind, including, without limitation, contracts with any Affiliate, necessary to, in conjunction with, or incidental to the accomplishment of the purposes of the Company; (g) establish reserves for capital expenditures, working capital, debt service, taxes, assessments, insurance premiums, repairs, improvements, depreciation, depletion, obsolescence, and general maintenance of Company Assets out of the rents, profits, or other income received; (h) employ or otherwise engage employees, managers, contractors, advisors and consultants (including Affiliates) and pay reasonable compensation for such services; (i) enter into partnerships or other ventures with other Persons in furtherance of the purposes of the Company; (j) to reimburse the Manager for its expenditures made on behalf of the Projects or the Company; and (k) do such other things and engage in such other activities related to the foregoing as may be necessary, convenient, or advisable with respect to the conduct of the Company Business, and have and exercise all of the powers and rights conferred upon limited liability companies formed pursuant to the Act.

5.3 Title to Assets. Subject to financing requirements, the Company shall own one hundred percent of the membership interests of the Project Entity and the Project Entity shall retain title to the real property constituting the Project. No Member, individually, or collectively, has any ownership of a real property interest in a Project and hereby conclusively acknowledges legal title to such assets will be held in the name of the Project Entity. Any action by a Member, individually or collectively, affecting or purporting to affect the title of a Project shall subject such Member to the indemnification provisions of Section 16 hereof.

ARTICLE 6. MEMBERS.

6.1. Identity . The names, Capital Contributions and Company Interests of the Members are set forth on Exhibit A-1 and Exhibit A-2 attached hereto, which shall be modified by the Manager, from time to time, as necessary to effect the addition or withdrawal of Members, the issuance and transfer of Units and the making by a Member of an additional Capital Contributions in accordance with this Agreement.

6.2. Liability of Members .

(a) Except as provided in this Section 6.2, no Member shall have any personal liability whatever in its capacity as a Member, whether to the Company, to any of the Members or to the creditors of the Company, for the debts, liabilities, contracts, or any other obligations of the Company or for any losses of the Company. A Member shall be liable to make only its Capital Contribution and shall not be required to lend any funds to the Company or, after its Capital Contribution shall have been paid, subject to the provisions of Sections 6.2(b) and (c) below, to make any further Capital Contributions to the Company or to repay to the Company, any Member, or any creditor of the Company all or any portion of any negative amount of such Member's Capital Account.

(b) If in accordance with any applicable state law, a member of a limited liability company may, under certain circumstances be required to return amounts previously distributed to such member, and if a court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, any such obligation shall be the obligation of such Member only.

(c) If any Member is deemed to have received a distribution from the Company pursuant to Article 9, and the aggregate of such distributions exceeds the distributions to which such Member is otherwise entitled, such Member shall be obligated to repay such excess to the Company.

(d) Neither the Manager nor any of its Affiliates shall have any personal liability for the return or repayment of the Capital Contribution of any Member. The Manager shall not be liable to any Member by reason of any change in the federal income tax laws as they apply to the Company and the Members, whether such change occurs through legislative, judicial, or administrative action, so long as the Manager has acted in good faith and in a manner reasonably believed to be in the best interest of the Members.

(e) Notwithstanding anything contained in this Agreement to the contrary, upon the dissolution and termination of the Company, no Member shall have any personal liability to repay to the Company any portion or all of any Member's Negative Capital Account.

6.3. Meetings . Meetings of the Members may be called at any time by the Manager. A meeting shall be called by the Manager promptly upon receipt of a written request therefor by Members holding in the aggregate Company Interests representing a majority of Members. If the Manager shall fail to call such meeting within 20 days after receipt of such request, any Member executing such request may call such meeting. Such meetings of the Members shall be held at such places, within or without the Commonwealth of Virginia, as shall be specified in the respective notices or waivers of notice thereof, provided that no meeting shall be held outside the Commonwealth of Virginia without the prior written consent of the Manager.

6.4. Notice of Meetings; Waiver .

(a) The Manager shall cause notice of the place, date, hour and purpose(s) of each meeting of the Members to be given personally or by telephone, facsimile, email, overnight courier or mail, not less than 48 hours nor more than 60 days prior to such meeting, to each Member entitled to vote at such meeting. If such notice is mailed, it shall be deemed to have been given to a Member when deposited in the United States mail, postage prepaid, directed to the Member at its address as it appears on the record of Members of the Company, or, if it shall have filed with the Manager a written request that notices to it be mailed to some other address, then directed to such other address. If such notice is given by facsimile or e-mail, it shall be deemed to have been given to a Member when sent to a facsimile number or email address for such Member in the Company's records unless a return or error message is generated within four hours thereafter. Such further notice shall be given as may be required by law.

(b) No notice of any meeting of Members need be given to any Member who submits a signed waiver of notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of a meeting of the Members need be specified in a written waiver of notice. The attendance of any Member at a meeting of Members shall constitute a waiver of notice of such meeting, except when the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.5. Quorum . Except as otherwise required by law, the presence in person or by proxy of Members holding (i) a majority of the Class A Units entitled to vote, and (ii) a majority of the Class B Units entitled to vote, shall constitute a quorum for the transaction of business at such meeting.

6.6. Voting . Members shall be entitled to one vote for each Unit held by them, as reflected on the books of the Company at the close of business on the day immediately preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held. Except as otherwise required by law or by this Agreement, the vote of a majority of the Units represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting.

6.7. Adjournment . If a quorum is not present at any meeting of the Members, the Members present in person or by proxy shall have the power to adjourn any such meeting from time to time until a quorum is present. Notice of any adjourned meeting of the Members of the Company need not be given if the place, date, and hour thereof are announced at the meeting at which the adjournment is taken; provided, that if the adjournment is for more than 30 days, a notice of the adjourned meeting, conforming to the requirements of Section 6.4 hereof, shall be given to each Member entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting.

6.8. Proxies .

(a) Any Member entitled to vote at any meeting of the Members or to express consent to or dissent from action without a meeting may, by a written instrument signed by such Member or its attorney-in-fact, authorize another Person to vote at any such meeting and express such consent or dissent for it by proxy. Execution may be accomplished by the Member or its authorized officer, director, employee or agent signing such writing or causing its signature to be affixed to such writing by any reasonable means including, but not limited to, facsimile or PDF signature. A Member may authorize another Person to act for it as proxy by transmitting or authorizing the transmission of a facsimile or email to the Person who will be the holder of the proxy; provided, that any such facsimile or email must either set forth or be submitted with information from which it can be determined that the facsimile or email was authorized by the Member.

(b) No such proxy shall be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the Member executing it, except in those cases where applicable law provides that a proxy shall be irrevocable. A Member may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the secretary of the Company. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power.

6.9. Organization; Procedure . At every meeting of the Members, the presiding officer shall be the Manager or, in the event of its absence or disability, a presiding officer chosen by those Members present in person or by proxy holding in the aggregate a majority of the Class A Units. Such presiding officer shall act as secretary of the meeting. The order of business and all other matters of procedure at every meeting of Members may be determined by such presiding officer.

6.10. Consent of Members in Lieu of Meeting . To the fullest extent permitted by the Act, whenever the vote of the Members at a meeting thereof is required or permitted to be taken for or in connection with any action, such action may be taken without a meeting, without prior notice, and without a vote of Members, if a consent or consents in writing, setting forth the action so taken, shall be signed by Members whose vote would have been sufficient to take such action at a meeting and shall be delivered to the Company by delivery to its registered office or principal place of business in the Commonwealth of Virginia, or to the Manager or other duly appointed agent or representative of the Company having custody of the book in which proceedings of meetings of Members are recorded.

6.11. Action by Telephonic Communications . Members may participate in a meeting of Members by telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

6.12. Units Generally . The Company Interests shall be represented by issued and outstanding Units, which may be divided into one or more types, classes or series, with each type or class or series having the rights and privileges, including voting rights, if any, set forth in this Agreement. Ownership of a Unit (or fraction thereof) shall not entitle a Member to call for a partition or division of any property of the Company or for any accounting. Priority Members acknowledge that the terms of the Company Interest held by one Priority Member may not be identical to the terms of the Company Interest held by another Priority Member; more specifically, all Priority Members investing over a minimum investment threshold shall be entitled to a warrant providing for a right to purchase Comstock's Class A common stock on terms more specifically set forth in a separate warrant agreement entered into by the Priority Member and Comstock.

6.13. Authorization and Issuance of Units . Provided the Manager has first obtained the consent of not less than sixty-five percent (65%) of the Priority Members, the Company is hereby authorized to (a) issue an unlimited number of Class A Units and Class B Units, (b) create other classes and series of Units and (c) issue or to provide for the issuance of Units in any class or series by amending this Agreement to fix the relative rights, obligations, preferences and limitations of the Units of each such class or series, subject however, to the restrictions set forth in Section 8.1(b). Upon any issuance of Units, the Manager shall adjust the Capital Accounts of the Members as necessary to reflect such issuance.

6.14. Repurchase and Redemption of Class B Units .

(a) Notwithstanding any other terms, conditions or provisions of this Agreement, Comstock shall have the right at any time to purchase the Company Interest of the Priority Members upon the following terms and conditions:

(i) Comstock must purchase all of the Company Interest of all of the Priority Members;

(ii) The purchase price ("Purchase Price") to be paid to each of the Priority Members for each such Priority Member's Company Interest shall be paid in cash at settlement and closing on the purchase of the Priority Member's Company Interest;

(iii) The Purchase Price shall be equal to (x) the Priority Member's Unreturned Capital Contributions; (y) the Priority Member's Unpaid Priority Return; and (z) an amount necessary to cause the return paid to the Priority Member to equal the Priority Return.

ARTICLE 7. MANAGER AND MANAGEMENT OF THE COMPANY.

7.1. Number, General Powers and Restrictions Thereon . Except as may otherwise be provided by the Act or by this Agreement, the property, affairs, and Company Business shall be managed by or under the direction of a single Manager, and the Manager may exercise all the powers of the Company, and the Members shall have no right to act on behalf of or bind the Company. The number of Managers may be increased or decreased (although never to less than one) at any time by a vote of the Requisite Members. A Manager shall not be required to be a Member, or a resident of the Commonwealth of Virginia.

7.2. Term of Office . The Manager shall hold office throughout the term of the Company until the earlier of the time of its earlier death or dissolution, resignation, or removal.

7.3. Election of Managers . The Manager shall be elected by the vote of the Requisite Members. The Members hereby elect Comstock as the initial Manager of the Company for the purpose of exercising all of the rights granted to the Manager pursuant to this Agreement.

7.4. Action by the Manager . The Manager shall take action in such manner and at such time and place as it desires. No action of the Manager need be in writing unless otherwise required under this Agreement.

7.5. Regulations; Manner of Acting . To the extent consistent with applicable law and this Agreement, the Manager may adopt such rules and regulations for the management of the Company Business and the Company Assets as the Manager may deem appropriate.

7.6. Resignations; Removal . The Manager may resign at any time upon 60 days' prior written notice to the Company. The Manager may be removed, with or without cause at any time, by a vote of the Requisite Members. The removal of the Manager may be taken at any meeting of Members called for such purpose, or by written consent of the Requisite Members without a meeting as permitted by Section 6.10 hereof.

7.7. Vacancies and Newly Created Manager Positions . If a Manager shall no longer serve the Company by reason of death, dissolution, resignation, removal, or otherwise, or if the authorized number of Managers shall be increased, the Manager(s) then in office, if any, shall continue to act, and such vacancies and newly created Manager positions may be filled by a majority of the Managers then in office, or by a sole remaining Manager. A Manager elected to fill a vacancy or a newly created Manager position shall hold office until its successor has been elected and qualified or until its earlier death, dissolution, resignation, or removal. Any such vacancy or newly created Manager position also may be filled at any time by vote of the Requisite Members pursuant to Section 7.3 hereof.

7.8. Books and Records . The Manager shall cause to be kept complete and accurate books and records of account of the Company at all times in compliance with the Act. The books of the Company (other than books required to maintain Capital Accounts) shall be kept on the accrual basis of accounting, and otherwise in accordance with generally accepted accounting principles; shall be reviewed annually by the Manager's independent certified public accountants and shall be made available to the Members at the principal office of the Company. A current list of the full name and last known business address of each Member, set forth in alphabetical order; a copy of the Certificate; executed copies of all powers of attorney pursuant to which the Certificate or any portion thereof has been executed;

copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years; an executed copy of this Agreement; copies of any financial statements of the Company for the three most recent years and all other records required to be maintained pursuant to the Act shall be maintained at the principal office of the Company.

7.9. Reserves . The Manager may from time to time, in its discretion, establish reasonable cash reserves, in such amounts and on such terms as it determines are necessary and appropriate for the operations of the Company Business.

7.10. Authority, Rights and Duties of the Manager .

(a) The Manager shall have full, complete, and exclusive discretion to manage and control the Company Business within the authority granted under this Agreement and subject to the express limitations expressly set forth herein. The Manager, in extension and not limitation of this Agreement (except as otherwise provided for herein), shall have all of the rights and powers of a manager under the Act and the laws of the Commonwealth of Virginia and the right, power, and authority, acting at all times for and on behalf of the Company, or a Project Entity, to enter into and execute any agreement or agreements, promissory note or notes, loans and loan modifications, and any other instruments or documents, and to undertake and do all acts necessary to carry out the purposes for which the Company was formed.

(b) The Manager shall devote to the management of the Company Business so much of its time as it deems reasonably necessary for the efficient operation of the Company Business. The Manager may act as general partner or manager in other limited partnerships or limited liability companies. All decisions made for and on behalf of the Company by the Manager shall be binding upon the Company. Any person dealing with the Company or the Manager may rely upon a certificate signed by the Manager, thereunto duly authorized, as to: (i) the necessity or expediency of any act or action of the Manager; (ii) the identity of the Manager or any Member; (iii) the existence or non-existence of any fact or facts which constitute conditions precedent to acts by the Manager (including, without limitation, conditions, provisions and other requirements herein set forth relating to borrowing and the execution of mortgages or any other encumbrances to secure the same) or which are in any other manner germane to the Company Business; or (iv) any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member. Any and every Person relying upon any document signed or action taken by the Manager on behalf of the Company or claiming thereunder may conclusively presume that (A) at the time or times of the execution and/or delivery thereof, this Agreement was in full force and effect; (B) any instrument or document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Company, and all of the Members thereof; and (C) the Manager was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Company.

(c) In furtherance, and not in limitation, of the foregoing provisions of this Section and of the other provisions of this Agreement, and subject to the provisions of Section 7.11, but otherwise without the consent of any Member, the Manager, on behalf of the Company or a Project Entity, is specifically authorized and empowered to:

(i) employ and dismiss from employment any and all employees and agents, and obtain all management, legal, accounting, and other services necessary in connection with the Company Business;

(ii) maintain adequate staff and facilities to carry out the Company Business;

(iii) make any and all decisions that the Company may be entitled and/or required to make under the terms of any and all documents, agreements, or other instruments relative to operating the Company Business;

(iv) generally bind the Company and execute and deliver any and all documents and instruments on the Company's behalf;

(v) represent the Company on the management committee or any similar or equivalent governing or managing body of any operating entity in which the Company invests, and in such representative capacity vote in favor of or against any and all decisions for such operating entity;

(vi) execute any and all instruments and documents as shall be required by any lender in connection with any loan or loans to the Company or for the Projects;

(vii) establish, negotiate and document an equity investment by or in a Project, the Company or a Project Entity;

(viii) arrange for bank or other debt financing for the Project, including any refinancing or modifications thereto, and execute resolutions approving the same without the consent or approval of the Priority Members (except that the Company may not incur indebtedness without the prior approval of the Requisite Members);

(ix) execute any and all instruments or documents required by any third party dealing with the Company in connection with any Company Business including, but not limited to, executing any mortgage, note, contract, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith;

(x) to the extent that funds of the Company are available therefor, pay all taxes, assessments and other impositions applicable to the Company;

(xi) to the extent that funds of the Company are available therefor, pay all debts and other obligations of the Company;

(xii) execute and file in the appropriate recording offices the proper organizational documents for the Projects and the Company and any and all other documents which are necessary and appropriate in connection therewith and take any and all actions contemplated thereby;

(xiii) prepare and distribute, or cause to be prepared and distributed, the books of account and other statements and reports described in Article 17 hereof;

(xiv) apply for, make proffers and commitments with regard to and obtain any and all governmental permits, approvals, licenses necessary and appropriate in connection with or in any way related to the Company Business;

(xv) place and carry public liability, workmen's compensation, fire, extended coverage, business interruption, errors and omissions and such other insurance as may be necessary, in the Manager's sole discretion, for the protection of the Company Assets and interests of the Company;

(xvi) generally, in accordance with this Agreement, do all things in connection with any of the foregoing; manage and administer the day-to-day business and affairs of the Company; execute all documents on behalf of the Company; pay all costs or expenses connected with the operation or management of the Company and sign or accept all checks, notes and drafts on the Company's behalf;

(xvii) negotiate and enter into contracts in the name of the Company and carry out the Company's obligations pursuant to the terms and conditions of a contract;

(xviii) subject to Sections 6.13 and 8.1(b), to create any additional class of Units;

(xix) subject to Sections 6.13 and 8.1(b), to issue Units of any existing or additional class; and

(xx) generally, do all things consistent with any and all of the foregoing on behalf of the Company.

7.11. Limitations of Authority .

(a) The Manager shall not have the authority, without the consent of not less than sixty-five percent (65%) of the Priority Members, to take any action in contravention of this Agreement or to amend this Agreement, except that the Manager shall have the authority, without the consent of any Member, to amend this Agreement to reflect (i) the admission of an additional or substitute Member, pursuant to Section 14.1(h) or as otherwise permitted herein, (ii) the withdrawal of a Member, (iii) the change in the Company Interest of a Member, and (iv) a change in the Capital Contribution of a Member, (v) the admission of Members subsequent to the Initial Closing. Furthermore, the Manager shall not have the authority, without the consent of the Requisite Members, to fundamentally alter the Company Business.

(b) The Manager and its Affiliates, as well as their respective directors, officers, shareholders, partners, members, employees or agents shall not be liable, responsible, or accountable in damages or otherwise to the Company or any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company, or a Project Entity, and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interests of the Company or a Project Entity. For purposes of this Section, any action or omission taken on advice of counsel for the Company or the certified public accountants for the Company shall be deemed to have been taken in good faith. Except as may otherwise be provided by the Act, no suit or other action brought by a Member against the Manager or the Company shall cause the termination or dissolution of the Company. The Manager and its Affiliates, as well as their respective directors, officers, shareholders, partners, members, employees or agents shall be entitled to indemnification from the Company for any loss, damage, or claim (including any attorney's fees incurred by the Manager or its Affiliates, as well as their respective directors, officers, shareholders, partners, members, employees or agents, in connection therewith which shall be advanced by the Company) due to any act or omission made by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority conferred on it by this Agreement and in the best interests of the Company; provided, that any indemnity will be paid out of, and to the extent of, Company Assets only, and no Member will have any personal liability on account thereof.

7.12. Compensation to Manager; Reimbursements .

(a) The Manager shall be fully and entirely reimbursed by the Company for any and all reasonable and actual third party costs and expenses incurred by the Manager in connection with the management and supervision of the Company Business, prosecution of the Project, the Project Entity and the performance of its duties hereunder. With respect to any such reimbursement, upon reasonable written request from one or more Members owning at least twenty percent (20%) of any class of Units, the Manager shall present the Members with such invoices on a timely basis, in such detail and with such receipts, as are reasonable to substantiate such costs and expenses. Without limiting the Manager's future right to reimbursement hereunder, the Manager may obtain an initial cash reimbursement from the Company of prior expenditures previously made on behalf of the Project from the proceeds of the initial Capital Contributions, and the Manager may, from time to time, also obtain reimbursement from the Company (or the Project Entity) for the allocable share of the Manager's costs to operate its business, including but not limited to construction management fees, the salaries and bonuses of employees and officers of the Manager or its Affiliates and other indirect expenses related to the Project; provided however; the amount of such reimbursement shall not exceed four percent (4.0%) of the projected revenue of the Project; payable monthly on a pro rata basis based on the projected duration of each Project.

(b) Except as set forth in Section 7.12 (a), the Manager shall not receive any management or other fee, but shall be compensated for its efforts in managing the Company solely through distributions made to it as set forth in Article 9;

7.13. Tax Matters Member .

(a) The Manager shall serve as the "Tax Matters Member" of the Company under the Code. Each Member, by the execution of this Agreement, consents to such designation of the Tax Matters Member and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

(b) The Tax Matters Member is hereby authorized but, unless required by the Code, not required:

(i) to enter into any settlement with the Internal Revenue Service ("Service") or the Secretary of the Treasury ("Secretary") with respect to any tax audit or judicial review, in which agreement the Tax Matters Member may expressly state that such agreement shall bind the other Members, except that such settlement agreement shall not bind any Member who (within the time prescribed pursuant to the Code and regulations thereunder) files a statement with the Secretary providing that the Tax Matters Member shall not have the authority to enter into a settlement agreement on behalf of such Member;

(ii) in the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a "final adjustment") is mailed to the Tax Matters Member, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal office is located, or the United States Claims Court;

(iii) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the Secretary at any time and, if any part of such request is not allowed by the Secretary, to file a petition for judicial review with respect to such request;

(v) to enter into an agreement with the Service to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

(c) The Company shall be liable for and indemnify and reimburse the Tax Matters Member for all out-of-pocket expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. Neither the Manager nor any other person shall have any obligation to provide funds for such purpose other than their proportionate share of such expenses as a Member of the Company. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Member.

7.14. Section 754 Election . The Manager may, if it so elects, cause the Company to make the Section 754 election under the Code, or cause the Company to make or revoke all other tax elections under the Code. Each Member hereby agrees to furnish to the Company, at its own expense, upon the request of the Manager and within 30 days of such request, such information as is reasonably necessary to accomplish the adjustments in basis contemplated by the election under Section 754 of the Code.

7.15. Independent Ventures . The Manager and/or its Affiliates may engage or continue to engage in other business activities, including residential real estate development and construction, general contracting, general real estate brokerage, home remodeling and custom homebuilding, title insurance, brokering mortgage loans, and owning and managing rental investment real estate or any other similar or related matter ("Manager Activities"), whether in competition with the Company or not, directly or through other entities. The Members acknowledge that the Manager serves as a general partner, limited partner, managing member, member and/or shareholder, as the case may be, of limited partnerships, limited liability companies and/or corporations participating in Manager Activities and that Christopher Clemente (an "Officer") is involved in business ventures other than those related to the Manager ("Officer Activities"). The Members, by executing this Agreement, hereby consent to the Manager's and Officer's current and future involvement in such Manager Activities and/or Officer Activities and agree that any profit or gains therefrom are not to be considered income or property of the Company. The Members further acknowledge and agree that the Company (or Project Entity) may purchase goods or services at competitive fair market rates from the Manager or its Affiliates or successors thereto and/or the Officers involved in Manager Activities and/or Officer Activities, and the profits therefrom shall not be profits of the Company.

7.16. Consent and Approval .

(a) Whenever the Manager desires to take any action which requires the consent or approval of all or any portion of the Members, or for which the Manager seeks consent or approval even if such consent or approval is not required, the Manager shall give written notice thereof to each Member from whom any such consent or approval is required or desired. Within five (5) days after delivery of such notice in accordance with Article 18 hereof, such Member shall give written notice to the Manager consenting to or opposing the proposed action. If any such Member does not respond within such five (5) day period, the Manager shall give a second written notice thereof to each Member from whom any such consent or approval is required or desired. If any such Member fails to give written notice to the Manager consenting to or opposing the proposed action within five (5) business days following receipt of such second written notice, such Member shall be conclusively presumed to have consented to such action.

(b) The Company may not cause or permit any Project Entity to take any action that, if taken by or on behalf of the Company, would require the consent or approval of all or any portion of the Members under this Agreement without first obtaining such consent or approval of such Members. Notwithstanding the foregoing , no prior approval by Priority Members is required for the Manager to enter into or execute documents relating to loans or loan modifications of the Project Entity, including but not limited to resolutions of the Company and the Project Entity approving such loans and loan modifications.

7.17. Ratification of Manager's Actions . Each and every act and action taken by the Manager on behalf of the Company prior to the Effective Date hereof is hereby ratified and confirmed as a proper and bona fide act of the Company.

ARTICLE 8. CAPITAL CONTRIBUTIONS.

8.1. Capital Contributions .

(a) Each Member has contributed, or concurrent with their execution of this Agreement each Member shall contribute, to the capital of the Company, in immediately available funds or property acceptable to the Manager, the amount set forth opposite such Member's name on **Exhibit A-1** and **Exhibit A-2** attached hereto as its initial Capital Contribution to the Company and shall receive appropriate credit to its respective Capital Account therefor. Comstock's initial Capital Contribution shall be its direct or indirect membership interest in the Project Entity and/or its efforts in obtaining approvals for or the contribution of real property from time to time upon which the Project will be constructed. Notwithstanding anything to the contrary set forth in this Agreement, the Manager shall be permitted to amend **Exhibit A-2** , without the permission of the other Members of the Company, (i) to reflect the admission of Members subsequent to the Intial Closing, and (ii) to permit a later reduction of a Member's initial Capital Contribution at the Intial Closing (but only of a director or officer of Comstock) in order to permit the admission of additional Members to the Company.

(b) No Member has agreed to make or is obligated to advance any additional funds to the Company in excess of such Member's initial Capital Contribution. However, if, at any time (or from time to time), additional funds in excess of the initial Capital Contributions of the Members are required by the Company for or in respect of the Company Business or any of its obligations, expenses, costs, liabilities, or expenditures, the Manager may, at its sole option, notify each Member of such fact and provide each Member the opportunity to make an additional Capital Contribution to the Company (such additional Capital Contribution shall initially be offered to the Members in proportion to their respective Percentage Interests and on such terms as the Manager determines) and/or Comstock or an Affiliate may, at the Manager's request and at the discretion of Comstock or such Affiliate, loan to the Company all or a part of the funds then required by the Company upon such terms as are determined by the Manager. The foregoing further shall not limit the Manager's authority to seek capital investments through the sale of Units to third parties or otherwise, *provided,* that no third party may be offered the opportunity to make a capital investment unless the Members are first offered the opportunity, for a period of not less than ten (10) days following written notice thereof, to take up portions of the aggregate capital investment in proportion to their respective Percentage Interests. If, as a result of this process, any Person is admitted to the Company as an Additional Member or any Member makes an additional Capital Contribution, the terms of this Agreement shall be amended and the Percentage Interests of the Members shall be adjusted accordingly. Should the Manager admit Additional Members, pursuant to this Section 8.1 (b), such Additional Members must sign a joinder agreement prepared by the Company indicating their acceptance to be bound by the terms of this Agreement.

8.2. No Interest on Capital Contributions . Except as otherwise provided for herein, no interest shall accrue or be payable to any Member by reason of its Capital Contribution or its Capital Account.

8.3. Return of Capital Contributions . The Capital Account of any Member shall be returned to it on the date the Company is terminated pursuant to Article 13 hereof and the Company Assets have been liquidated for cash; *provided,* that the Company Assets are then sufficient to cover all of its liabilities and reasonable reserve requirements including liabilities to Members in respect of their Capital Accounts. To the extent the Company Assets cannot, in the reasonable opinion of the Manager or the liquidating trustee (if one has been appointed as per Section 13.2), be readily liquidated for cash, the Capital Accounts may be returned in whole or in part in the form of a dividend of Company Assets. Under no circumstances shall the Manager have any personal liability whatsoever with respect to the return to any Member of its Capital Account. No Member shall have any right to demand and receive property, in lieu of cash, in return of its Capital Account. A Member's demand for return of its Capital Account, if otherwise proper hereunder, shall be for cash only.

8.4. Members' Loans . At any time and from time to time after the Effective Date, any Member may (but shall not be obligated to) make Members' Loans to the Company, if in the opinion of the Manager such Loans are needed by the Company in furtherance of a Company purpose. Such Loans shall be on terms and conditions acceptable to the Manager. The amount of such Members' Loans shall be a debt due from the Company to the Member making the Members' Loans and shall be on such terms as determined by the Manager and such Member and may be repaid prior to other distributions to Members. No Member shall have personal liability for repayment of any Member's Loan and repayment on default of a Member's Loan shall be limited to Company Assets. Notwithstanding the foregoing, nothing in Article 8 shall limit in any way the Manager's authority to seek additional funds for the Company as the Manager deems necessary to undertake the Company's business, in the form of loans, secured or unsecured, from unrelated third parties, upon terms and conditions prevailing at the time of such solicitation and deemed acceptable to the Manager in its sole discretion.

8.5. Third-Party Creditors . The foregoing provisions of this Article 8 are not intended to be for the benefit of any creditor or other Person (other than a Member) to whom any debts, liabilities, or obligations are owed by (or who otherwise has any claim against) the Company or any of the Members; and no such creditor or other Person shall obtain any right under any such provisions against the Company or any of the Members by reason of any debt, liability, or obligation (or otherwise).

ARTICLE 9. DISTRIBUTIONS.

9.1. Distributions from Distributable Cash Flow . Distributable Cash Flow, if any, realized by or available to the Company, may be distributed to the Members at the discretion of the Manager. Such distributions shall be made in the following order of priority:

(a) First, to the Priority Members as a group, pro rata, in proportion to their respective Unpaid Priority Returns, until their respective Unpaid Priority Returns have been reduced to zero.

(b) Second, to the Priority Members as a group, pro rata, in proportion to their Unreturned Capital Contributions until their respective Unreturned Capital Contributions have been reduced to zero.

(c) Finally, to the holders of the Class A Units pro rata in accordance with the number of Class A Units held by them.

After the Unreturned Capital Contributions and Unpaid Priority Return of a Priority Member have been reduced to zero, the Class B Units held by such Priority Member shall be forfeited to the Company and such Priority Member shall have no further interest in the Company, including, without limitation, voting rights and rights to distributions and allocations of Profit and Loss. Each Priority Member hereby authorizes the Manager to amend this Agreement and take any other actions required, as determined by the Manager, to implement this provision.

9.2. Tax Distributions to Priority Members . Notwithstanding anything to the contrary in this Agreement and provided there is Distributable Cash Flow, the Company will make distributions to each Priority Member, from time to time (but no less often than annually and within seventy-five (75) days following the end of the applicable taxable year of the Company), equal, in the aggregate, on a tax year basis, to the product of (x) the net taxable income allocated to such Priority Member by the Company for the applicable tax year (less any loss carryforward resulting from net taxable losses allocated to such Priority Member by the Company for any prior tax year) and (y) the sum of (1) the highest federal marginal income tax rate and (2) the weighted average (based on Percentage Interest) of the highest state marginal income tax rates for those states in which any Priority Member that is a resident of the United States is required to pay income taxes.

9.3. Withholding: Other Tax Payments . The Manager is authorized to withhold from any Member any portion of any distribution until it receives such certifications as it deems legally sufficient in its sole judgment to relieve the Company, the Manager, and/or the liquidating trustee from potential liability for payment of such Member's tax under the Code, including, but not limited to, pursuant to the Foreign Investment in Real Property Tax Act and regulations issued thereunder or Code § 1446 (relating to the withholding tax on amounts paid by limited liability companies to foreign members). If and to the extent the Company shall be required or authorized to withhold or pay any taxes on behalf of a Member, such Member shall be deemed for all purposes of this Agreement to have received a payment from the Company as of the time such withholding or tax is required to be paid, which payment shall be deemed to be a distribution with respect to such Member's Company Interest to the extent that the Member is then entitled to receive a distribution. To the extent that the aggregate of such payments to a Member for any period exceeds the distributions to which such Member is entitled for such period, the amount of such excess shall be considered a loan from the Company to such Member, with interest at the lesser of the maximum rate permitted by law or a rate equivalent to the prime rate reported in *The Wall Street Journal* (Eastern Edition), as of the date on which such excess distribution is made, which interest shall be treated as an item of Company Profit, until discharged by such Member by repayment, which may be made in the sole discretion of the Manager out of distributions to which such Member would otherwise be subsequently entitled.

9.4. Priorities . Except as provided in this Article 9, no Member shall have priority over any other Member with respect to contributions, Capital Accounts, distributions of profit, or distributions upon dissolution.

ARTICLE 10. PROFITS AND LOSSES; ALLOCATIONS.

10.1. Determination of Profits and Losses . "Profit" and "Loss" shall mean, for each Company Accounting Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined by the Company's certified public accountants in accordance with Code § 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code § 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) All income of the Company that is exempt from Federal income tax and not otherwise taken into account in computing Profit and Loss pursuant to this Section shall be added to such taxable income or loss.

(b) Any expenditure of the Company described in Code § 705(a)(2)(B) or treated as an expenditure described in such Section pursuant to Treasury Regulation § 1.704-l(b)(2)(iv)(i) and not otherwise taken into account in computing Profit and Loss pursuant to this Section shall be subtracted from such taxable income or loss.

(c) In the event any Company Asset has a Gross Asset Value which differs from its adjusted cost basis, gain or loss resulting from the disposition of such Company Asset shall be computed using the Gross Asset Value (rather than the adjusted cost basis) of such Company Asset.

(d) In lieu of depreciation, amortization or other cost recovery deductions taken into account in computing taxable income or loss, there shall be taken into account Depreciation in accordance with Section 10.5 hereof.

(e) Notwithstanding the provisions of this Section 10.1, any items that are specially allocated pursuant to Section 10.3 hereof shall not be taken into account in computing Profit and Loss.

10.2. Allocation of Profits and Losses . The distributive shares of each item of Profit, Loss, credit or basis for any Company Accounting Year or other period shall be allocated to the Members, as follows:

(a) Profit (computed after any allocation of gross income, gain, loss or deduction required by Section 10.3 hereof) shall be allocated as follows and in the following order of priority:

(i) First, to the Priority Members, in the reverse order in which Losses were previously allocated to them (and their predecessors), until the cumulative Profits allocated to each Priority Member equals the cumulative Losses previously allocated to such Priority Member pursuant to Section 10.2(b)(ii) and (iii).

(ii) Second, to the Priority Members, pro rata, in accordance with their relative cumulative accrued Priority Returns, until the cumulative amount of Profits allocated to each Priority Member equals its cumulative accrued Priority Return.

(iii) Finally, any remaining Profit shall be allocated to the holders of Class A Units pro rata in accordance with the number of Class A Units held by them.

(b) Losses (computed after any allocation of gross income, gain, loss or deduction required by Section 10.3 hereof) shall, subject to the provisions of Section 10.2(c) hereof, be allocated as follows and in the following order of priority:

(i) First, to the holders of Class A Units, in the reverse order in which Profits were previously allocated to them (and their predecessors), until the cumulative Losses allocated to each of the holders of Class A Units equals the cumulative Profits previously allocated to them pursuant to Section 10.2(a)(ii) and (iii).

(ii) Second, to the holders of Class A Units, pro rata, in accordance with their respective Capital Account balances, until such Capital Account balances are reduced to zero.

(iii) Third, to the Priority Members, in the reverse order in which Profits were previously allocated to them pursuant to Section 10.2(a)(ii).

(iv) Fourth, to the Priority Members, pro rata, in accordance with their respective Capital Account balances, until such Capital Account balances are reduced to zero.

(v) Finally, any remaining Loss shall be allocated among all Members, pro rata, in proportion to their respective Percentage Interests.

(c) Notwithstanding anything contained in Section 10.2(b) hereof to the contrary, but subject to Section 10.3 below, all losses and deductions which are attributable to any Member Nonrecourse Debt shall be allocated solely to the Members who bear the economic risk of loss for such Member Nonrecourse Debt, in accordance with Treasury Regulation § 1.704-2(i)(1). Nonrecourse deductions under Treasury Regulation §1.704-2(b)(1) shall be allocated to the Members pro rata in accordance with their Percentage Interests.

10.3. Special Allocation . Notwithstanding anything to the contrary contained in this Agreement:

(a) (i) If during any Company Accounting Year, there is a net decrease in the Company Minimum Gain, then each Member shall, prior to any other allocation pursuant to this Article 10, be specially allocated items of income and gain (including items of gross income, if necessary) for such Company Accounting Year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to that portion of such Member's share of the net decrease in the Company Minimum Gain during such Company Accounting Year that is attributable to any disposition of Company Assets secured by Company nonrecourse liabilities (other than Member Nonrecourse Debt); provided, that a Member should not be subjected to the allocation under this Section 10.3 (a)(i) to the extent set forth in Treasury Regulations §§1.704-2 (f)(2) and 1.704-2 (f)(3). It is the intent of the parties hereto that any allocation pursuant to this Section 10.3 (a)(i) shall constitute a "minimum gain chargeback" under Treasury Regulation §1.704-2 (f).

(ii) After the application of Section 10.3 (a) (i) hereof (to the extent applicable), in the event that, during any Company Accounting Year, there is a net decrease in the "minimum gain attributable to a Member Nonrecourse Debt" (as determined in accordance with Treasury Regulation § 1.704-2(i)(5)) then any Member with a share (as of the beginning of such Company Accounting Year) of such minimum gain attributable to such Member Nonrecourse Debt shall, prior to any other allocation pursuant to this Article 10 other than an allocation pursuant to Section 10.3(a)(i) hereof, be specially allocated items of income and gain (including items of gross income, if necessary) for such Company Accounting Year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to that portion of such Member's share (as determined in accordance with Treasury Regulation § 1.704-2(i)(5)) of the net decrease in the minimum gain attributable to such Member Nonrecourse Debt during such Company Accounting Year that is allocable to any disposition of Company property secured by such Member Nonrecourse Debt; provided, that a Member shall not be subjected to the allocation under this Section 10.3(a)(ii) to the extent set forth in Treasury Regulation § 1.704-2(i)(4). It is the intent of the parties hereto that any allocation pursuant to this Section 10.3(a)(ii) shall constitute a "minimum gain chargeback attributable to Member Nonrecourse Debt" under Treasury Regulation § 1.704-2(i)(4).

(iii) After the application of Sections 10.3(a)(i) and (ii) hereof (to the extent applicable), in the event that a Member unexpectedly receives any adjustment, allocation or distribution described in Section (4), (5) or (6) of Treasury Regulation § 1.704-l(b)(2)(ii)(d) which results in such Member having a deficit Adjusted Capital Account Balance, such Member shall be specially allocated items of income and gain (including items of gross income, if necessary) for such Company Accounting Year in an amount and manner sufficient to eliminate such deficit Adjusted Capital Account Balance caused by such adjustment, allocation or distribution as quickly as possible. It is the intent of the parties hereto that any allocations pursuant to this Section 10.3(a)(iii) shall constitute a "qualified income offset" under Treasury Regulation § 1.704-1(b)(2)(ii)(d).

(iv) After the application of Sections 10.3(a)(i), (ii), and (iii) hereof (to the extent applicable), in the event that a Member has a deficit Adjusted Capital Account Balance at the end of any Company Accounting Year, such Member shall be specially allocated items of income and gain (including items of gross income, if necessary) in an amount sufficient to eliminate such deficit Adjusted Capital Account Balance as quickly as possible.

(b) (i) If the balance of the Capital Account of a Member is less than or equal to the amount such Member is obligated to restore, Loss shall be allocated to such Member only to the extent that such Loss does not cause the Adjusted Capital Account Balance of such Member to be reduced below zero.

(ii) Any Loss not allocable to a Member as a result of the application of Section 10.3(b)(i) hereof shall, except as otherwise provided in this Section 10.3, be allocated to the Member(s) whose Adjusted Capital Account Balance(s) are greater than zero, in accordance with the provisions of Section 10.2 hereof.

(c) The allocations set forth in this Section 10.3 (the "Special Allocations") are intended to comply with certain requirements of Treasury Regulations §§ 1.704-l(b) and 1.704-2. Notwithstanding the good faith efforts and intentions of the parties to conform the Special Allocations to the economic agreements of the parties hereto, it is understood and acknowledged that the Special Allocations may not be consistent with the manner in which the Members intend to share distributions of the Company. Accordingly, except as otherwise required by this Section 10.3, the Manager is hereby authorized, in its reasonable discretion, with the review and concurrence of the certified public accountants of the Company, to allocate the Profit, Loss, and other Company items among the Members to the extent necessary to ensure that the Members' Capital Accounts are in accordance with the amounts to be distributed under Sections 9.1 and 13.2.

10.4. Authority to Vary Allocations to Preserve and Protect the Intent of the Members .

(a) It is the intent of the Members that each Member's distributive share of Profits and Losses (or items thereof), shall be determined and allocated in accordance with this Article 10 to the fullest extent permitted by Code §§ 704(b) and (c). To preserve and protect the determinations and allocations provided for in this Article 10, the Manager, upon the advice of the Company's tax counsel, is hereby authorized and directed to allocate Profits and Losses (or items thereof) arising in any Company Accounting Year differently than otherwise provided for in this Article 10, but

only to the extent that allocating Profits or Losses (or item thereof) in the manner provided for in this Article 10 would cause the determinations and allocations of each Member's distributive share of profits or losses (or items thereof) not to be permitted by Code §§ 704 (b) and (c) and the Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 10.4(a) shall be done only in accordance with the standards and procedures set forth in this Article 10, and shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article 10 and no amendment of this Agreement shall be required.

(b) In making any allocation (the "New Allocation") under Section 10.4(a), the Manager is authorized to act only after having been advised by the Company's tax counsel that, under Code §§ 704(b) and (c) and the Treasury Regulations thereunder, (i) the New Allocation is necessary; and (ii) the New Allocation is the minimum modification of the allocations otherwise provided for in this Article 10 necessary in order to assure that, either in the then-current Company Accounting Year or in any preceding Company Accounting Year, each Member's share of Profits or Losses (or items thereof) is determined and allocated in accordance with this Article 10 to the fullest extent permitted by Code §§ 704(b) and (c) and the Treasury Regulations thereunder.

(c) If the Manager is required by Section 10.4(a) to make any New Allocation in a manner less favorable to a Member than is otherwise provided for in this Article 10, then the Manager is authorized and directed, insofar as it advised by the Company's tax counsel that it is permitted by Code §§ 704(b) and (c), to allocate Profits and Losses (or items thereof) arising in later Company Accounting Years in such manner so as to bring the allocations to such Member as nearly as possible to the allocations otherwise contemplated by this Article 10.

(d) New Allocations made by the Manager under this Article 10 in reliance upon the advice of the Company's tax counsel shall be deemed to be made in compliance with the fiduciary obligation of the Manager to the Company and the Members.

(e) No allocations made pursuant to this Section 10.4 shall change or alter the amount to be distributed to the Priority members under Section 9.1 or 13.2(c).

10.5. Contributed or Revalued Property

(a) Income, gains, losses, and deductions, as determined for income tax purposes, with respect to any Company Asset contributed by a Member to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Company Asset to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition contained in Section 1.1 hereof), in accordance with Code § 704(c) and the Treasury Regulations thereunder.

(b) In the event that the Gross Asset Value of any Company Asset is adjusted under and pursuant to the definition set forth in Section 1.1 hereof, subsequent allocations of income, gains, losses and deductions, as determined for income tax purposes, with respect to such Company Asset shall, solely for income tax purposes, take account of any variation between the adjusted basis of such Company Asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code § 704(c) and the Treasury Regulations thereunder.

(c) In accordance with Code § 704(b) and the Treasury Regulations thereunder, in the event that the Gross Asset Value of a Company Asset is not determined or adjusted in accordance with the definition contained in Section 1.1 hereof, all allocations of income, gain, loss and deduction, as determined for income tax purposes, with respect to such Company Asset shall be taken into account for purposes of determining each Member's Capital Account as set forth in Section 1.1 hereof, and such allocations shall be allocated to the Members in accordance with Sections 10.2 and 10.3 hereof, as appropriate.

(d) Except as otherwise set forth in Section 10.5(c) hereof, allocations pursuant to this Section are solely for purposes of federal, state, and local income taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account.

10.6. Interim Allocations . If a Company Interest is transferred or assigned during a Company Accounting Year, that part of any item of Profit, Loss, income, gain, deduction, credit, basis, or tax incidents allocated pursuant to this Article 10 with respect to the Company Interest so transferred shall, in the discretion of the Manager, either (a) be based on segmentation of the Company Accounting Year between the transferor and the transferee, or (b) be allocated between the transferor and the transferee in proportion to the number of days in such Company Accounting Year during which each owned such Company Interest, as disclosed by the Company books and records and in accordance with Code Section 706 and the Treasury Regulations promulgated thereunder. The allocation required by this Section shall be made without regard to the results of Company operations during particular periods of such Company Accounting Year or to Company distributions of Distributable Cash Flow made to the transferor or transferee who acquired such Company Interest.

ARTICLE 11. ASSIGNMENT OF UNITS.

11.1. Assignment .

(a) No Member shall have the right (directly or indirectly, voluntarily, involuntarily, or by operation of law) to sell, exchange, assign, transfer, pledge, hypothecate, or encumber, directly or indirectly, voluntarily or involuntarily, all or any part of, or any interest in, its Company Interest, except in compliance with this Article.

(b) Except for transfers to an Affiliate of a Member which is hereby approved provided the Affiliate complies with the restrictions set forth in this Section 11.1(b)(i)-(ii), no Member (the "Transferring Member") may transfer, sell, assign, or otherwise dispose of such Member's Units or any part thereof unless and until:

(i) the assignee executes a statement that it is acquiring the Units or a part thereof for its own account for investment and not with a view to the distribution or resale thereof;

(ii) the assignee agrees to be bound by this Agreement;

(iii) the assignee agrees to pay any filing fees, reasonable counsel fees, and other reasonable expenses in connection with the assignment;

(iv) the Manager has consented to such transfer (which consent may be withheld for any reason);

(v) Members owning at least a majority of the Units owned by Members other than the Transferring Member have consented to such transfer (which consent may be withheld for any reason);

(vi) at the request of the Manager, in its sole and absolute discretion to so request, the transferring Member has delivered an acceptable opinion of legal counsel to the Company that the transfer, sale, or assignment is exempt from registration under applicable securities laws, including compliance with any applicable suitability standards.

11.2. Expenses . Reasonable costs and expenses of the Company or of any Member occasioned by transfers of Units held by Members (including, but not limited to, such Member's proportionate share of any transfer or recordation taxes for which the Company may become liable) shall be reimbursed to the Company or Member, as the case may be, by the Transferring Member (or upon the failure thereof, by the transferee).

11.3 Death of a Member . If a Member who is an individual dies or a court of competent jurisdiction adjudges it to be incompetent to manage its person or property, the Member's executor, administrator, guardian, conservator or other legal representative may exercise all of the Member's rights for the purpose of settling its estate or administering its property, including any power of the Member had to assign or transfer its Units but such executor, administrator, guardian, conservator or other legal representative may only be admitted as a Member pursuant to the terms and conditions of Article 12.

ARTICLE 12. ADMISSION OF NEW MEMBERS.

12.1. Additional Members . The Manager may admit Members to the Company in connection with an event described in Section 6.13, Section 8.1(b) and/or Section 14.1(h) in accordance with this Article 12.

12.2. Substituted Member . A Person to whom Units have been transferred pursuant to Article 11 may be admitted to the Company as a substituted Member only if all of the applicable requirements of Sections 11.1, 11.2 and 12.3 hereof have first been complied with.

12.3. Requirements for Admissions .

(a) Subject to satisfaction of the requirements set forth in Section 12.1 in the case of the admission of an additional Member, and in Section 12.2 hereof in the case of the transfer of a Member's Company Interest, a Person to whom any Company Interest has been granted or transferred shall be admitted as a Member only if such Person:

(i) executes and delivers to the Manager a joinder agreement prepared by the Company indicating their acceptance to be bound by the terms of this Agreement.; and

(ii) reimburses the Company for all reasonable costs and expenses connected with the admission of such person as a Member.

(b) The Manager shall amend Exhibit A-1 and Exhibit A-2 from time to time to reflect the admission of additional or substituted Members.

12.4. Continuing Liability . In the event that a Member withdraws from the Company or sells, transfers, or assigns such Member's entire Company Interest, such Member shall nevertheless be, and shall remain, liable for all obligations and liabilities incurred by such Member as a Member prior to the effective date of such occurrence. Such Member shall further remain liable to the other Members for any damage, loss, liability, or harm arising out of such Member's wrongful withdrawal from the Company as a Member.

12.5. Expenses . Reasonable costs and expenses of the Company or of any Member occasioned by transfers of Company Interests held by Members (including, but not limited to such Member's proportionate share of any transfer or recordation taxes for which the Company may become liable) shall be reimbursed to the Company or Member, as the case may be, by the transferring Member (or upon the failure thereof, by the transferee).

ARTICLE 13. DISSOLUTION, TERMINATION, AND LIQUIDATION OF COMPANY.

13.1. Events Causing Dissolution .

(a) The Company shall be dissolved upon the earlier of the expiration of the term of the Company or upon the occurrence of any of the following events:

(i) The affirmative vote or written consent of the Requisite Members that the Company be dissolved; or

(ii) The sale of all or substantially all of the Company Assets; or

(iii) The occurrence of any other event causing dissolution under the laws of the Commonwealth of Virginia.

(b) Dissolution of the Company shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until this Agreement has been canceled and the Company Assets have been distributed as provided in Section 13.2. Upon the dissolution of the Company, the Manager shall proceed with the liquidation and distribution of the Company Assets, and upon the completion and the winding up of the Company, shall have the authority to, and shall, execute and file a certificate of cancellation and such other documents required or desirable to effectuate and evidence the dissolution and termination of the Company. Upon dissolution of the Company, but prior to the distribution of all of the Company Assets, the Company Business and the affairs of the Members, as such, shall be governed by Section 13.2 of this Agreement.

13.2. Liquidation .

(a) Upon a dissolution of the Company, the Manager or a liquidating trustee appointed by the Requisite Members, if there is no Manager, shall commence to wind up the affairs of the Company and to liquidate the Company Assets. The Manager or such liquidating trustee, as the case may be, shall have full right and unlimited discretion to determine the time required and used for liquidation, which such Manager or liquidating trustee shall attempt to be no greater than one year from the date of dissolution, and the manner and terms of any sale or sales of Company Assets pursuant to such liquidation, for the purpose of obtaining, in its opinion, fair value for the Company Assets, having due regard to the activity and condition of the relevant markets and general economic and financial conditions.

(b) The proceeds of such liquidation shall be applied as provided in this Section. To the extent that the Company Assets cannot be liquidated and the Manager or liquidating trustee, as the case may be, determines that a distribution in kind would be in the best interests of the Members, the Company will first receive the opinion of counsel that such distribution would not adversely affect the limited liability of the Members prior to making any such distribution. Company Assets distributed in kind shall be deemed to have been sold for fair market value, and the proceeds of such sale shall be deemed to have been distributed.

(c) In connection with the dissolution of the Company, Profits and Losses shall be allocated among the Members in the manner provided for in Article 10. Company Assets (including the proceeds of the liquidation of such assets) shall be applied in the following order: (i) to pay third-party creditors (whether by payment or by making of reasonable provision for payment thereof), in the order of priority provided for by law; (ii) to pay Member creditors (whether by payment or by making reasonable provision for payment thereof); (iii) to establish reserves for liabilities or other matters deemed necessary or desirable by the Manager; and (iv) as provided in Section 9.1 (determined after giving effect to all allocations of Profit and Loss pursuant to this Section and Article 10).

(d) When the Manager or liquidating trustee, as the case may be, has complied with the foregoing liquidation plan, there shall be executed and filed an instrument evidencing the cancellation of the Certificate of the Company.

ARTICLE 14. REPRESENTATIONS AND COVENANTS OF MEMBERS.

14.1. Representations of the Members . Each Member represents and warrants as follows as of the Effective Date:

(a) The Member has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Member and, assuming due execution by all other Members, this Agreement constitutes the valid and legally binding obligation of the Member enforceable against the Member in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or other similar laws from time to time in effect, affecting creditors' rights generally, and general principles of equity (whether asserted in an action at law or in equity).

(b) Neither the execution, delivery, or performance of this Agreement nor the consummation of any of the transactions contemplated hereby by the Member: (i) will violate any law, rule, regulation, judgment, order, or decree of any court or other governmental body; (ii) will conflict with or result in any breach of or default under, permit any party to accelerate any rights under or terminate, or result in the creation of any lien, charge, or encumbrance pursuant to, any provision of any material contract, indenture, mortgage, lease, franchise, license, permit, authorization, instrument or agreement of any kind to which the Member is a party or by which the Member is bound or to which the properties or assets of the Member are subject; or (iii) will require the consent or approval of any other person other than such consents or approvals as have already have obtained.

(c) The Member is acquiring its Company Interest for its own account for investment purposes only, and not with a view to or for sale in connection with any distribution of such Company Interest.

(d) The Member understands that the issuance of its Company Interest to the Member has not been registered under any federal or state securities law, in part based upon representations made by the Member, and cannot be resold except pursuant to this Agreement and unless it is registered under the Securities Act of 1933, as amended, and all applicable state statutes, or an exemption from registration is available therefrom. The Member acknowledges that the Company and the Manager are under no obligation to register or qualify the Company Interest.

(e) The Member, by reason of its business or financial experience, has the capacity to protect its own interest in connection with the transaction and to evaluate the merits and risks of the proposed investment.

(f) The Member understands that it must bear the economic risk of its investment for an indefinite period of time because of the transfer restrictions in this Agreement and because its Company Interest has not been registered under applicable securities laws and, therefore, cannot be sold or transferred except as provided in this Agreement and only if it is subsequently registered under applicable securities laws or an exemption from registration is available.

(g) The Member has a reasonable understanding of the business in which the Company is to engage; has experience in making investment decisions of this type; has evaluated all of the risks of an investment in the Company; that in investing in the Company it is relying solely upon independent investigations made by it and that it and its attorney, accountant and\or other business advisors have been given an opportunity to ask questions of and receive answers from the Manager and its officers concerning the Company; to the extent determined by the Member, it and such persons and its representatives have availed themselves of such opportunity to the fullest extent desired and received answers to such questions, if any; it and such persons have availed themselves of the opportunity to make such investigation of the documents, records and books pertaining to the Company as they desire; and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision.

(h) The Member fully understands that the Total Capital Contribution estimated by the Company as being necessary to fund the investment in the Project and to reimburse all or a portion of Comstock's capital previously invested in the Project as provided in Section 7.12(a) may not have been committed to the Company as of the Effective Date of this Agreement. As such, each Member acknowledges and agrees that the Manager may admit as Additional Members those Persons who in the future make Capital Contributions to the Company and may take additional Capital Contributions from existing Members, until such time as the Total Capital Contribution is obtained.

(i) The Member acknowledges that there are substantial restrictions on the transferability of the Company Interests pursuant to this Agreement, that there is no public market for such Company Interests, and that none is expected to develop, and that accordingly, it may not be possible for Member to liquidate its investment in the Company.

(j) The Member is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act and Section 413 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended. Each Member will provide to the Company, upon request by the Manager, additional certifications or other evidence in form and substance acceptable to the Manager in respect of the foregoing.

14.2. Covenants of the Members . Each Member covenants on behalf of itself, its successors, permitted assigns, heirs, and personal representatives, to execute and deliver with acknowledgment or affidavit, if required:

(a) All documents and writings that may be reasonably determined by the Manager to be necessary or appropriate to effect properly approved amendments to this Agreement, or amendments that the Manager is permitted to make without approval.

(b) All documents that may be reasonably determined by the Manager to be necessary or appropriate with respect to satisfying any tax or securities reporting or compliance responsibilities imposed upon the Company.

(c) All documents that may be reasonably determined by the Manager to be necessary or appropriate with regard to the carrying out of the Company Business.

14.3. Representations of Comstock . Comstock represents and warrants as follows as of the Effective Date:

(a) Comstock has or will contribute to the Company 100% of the membership interests in Powhatan and Sixth Street and each of Powhatan and Sixth Street will own the Projects.

(b) Except for individual unit construction financing for which a deed of trust will encumber each lot and unit under construction, Comstock shall not encumber the Projects with acquisition and development financing.

(c) In the event that Christopher Clemente, Chief Exective Officer of Comstock, sells or ceases to own Class B shares of common stock of Comstock, Comstock shall cause each Project Entity to enter into a Deed of Trust for the benfit of the Company that may be recorded against each Project, at the option of the Priority Member.

(d) Comstock is the manager of each Project Entity.

ARTICLE 15. APPOINTMENT OF THE MANAGER AS ATTORNEY-IN-FACT.

15.1. Appointment and Powers .

(a) Each Member irrevocably constitutes and appoints the Manager, with full power of substitution, as its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead to execute, acknowledge, deliver, swear to, file, and record at the appropriate public offices such documents, instruments and conveyances as may be necessary or appropriate to carry out the provisions or purposes of this Agreement, including, without limitation, the following:

(i) the Certificate;

(ii) all other certificates and instruments and amendments thereto which the Manager deems appropriate to qualify or continue the Company as a limited liability company (or a Company in which the Members will have a limited liability comparable to that provided by the Act) in any jurisdiction in which the Company may conduct business;

(iii) all instruments that the Manager deems appropriate to reflect a change or modification of the Company in accordance with the terms of this Agreement (including but not limited to an amendment reflecting the admission of Additional Members pursuant to Section 8.1(c) hereof);

(iv) all conveyances and other instruments which the Manager deems appropriate to reflect the dissolution and termination of the Company in accordance with this Agreement;

(v) all fictitious or assumed name certificates required or permitted to be filed on behalf of the Company;

(vi) any and all amendments and certificates of the Company necessary to admit Members to the Company, or to reflect any change or transfer of a Member’s Percentage Interest, or relating to the admission or increased Capital Contribution of a Member in accordance with this Agreement; and

(vii) all other instruments which may be required or permitted by law to be filed on behalf of the Company and which are not inconsistent with this Agreement.

(b) The authority herein granted:

(i) is a special power of attorney coupled with an interest, is irrevocable, and shall not be affected by the subsequent incapacity or disability of any Member;

(ii) may be exercised by a signature for each Member or by listing the names of all of the Members executing this Agreement with a single signature of any such Person acting on behalf of the Manager as attorney-in-fact for all of them;

(iii) shall survive the delivery of an assignment by a Member of the whole or any portion of its Company Interest; provided that if the assignee thereof has been approved by the Manager for admission to the Company as an Additional Member, this special power of attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument necessary to effect such substitution and shall thereafter terminate.

15.2. Presumption of Authority . Any person dealing with the Company may conclusively presume and rely upon the fact that any instrument referred to above, executed by the Manager acting as attorney-in-fact, is authorized, regular and binding, without further inquiry.

ARTICLE 16. INDEMNIFICATION.

16.1 Exculpation. Except as otherwise provided herein, no Indemnitee (as such term is defined below in Section 16.2) will be liable to the Company or to any Member for any act or failure to act pursuant to this Agreement or otherwise if such Person acted in good faith and if the actions of such Person did not constitute gross negligence, willful misconduct or fraud, to the maximum extent permitted by law or equity. No Indemnitee will be liable to the Company or to any Member for such Person's good faith reliance on the provisions of this Agreement, the records of the Company, and upon any information, opinions, reports or statements presented to the Company by any of its Members, officers, employees, or by any other Person, as to matters such Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports, or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members may be paid.

16.2 Indemnification.

(a) The Company will indemnify, defend and hold harmless the Manager, any member of the Manager and their respective Affiliates, and any and all officers, directors, employees, and agents of any of the foregoing (individually, an " **Indemnitee** ") to the fullest extent permitted by law from and against any and all losses, claims, demands, costs, damages, liabilities, joint or several, expense of any nature (including attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved as a party or otherwise, relating to the performance or nonperformance of any act concerning the activities of the Company or the Project Entities, if both the Indemnitee acted in good faith and the actions of the Indemnitee did not constitute gross negligence, willful misconduct or fraud. Expenses, including attorneys' fees, incurred by any such Indemnified Person in defending a proceeding will, to the extent of available funds, be paid by the Company in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking satisfactory to the Manager by or on behalf of such Indemnified Person to repay such amount in the event of a final determination that such Indemnified Person is not entitled to be indemnified by the Company. Any indemnification provided hereunder will be satisfied solely out of the assets of the Company or a Project Entity, as an expense of the Company or a Project Entity, and no Member will be subject to personal liability by reason of these indemnification provisions. The provisions of this Section 16 are for the benefit of the Indemnitees and will not create any rights for the benefit of any other Person.

(b) To the extent the Company provides indemnification to an Indemnitee, such rights to indemnification are secondary and junior to any valid and collectible indemnification or advancement rights provided by any Project Entity in which the Company holds an equity interest; and shall only be available to the extent such Indemnitee is not fully indemnified and made whole by such Project Entity. The Company shall be subrogated to all the Indemnitee's rights of indemnity against such Project Entity, and the Manager shall use best efforts to require the Indemnitee to execute all papers required and to do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company to effectively bring suit in the name of the Indemnitee against such Project Entity.

ARTICLE 17. BANK ACCOUNTS AND BOOKS OF ACCOUNT.

17.1. Accounts; Etc . All funds of the Company shall be deposited in such Company bank accounts as selected from time to time by the Manager. Withdrawals from any accounts or funds, or sale of any such instruments, may be made, at the election of the Manager, upon such signature or signatures as the Manager may from time to time designate.

17.2. Financial Records . There shall be kept at the principal office of the Company just, true, and correct books of account, in which shall be entered fully and accurately each and every transaction of the Company. Each Member shall have access thereto at all reasonable times. The books shall be kept on the cash receipts and disbursements method or on an accrual method for the Company Accounting Year, as determined by the Manager. Any Member shall further have the right to a private audit of the books and records of the Company; *provided,* that such audit is made at the expense of the Member desiring the same and is made at reasonable times after reasonable advance notice to the Manager.

17.3. Reports to Members . The Manager shall furnish to the Members on or before forty-five (45) days after the close of each fiscal quarter, internally prepared, unaudited income statements and balance sheets for such quarter and a sales report for such quarter.

ARTICLE 18. NOTICE.

Notices provided for herein (including any responses by Members answering a request for consent) shall be made by hand delivery (with receipt therefor), sent by first-class mail postage prepaid or delivered by recognized overnight delivery service to the applicable address of the recipient and to its counsel as identified in the Company records or sent by facsimile or e-mail during normal business hours to a Member's facsimile number or email address as identified in the Company records. Notice of a change of address, facsimile number or email address shall be given to the Company pursuant to the provisions of this Article. Notices shall be deemed to be effective as follows: (i) upon delivery during normal business hours if made by hand delivery or delivered by recognized overnight delivery service; (ii) three (3) days after postmark, if sent by first-class mail; and (iii) upon sending, if sent by facsimile or e-mail, unless a return or error message is generated within four hours thereafter. Notices to the Manager shall not be deemed provided or otherwise be effective if sent by facsimile or e-mail.

ARTICLE 19. MISCELLANEOUS PROVISIONS.

19.1. Entire Agreement . This Agreement and the exhibits attached hereto constitute the entire agreement among the parties with respect to the subject matter hereof. It supersedes any other prior agreement or understanding, oral or written, among the parties, with respect to such subject matter.

19.2. Severability . If any term or provision of this Agreement, or the application thereof to any Person or circumstance, shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not thereby be affected, and each other term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law or equity.

19.3. Governing Law . This Agreement shall be construed in accordance with, and enforced under, the laws of the Commonwealth of Virginia, without regard to conflicts of law provisions of such state.

19.4. Third-Party Creditors . No Person who makes a non-recourse loan to the Company shall have or acquire, at any time as a result of making the loan, any direct or indirect interest in the profits, capital, or property of the Company other than as a creditor.

19.5. Counterparts . This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Counterparts delivered by facsimile or email shall be deemed originals.

19.6. Binding Provisions . The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the legal representatives, heirs, executors, administrators, successors and, subject to the provisions hereof, the assigns of the respective parties hereto.

19.7. Amendments . This Agreement may be amended only upon the consent of the Manager and Members owning at least sixty-five percent (65%) of the Class A Units and sixty-five percent (65%) of the Class B Units, except as otherwise provided in this Agreement.

19.8. Captions . The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

19.9. Gender . Whenever the context so requires, reference herein to the neuter gender shall include the masculine and/or feminine gender and vice versa. Any reference herein to the singular shall include the plural and vice versa.

19.10. Time . Time shall be of the essence with regard to all terms and conditions of this Agreement. Any date specified in this Agreement which is a Saturday, Sunday or legal holiday in the Commonwealth of Virginia shall be extended into the first regular business day after such date which is not a Saturday, Sunday or legal holiday in the Commonwealth of Virginia.

IN WITNESS WHEREOF, the undersigned Members have duly executed this Operating Agreement of Comstock Investors X, L.C. effective for all purposes and in all respects as of the day and year first above written.

COMSTOCK HOLDING COMPANIES, INC.
a Delaware Corporation

By: _____
Name: Chris Conover
Title: Chief Financial Officer
Date: ____/____/___

IN WITNESS WHEREOF, the undersigned Member has duly executed this Operating Agreement of Comstock Investors X, L.C. effective for all purposes and in all respects as of the day and year first above written.

Name: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A-1
TO THE OPERATING AGREEMENT OF COMSTOCK INVESTORS X, L.C.

Total Class A Units

	Capital Contribution	Class A Percentage Interest	Class A Units

EXHIBIT A-2
TO THE OPERATING AGREEMENT OF COMSTOCK INVESTORS X, L.C.

Total Class B Units ($50,000 per Unit)

	Capital Contribution	Class B Percentage Interest	Class B Units

"THE TRANSFER OF THIS WARRANT IS SUBJECT TO RESTRICTIONS CONTAINED HEREIN. THIS SECURITY HAS BEEN ISSUED IN RELIANCE UPON THE REPRESENTATION OF THIS SECURITY HOLDER THAT IT HAS BEEN ACQUIRED FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE RESALE OR OTHER DISTRIBUTION THEREOF. NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR REGISTERED OR QUALIFIED UNDER THE PROVISIONS OF ANY APPLICABLE STATE SECURITIES LAWS. NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

FORM OF WARRANT

COMSTOCK HOLDING COMPANIES, INC.

WARRANTS FOR THE PURCHASE OF SHARES OF COMMON STOCK

No. [ ] **150,000 Shares**

THIS CERTIFIES that, for value received, Comstock Holding Companies, Inc., a Delaware corporation (the "Company"), upon the surrender of this Warrant to the Company at the address specified herein, at any time during the Exercise Period (as defined below) will upon receipt of the Exercise Price (as defined below), sell and deliver to **Comstock Development Services, LC** (the "Holder"), up to the number of duly authorized, validly issued and fully paid and nonassessable shares of Class A common stock of the Company, par value $0.01 per share (the "Common Stock"), set forth above, as appropriately adjusted pursuant to Section G. The term "Common Stock" shall mean the aforementioned common stock of the Company together with any other equity securities that may be issued by the Company in connection therewith or in substitution therefor, as provided herein, that is not limited as to final sum or percentage in respect of the rights of the holders thereof to participate in dividends or in distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Company. The "Exercise Period" shall begin on the date six months from the date hereof and shall end on August 15, 2016. During the Exercise Period and subject to the restrictions set forth in Section D, the Holder may purchase such number of shares of Common Stock at a purchase price per share equal to the average of the closing stock price of the 20 trading days preceding execution of this Warrant which is shown on Schedule A hereto, and as appropriately adjusted pursuant to Section G (the "Exercise Price").

The number of shares of Common Stock to be received upon the exercise of this Warrant and the price to be paid for a share of Common Stock are subject to adjustment from time to time as hereinafter set forth. The shares of Common Stock deliverable upon such exercise, as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Shares."

Section A. Exercise of Warrant. Subject to the terms and conditions of this Warrant and applicable securities laws, the purchase right represented by this Warrant may be exercised in whole or in part, at any time or from time to time, during the Exercise Period by presentation and surrender of this Warrant to the Company at its principal office at 1886 Metro Center Dr., 4 th Floor, Reston, Virginia 20190 (or at such other address in the United States of America as the Company may hereafter designate in writing to the Holder), with the Notice of Exercise, contained herein as Exhibit A, duly executed and accompanied by a wire transfer of immediately available funds, cash or a certified or official bank check drawn to the order of "Comstock Holding Companies, Inc." in the amount of the Exercise Price multiplied by the number of Warrant Shares specified in such form. The Exercise Price may also be paid in whole or in part, by delivery of such a Notice of Exercise and shares of Common Stock owned by the Holder having an aggregate Fair Market Value (as defined below) on the last business day ending immediately prior

to the exercise date equal to the portion of the aggregate Exercise Price being paid in such shares. In addition, each Warrant may be exercised, pursuant to a cashless exercise by providing irrevocable instructions to the Company, through delivery of a Notice of Exercise with an appropriate reference to this Section A as set forth below in this Section A. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant, promptly execute and deliver a new Warrant evidencing the rights of the Holder to purchase the balance of the Warrant Shares purchasable hereunder. Upon receipt by the Company during the Exercise Period of this Warrant and such Notice of Exercise, in proper form for exercise, together with proper payment of the Exercise Price, at such office, the Holder shall be deemed to be the holder of record of the number of Warrant Shares specified in such Notice of Exercise; provided , however , that if the date of such receipt by the Company or its agent is a date on which the stock transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding business day on which the stock transfer books of the Company are open. Any new or substitute Warrant issued under this Section A, or any other provision of this Warrant, shall be dated the date of this Warrant. Upon exercise of this Warrant, the Company shall, as soon as possible and in any event within 30 days after such exercise, cause to be issued and shall promptly deliver upon written order of the Holder, and in such name or names as the Holder may designate, a certificate or certificates for the Warrant Shares. If the Company fails to deliver to the Holder such certificate or certificates representing the Warrant Shares pursuant to this Section A by the 30 th business day after exercise hereof, then, without limiting any of its other rights or remedies, the Holder will have the right to rescind such exercise in its sole discretion.

Notwithstanding the foregoing, in the event that at any time, the Holder elects to exercise all or any part of this Warrant, this Warrant may also be exercised at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the Fair Market Value;

(B) = the Exercise Price of this Warrant, as adjusted (to the date of such calculation); and

(X) = the number of Warrant Shares issuable in accordance with the terms of this Warrant for which a cashless exercise has been requested (which shall be zero if B equals or exceeds A).

The “Fair Market Value” of a share of Common Stock on any day means (a) if the principal market for the Common Stock is The Nasdaq Stock Market or any other national securities exchange, the average of the closing stock price of the 20 trading days preceding such day as reported by such exchange or market, or on a consolidated tape reflecting transactions on such exchange or market, or (b) if the principal market for the Common Stock is not a national securities exchange or The Nasdaq Stock Market and the Common Stock is quoted on the National Association of Securities Dealers Automated Quotations System, the average of the mean between the closing bid and the closing asked prices for the Common Stock of the 20 trading days preceding such day as quoted on such System, or (c) if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotations System, the average of the mean between the highest bid and lowest ask prices for the Common Stock of the 20 trading days preceding such day as reported by the National Quotation Bureau, Inc.; provided , that if none of (a), (b) or (c) above is applicable, or if no trades have been made or no quotes are available for such day, the Fair Market Value of the Common Stock shall be determined by a generally recognized source selected by the Board of Directors of the Company reasonably acceptable to the Holder.

In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to an exercise of this Warrant on or before the 30 th business day following such exercise, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Holder of Warrant Shares which the Holder anticipated receiving upon such exercise (a “Buy-In”), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder’s total purchase price (including brokerage commissions, if any) for the Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (B) the price at which the sell order giving rise to such purchase obligation was

executed, and (2) at the option of the Holder, either reinstate the portion of this Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of Warrant Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Company. Nothing herein shall limit the Holder's right to pursue any other rights or remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver a certificate or certificates representing the Warrant Shares upon exercise of this Warrant as required pursuant to the terms hereof.

Section B. Stock Fully Paid; Reservation of Shares. All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be validly issued, fully paid and nonassessable, and free and clear from all liens and all contractual restrictions and preemptive rights with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the rights represented by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

Section C. Warrant Register; Transfer and Exchange. The Company will maintain a register containing the names and addresses of each Holder of this Warrant. Any registered Holder may change such registered Holder's address as shown on the warrant register by written notice to the Company requesting such change. Any notice or written communication required or permitted to be given to the Holder may be delivered or given by mail to the Holder as shown on the warrant register and at the address shown on the warrant register. Until any transfer of this Warrant is made in the warrant register, the Company may treat the registered Holder of this Warrant as the absolute owner hereof for all purposes; provided, however, that if and when this Warrant is properly assigned in blank, the Company may (but shall not be required to) treat the bearer hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary. This Warrant may not be transferred or assigned without compliance with all applicable federal and state securities laws by the transferor and the transferee (including the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company). Subject to the provisions of this Warrant with respect to compliance with the Act, this Warrant and all rights hereunder may be transferred by Holder, in whole or in part, on the books of the Company maintained for such purpose at the principal office of the Company, upon surrender of this Warrant with a properly executed assignment in the form of Exhibit B hereto (the "Assignment Form") and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. If this Warrant should be transferred in part only, the Company shall, upon surrender of this Warrant, promptly execute and deliver a new Warrant evidencing the rights of the Holder thereof to purchase the balance of the Warrant Shares purchasable hereunder.

Section D. Compliance with Securities Laws. The Holder, by acceptance hereof, agrees that, absent an effective registration statement filed with the Securities and Exchange Commission (the "SEC") under the Act, covering the disposition or sale of this Warrant or the Warrant Shares issued or issuable upon exercise hereof, as the case may be, and registration or qualification under applicable state securities laws, the Holder will not sell, transfer, pledge, or hypothecate any or all such Warrants or Warrant Shares, as the case may be, unless either (a) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to the Company, to the effect that such registration is not required in connection with such disposition, or (b) the sale of such securities is made pursuant to Rule 144 under the Act. By acceptance of this Warrant, the Holder hereby represents, warrants and covenants that (i) it is an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Act; (ii) any Warrant Shares shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; (iii) that the Holder has had such opportunity as such Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the Company; (iv) that the Holder is able to bear the economic risk of holding such shares as may be acquired pursuant to the exercise of this Warrant for an indefinite period; (v) that the Holder understands that the shares of stock acquired pursuant to the exercise of this Warrant will not be registered under the Act (unless otherwise required pursuant to exercise by the Holder of the registration rights, if any, previously granted to the registered the Holder) and will be "restricted securities" within the meaning of Rule 144 under the Act and that the exemption from registration under Rule 144 will not be available until the applicable holding period has been satisfied and unless a public market then exists for the stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (vi) that all stock certificates representing shares of stock issued to the Holder upon exercise of this Warrant may have affixed thereto a legend substantially in the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of the Warrant Shares upon which it is stamped or issue to such holder by electronic delivery at the applicable balance account at DTC, if (A) such Warrant Shares are sold or transferred pursuant to Rule 144 (assuming the transferor is not an Affiliate of the Company (as defined below)), (B) such Warrant Shares are eligible for sale under Rule 144 free from any volume or other restrictions, or (C) if such legend is not required under applicable requirements of the Act (including controlling judicial interpretations and pronouncements issued by the SEC).

Section E. **Lost, Mutilated or Missing Warrant**. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory unsecured indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company, at its expense, shall execute and deliver a new Warrant of like tenor and date.

Section F. **Rights of the Holder**. Subject to applicable law, the Holder shall not, by virtue hereof, be entitled to any rights or subject to any obligation or liability of a shareholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant, except to the extent the Holder has duly exercised this Warrant.

Section G. **Adjustments**. The Exercise Price and the number of shares purchasable hereunder are subject to adjustment from time to time as follows:

1. Subdivision and Combination. If the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number or combine into a smaller number, the number of Warrant Shares and the Exercise Price shall forthwith be proportionately decreased in the event of subdivision or increased in the event of combination.

2. Adjustment in Number of Securities. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section G, the number of securities issuable upon the exercise of this Warrant shall be adjusted to the nearest full amount by multiplying (a) a number equal to the Exercise Price in effect immediately prior to such adjustment by (b) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

3. Merger or Consolidation. In the event that at any time or from time to time after the date hereof, (a) the Company shall (i) effect a reorganization, (ii) consolidate with or merge into any other person, or (iii) sell, transfer or otherwise dispose of all or substantially all of its properties or assets or (b) more than 50% of the voting equity securities of the Company (whether issued and outstanding, newly issued, from treasury, or any combination thereof) is acquired by any other person or group under any plan or arrangement contemplating the consolidation or merger, sale, transfer or disposition, or dissolution of the Company (each, a “Trigger Event”), the corporation or entity formed by or resulting from such consolidation or merger or the recipient of such properties, assets or equity securities shall execute and deliver to the Holder a supplemental warrant agreement whereby the Holder shall thereafter be entitled to

purchase pursuant to such supplemental warrant agreement (in lieu of the number of Warrant Shares which the Holder would have been entitled to purchase immediately prior to such Trigger Event) the kind and number of shares of stock or other securities or property to which the Holder would have been entitled upon such Trigger Event if the Holder had exercised this Warrant in full immediately prior to such Trigger Event and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise , at an aggregate purchase price equal to that which would have been payable if such number of Warrant Shares had been purchased immediately prior thereto. In case of any such Trigger Event, lawful, adequate and appropriate provision shall be made with respect to the rights and interests thereafter of the Holder such that all the provisions of each Warrant shall thereafter be applicable, as nearly as practicable, to such stock or other securities ("Replacement Securities") and/or property thereafter deliverable upon the exercise of each Warrant. The supplemental warrant agreement shall contain the express assumption by such successor corporation or entity of the due and punctual performance and observation of every provision of each Warrant to be performed and observed by the Company and of all liabilities and obligations of the Company hereunder and thereunder. Upon consummation of any such transaction, the term "Common Stock" as used herein, shall be deemed to mean, as appropriate, such Replacement Securities and/or property, including without limitation, the definition of Warrant Shares as used herein.

4. No Adjustment of Exercise Price in Certain Cases . No adjustment of the Exercise Price shall be made:

(a) if the amount of said adjustment shall be less than one cent ($.01) per share of Common Stock issuable upon exercise of this Warrant; provided , however , that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least one cent ($.01) per share of Common Stock issuable upon exercise of this Warrant;

(b) based upon the issuance of Common Stock to employees, consultants or directors pursuant to the Company's 2004 Long-Term Incentive Compensation Plan (as may be amended from time to time);

(c) based upon the issuance of equity securities of the Company in consideration for the acquisition (whether by merger or otherwise) by the Company or any of its subsidiaries of all or substantially all of the stock or assets of any other entity; provided that such transaction, and the issuance of shares in connection therewith, (i) has been approved by a majority of the Board of Directors of the Company and (ii) is on commercially reasonable terms and does not involve an Affiliate (as defined in the Amended and Restated Indenture, dated as of March 14, 2008, between the Company and Wells Fargo Bank, N.A., as may be amended from time to time); or

(d) based upon the issuance of equity securities of the Company issued or issuable to banks or similar institutional credit financing sources pursuant to a debt financing or similar transaction; provided that such transaction, and the issuance of shares in connection therewith, is on commercially reasonable terms and does not involve an Affiliate.

5. Certificate as to Adjustments . Upon the occurrence of each adjustment or readjustment pursuant to this Section G, the Company, at its own expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (a) such adjustments and readjustments; (b) the Exercise Price at the time in effect; and (c) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the exercise of this Warrant.

Section H. **Fractional Shares**. No fractional shares of Common Stock will be issued in connection with any exercise hereunder but in lieu of such fractional shares the Company shall make a cash refund therefor equal in amount to the product of the applicable fraction multiplied by the Exercise Price paid by the Holder for one Warrant Share upon such exercise.

Section I. **Notices of Certain Events**. In the event of:

1. any capital reorganization or reclassification of the Common Stock (other than a subdivision or combination of the outstanding Common Stock and other than a change in par value of the Common Stock) or of any consolidation or merger to which the Company is a party or of the conveyance or transfer of all or substantially all of the properties and assets of the Company;

2. the voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

3. any other actions would require an adjustment under Section G,

the Company will cause to be mailed to the Holder, at least ten business days before the applicable record or effective date hereinafter specified, a notice stating (A) the date as of which the holders of Common Stock of record entitled to receive any such rights, warrants or distributions are to be determined, or (B) the date on which any such consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record will be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up. Nothing herein shall prevent the Holder from exercising this Warrant during such 10 business day period.

Section J. **Listing on Securities Exchanges**. Subject to the restrictions on the securities stated herein, the Company will list on The Nasdaq Stock Market and each national securities exchange on which any Common Stock may at any time be listed all shares of Common Stock from time to time issuable upon the exercise of this Warrant, subject to official notice of issuance upon the exercise of this Warrant, and will maintain such listing so long as any other shares of its Common Stock are so listed; and the Company shall so list on The Nasdaq Stock Market and each national securities exchange, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of capital stock of the same class are listed on The Nasdaq Stock Market and such national securities exchange by the Company. Any such listing will be at the Company's expense.

Section K. **Successors**. All of the provisions of this Warrant by or for the benefit of the Company shall bind and inure to the benefit of its respective successors and assigns.

Section L. **Headings**. The headings of sections of this Warrant have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section M. **Amendments**. Except as otherwise provided herein, the terms and provisions of this Warrant may not be modified or amended, or any provisions hereof waived, temporarily or permanently, except by written consent of the Company and the Holder.

Section N. **Notices**. Unless otherwise provided in this Warrant, all notices, requests, consents and other communications hereunder shall be in writing, shall be sent by first-class U.S. Mail or a nationally recognized overnight express courier postage prepaid, and shall be deemed given five business days after being sent by U.S. mail and one business day after being sent by such courier, or if delivered by hand shall be deemed given on the date of such delivery to such party, or if sent to such party (in the case of a Holder) at its address in the warrant register that will be maintained by the Company or its agent in accordance with Section B hereof or (in the case of the Company) at its address set forth above, Attention: Chief Financial Officer, or to such other address as is designated by written notice, similarly given to each other party hereto.

Section O. **Governing Law**. This Warrant shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be construed in accordance with the laws of said State as applied to contracts made and to be performed in Delaware between Delaware residents.

Section P. **Closing of Books**. The Company shall at no time close its transfer books against the transfer of any shares issued or issuable upon the exercise of this Warrant in a manner that interferes with the timely exercise of this Warrant.

Section Q. **Severability**. If any provision of this Warrant shall be held to be invalid and unenforceable, such invalidity or unenforceability shall not affect any other provision of this Warrant.

Section R. **Counterparts**. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed and attested by its duly authorized officer and to be dated as of _____, _____.

COMSTOCK HOLDING COMPANIES, INC.

By: _____
Name:
Title: Chief Executive Officer

SCHEDULE A
[NOTE: PLEASE INSERT PRICES INTO SCHEDULE A.]

EXHIBIT A
NOTICE OF EXERCISE

Date: _____, 20___

The undersigned hereby elects to exercise this Warrant to purchase _____ shares of Common Stock and herewith:

☐ makes a cash payment of $_____, representing the full purchase price for such shares at the price per share provided for in such Warrant.

☐ delivers _____ shares of Common Stock having a Fair Market Value as of the last trading day preceding the date hereof of $_____, representing the full purchase price for such shares at the price per shares provided for in such Warrant.

☐ acquires in a cashless exercise _____ shares of Common Stock pursuant to the terms of Section A of such Warrant.

Warrant Shares shall be delivered to the following address:

The undersigned represents that (i) it is an "accredited investor" as defined in Rule 501 under Regulation D promulgated under the Securities Act of 1933, as amended, and (ii) the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares, except as in compliance with applicable securities laws.

_____
[Holder's Name]

By: _____
Name:
Title:

EXHIBIT B
ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned registered owner of this Warrant for the purchase of shares of Common Stock of Comstock Holding Companies, Inc. hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Common Stock set forth below:

Name of Assignee	**Address/Number**	**No. of Shares**

and does hereby irrevocably constitute and appoint _____ attorney-in-fact to register such transfer on the books of the Company, maintained for the purpose, with full power of substitution in the premises.

The undersigned also represents that, by assignment thereof, the Assignee acknowledges that the attached Warrant and the shares of stock to be issued upon exercise thereof are being acquired for investment and that the Assignee will not offer, sell, or otherwise dispose of the attached Warrant or any shares of stock to be issued on exercise thereof, except under circumstances that will not result in a violation of the Securities Act of 1933, as amended, or any state securities laws. Further, the Assignee has acknowledged that upon exercise of the attached Warrant, the Assignee shall, if requested by the Company, confirm in writing, in form satisfactory to the Company, that the shares of stock so purchase are being acquired for investment and not with a view toward distribution or resale.

Dated: _____ Signature: _____

Dated: _____ Witness: _____

Exhibit 10.101

LAND PURCHASE AGREEMENT

THIS LAND PURCHASE AGREEMENT ("Agreement") is made this day of , 2013, by and between Thos. Somerville Co., a Delaware corporation (the "Seller"), and Comstock Sixth Street, L.C., a Virginia limited liability company ("Purchaser").

WITNESSETH:

WHEREAS , Seller is the owner of certain undeveloped real property located on 6 th Street, NE, Washington, D.C. more particularly identified on **Exhibit A** attached hereto and incorporated herein by reference, together with any and all improvements and fixtures thereon and all rights, privileges, easements, benefits and agreements appurtenant thereto (the "Property"); and

WHEREAS , Purchaser desires to purchase the Property in accordance with the terms and conditions hereof, and Seller desires to sell the Property in accordance with the terms and conditions hereof.

NOW, THEREFORE , in consideration of the foregoing and for **TEN AND NO/100THS DOLLARS ($10.00)** paid by Purchaser to Seller and for other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties agree as follows:

1. A GREEMENT OF P URCHASE AND S ALE . Seller hereby agrees to sell and convey unto the Purchaser and Purchaser hereby agrees to purchase from Seller the Property at the price and upon the terms and conditions hereinafter set forth.

2. P URCHASE P RICE . Seller agrees to sell and Purchaser agrees to purchase the Property for a total purchase price of **FOUR MILLION THREE HUNDRED TWENTY-SIX THOUSAND DOLLARS ($4,326,000)** (the "Purchase Price"). The Purchase Price shall be paid by Purchaser to Seller in the form of cash, wire transfer or other immediately available funds at settlement hereunder.

3. D EPOSIT .

a. Within seven business days after the execution and delivery of this Agreement, Purchaser shall deliver to Stewart Title and Escrow, Inc. (the "Escrow Agent") in the form of cash or letter of credit, **SEVENTY-FIVE THOUSAND DOLLARS ($75,000)** (the "Initial Deposit"). Within seven business days after the expiration of the Study Period, Purchaser shall deliver to Escrow Agent in the form of cash or letter of credit, an additional deposit of **SEVENTY-FIVE THOUSAND DOLLARS ($75,000)** (the "Additional Deposit"). The Initial Deposit and Additional Deposit shall be collectively referred to as the "Deposit." The Deposit shall become nonrefundable on expiration of the Study Period (except on Seller default or failure of a condition precedent to settlement).

b. The Deposit shall be deposited by the Escrow Agent into a separate interest-bearing escrow account at a federally-insured financial institution with offices in the District of Columbia, and be invested by the Escrow Agent in a money market account, certificates of deposit or other investment(s) selected by Purchaser. If the financial condition of the financial institution in which the funds are held changes in any adverse way which prohibits the ability of the Escrow Agent to withdraw such funds in accordance with the terms of this Escrow Agreement, then the Escrow Agent may move the Deposit to another financial institution that satisfies the requirements of this paragraph 7.

c. The Deposit shall be held by the Escrow Agent until the earlier of (i) Closing (as hereinafter defined), when the Deposit shall be delivered to Seller and credited against the Purchase Price or (ii) five (5) business days after receipt by the Escrow Agent of a notice from Seller or Purchaser stating that this Agreement has been terminated, in which event the Deposit shall be delivered to Seller or returned to Purchaser, as appropriate. If all conditions precedent to the Purchaser's obligation to purchase the Property have been satisfied and the Purchaser defaults in purchasing the Property at Closing as required by this Agreement, Escrow Agent shall pay the Deposit to the Seller and upon such payment to the Seller this Agreement shall automatically terminate and neither party shall have any further liability to the other. The Seller's sole and exclusive remedy for the Purchaser's default shall be to receive the Deposit as liquidated damages, in lieu of all other rights and remedies that the Seller may have against the Purchaser at law or in equity.

d. If there is a dispute between the Seller and the Purchaser concerning the Seller's or the Purchaser's right to receive the Deposit, Escrow Agent shall continue to hold the Deposit until the dispute is resolved by the Seller and the Purchaser or until otherwise directed by a court of competent jurisdiction. Upon termination of the escrow, all interest earned on the Deposit shall be paid to the party entitled to receive the principal.

e. Any notice sent to Escrow Agent by the Purchaser or the Seller shall simultaneously be sent to the other party and no notice to the Title Company shall be effective unless such duplicate copy is sent. Escrow Agent shall be entitled to act on any notice believed by it in good faith to be genuine and shall be released from any and all responsibility or liability with respect to the Deposit, except for its willful misconduct or gross negligence. Seller and Purchaser hereby jointly and severally indemnify the Escrow Agent and hold it harmless from any claims made against it with respect to the Deposit.

4. S TUDY P ERIOD . Purchaser shall have the right, in its exclusive and absolute discretion, to terminate this Agreement for any reason whatsoever by giving written notice thereof to Seller within NINETY (90) days following the Effective Date of this Agreement (the "Study Period"). As of the execution of this Agreement, Seller shall have delivered, free of charge and cost to Purchaser, all engineering, architectural or other material data regarding the Property, to the extent in Seller's possession or control, including but not limited to generalized development plans, subdivision plans, record plat, conditions of development, and all tests, studies, reports, title reports and other materials relating to Property in Seller's possession or control, together with a written notice to Purchaser that Seller has delivered all such material information regarding the subject Property. Seller hereby represents that the Property was the subject of a prior contract of sale pursuant to which the former contract purchaser obtained an Order of the Zoning Commission for the District of Columbia approving a Planned Unit Development on the Property in Zoning Case No. 06-26 (Feb. 12, 2007), and Purchaser agrees to review all covenants, lot division applications and other land use agreements associated with such rezoning case to the extent necessary for development of the Property for Purchaser's intended use of the Property as a planned townhouse residential community (the "Intended Use")..

After the Effective Date of this Agreement and until the date of settlement hereunder or termination hereof, Purchaser shall have the right, at its option and expense, to enter upon the Property at reasonable times, in a reasonable manner, and upon reasonable notice and/or cause to have performed engineering tests, studies and/or economic investigations concerning the Property. Purchaser hereby agrees to indemnify and save Seller harmless from any losses actually incurred

by Seller by virtue of Purchaser or its agents or employees entering on the Property to conduct such investigations. Purchaser further agrees to repair any physical damage caused to the Property by Purchaser or its agents or employees in connection with such tests and studies. This Paragraph 4 shall survive the termination or consummation of this Agreement.

Prior to the expiration of the Study Period hereunder, Purchaser shall obtain a title report and ALTA survey for the Property and shall deliver notice to Seller, along with a copy of the title report and ALTA survey, of any defects in title which are to be remedied. In the event of any such defects, Seller shall notify Purchaser in writing within fifteen (15) days after Seller's receipt of Purchaser's notice of said title defects as to whether or not Seller shall remedy same and the reasonable time period needed to do so. Seller shall have no obligation to remove any encroachments or remedy alleged title defects. If Seller elects not to remedy same, then Purchaser shall have the right to (i) elect (such election to be made in writing within ten (10) days after Seller's notice to Purchaser) to waive such title defects and to proceed hereunder, or (ii) to terminate this Agreement whereupon the Deposit shall be returned to Purchaser, and in such event the parties shall be relieved of all further liability hereunder. From and after the Effective Date of this Agreement, Seller shall not create or permit to be created any lien, easement or any other encumbrance, affecting title to the Property, without Purchaser's prior written consent unless same is of a nature that it will be paid and released at settlement from the proceeds of this sale. Furthermore, at or before settlement, Seller shall cause to be paid and released any and all mortgages, deeds of trust or liens secured against the portion of the Property being acquired, including but not limited to the prorated portion of all unpaid real estate taxes or assessments and utility charges through the date of the applicable settlement.

Within six (6) months from the Effective Date of this Agreement, Purchaser shall deliver notice to Seller, of any offsite easements, utility connections, or both, that are needed for its Intended Use, specifying the exact location and specifications for such easements or utility connections. Seller shall have sixty (60) days from receipt of Purchaser's notice to determine whether it will provide such easements and/or utility connections and the time it will need to do so. If Seller, by notice to Purchaser within such sixty (60) day period, elects not to provide any one or all of such requested easements and/or utility connections or the time to obtain them is not acceptable to Purchaser, Purchaser shall have the right by notice to Seller within thirty (30) days of receipt of Seller's notice to (i) elect to obtain the easements and/or utility connections at its own expense and to proceed under the Agreement; or (ii) to terminate this Agreement whereupon the Deposit shall be returned to Purchaser, and in such event the parties shall be relieved of all further liability hereunder. If Purchase elects to obtain the easements and/or utility connections at its own expense, Seller shall to the extent reasonably feasible and without further expense cooperate with Purchaser in obtaining any such easements or connections.

5. P RECONDITIONS OF S ETTLEMENT . In addition to any other preconditions to settlement specifically provided in this Agreement, the obligation of Purchaser to proceed to settlement hereunder is subject to the satisfaction of the following conditions:

a. Purchaser, at Purchaser's expense, shall have obtained beyond all applicable appeals periods and from all applicable governmental authorities, approval of a Planned Unit Development, as evidenced by a Recorded PUD covenant, to allow for no less than thirty-five (35) market rate, single family residential attached lots with minimum dimensions of 18' wide by 38' deep;

b. Any and all offsite easements, whether for utility connections or otherwise, required in connection with the development of the Property for Purchaser's Intended Use which Seller has agreed to obtain pursuant to Paragraph 4 above shall have been obtained by Seller at Seller's expense;

c. All utilities, in adequate capacities needed to serve the Property for Purchaser's Intended Use, shall be immediately available at the Property line to allow for service to be installed at Purchaser's expense;

d. The Property shall have immediate access to a publicly dedicated and maintained street either by recorded easement or public dedication;

e. All existing leases shall have terminated, and all tenants shall have vacated the Property;

f. On the date of settlement hereunder, all of the representations of Seller set forth herein shall be true and accurate in all material respects and Seller shall have fully performed all of its obligations hereunder;

g. On the date of settlement hereunder, no action of general applicability (such as the imposition of a building, water or sewer moratorium, adequacy of public facilities scheme or allocation scheme) shall be in effect, or shall have been threatened, or publicly announced to be taken, by any applicable governmental authority relating to the Property and no such other set of circumstances or facts of general applicability shall exist which materially and adversely affects the availability of building permits or residential use permits, or adversely affects the availability or adequacy of public facilities, sewer or water facilities, or any other facilities or utilities necessary to serve the residential dwelling units to be constructed on the Property;

h. On the date of settlement hereunder, no suit, action, arbitration or legal, administrative or other proceeding shall be pending, or to the best of Seller's knowledge, threatened against the Property or against Seller, with respect to the Property, or any part thereof which would materially and adversely affect the development of the Property as contemplated herein, or Seller's ability to convey the Property; and

i. Title to the Property shall be good of record and in fact, merchantable, in fee simple and insurable at regular rates by a title insurance company selected by Purchaser subject to such other easements, rights of way, encumbrances, restrictions and other condition of title as agreed upon by Purchaser in writing and other covenants of title that will not adversely affect the use of the Property for construction of residential dwellings;

In the event that any of the foregoing conditions have not been satisfied at the time set for settlement on the Property, then Purchaser, at its option and in addition to any other remedies hereunder, may either (i) terminate this Agreement by delivering written notice thereof to Seller, whereupon the Deposit shall be returned to Purchaser and the parties hereto shall have no further rights or obligations hereunder, or (ii) waive the satisfaction of such condition and proceed to settlement hereunder, or (iii) extend the date of the settlement in order to provide an opportunity for such condition to be satisfied, and in such event Purchaser's obligation to settle shall remain contingent upon the satisfaction of all conditions precedent to settlement at the time set for settlement, as extended, or (iv) pursue specific performance of this Agreement. Notwithstanding the foregoing, the time for settlement hereunder may not be extended beyond two (2) years from the Effective Date of this Agreement, without the express written consent of Seller.

6. S ETTLEMENT .

a. Purchaser and Seller shall make full settlement on the Property within sixty (60) days after notice from Purchaser of the satisfaction of the conditions precedent to closing. Closing shall be conducted at the offices of the Escrow Agent.

b. At settlement, Seller shall (i) cause conveyance of the Property to the Purchaser by Special Warranty Deed (the "Deed") in proper form for recording among the land records of the jurisdiction where the Property is located, (ii) execute and deliver a DC Form FP 7/C, (iii) execute and deliver a Certificate of Non-Foreign Status By Individual, Corporation, Partnership, Trust and/or Estate, (iv) execute and deliver all additional documents as may be requested by Purchaser, its lender or lender's counsel, and Escrow Agent that may be reasonably required to consummate settlement of the Property.

c. Except as otherwise provided herein, Seller and Purchaser shall each pay one-half of all escrow fees and related costs (if any), any transfer taxes payable upon transfer of the Property to Purchaser and any "recordation tax" related to the recordation of the Deed evidencing such transfer. Seller shall pay the cost to prepare the Deed. Purchaser shall pay all of the costs of examination of title, title insurance premiums, survey, any and all costs or recordation taxes incurred in connection with Purchaser's financing, and all other closing costs, and each party shall pay its own attorneys' fees.

d. Rents, operating expenses, taxes (including ad valorem taxes and sanitary sewer taxes), water and sewer rents, fuel (if any) based on last invoice price and supplier's measurement, and similar charges or fees, and insurance assumed by the Purchaser (if any) are to be adjusted to the Closing Date. Taxes, general and special, are to be adjusted according to the taxing authority in the District of Columbia except that assessments for improvements completed prior to the date of this Agreement, whether assessment theretofore has been levied or not, shall be paid by the Seller or allowance made therefor at Closing. Seller shall bear all costs of terminating any service contracts not approved by Purchaser at or prior to Closing. In adjusting for uncollected rents (including operating expense pass-throughs), no adjustment shall be made at Closing in Seller's favor for amounts that have accrued or are unpaid as of Closing, but Purchaser shall pay Seller such accrued and unpaid amounts, as and when collected by Purchaser (less reasonable expenses of collection thereof), it being understood that Purchaser shall not be deemed to have collected any such arrearage attributable to the period prior to Closing until such time as the tenant(s) from whom the amount is collected is current in the payment of all amounts accruing from and after Closing. The amount of any security deposits or other amounts that are required to be returned to or applied for the benefit of tenants under the Leases as of or after the Closing Date shall be credited against the Purchase Price (and Seller shall be entitled to retain such security deposits and other amounts).

7. SELLER'S REPRESENTATIONS. Seller makes the following representations and warranties to the Purchaser:

a. Seller has the power and authority to enter into this Agreement and perform its obligations hereunder; the performance by Seller of its obligations hereunder does not and will not violate any law; and neither this Agreement nor the performance by Seller of its obligations hereunder violates any agreement or contract to which Seller is bound or a party. This Agreement is binding upon and enforceable against Seller in accordance with its terms and the person signing this Agreement on behalf of Seller is authorized to do so.

b. To the best of Seller's knowledge, , all of the Property is vacant and free of leases, tenancies, licenses, or other rights of present or future occupancy or use, written or verbal, for any portion of the Property, except for four short term tenancies, all of which are subject to earlier termination by Seller on notice varying from 30 to 120 days. As of the date of Settlement, all leases on the Property shall have been terminated and all tenants shall have vacated the Property.

c. To the best of Seller's knowledge, none of the Property is subject to any purchase contract, option to purchase or right of first refusal, recorded or unrecorded, .

d. No Bankruptcy/Dissolution events have been done by Seller, or against or with respect to Seller. For purposes of this Agreement, "Bankruptcy/Dissolution Events" shall be defined as (i) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law, (ii) the employment of a trustee or receiver of any Property interest of Seller, (iii) an assignment for the benefit of creditors, (iv) an attachment, execution or other judicial seizure of a substantial Property interest of Seller, or (v) a dissolution or liquidation of Seller.

e. Seller has not received notice of violations of laws or municipal ordinances, orders or requirements noted, or issued, by any governmental department or authority having jurisdiction over or affecting the Property nor does Seller have any knowledge of any such violations.

f. All bills and claims for labor performed and materials furnished to, or for the benefit of, the Property for all periods prior to the date of settlement have been (or prior to the date of settlement thereon will be) paid in full, and on the date of settlement on the Property there shall be no mechanics' liens or materialmen's liens, whether or not perfected, on or affecting any portion of the Property and if there shall be any such liens, then Seller shall obtain the release of the same on or before settlement (except that Purchaser shall pay all costs associated with liens resulting from work for which Purchaser is obligated to pay hereunder). In connection therewith, Seller agrees, at settlement, at no additional cost to Purchaser, to execute any affidavits and/or customary indemnity agreements which may be required by Purchaser's title insurance company in order for Purchaser to obtain from such title insurance company an owner's policy of title insurance covering the Property without exception for mechanics' liens or rights of parties in possession.

g. To Seller's best information, knowledge and belief, there is no pending or threatened condemnation or similar proceeding affecting the Property or any part thereof.

h. To the best of Seller's knowledge, there are no legal actions, suits, zoning or rezoning actions, or other legal or administrative proceedings pending or threatened against Seller or the Property and Seller is not aware of any facts which might result in any such action, suit or other proceedings; and to the best of Seller's knowledge there is no action, suit, proceedings or claim affecting Seller or the Property relating to or arising out of, the ownership, operation, use or occupancy of the Property pending in a court of competent jurisdiction or before any federal, state, county or municipal department, commission, board, bureau, agency or other governmental instrumentality nor, to the best knowledge of Seller, has any such action, suit, proceeding or claim been threatened or asserted.

i. During the period of Seller's ownership of the Property, and to Seller's actual knowledge, neither the Property nor any portion thereof has been used for landfill, dumping or other waste disposal activities or operations; storage of raw materials, products or wastes of toxic or hazardous nature; and to Seller's actual knowledge, no such hazardous materials or raw materials of a toxic or hazardous nature presently exist on the Property, except as disclosed and or described in the following reports, copies of which Seller shall deliver to Purchaser, as provided in Paragraph 4 of this Agreement: 1) Phase I Environmental Assessment for 6 th St. N.E. prepared by ECS for Rocky Gorge Communities dated August 25, 2004 and 2) "Report of Subsurface Exploration and Geotechnicial Engineering Analyses" prepared for Emerson Park Phase II N.E. Washington DC for Rocky Gorge Communities dated August 24, 2004. As used herein, all references to hazardous materials and raw materials, products or wastes of a toxic or hazardous nature shall mean and refer to hazardous waste as that term is defined in the Resource Conservation

and Recovery Act of 1976 (42 U.S.C. Section 6901, et. seq.) the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et. seq.), or under any other federal, state or local law, ordinance, statute, rule or regulation, including (without limitation) any asbestos or asbestos-related products and any oils or pesticides. Notwithstanding anything contained herein to the contrary, Seller agrees to indemnify, defend and hold Purchaser harmless from and against any and all costs, expenses, liabilities and causes of action which may be incurred by Purchaser or asserted against Purchaser (including, without limitation, clean-up costs, court costs, reasonable attorneys' fees and claims and fines imposed by any governmental agencies or third parties) as a result of the breach of this representation.

j. There shall be in existence as of the date of settlement no contracts, agreements, or other understandings with respect to the Property, or relating to the ownership, development or operation thereof which shall survive settlement hereunder, other than matters recorded among the land records at the time of Purchaser's title search.

k. In the event Purchaser is required to prepare consolidated financial statements that include financial information regarding the Property in connection with Purchaser's regular reporting requirements, the Seller agrees to provide such information as reasonably requested by Purchaser.

8. PURCHASER'S DEFAULT; SELLER'S REMEDY. In the event that Seller performs all of its obligations hereunder and Purchaser fails to meet any of its obligations under the Agreement or to complete settlement hereunder or post the Deposit as required herein, and Purchaser fails to cure such default within twenty-one (21) days of notice from Seller, then Seller shall be entitled to terminate this Agreement by delivery of written notice to Purchaser, and thereupon the parties hereto shall have no further rights or obligations hereunder, and Seller shall receive the amount of the Deposit posted, if any, from the Escrow Agent as full liquidated damages and as its sole remedy, in lieu of any other claims or causes of action which may be available to Seller at law or in equity by reason of such default hereunder by Purchaser, provided, however, that the Purchaser shall immediately deliver or cause to be assigned, transferred and delivered to Seller, to the extent assignable, owned by Purchaser, or in Purchaser's control, any Property studies, tests, engineering reports, or PUD related documents, plats, site plans and lot applications (the "Purchaser's Study Materials") The Seller and the Purchaser agree that: (i) the Seller's damages resulting from the Purchaser's default are difficult, if not impossible, to determine; (ii) it would be impracticable and extremely difficult to fix the actual damages suffered by the Seller as a result of the Purchaser's failure to complete the purchase of the Property pursuant to this Agreement; and (iii) the Deposit is a fair estimate of those damages which has been agreed to in an effort to cause the amount of said damages to be certain. In no event and under no circumstance shall Seller be entitled to receive more than the Deposit as damages for Purchaser's default, except that Purchaser shall remain liable to Seller for delivery of the Purchaser's Study Materials and for any indemnification and restoration expenses due and payable to Seller under Paragraph 4 of this Agreement.

9. SELLER'S DEFAULT; PURCHASER'S REMEDY. In the event that Seller fails to settle on the Property pursuant to the terms hereof or otherwise breaches the terms hereof and Seller fails to cure such default within twenty-one (21) days of notice from Purchaser, then Purchaser may, in its sole discretion (i) terminate this Agreement and receive the refund of the Deposit whereupon the parties hereto shall have no further rights or obligations hereunder, or (ii) be entitled to enforce any and all remedies available to Purchaser, at law or in equity, provided that in an action for damages, Seller's liability shall be limited to Purchaser's out-of-pocket expenses for engineering, planning, title, financing and legal expenses, not to exceed One Hundred Fifty Thousand Dollars ($150,000).

10. INDEMNIFICATION.

a. The Seller hereby indemnifies and agrees to defend and hold harmless the Purchaser and its successors and assigns from and against any and all claims, damages, losses and liabilities (including reasonable attorneys' fees) which may at any time be asserted against or suffered by Purchaser from and after the Closing Date, as a result or on account of (i) any breach of any representation, warranty, covenant or agreement on the part of the Seller made herein or in any instrument or document delivered pursuant hereto; (ii) any obligation or liability relating to hazardous or toxic materials, substances or wastes accruing prior to the Closing, or (iii) any other obligation or liability (except for Permitted Exceptions) accruing prior to the Closing relating to the ownership, use, operation or maintenance of the Property that shall not have been assumed by Purchaser in accordance with the terms hereof.

b. The Purchaser hereby indemnifies and agrees to defend and hold harmless the Seller and its successors and assigns from and against any and all claims, damages, losses and liabilities (including reasonable attorneys' fees) which may at any time be asserted against or suffered by the Seller from and after the Closing Date, as a result or on account of (i) any breach of any representation, warranty, covenant or agreement on the part of the Purchaser made herein or in any instrument or document delivered pursuant hereto, or (ii) any obligation or liability accruing after the Closing relating to the ownership, use, operation or maintenance of the Property.

c. These indemnities shall survive for a period of twelve (12) months from the Closing Date, during which time notice must be given to the indemnitor of a specific claim.

11. ASSIGNMENT OF ENGINEERING DATA. Upon settlement hereunder, Seller hereby transfers and assigns, at no cost or expense to Purchaser, to the extent assignable, all of Seller's right, title and interest in and to any and all engineering data, plans, plats, site plans, governmental approvals, any other information and approvals obtained by Seller or within Seller's possession or control relating to the Property (hereinafter the "Engineering Data"). To the extent that any of the Engineering Data is not assignable, Seller shall take the necessary steps to authorize where appropriate the engineer/architect to allow Purchaser to use the Engineering Data in connection with the development of the Property provided Seller shall assume or bear no costs to such engineer or architect for doing so. Seller makes no representation as to whether the engineer /architect retained by the prior contract purchaser of the Property will allow Purchaser to use or rely upon any of the engineering or architectural work product, copies of which Seller has or will make available to Purchaser. As part of Purchaser's due diligence, Purchaser should confirm with such engineer/architect its ability to use such materials and at what fee or cost if any. Seller shall be responsible for payment of all sums owed third parties for work performed at Seller's direction regarding the Engineering Data, if any such work has been done. Each party shall timely mail or fax copies to the other party of all correspondence delivered to or received from governmental authorities and each party shall notify the other party in advance of any meetings with governmental authorities and the other party shall be given the opportunity to attend such meetings.

12. G ENERAL P ROVISIONS .

a. Broker. Other than Dianne Haskett from Washington DC Associates, PLLC, who shall be paid pursuant to a separate agreement by Seller, Purchaser and Seller warrant that they have not dealt with any Broker in the transaction contemplated hereby. Any other fees and commissions of any broker, finder, financial advisor or other person acting in a capacity that would entitle such person to a fee or commission in connection with the sale of the Property shall be Seller's responsibility. Seller and Purchaser each agree to indemnify and hold harmless the other party from any claim for commission by any broker or agent claiming any such commission for or through either Seller or Purchaser other than referenced herein.

b. Applicable Law. The provisions of this Agreement and the application thereof shall be governed by the laws of the District of Columbia, without regard to principles of conflicts of laws.

c. Survival. The provisions of this Agreement shall not be merged into the execution and delivery of the deed and shall survive such execution and delivery.

d. Computation of Time. In the event that any period of time provided for under this Agreement expires, or falls upon, a Saturday, Sunday or legal holiday, then said period of time will be deemed to be extended to the immediately following business day. No amendment, modification, or waiver under this Agreement shall be effective unless in writing and signed by both parties. Time shall be of the essence for all purposes under this Agreement.

e. Entire Agreement. This Agreement constitutes the entire agreement by and between the parties. No amendment, modification, or waiver under this Agreement shall be effective unless in writing and signed by both parties.

f. Notices. Unless otherwise agreed to by the parties any and all notices required hereunder shall be sent to the parties by hand delivery or overnight delivery service or by certified or registered mail, return receipt requested, (or by electronic mail transmission when followed by delivery of the original) at the following addresses.

If to Seller:

Thos. Somerville Company, Inc.
16155 Trade Zone Avenue
Upper Marlboro, MD 20775-8733
Attention: Michael J. McInerney, III, Chairman
Email: mjmcinerne@aol.com

And

Patrick J. McGowan, President
Email: pmcgowan@tsomerville.com

With a copy to:

Elsie L. Reid
Furey, Doolan & Abell, LLP
8401 Connecticut Avenue, Suite 1100
Chevy Chase, MD 20815
Email: ereid@fdalaw.com

If to Purchaser:

Comstock Sixth Street, L.C.
1886 Metro Center Drive, 4 th Floor
Reston, Virginia 20190
Attn: Christopher Clemente
Email: cclemente@comstockhomebuilding.com

With a copy to:

Comstock Sixth Street, L.C.
1886 Metro Center Drive, 4 th Floor
Reston, Virginia 20190
Attn: Jubal Thompson
Email: jthompson@comstockhomebuilding.com

Any party shall have the right to change the place where notices are to be sent by written notice to the other party.

g. Effective Date. As used herein, the term "Effective Date" shall mean the last date this Agreement is executed by the last party to such Agreement.

h. Assignment. The parties to this Agreement mutually agree that the benefits hereunder are not assignable by either party without prior, written consent, except that Purchaser shall be entitled to assign this Agreement to an affiliate with prior notice only, but shall be binding upon them and each of their respective successors and assigns.

i. Rule against Perpetuities. To avoid the rule against perpetuities, in no event shall the last settlement hereunder shall take place later than seven (7) years from the Effective Date.

j. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original. This Agreement may be executed by scanned/photocopied signature, which shall be considered an original signature.

k. Casualty. If all or any material part of the Property, or the improvements or vegetation thereon are destroyed or damaged (normal wear and tear excepted) prior to settlement, Seller shall give notice to Purchaser of such damage or destruction and of Seller's insurance coverage. Purchaser shall have a reasonable time (not to exceed thirty (30) days) in which to elect to either (i) terminate this Agreement in which case the Escrow Agent shall immediately refund the Deposit to Purchaser and this Agreement will be null and void or (ii) to proceed to settlement hereunder, in which case the Purchase Price shall not be reduced but Seller shall assign to Purchaser any and all of Seller's right to insurance proceeds payable to Seller. Seller agrees until settlement to maintain the improvements and vegetation in their existing condition, normal wear and tear excepted, and to preserve all existing insurance on the improvements.

l. Soil Characteristics. Seller hereby acknowledges to Purchaser that, to the best of its knowledge, the soil on the Property has been described by the Soil Conservation Service of the United States Department of Agriculture in the Soil Survey of the District of Columbia published in 1976 and as shown on the Soil Maps of the District of Columbia at the back of that publication as "Urban Land Sassafras Chillum". For further information, Purchaser can contact a soil testing laboratory, the District of Columbia Department of Environmental Services or the Soil Conservation Service of the Department of Agriculture.

m. Underground Storage Tank Disclosure. Purchaser hereby acknowledges receipt, prior to entering into this Agreement, of a notification and disclosure by Seller as to whether Seller is aware of any underground storage tanks located on the Property or of the removal of any underground storage tanks from the Property during the time Seller has owned the Property. Purchaser acknowledges that such notification and disclosure has been provided in compliance with the Underground Storage Tank Management Act of 1990, as amended, and D.C. Code Ann. § 8-113.02(g) (2013).

12. L IKE K IND E XCHANGE . Purchaser acknowledges that Seller has indicated that Seller may wish, at its sole cost and expense, to structure this transaction in such a manner so as to effectuate a simultaneous or deferred like-kind exchange ("Exchange") pursuant to the applicable provisions of Section 1031 of the Internal Revenue Code, as amended. Accordingly and without any representation by Purchaser that such an Exchange is possible or permissible, Purchaser agrees that Seller shall have the right to assign its rights under this Agreement to a third party for the purpose of effectuating such an Exchange; provided, however, that (i) the Settlement pursuant to this Agreement shall not be delayed by reason of such exchange, (ii) Purchaser shall not be required to incur any additional cost or expense as a result of such Exchange, including the cost of reasonable attorney's fees incurred by Purchaser for review of documents prepared by Seller for Purchaser's execution to effectuate the Exchange, which reasonable costs shall be reimbursed to Purchaser by Seller at Settlement, (iii) Purchaser shall not be required to acquire title to any real property other than the Property, (iv) Seller's ability to consummate such an Exchange shall not be a condition to the obligations of Seller or Purchaser under this Agreement, and (v) Seller's obligation to cooperate with Purchaser shall not be impacted by any such assignment.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

SELLER :

THOS. SOMERVILLE CO.,
a Delaware corporation

By: _____
Name:
Title:

Date: _____

ACKNOWLEDGEMENT

United States of America

ss.

District of Columbia

I, , a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT , who is personally known to me (or proved by oaths of credible witnesses to be) the person named as the Attorney-in-Fact in the foregoing Land Purchase Agreement, bearing the date of the day of , 2013, personally appeared before me in said District of Columbia, and as Attorney-in-Fact as aforesaid, acknowledged the same to be the act and deed of THOS. SOMERVILLE CO., a Delaware corporation, one of the parties thereto.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of , 2013.

(SEAL)
NOTARY PUBLIC

My Commission Expires:

PURCHASER :

COMSTOCK SIXTH STREET, L.C.,
a Virginia limited liability company

By: Comstock Holding Companies, Inc., its manager

By: _____
Christopher Clemente
Chief Executive Officer

Date: _____

ACKNOWLEDGEMENT

United States of America

ss.

District of Columbia

I, , a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT Christopher Clemente, who is personally known to me (or proved by oaths of credible witnesses to be) the person named as the Chief Executive Officer of Comstock Holding Companies, Inc., Manager of COMSTOCK SIXTH STREET, L.C. in the foregoing Land Purchase Agreement, bearing the date of the day of , 2013, personally appeared before me in said District of Columbia, and as Attorney-in-Fact as aforesaid, acknowledged the same to be the act and deed of COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company, one of the parties thereto.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of , 2013.

(SEAL)
NOTARY PUBLIC

My Commission Expires:

FIRST AMENDMENT TO

LAND PURCHASE AGREEMENT

THIS FIRST AMENDMENT to Land Purchase Agreement ("Amendment") is entered into as of the day of March, 2014, by and between Thos. Somerville Co., a Delaware corporation (" **Seller** "), and COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company (" **Purchaser** ").

RECITALS

A. WHEREAS, Seller and Purchaser are parties to that certain Land Purchase Agreement dated December 23, 2013 (the " **Agreement** "), for the purchase and sale of certain property located on Sixth Street, NE, Washington, DC, as further described in the Agreement (the " **Property** "); and

B. WHEREAS, Purchaser and Seller desire to amend the Agreement as more fully set forth herein.

NOW, THEREFORE, in consideration of the recitals to this Amendment, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

AGREEMENT

1. Study Period . The first sentence of Paragraph 4 of the Agreement shall be deleted in its entirety and the following shall be inserted in lieu thereof:

Purchaser shall have the right, in its exclusive and absolute discretion, to terminate this Agreement for any reason whatsoever by giving written notice thereof to Seller within One Hundred and Twenty (120) days following the Effective Date of this Agreement (the "Study Period").

2. Counterparts; Electronic Signatures . This Amendment may be signed in counterparts. Signatures via electronic mail shall have the same effect as originals. This Amendment shall be effective upon execution by both Purchaser and Seller.

3. Full Force and Effect . In all other respects, the Agreement is hereby ratified and remains in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be signed as of the day and date referenced above.

Seller : Thos. Somerville Co.,

a Delaware corporation

By: _____

Name:

Date:

Purchaser: COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company

By: Comstock Holding Companies, Inc.,
its manager

By: _____

Christopher Clemente
Chief Executive Officer

REINSTATEMENT AND SECOND AMENDMENT TO
LAND PURCHASE AGREEMENT
(Sixth and Buchanan Streets N.E., DC)

THIS REINSTATEMENT AND SECOND AMENDMENT TO LAND PURCHASE AGREEMENT (the "Reinstatement and Second Amendment") is entered into as of the day of 2014, being the latest date set forth beneath a signature at the end of this Reinstatement and Second Amendment, by and between Comstock Sixth Street, L.C., a Virginia limited liability company ("Purchaser") and Thos. Somerville Co. a Delaware corporation ("Seller").

RECITALS:

R-1 Comstock Sixth Street, L.C. ("Comstock") as Purchaser and Thos. Somerville

Co. ("TSCO") as Seller entered into a Land Purchase Agreement effective December 23, 2013, as amended by a First Amendment dated March 24, 2014, (the "Contract") for the purchase and sale of approximately 4E acres of land located in Washington, D.C., near the intersection of Sixth and Buchanan Streets, N.E,, as more particularly described in the Contract and Exhibit A thereto and defined therein as the "Property."

R-2 Subsequent to the Effective Date of the Contract, the parties agreed, per the First

Amendment to the Contract, to extend the Study Period under the Contract for an additional thirty (30) days until April 22, 2014. On April 22, 2013, Comstock delivered a notice to TSCO of its election to terminate the Contract. The parties, however, have continued to discuss the purchase and sale of the Property, and now desire to reinstate the Contract, based on certain mutually agreed upon modifications as set forth in this Reinstatement and Second Amendment.

NOW, THEREFORE, in consideration of the mutual covenants of Seller and Purchaser and for other good and valuable consideration, the receipt and legal sufficiency of which the parties acknowledge, Seller and Purchaser hereby agree as follows:

1. Each capitalized term used in this Reinstatement and Second Amendment and not defined herein will have the definition provided for it in the Contract.

2. The Contract is hereby reinstated. The parties, by signing below, acknowledge and affirm their intent to be bound thereby, subject to the provisions of such Contract as expressly modified by this Reinstatement and Second Amendment.

3. Paragraph 2 of the Contract is modified hereby to change the Purchase Price from, $4,326,000 to $4,000,000. This Purchase Price shall be subject to increase, however, at the rate of $100,000 for each market rate residential unit over and above thirty-three (33) market rate units for which Purchaser achieves Planned Unit Development approval. See Paragraph 5 below.

4. Seller agrees to reimburse Purchaser for one-half the cost of the Phase II environmental site assessment investigation costs incurred by Purchaser

should Purchaser elect not to proceed to Closing based solely upon the results of the Phase II site assessment investigation, which Phase II assessment Purchaser has agreed to obtain within the Study Period as extended by Paragraph 9 below, The costs of such Phase 11 assessment, to be split between Purchaser and Seller, shall not exceed $17,700. If the Purchaser proceeds to Closing, Purchaser shall bear the entire costs of the Phase II assessment,

5. Paragraph 5.a. of the Contract, one of the "Preconditions to Settlement," is amended to provide that Purchaser shall have achieved approval of a Planned Unit Development for **no less than thirty-three (33) market rate units and four (4) "affordable" dwelling units.** For each market rate unit over 33, the Purchase Price will increase by $100,000.

6. Paragraph 5 of the Contract is amended to add as an additional "Precondition to Settlement," the following subparagraph "5.j.", as a new precondition:

"5.j. Purchaser, at Purchaser's expense, shall have obtained the necessary governmental permit allowing it to proceed with sediment, erosion control and grading on the Property."

7. Paragraph 6,a of the Contract is amended to provide that, notwithstanding any other provisions of the Contract as amended, **Closing under the Contract shall occur on or before December 23, 2015,** time being of the essence to Seller. **However, in the event all of the "Preconditions to Settlement" have not been satisfied by the December 23, 2015 date, Purchaser shall have the right to extend the Closing for two (2) periods of three (3) months each by paying to Seller a non-refundable "Extension Fee" in the amount of Fifty thousand and no/100 dollars ($50,000.00) for each of the two extensions of the Closing.**

8. Seller agrees that it will grant a standard easement of record for existing natural gas and water lines to public authorities, if Purchaser reasonably requests that it do so within the Study Period as extended hereby.

9. The Study Period, as provided in Paragraph 4 of the Contract, is hereby extended until **5:00 p.m. EDT, Friday, June 6, 2014,** for the singular purpose of allowing time for Purchaser to complete the Phase II environmental assessment. Purchaser represents and warrants that Purchaser has completed its title report and ALTA survey (or had the opportunity to conduct an ALTA survey), and that Purchaser has accepted title to Property, waiving any obligations or title defects.

10. Seller informs Purchaser, and Purchaser acknowledges receipt of this information, that to best of Seller's knowledge, there was never an escrow established in the amount of $200,000 (or any other amount) nor any geotechnical report done on the section of retaining wall constructed at an increased height of approximately 16 feet on the rear portions of some of the bordering residential lots fronting on 7th Street N.E.

11. It is the intention of Purchaser and Seller that all questions with respect to the construction of this Reinstatement and Second Amendment, and the rights or liabilities of the parties hereunder, shall be determined in accordance with the laws of the District of Columbia, without regard to conflicts of laws principles.

12. Purchaser and Seller ratify the Contract as modified here.

13. This Reinstatement and Second Amendment may be executed in counterparts, which, when taken together, shall constitute one original.

IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered this Reinstatement and Second Amendment.

SELLER:

THOS. SOMERVILLE CO.

By: _____(SEAL)
Name: Patrick J. McGowan
Title: President/CEO

Date: _____, 2014

PURCHASER:

COMSTOCK SIXTH STREET, L.C.,

a Virginia limited liability company

By: _____(SEAL)
Name: Christopher Clemente
Title: Chief Executive Officer

Date: _____, 2014

THIRD AMENDMENT TO

LAND PURCHASE AGREEMENT

THIS THIRD AMENDMENT to Land Purchase Agreement (" **Amendment** ") is entered into as of the day of December, 2015, by and between Thos. Somerville Co., a Delaware corporation (" **Seller** "), and COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company (" **Purchaser** ").

RECITALS

A. WHEREAS, Seller and Purchaser are parties to that certain Land Purchase Agreement dated December 23, 2013, as amended by the First Amendment to Land Purchase Agreement dated March 24, 2014, as amended by the Reinstatement and Second Amendment to Land Purchase Agreement dated May 16, 2014 (" **Second Amendment** ") (as amended, the " **Agreement** "), for the purchase and sale of certain property located on Sixth Street, NE, Washington, DC, as further described in the Agreement (the " **Property** "); and

B. WHEREAS, Purchaser and Seller desire to amend the Agreement as more fully set forth herein.

NOW, THEREFORE, in consideration of the recitals to this Amendment, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

AGREEMENT

4. Settlement. Paragraph 6a.of the Agreement is amended to provide that notwithstanding any other provisions of the Agreement, as amended, "Closing under the Agreement shall occur on or before February 24, 2016, time being of the essence to the Seller." Purchaser shall retain the right to extend the date of Closing as provided in the Second Amendment if the Preconditions of Settlement in Paragraph 5 of the Agreement have not been completed by February 24, 2016, on the terms set out in Paragraph 7 of the Second Amendment. However, if at anytime after December 23, 2015, Purchaser elects to terminate the Agreement under the terms and condition of the Agreement, Purchaser shall pay to Seller the first of the two Extension Fees of $50,000.00 as provided for in the Reinstatement and Second Amendment to Land Purchase Agreement except in the case an appeal of the approval of PUD 15-04 is filed. In the case of this termination by Purchaser, Escrow Agent shall promptly release $50,000.00 of the $150,000 Deposit to Seller. Likewise, in the event Purchaser does not close by February 24, 2016, and Purchaser does not elect to terminate the Agreement, Purchaser shall pay to Seller, the first of two Extension Fees of $50,000.00 as provided for in the Reinstatement and Second Amendment to Land Purchase Agreement. Purchaser agrees in the event Purchaser does not close on the subject transaction, Purchaser will deliver to Seller, all engineering and architectural materials and rezoning application documents. Purchaser will also assign the approved plan to Seller or Seller's designee.

5. Demolition. A new Paragraph 12(n) shall be added as follows: "At Purchaser's sole election, upon receipt of necessary permits from governmental authorities, Seller authorizes Purchaser to commence demolition of any structures on the Property prior to Closing at Purchaser's sole cost and expense, provided, however, that Purchaser shall not, prior to Closing, remove or damage the existing fence that borders portions of the Property. Seller agrees to cooperate with Purchaser in obtaining any required permits and agrees to execute any documents required for the approval of the sediment, erosion control, early grading and demolition permits. In the event, subsequent to Purchaser commencing with the work permitted under the sediment, erosion control, early grading and demolition permit, Purchaser elects to not proceed to Closing, pursuant to the terms and conditions of the Land Purchase Agreement, Purchaser agrees to promptly and at its expense, complet enough of the work to leave the property in a safe, level, properly drained and stabilized condition, and Purchaser shall remove all construction debris and ensure the existing fence is in good repair, so that the Property is restored to its pre-demolition condition as much as reasonably practicable (the "Restoration Work"). Until Seller notifies Purchaser and Escrow Agent that the Purchaser has satisfactorily completed the Restoration Work, the Escrow Agent shall retain the Deposit. If the Purchaser does not complete the Restoration Work within sixty (60) days of termination of the Contract, the Escrow Agent shall release to Seller, upon its reasonable request, such sums as Seller may need to perform the Restoration Work.

6. Counterparts; Electronic Signatures . This Amendment may be signed in counterparts. Signatures via electronic mail shall have the same effect as originals. This Amendment shall be effective upon execution by both Purchaser and Seller.

7. Full Force and Effect . In all other respects, the Agreement is hereby ratified and remains in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be signed as of the day and date referenced above.

Seller : Thos. Somerville Co.,

a Delaware corporation

By: _____

Name:

Date:

Purchaser: COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company

By: Comstock Holding Companies, Inc., Manager

By: _____

Christopher Clemente
Chief Executive Officer

FOURTH AMENDMENT TO

LAND PURCHASE AGREEMENT

THIS FOURTH AMENDMENT to Land Purchase Agreement (" **Amendment** ") is entered into as of the day of February, 2016, by and between Thos. Somerville Co., a Delaware corporation (" **Seller** "), and COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company (" **Purchaser** ").

RECITALS

A. WHEREAS, Seller and Purchaser are parties to that certain Land Purchase Agreement dated December 23, 2013, as amended by the First Amendment to Land Purchase Agreement dated March 24, 2014, as amended by the Reinstatement and Second Amendment to Land Purchase Agreement dated May 16, 2014, as amended by the Third Amendment to Land Purchase Agreement dated December , 2015 (as amended, the " **Agreement** "), for the purchase and sale of certain property located on Sixth Street, NE, Washington, DC, as further described in the Agreement (the " **Property** "); and

B. WHEREAS, Purchaser and Seller desire to amend the Agreement as more fully set forth herein.

NOW, THEREFORE, in consideration of the recitals to this Amendment, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

AGREEMENT

8. Settlement. Paragraph 6a of the Agreement is deleted in its entirety, and the following shall be inserted in lieu thereof:

"All Preconditions to Settlement provided in Paragraph 5 of the Agreement have been met. Closing under the Agreement shall occur on or before March 23, 2016 ("Closing Date"), upon Purchaser's payment of a non-refundable extension fee in the amount of Fifty Thousand Dollars ($50,000), time being of the essence to the Seller. Purchaser shall have the right to elect, in its sole but reasonable discretion, to extend the Closing Date for a period as follows: (i) ninety (90) days, or June 21, 2016, by paying to Seller a non-refundable second extension fee in the amount of Fifty Thousand Dollars ($50,000), or (ii) a per diem amount of $833.33 per day for up to ninety (90) days. If Purchaser elects to extend the Closing Date past March 23, 2016 as provided herein, Purchaser shall provide prior written notice of its election no less than three (3) days prior to the Closing Date."

9. Purchaser's Default; Seller's Remedy. The first sentence of Paragraph 8 of the Agreement is deleted in its entirety, and the following shall be inserted in lieu thereof:

"In the event that Seller performs all of its obligations hereunder and Purchaser fails to meet any of its obligations under the Agreement or to complete settlement hereunder or post the Deposit as required herein, and Purchaser fails to cure such default within twenty-one (21) days of notice from Seller (or 10 days from notice of a monetary default from Seller), then Seller shall be entitled to terminate this Agreement by delivery of written notice to Purchaser, and thereupon the parties hereto shall have no further rights or obligations hereunder, and Seller shall receive the amount of the Deposit posted, if any, from the Escrow Agent as full liquidated damages and as its sole remedy, in lieu of any other claims or causes of action which may be available to Seller at law or in equity by reason of such default hereunder by Purchaser, provided, however, that the Purchaser shall immediately deliver or cause to be assigned, transferred and delivered to Seller, to the extent assignable, owned by Purchaser, or in Purchaser's control, any Property studies, tests, engineering reports, or PUD related documents, plats, site plans and lot applications (the "Purchaser's Study Materials").

10. Counterparts; Electronic Signatures . This Amendment may be signed in counterparts. Signatures via electronic mail shall have the same effect as originals. This Amendment shall be effective upon execution by both Purchaser and Seller.

11. Full Force and Effect . In all other respects, the Agreement is hereby ratified and remains in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be signed as of the day and date referenced above.

Seller Thos. Somerville Co.,
:

a Delaware corporation

By: _____
Name:

Date:

Purchaser: COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company

By: Comstock Holding Companies, Inc., Manager

By: _____

Christopher Clemente
Chief Executive Officer

FIFTH AMENDMENT TO

LAND PURCHASE AGREEMENT

THIS FIFTH AMENDMENT to Land Purchase Agreement (" **Amendment** ") is entered into as of the day of June, 2016, by and between Thos. Somerville Co., a Delaware corporation (" **Seller** "), and COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company (" **Purchaser** ").

RECITALS

A. WHEREAS, Seller and Purchaser are parties to that certain Land Purchase Agreement dated December 23, 2013, as amended by the First Amendment to Land Purchase Agreement dated March 24, 2014, as amended by the Reinstatement and Second Amendment to Land Purchase Agreement dated May 16, 2014, as amended by the Third Amendment to Land Purchase Agreement dated December 10, 2015, as amended by the Fourth Amendment to Land Purchase Agreement dated February 24, 2016 (as amended, the " **Agreement** "), for the purchase and sale of certain property located on Sixth Street, NE, Washington, DC, as further described in the Agreement (the " **Property** "); and

B. WHEREAS, Purchaser and Seller desire to amend the Agreement as more fully set forth herein.

NOW, THEREFORE, in consideration of the recitals to this Amendment, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

AGREEMENT

12. Settlement. Paragraph 6a of the Agreement is deleted in its entirety, and the following shall be inserted in lieu thereof:

"All Preconditions to Settlement provided in Paragraph 5 of the Agreement have been met. Closing under the Agreement shall occur on or before June 21, 2016 ("Closing Date"). Purchaser shall have the right to elect, in its sole but reasonable discretion, to extend the Closing Date by providing written notice to Seller prior to the Closing Date for a period as follows: (i) sixty (60) days, or August 20, 2016, by paying to Seller a non-refundable extension fee in the amount of Fifty Thousand Dollars ($50,000)."

13. Counterparts; Electronic Signatures . This Amendment may be signed in counterparts. Signatures via electronic mail shall have the same effect as originals. This Amendment shall be effective upon execution by both Purchaser and Seller.

14. Full Force and Effect . In all other respects, the Agreement is hereby ratified and remains in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be signed as of the day and date referenced above.

Seller : Thos. Somerville Co.,

a Delaware corporation

By: _____
Name:

Date:

Purchaser: COMSTOCK SIXTH STREET, L.C., a Virginia limited liability company

By: Comstock Holding Companies, Inc., Manager

By: _____
Christopher Clemente
Chief Executive Officer

Exhibit 10.102

ASSIGNMENT OF MEMBERSHIP
INTEREST IN DRESDEN, LLC,
A MARYLAND LIMITED LIABILITY COMPANY

THIS ASSIGNMENT OF MEMBERSHIP INTEREST (hereinafter " **Assignment** ") is made as of the effective date of September 15, 2016, by and between Y EAR 2003 T RUST FOR D ESCENDANTS (the " **Year 2003 Trust** "), P LEASANTS A SSOCIATES L IMITED P ARTNERSHIP , or order (" **PALP** "), and CJC, LLC (" **CJC** ") (the Year 2003 Trust, PALP, and CJC are collectively hereinafter referred to as the " **Assignor** ") and C OMSTOCK B ESHERS , L.C. (hereinafter the " **Assignee** ").

WHEREAS, Dresden, LLC (hereinafter the " **Company** ") is a limited liability company validly existing and in good standing under the laws of the State of Maryland; and

WHEREAS, Assignor is the owner and holder of 20% of the interests in the Company, and Assignee holds 80% of the interests in the Company; and

WHEREAS, Company is a "Real property entity" within the meaning of §12-117 of the Tax-Property Article of the Annotated Code of Maryland because the real property owned by the Company constitutes 80% or more of the value of the assets of the Company, and has an aggregate value of at least $1,000,000.00 however the transfer contemplated herein is not a transfer of a Controlling Interest in the Company and therefore §12-117 does not apply; and

WHEREAS, in consideration of $1.00, the receipt and sufficiency of which is hereby acknowledged, Assignor desires to assign and transfer twenty percent (20%) interest in the Company unto Assignee (the " **Membership Interest** "); and

WHEREAS, Assignee desires to accept said Membership Interests from Assignor.

NOW, THEREFORE, for valuable consideration and the mutual promises contained herein, the parties agree as follows:

1. Assignor does hereby assign and convey all of its right, title and interest in and to a twenty percent (20.00%) Membership Interest in the Company unto Assignee.

2. Immediately following the transfer evidenced hereby, the Members of the Company hold the following percentages of ownership in the Company:

Member	Percentage
Comstock Beshers, L.C.	100.0%

3. The Assignee does hereby accept this assignment from Assignor subject to all of the terms and provisions of Operating Agreement of the Company dated December 24, 2014 (the " **Operating Agreement** "), and by Assignee's signature below, agrees to be legally bound by the Operating Agreement of the Company.

4. By Assignor's signature below, Assignor confirms and agrees that Assignee is an approved "Potential Transferee" of Assignor, and the Company will not exercise its right to purchase the Membership Interest as provided in Section 7.02 of the Operating Agreement. Assignor further acknowledges and agrees that this Assignment constitutes the "Sale Notice" as provided by Section 7.04 of the Operating Agreement, and that Assignor waives any and all rights to exercise the option provided therein.

5. Assignor hereby indemnifies and holds Assignee, its officers, directors, members, agents, managers, and employees, harmless from any and all actions, claims, or causes of action, known or unknown, pertaining to the Company for any reason at any point on or before September 15, 2016.

WITNESS the hands and seals of the parties as of the day and year first above written.

WITNESS:

_____

_____

_____

_____

ASSIGNOR:
Y EAR 2003 T RUST FOR D ESCENDANTS

By: _____ (Seal)
Claudia F. Pleasants
Trustee

By: _____ (Seal)
James L. Dameron, III
Trustee

By: _____ (Seal)
Dawn A. Newquist
Trustee

P LEASANTS A SSOCIATES L IMITED P ARTNERSHIP
By: Pleasants Enterprises, Inc.
General Partner

By: _____ (Seal)
William D. Pleasants, Jr.
President

CJC, LLC

By: _____ (Seal)
Gerald T. Connelly, III
Manager

ASSIGNEE:
COMSTOCK BESHERS, L.C.
By: **C OMSTOCK H OLDING C OMPANIES , I NC ., M ANAGER**

By: _____ (Seal)

LOAN AGREEMENT

(Acquisition and Development Loan and Revolving Construction Line of Credit)

THIS LOAN AGREEMENT is made effective as of the 15 th day of September, 2016 by and between **DRESDEN, LLC** , a Maryland limited liability company (" **Dresden** ") and **COMSTOCK EMERALD FARM, L.C.** , a Virginia limited liability company (" **Emerald Farm** ") (individually, collectively, jointly and severally, the " **Borrower** ") and **CARDINAL BANK** , a Virginia state chartered bank (" **Lender** ").

RECITALS

R-1. Dresden is the owner or contract purchaser of certain real property more particularly described on **Exhibit A-1** attached hereto and by this reference made a part hereof (the " **Spring Ridge Lots** ").

R-2. Emerald Farm is the owner of certain real property more particularly described on **Exhibit A-2** attached hereto and by this reference made a part hereof (the " **Emerald Farm Lots** " which together with the Spring Ridge Lots are individually a " **Lot** " and collectively, the " **Lots** " or the " **Land** ").

R-3. Lender has agreed to make (i) an acquisition and development line of credit to Borrower in the maximum aggregate principal amount that may be advanced of **One Million Eight Hundred Sixty-Five Thousand Two Hundred Fifty and no/100 Dollars ($1,865,250)** on a non-revolving basis (the " **A&D Loan** ") to finance a portion of Borrower's cost to acquire the Spring Ridge Lots and develop the Spring Ridge Lots into twenty-one (21) finished single family detached lots, and (ii) a construction line of credit in the maximum principal amount of **Two Million Seven Hundred Sixty Thousand and no/100 Dollars ($2,760,000)** that may be outstanding at any one time advanced and re-advanced on a revolving basis for and on account of materials to be furnished and labor and services to be performed in connection with the construction of twenty-seven (27) single family detached residential Units (hereinafter defined) and certain other improvements upon the Land (the " **Construction Line** "), as amended, modified, supplemented and increased from time to time.

R-4. Simultaneously with the execution and delivery hereof, Borrower has executed that certain Credit Line Deed of Trust Note dated of even date herewith in the principal amount of **$4,625,250.00** and that certain Credit Line Deed of Trust, Assignment and Security Agreement of even date herewith to secure the same.

W I T N E S S E T H :

For and in consideration of these presents, and in further consideration of the mutual covenants and agreements herein set forth and of the sum of Ten Dollars ($10.00) lawful money of the United States of America by each of the parties to the other paid, receipt of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

1.0 Definitions . Borrower and Lender agree that, unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

A&D Loan – The non-revolving line of credit from Lender to Borrower evidenced by the Note, to be advanced and repaid pursuant to this Loan Agreement and secured by the Financing Documents to be used to finance a portion of Borrower's cost to acquire the Spring Ridge Lots and develop the them into twenty-one (21) finished single family detached building Lots as more particularly set forth in the recitals to this Loan Agreement.

A&D Loan Funding Termination Date – The Funding Termination Date. Lender's obligation to make any advances out of the A&D Loan shall terminate on the Funding Termination Date.

Borrower – The parties hereinabove designated as such and their respective successors and assigns.

Commitment – The commitment letter dated August 5, 2016 as revised on August 29, 2016 from Lender to Borrower in connection with the A&D Loan and the Construction Line, as the same may be from time to time amended.

Completion Date – For each Unit, the earlier to occur of (i) the date that is twelve (12) months after the date of the advance of Construction Line funds for the foundation for a Unit, and (ii) the date such Unit is to be delivered to the purchaser under a Contract.

Construction Line – The revolving line of credit from Lender to Borrower evidenced by the Note, to be advanced, re-advanced and repaid pursuant to this Loan Agreement and secured by the Financing Documents to be used for the construction of the Units as more particularly set forth in the recitals to this Loan Agreement.

Construction Line Funding Termination Date – Lender's obligation to make advances of Construction Line proceeds for any particular Unit shall expire on the Funding Termination Date for those Units for which Lender did not issue its formal Construction Loan commitment prior to the Funding Termination Date. Construction Line advances for each Construction Loan that Lender commits to hereunder shall terminate on the Construction Loan Maturity Date.

Construction Line Maturity Date – The last Construction Loan Maturity Date.

Construction Loan – A non-revolving limited amount that Lender has committed to fund under the Construction Line for a specified Unit.

Construction Loan Maturity Date – The date on the earlier to occur of (i) the date that the Unit is sold, and (ii) the date that is twelve (12) months after the date of the first advance of Construction Line funds for the Unit.

Consulting Engineer or Progress Inspector – Such person or firm as Lender may from time to time appoint or designate for purposes related to the inspection of the progress of the construction of the Improvements, conformity of construction with the Plans and Specifications, and for such other purposes as to Lender may from time to time seem appropriate or as may be required by the terms of this Loan Agreement.

Contract – An executed contract of sale for the sale of a Unit, and such Contract complies with all of the following conditions:

(i) the Contract shall be accompanied by a minimum cash deposit of three percent (3%) of the Contract purchase price;

(ii) the Contract shall not be subject to any contingencies, including the sale of the purchaser's property; and the Contract shall not be subject to cancellation by the purchaser without loss of the deposit, except for cause or as may be provided by applicable Virginia statute; and

(iii) the purchaser under the Contract shall be pre-qualified by a reputable mortgage lender, who shall issue a pre-qualification letter which indicates that the purchaser will be approved after appropriate verifications for the purchase money mortgage loan necessary to purchase such Unit.

Deed of Trust – That certain Credit Line Deed of Trust, Assignment and Security Agreement made by Borrower to secure Lender, dated of even date herewith, as the same may from time to time be amended, modified or supplemented.

Environmental Indemnity Agreement The Environmental Indemnity Agreement executed by Borrower and Guarantors of even date herewith.

Event(s) of Default – Any of the happenings, events, circumstances or occurrences described in Article VI of this Loan Agreement.

Financing Documents – The Note, this Loan Agreement, the Deed of Trust and all other documents executed by Borrower and/or Guarantors evidencing, guarantying or securing the Loans, as the same may from time to time be amended, modified or supplemented.

Funding Termination Date – March 15, 2018 (the " **Initial Funding Termination Date** "), or as extended as provided herein. The Initial Funding Termination Date shall be automatically extended to September 15, 2018, but only if (i) there are no defaults or events which with the passage of time would constitute a default under the Financing Documents, (ii) Borrower has satisfied all other terms and conditions required to be satisfied in the Financing Documents as of the Initial Funding Termination Date, (iii) Borrower shall have sold and closed on at least fifteen (15) Units within the Project as of the Initial Funding Termination Date, (iv) the Interest Reserves available to be advanced hereunder as of the Initial Funding Termination Date shall be sufficient to pay interest on the Loans when it becomes due and payable for the remaining term of the Loans, and (v) Borrower pays Lender a fully earned non-refundable Loan extension fee of **$4,665.00** . The Initial Funding Termination Date to the extent extended to the First Extended Funding Termination Date is the " **Funding Termination Date** ."

Guarantors – Christopher D. Clemente and Comstock Holding Companies, Inc., a Delaware corporation and their successors, personal representatives, devisees and heirs.

Hazardous Materials – Any (i) hazardous wastes and/or toxic chemicals, materials, substances or wastes occurring in the air, water, soil or ground water on, under or about the Property as defined by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund or CERCLA), 42 U.S.C. §§ 9601 et seq ., the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. § 9601(20)(D), the Resource Conservation and Recovery Act (the Solid Waste Disposal Act or RCRA), 42 U.S.C. §§ 6901 et seq ., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (CWA), 33 U.S.C. §§ 1251 et seq ., the Clean Air Act of 1966 (CAA), 42 U.S.C. §§ 7401 et seq ., the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601, et seq ., and the National Environmental Policy Act, 42 U.S.C. 4321 et seq ., as these statutes may be amended from time to time, and regulations promulgated thereunder; (ii) "oil, petroleum, petroleum products, and their by-products" as defined by the applicable statutes, as amended from time to time, and regulations promulgated thereunder; (iii) "hazardous substance" as defined by the applicable statutes, as amended from time to time, and regulations promulgated thereunder; (iv) substance, the presence of which is prohibited or controlled by any other applicable federal or state or local environmental laws, rules, regulations, statutes or ordinances now in force or hereafter enacted relating to waste disposal or environmental protection with respect to hazardous, toxic or other substances generated, produced, leaked, released, spilled or disposed of at or from the Property; and (v) other substance which by law requires special handling in its collection, storage, treatment or disposal including, but not limited to, asbestos, polychlorinated biphenyls (PCBs), urea formaldehyde foam insulation and lead-based paints, but not including small quantities of such materials present on the Property in retail containers or other materials used in the ordinary course of construction activities in compliance with all Environmental Requirements and Environmental Laws (as defined in the Financing Documents).

Hydric Soils – Any soil category upon which construction of Improvements would be prohibited or restricted under applicable governmental requirements, including, without limitation, those imposed by the U. S. Army Corp of Engineers.

Improvements – Any and all buildings, structures, improvements, alterations or appurtenances now erected or at any time hereafter constructed or placed upon the Land or any portion thereof and any replacements thereof including without limitation, all equipment, apparatus, machinery and fixtures of any kind or character forming a part of said buildings, structures, improvements, alterations or appurtenances.

Indebtedness – All amounts due Lender pursuant to or on account of the Note, this Loan Agreement or any of the other Financing Documents, including, without limitation, all principal (including, without limitation, any principal that is advanced after the date of this Loan Agreement and any principal that is repaid and re-advanced), interest, late charges, loan fees and all other payments required to be made by Borrower pursuant to or on account of the Note, this Loan Agreement or any of the other Financing Documents.

Initial Funding Termination Date – March 15, 2018.

Land – The real property described in **Exhibit A-1** and **Exhibit A-2** attached hereto and by this reference made a part hereof, as amended, modified, supplemented or increased from time to time.

Lender – The party hereinabove designated as such, its successors and assigns.

Loan(s) – Individually, the A&D Loan or the Construction Line, as the case may be, and collectively, the A&D Loan and the Construction Line.

Note – The Credit Line Deed of Trust Note made by Borrower to the order of Lender dated of even date herewith in the principal amount hereinabove recited, as the same may from time to time be amended, modified or supplemented.

Obligations – Any and all of the covenants, warranties, representations, agreements, promises and other obligations (other than the Indebtedness) made or owing by Borrower or others to Lender pursuant to or as otherwise set forth in the Note or the other Financing Documents.

Plans and Specifications – Any and all plans and specifications prepared for Borrower in connection with the construction of the Improvements and approved in writing by Lender, as the same may from time to time be amended with the prior written approval of Lender.

Pre-sold Unit – A Unit subject to a Contract.

Project – The Land, the site development of the Land, and the construction of the Improvements and the Units are collectively hereinafter referred to as the Project.

Property – The property described as such in the Deed of Trust, as amended, modified, supplemented or increased from time to time.

Public Authorities – Frederick County, Maryland and any other public, municipal or quasi-municipal entity having jurisdiction over the Land and the Improvements to be constructed thereon.

Financing Documents – The Deed of Trust, the Environmental Indemnity Agreement, and any other instrument or instruments described or characterized as such in the Deed of Trust, as the same may from time to time be amended, modified or supplemented.

Speculative Unit – A Unit not subject to a Contract including all model Units.

Title Company – Superior Title Services, LC as the approved agent of Stewart Title Guaranty Company that will handle the closings of the Loans.

Unit – An individual single family detached residence and the physical Improvements constructed, or being constructed, as a single family detached residence within the identified legal boundaries of an individual Lot.

ARTICLE II
THE LOANS – ADVANCES AND REPAYMENTS

2.0 The Loans . Lender agrees to advance proceeds of the Loans to Borrower, subject to the terms and conditions herein set forth and in accordance with the cost breakdown, budget (the " **Budget** ") and/or draw schedule attached hereto as **Exhibit B** and incorporated herein by reference, as amended from time to time by Lender.

2.1 Applications for Advances . Borrower shall make applications for advances of Loan proceeds from Lender on the forms that Lender approves in writing. Borrower shall make each such application at least five (5) business days before the advance shall be called for, in order to permit Lender to make such inspections as it shall from time to time consider appropriate. Lender shall perform the construction progress inspections of the Units within the Property (including inspections of the foundations). Borrower shall pay to Lender all inspection fees and expenses incurred by Lender prior to or at the time of the advance requested for each visit by Lender to inspect the construction progress of the Units. Each application for an advance of Loan proceeds shall be in such form and include such detail as Lender may require. Provided such inspections are satisfactory, Borrower shall be permitted one (1) advance or draw of the proceeds of the Loans each calendar month.

2.2 Funding Limitations . Except as specifically limited in this Loan Agreement, prior to the A&D Loan Funding Termination Date, Borrower shall have the right to borrow and repay, but not to re-borrow, from time to time, up to a maximum principal amount of **One Million Eight Hundred Sixty-Five Thousand Two Hundred Fifty and no/100 Dollars ($1,865,250.00)** for budgeted and approved Land Acquisition Costs, Closing Costs, Real Estate Taxes, Hard Development Costs and Interest expenses as more particularly set forth in the Budget. Except as specifically limited in this Loan Agreement, prior to the Construction Line Funding Termination Date, Borrower shall have the right to borrow, repay and re-borrow on a revolving basis an amount not to exceed **Two Million Seven Hundred Sixty Thousand and no/100 Dollars ($2,760,000.00)** that may be outstanding at any one time for the Hard Construction costs of the Units pursuant to the Budget. Lender shall not be obligated to advance A&D Loan proceeds or Construction Line proceeds if (i) an Event of Default exists hereunder; (ii) Lender has made demand for any payment under the Note which remains unpaid; or (iii) any conditions precedent to such advance set forth in this Loan Agreement has not been satisfied in Lender's judgment. Subject to the preceding conditions, Lender agrees to make advances in amounts not to exceed the following amounts:

(a) Land Acquisition Advance : $333,725.

(b) Land Acquisition Costs, Closing/Loan Costs, Architectural/Engineering Costs, Hard Development Costs and Interest Reserve Advances : The combined A&D Loan advances shall not exceed the sum of the "as-is" appraised value of the Land and the lesser of: (i) forty-five percent (45%) of the cost to acquire the Spring Ridge Lots, (ii) fifty-five percent (55%) of the gross retail value of the Spring Ridge Lots, or (iii) sixty-five percent (65%) of the "as-developed" appraised value of the finished Spring Ridge Lots on a discounted cash flow basis. In no event shall Lender advance more than $1,865,250 in the aggregate, on a non-revolving basis, for Land Acquisition Costs, Closing/Loan Costs, Architectural/Engineering, Hard Development Costs and Interest on the A&D Loan. Advances of Hard Development Costs shall be on a percentage of completion basis for the Hard Development Costs of the Spring Ridge Lots. Lender shall automatically advance funds out of the $120,000 Interest Reserve to cover the interest expense on the A&D Loan on a monthly basis when interest is due under the Note as to the A&D Loan. The funds set aside in the Interest Reserve shall not be advanced for any other purpose than to cover the actual interest expense accruing on the A&D Loan.

(c) Construction Loan Advances : Construction Loan advances for Units to be constructed on the Spring Ridge Lots shall not exceed the lesser of (i) sixty-five percent (65%) of the "as-if completed" appraised value of a Unit on a gross sale price basis when added to the committed amount under the A&D Loan allocated to the Unit, (ii) seventy percent (70%) of the "as-if completed" appraised value of a Unit on a discounted cash flow basis when added to the committed amount under the A&D Loan allocated to the Unit, or (iii) one hundred percent (100%) of the actual construction costs of the finished Unit on a percentage of completion basis. Construction Loan advances for Units to be constructed on the Emerald Farm Lots shall not exceed the lesser of (x) fifty-five percent (55%) of the "as-if completed" appraised value of a Unit on a gross sale price basis, or (y) one hundred percent (100%) of the actual construction costs of the finished Unit on a percentage of completion basis. The maximum amount of construction advances that may be outstanding at any one time during the term of the Construction Line shall not exceed $2,760,000.

(d) Funding Termination : Lender shall not be obligated to advance any A&D Loan proceeds after the A&D Loan Funding Termination Date. Lender shall not be obligated to advance any Construction Loan proceeds after the Construction Loan Maturity Date.

2.3 Conditions Precedent to Loan Closing and funding of the A&D Loan : Lender shall not be obligated to close the Loans, make any advance of A&D Loan proceeds hereunder, make any advances out of the Interest Reserve unless the following conditions have been satisfied:

(a) The Note, this Loan Agreement, the Deed of Trust and the other Financing Documents shall have been properly executed and delivered to Lender (except that only a copy of the fully executed Deed of Trust shall be delivered to Lender). Borrower shall deliver the original fully executed and acknowledged Deed of Trust and other Financing Documents that Lender requires to be recorded or filed to secure the Indebtedness and Obligations (the " **Loan Recordation Documents** ") to the Title Company in final form required for recordation in the appropriate land records and the Title Company shall record the fully executed Loan Recordation Documents immediately after the recordation of the deed conveying the Land from the seller of the Land to Borrower.

(b) Borrower shall have deposited with the Title Company in currently available funds the amount set forth on Line 303 of the settlement statement as approved by Lender, the receipt of which the Title Company shall confirm to Lender.

(c) Lender shall have received a paid policy of title insurance (ALTA Standard Form "B" Loan Policy – Current Edition) or a valid and enforceable commitment to issue the same, together with such reinsurance agreements and direct access agreements as may be required by Lender, from a company or companies satisfactory to Lender in the amount of the Loans and which may be endorsed or assigned to the successors and assigns of Lender without additional cost, insuring the lien of the Deed of Trust to be a valid first lien on the Property, free and clear of all defects, exceptions and encumbrances except such as Lender and its counsel shall have approved, and which otherwise complies with the applicable requirements of the Commitment.

(d) Lender shall have received advice, in form and substance and from a source satisfactory to Lender, to the effect that a search of the applicable public records discloses no conditional sales contracts, chattel mortgages, leases of personalty, financing statements or title retention agreements filed or recorded against the Property except such as Lender shall have approved.

(e) Lender shall have received all policies or certificates of insurance required by the terms of the Commitment and the other Financing Documents to be in effect from a company or companies and in form and amount satisfactory to Lender, together with written evidence, in form and substance satisfactory to Lender, that all fees and premiums due on account thereof have been paid in full.

(f) Lender shall have received a separate policy of flood insurance in the face amount of the Note or the maximum limit of coverage available with respect to the Property, whichever is the lesser, from a company or companies satisfactory to Lender and written in strict conformity with the Flood Disaster Protection Act of 1973 , as amended, and all applicable regulations adopted pursuant thereto; provided, however, that in the alternative Borrower may supply Lender with written evidence, in form and substance satisfactory to Lender, to the effect that such flood insurance is not available with respect to the Property, or Borrower may provide to Lender the certificate of a professional engineer that the Property is not within a flood hazard area.

(g) Lender shall have received a current survey of the Land, certified to Lender by a registered land surveyor of the jurisdiction in which the Land is located, which plat of survey shall clearly designate at least (i) the location of the perimeter of the Land by courses and distances; (ii) the location of all easements, rights-of-way, alleys, streams, waters, paths and encroachments; (iii) the location of all building restriction lines and set-backs, however established; (iv) the location of any streets or roadways abutting the Land; and (v) the then "as-built" location of the Improvements and the relation of the Improvements by courses and distances to the perimeter of the Land, building restriction lines and set-backs, all in conformity with the most recent Minimum Standard Detail Requirements for Land Title Surveys adopted by the American Congress on Surveying and Mapping.

(h) Lender shall have received true and complete copies of all organizational documents of Borrower, appropriate resolutions authorizing the acceptance of the Loans by Borrower and the execution of the Note and all Financing Documents, appropriate certificates of incumbency and an opinion letter from counsel for Borrower and Guarantors, which is acceptable to Lender in all respects.

(i) Lender shall have received and approved an appraisal of the Property that complies with the applicable requirements of the Commitment.

(j) Lender shall have received from Borrower written evidence, in form and substance satisfactory to Lender, from all municipalities and utility companies having or claiming jurisdiction to the effect that all utility services in sufficient quantities necessary for the occupation of the Improvements to be constructed upon the Land, are available for connection and use at the boundaries of the Land, including, without limitation, telephone service, water supply, storm and sanitary sewer facilities, natural gas and electric facilities.

(k) Lender shall have received from Borrower written evidence, in form and substance reasonably satisfactory to Lender, to the effect that no development work of any kind has commenced upon the Land and no materials (financed with the proceeds of the Loans) have been placed or stored upon the Land prior to the recordation of the Deed of Trust among the land records where the Land is located unless the same shall be fully insured against by the title insurance company.

(l) Lender shall have received soil reports that (i) demonstrate that the soil conditions of the Land are suitable for the construction of the Improvements, and (ii) evidence to Lender's reasonable satisfaction that there are no Hydric Soils on the Property.

(m) Lender shall have received a satisfactory Phase I environmental site assessment report on the Land.

(n) Borrower shall have fully complied with any other applicable requirements of the Commitment.

(o) Borrower and Guarantors shall have provided Lender with their current financial statements and tax returns for the prior two (2) fiscal years in form and substance satisfactory to Lender.

(p) Borrower shall have established a deposit relationship with Cardinal Bank and shall maintain such deposit relationship through the Maturity Date through which all Loan advances and Borrower's funds pertaining to the development of the Lots and the construction of the Units shall be maintained and flow.

(q) Lender shall have received copies of the recorded subdivision plat of the Property creating a minimum of twenty-seven (27) single family detached Lots

2.4 Conditions Precedent to Advances of Hard Development Costs out of A&D Loan Budget . Lender shall not be obligated to make any advances of A&D Loan proceeds hereunder out of the Hard Development Costs category within the A&D Loan Budget, unless the conditions described in Section 2.3 remain satisfied, and the following conditions have been satisfied with respect:

(a) Lender shall have received from Borrower written evidence, in form and substance satisfactory to Lender, from all Public Authorities having or claiming jurisdiction to the effect that all grading, building, construction and other permits and licenses necessary or required in connection with the development of the Lots have been validly issued for the work being performed for such draw request; that all applicable fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid in full or posted, as the circumstances may require, including, but not limited to, those fees to be financed by Lender in accordance with the terms of this Loan Agreement.

(b) All work completed at the time of the application for advance has been performed in a good and workmanlike manner; or all work completed at the time of the application for advance has been performed in a good and workmanlike manner and all materials and fixtures usually furnished and installed at that stage of development have been furnished and installed.

(c) No Event of Default which has not been cured has occurred under the Note or any of the other Financing Documents and no act has occurred which, with the passage of time after due notice, would become an Event of Default.

(d) Lender has received evidence satisfactory to it that all work requiring inspection by Public Authorities having or claiming jurisdiction has been duly inspected and approved by such Public Authorities and by any rating or inspection organization, bureau, association or office having or claiming jurisdiction.

(e) Lender shall have received a notice of title continuation or an endorsement to the title insurance policy heretofore delivered, indicating that since the last preceding advance, there has been no change in the status of title and no survey exceptions or other exceptions not theretofore approved by Lender, which endorsement shall have the effect of advancing the effective date of the policy to the date of the advance then being made and increasing the coverage of the policy to an amount equal to the total advances made as of the date of the advance then being made if the policy does not by its terms provide for such an increase.

(f) The representations and warranties made in Article III of this Loan Agreement shall be true and correct, in all material respects, on and as of the date of the advance with the same effect as if made on such date.

(g) Lender shall have received acknowledgments of payment and releases of liens and rights to claim liens for work performed or materials delivered through the date of the last preceding advance and concurrently with the final advance. All such acknowledgments and releases shall be in form and substance satisfactory to Lender and the title insurance company that has insured the title to the Property.

(h) Borrower shall have provided Lender with a list of the names of the architect, the engineer and all contractors and materialmen (the " **Contractors** ") that will perform work or supply materials in connection with the development of the Lots and the construction of the Improvements, together, to the extent available, with complete copies of the executed contracts for such work.

(i) Borrower shall have provided Lender with a set of detailed Plans and Specifications for all site development work, architectural, structural, mechanical, plumbing, electrical, site development and other work for or in connection with the Project.

(j) Borrower shall provide Lender with the final site plan for the Project as approved by all necessary Public Authorities.

(k) All other terms and conditions of the Financing Documents required to be met as of the date of the particular advance of Loan proceeds shall have been met to the satisfaction of Lender.

2.5 Conditions Precedent to Construction Line Advances . Lender shall not be obligated to make any advances of out of the Construction Line, unless the conditions described in Sections 2.3 and 2.4 remain satisfied, and the following conditions have been satisfied with respect to the Unit or Units for which the Construction Line advance is being requested:

(a) Lender shall have received from Borrower written evidence, in form and substance satisfactory to Lender, from all Public Authorities to the effect that all grading, building, construction and other permits and licenses necessary or required in connection with the construction of the Improvements have been validly issued for the work being performed for such draw request; that all applicable fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid in full or posted, as the circumstances may require, including, but not limited to, those fees to be financed by Lender in accordance with the terms of this Loan Agreement.

(b) All work completed at the time of the application for advance has been performed in a good and workmanlike manner; or all work completed at the time of the application for advance has been performed in a good and workmanlike manner and all materials and fixtures usually furnished and installed at that stage of construction have been furnished and installed.

(c) No Event of Default which has not been cured has occurred under any of the Financing Documents and no act has occurred which, with the passage of time after due notice, would become an Event of Default.

(d) The Improvements for which the advance is being requested have not been materially damaged by fire or other casualty unless Borrower shall have received the proceeds of insurance sufficient in the judgment of Lender to effect a satisfactory restoration of such Improvements and to permit the completion thereof on or prior to the Completion Date.

(e) Lender has received evidence satisfactory to it that all work requiring inspection by Public Authorities has been duly inspected and approved by such Public Authorities and by any rating or inspection organization, bureau, association or office having or claiming jurisdiction.

(f) Lender shall be satisfied, based upon the advice of the Consulting Engineer or Progress Inspector, that each Unit can be completed by a date no later than the Completion Date for that Unit with the balance of the Construction Loan proceeds committed to that Unit then held by Lender and available for advance for those purposes pursuant to the terms of this Loan Agreement and with other funds which Lender is reasonably satisfied are available to Borrower for those purposes.

(g) Lender shall have received a notice of title continuation or an endorsement to the title insurance policy heretofore delivered, indicating that since the last preceding advance, there has been no change in the status of title and no survey exceptions or other exceptions not theretofore approved by Lender, which endorsement shall have the effect of advancing the effective date of the policy to the date of the advance then being made and increasing the coverage of the policy to an amount equal to the total advances made as of the date of the advance then being made if the policy does not by its terms provide for such an increase.

(h) In the case of the first advance of Construction Line proceeds following the completion of the foundation and footings of a Unit, Lender shall have received a plat of survey certified to Lender from a land surveyor registered in Virginia, which plat of survey shall clearly designate the then "as built" location of the foundation of the Unit and the relationship of the foundation by courses and distances to the perimeter of the parcel on which the Unit is situated and any building restriction lines and set-backs applicable to the Unit, which survey shall be in conformity with the requirements set forth in Section 2.3 (f) hereof.

(i) The representations and warranties made in Article III of this Loan Agreement shall be true and correct, in all material respects, on and as of the date of the advance with the same effect as if made on such date.

(j) Lender shall have received evidence, which is reasonably satisfactory to Lender, of compliance with all zoning, subdivision, environmental and other laws, ordinances, rules, regulations and restrictions affecting construction of the Improvements.

(k) Lender shall have received acknowledgments of payment and releases of liens and rights to claim liens for work performed or materials delivered through the date of the last preceding advance and concurrently with the final advance. All such acknowledgments and releases shall be in form and substance satisfactory to Lender and the title insurance company that has insured the title to the Property.

(l) Borrower shall provide Lender with a final draw schedule for the Hard Construction advances in form and substance approved by Lender.

(m) Lender shall have received a detailed construction budget on forms approved by Lender detailing the costs to construct the Improvements.

(n) All other terms and conditions of the Financing Documents that must be satisfied as of the date of the particular advance of Construction Loan proceeds shall have been satisfied to Lender's satisfaction.

2.6 Additional Conditions Precedent to Final Advance . Lender shall not be obligated to make the final advance of Loan proceeds with respect to the Land, the Improvements or any Unit included within the Project unless the conditions described in Section 2.3 and Section 2.4 and the following additional conditions have been satisfied with respect to the Land, the Improvements or the Unit:

(a) Lender has been satisfied that all construction has been satisfactorily completed in a good and workmanlike manner;

(b) Lender has received evidence satisfactory to it that all work requiring inspection by Public Authorities has been duly inspected and approved by such Public Authorities and by any rating or inspection organization, bureau, association or office having or claiming jurisdiction;

(c) To the extent that any such certificate is a condition to the lawful use and occupancy of the subject Improvements, Lender has received evidence satisfactory to it that the requisite certificate of use and occupancy for permanent occupancy of such Improvements has been validly issued; however, such a certificate shall be not required for any model houses;

(d) All other terms and conditions of the Financing Documents required to be met as of the date of the final advance of Construction Loan proceeds for the applicable Unit shall have been met to the satisfaction of Lender.

2.7 Trust Funds . Borrower will receive the advances to be made hereunder and will hold the right to receive the same as a trust fund for the purpose of paying the cost of the acquisition and development of the Land and the construction of the Improvements, and Borrower agrees not to expend any part of the proceeds of the Loans for any purpose except in connection with the uses and purposes provided for in this Loan Agreement without the prior written consent of Lender.

2.8 Advances to Others for Account of Borrower . At the option of Lender, Lender may apply amounts due hereunder to the satisfaction of the conditions of the Commitment, the Note or the Financing Documents and any amounts so applied shall be part of the Loans and shall be secured by the Deed of Trust. Advances requested by Borrower shall be made directly to Borrower unless and until Borrower is in default hereunder or under any other Security Document. If Borrower is in default hereunder or under any other Security Document, then at the option of Lender, and without limiting the generality of the foregoing, Lender may make advances directly to the title insurance company or any subcontractor or materialman, or to any of them jointly, and the execution hereof by Borrower shall, and hereby does, constitute an irrevocable authorization, if Borrower is in default hereunder or under any other Financing Documents, to so advance the proceeds of the Loans. No further direction or authorization from Borrower shall be necessary to warrant such direct advances and all such advances shall satisfy *pro tanto* the obligations of Lender hereunder and shall be secured by the Deed of Trust as fully as if made to Borrower, regardless of the disposition thereof by the party or parties to whom such advance is made.

2.9 Additional Funds . If the inspections performed on behalf of Lender project that the remaining cost to complete the Improvements or a particular Unit will exceed the total remaining amount of Loan proceeds to be provided by Lender for the Improvements or that Unit, Lender shall not advance any more Loan proceeds for the Improvements or that Unit until Borrower has deposited with Lender the difference between the total remaining cost to complete the Improvements or that Unit (including sufficient funds to pay interest for the remaining term of the Loans) and the total remaining amount of the Loan proceeds for the Improvements or that Unit. This provision will apply whenever the total remaining cost to complete the Improvements or a Unit exceeds the total remaining Loan proceeds for the Improvements or the particular Unit. Therefore, if the projected total remaining costs to complete the Improvements or a Unit continues to increase after the first time that it exceeds the total amount of the remaining Loan proceeds for the Improvements or the Unit, Borrower shall deposit the incremental increase before Lender advances any more Loan proceeds for the Improvements or the particular Unit. The determination of the total remaining cost to complete the Improvements and each Unit shall be made by Lender.

2.10 Assignments . Borrower agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or advance due pursuant to this Loan Agreement, or any of the other benefits of this Loan Agreement, without the prior written consent of Lender. Any assignment made or attempted by Borrower without the prior written consent of Lender shall be void. No consent by Lender to an assignment by Borrower shall release Borrower as the party primarily obligated and liable under the terms of this Loan Agreement unless Borrower shall be released specifically by Lender in writing. No consent by Lender to an assignment shall be deemed to be a waiver of the requirement of prior written consent by Lender with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.

2.11 Liability of Lender . Lender shall in no event be responsible or liable to any person other than Borrower for the disbursement of or failure to disburse the proceeds of the Loans or any part thereof, and no subcontractor, laborer or material supplier shall have any right or claim against Lender under this Loan Agreement or the administration thereof.

2.12 Speculative Units and Construction Limitations . Borrower may have not more than two (2) Speculative Units for which construction has commenced within the Project. Model Units shall be considered Speculative Units for the purpose of these limitations. Borrower shall have no more than eight (8) Units under construction at any one time during the term of the Loans. Lender may, but shall not be obligated to, advance Loan proceeds to fund the development or construction costs for any Units during any period when the maximum limit of Speculative Units is exceeded. Borrower shall provide Lender with the information Lender requests with respect to Lender's review of each proposed Unit and Borrower shall not commence construction of a Unit until it has obtained Lender's prior approval.

2.13 Loan Fees . Lender's obligation to make advances of the A&D Loan shall be contingent upon Borrower's payment to Lender of a fully earned non-refundable **$9,325** loan fee for the A&D Loan which shall be paid to Lender at the Loan closing and shall be fully earned when paid. Lender's obligation to make advances and re-advances out of the Construction Line for any Unit shall be contingent upon Borrower's payment to Lender of a fully earned non-refundable Construction Line loan fee per Unit equal to one half of one percent (0.5%) of the total amount of the Construction Line committed to be advanced for the Unit that Borrower shall pay Lender at the time of the first advance of Construction Line proceeds for each Unit.

2.14 Loan Repayment . On the A&D Loan Funding Termination Date, Borrower shall pay all principal and accrued and unpaid interest and costs for that portion of the A&D Loan that Lender has allocated to those Units for which Lender has not committed Construction Loans as of the A&D Loan Funding Termination Date. For all other Units, Borrower shall pay all principal and accrued and unpaid interest and costs for the A&D Loan allocated to a particular Unit and the Construction Loan for such Unit on or before the Construction Loan Maturity Date applicable to the Unit. Nothing in this Loan Agreement or the Commitment shall impose upon or imply that Lender has any obligation to extend the A&D Loan Funding Termination Date, the Construction Line Funding Termination Date, or any Construction Loan Maturity Date, the decision to extend any of those dates being within the sole and absolute discretion of Lender.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.0 Representations and Warranties by Borrower . Borrower hereby represents and warrants to Lender, as of the date of the first advance of Loan proceeds and at all times thereafter, that:

3.1 Plans and Specifications . No work associated with the construction of the Improvements will be commenced by Borrower unless and until the Plans and Specifications are satisfactory to Borrower and Lender and, to the extent required by applicable law and any effective restrictive covenants, have been approved by all Public Authorities and by the beneficiaries of any such restrictive covenants, respectively.

3.2 Permits . No work associated with the development of the Land or the construction of the Improvements will be commenced by Borrower unless and until all grading, building, construction and other permits necessary or required in connection with the commencement of the construction of the Improvements have been validly issued and all fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid or posted, as the circumstances may require.

3.3 Utilities . All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are available at the boundaries of the Land, or there are easements in place which will allow Borrower to extend utility services to the boundaries of the Land, including, without limitation, telephone service, water supply, storm and sanitary sewer facilities, and natural gas or electric facilities (the " **Utilities** ").

3.4 Access – Roads . All roads and other access necessary for the construction and full utilization of the Improvements for their intended purposes have either been completed or the necessary rights of way therefor have either been acquired by the appropriate Public Authorities or have been dedicated (or will be dedicated) to public use and has been or will be accepted by such Public Authorities or have been or will be created by recorded easement and all necessary steps have been taken or will be taken by Borrower or such Public Authorities to assure the complete construction and installation thereof by a time no later than the Completion Date.

3.5 Other Liens . Except as otherwise provided for in the Financing Documents, Borrower has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Property.

3.6 Financial Statements . Borrower's financial statements heretofore delivered to Lender are true and correct in all material respects, have been prepared in accordance with sound accounting practices consistently applied, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in Borrower's financial condition reflected therein since the respective dates thereof and no material additional liabilities have been incurred by Borrower since the date thereof other than the borrowing contemplated herein or as approved in writing by Lender.

3.7 Defaults . There is no Event of Default on the part of Borrower under the Financing Documents and no event has occurred and is continuing which, with notice or the passage of time or both, would constitute an Event of Default under the Financing Documents.

3.8 Compliance in Zoning . The current or anticipated use of the Property complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Land, all use requirements of any Public Authority have been satisfied, and no violation of any law or regulation exists with respect thereto.

ARTICLE IV
AFFIRMATIVE COVENANTS

4.0 Affirmative Covenants . Borrower hereby affirmatively covenants and agrees as follows:

4.1 Development and Construction . Borrower shall commence the on-site physical development of the Land on or before December 15, 2016 and shall commence vertical Unit construction on or before March 15, 2017 in accordance with the terms and provisions of this Loan Agreement and will pursue the same in good faith with diligence and continuity in accordance with the Plans and Specifications.

4.2. Approval and Permits . No work associated with the construction of the Improvements shall be commenced by Borrower unless and until the Plans and Specifications have been approved by Lender and, to the extent required by applicable law or any effective restrictive covenant, by all Public Authorities and by the beneficiary of any such restrictive covenant, and unless and until all building, construction and other permits necessary or required in connection with the commencement of the construction of the Improvements have been validly issued and all fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid or posted, as the circumstances may require.

4.3 Completion . Construction of a Unit shall be completed by Borrower on or before the Completion Date, free and clear of all liens and claims of liens for materials supplied and for services or labor performed in connection with the construction of the Unit.

4.4 Compliance with Laws – Encroachments . The Improvements shall be constructed by Borrower in strict accordance with all applicable (whether present or future) laws, ordinances, rules, regulations, requirements and orders of any Public Authority. The Improvements shall be constructed entirely on the Land and will not encroach upon any easement or right-of-way, or upon the land of others. Construction of the Improvements shall be wholly within all applicable building restriction lines and set-backs, however established, and shall be in strict accordance with all applicable use or other restrictions and the provisions of any prior agreements, declarations, covenants and all applicable zoning and subdivision ordinances and regulations.

4.5 Surveys . Upon Lender's request from time to time, as construction progresses and upon the completion of the construction of the Improvements, Borrower shall furnish Lender with a plat of survey, currently certified to Lender by a registered land surveyor of the jurisdiction in which the Land is located, which plat of survey shall clearly designate at least (i) the location of the perimeter of the Land by courses and distances; (ii) the location of all easements, rights-of-way, alleys, streams, waters, paths and encroachments; (iii) the location of all building restriction lines and set-backs, however established; (iv) the location of any streets or roadways abutting the Land; and (v) the "as-built" location of the Improvements and the relation of the Improvements by courses and distances to the perimeter of the Land, building restriction lines and set-backs.

If at any time Borrower is required to furnish a plat of survey to Lender pursuant to the terms of this Loan Agreement, Borrower shall also furnish an original print thereof to the title insurance company and such plat of survey shall not be sufficient for purposes of this Loan Agreement unless and until the title insurance company shall advise Lender, by endorsement to the title insurance policy or otherwise, that the plat of survey discloses no violations, encroachments or other variances from applicable set-backs or other restrictions except such as Lender and its counsel shall approve, such approval not to be unreasonably withheld. All such plats of survey shall conform to the most recent Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping.

4.6 Inspections; Cooperation; Payment of Consulting Engineer . Borrower shall permit Lender and Lender's duly authorized representatives (including, without limitation, the Consulting Engineer or Progress Inspector) no more than twice per month to enter upon the Land and to inspect the Improvements and any and all materials to be used in connection with the construction of the Improvements and to examine all detailed plans and shop drawings and similar materials relating to the construction of the Improvements, during ordinary business hours. Borrower will at all times cooperate and use its reasonable good faith efforts to cause each and every of its subcontractors and materialmen to cooperate with Lender and Lender's duly authorized representatives (including, without limitation, the Consulting Engineer or Progress Inspector) in connection with or in aid of the performance of Lender's functions under this Loan Agreement. The fees of any Consulting Engineer or Progress Inspector engaged or employed by Lender in connection with or in aid of the performance of Lender's functions under this Loan Agreement shall be paid by Borrower.

4.7 Vouchers and Receipts . Borrower will furnish to Lender, promptly on demand, any contracts, bills of sale, statements, receipted vouchers or agreements pursuant to which Borrower has any claim of title to any materials, fixtures or other articles delivered or to be delivered to the Land or incorporated or to be incorporated into the Improvements. Borrower will furnish to Lender, promptly on demand, a verified written statement, in such form and detail as Lender may reasonably require, showing all amounts paid and unpaid for labor and materials and all items of labor and materials to be furnished for which payment has not been made and the amounts to be paid therefor.

4.8 Payments for Labor and Materials . Borrower will pay when due all bills for materials supplied and for services or labor performed in connection with the construction of the Improvements, subject to Borrower's contest rights set forth in Section 4.6 of the Deed of Trust.

4.9 Correction of Construction Defects . In the event there are any defects in the work or any material departures or deviations from the plans and specifications not approved by Lender, as such defects, departures or deviations are certified to Lender by an outside engineer chosen by Lender, then promptly following any demand by Lender, Borrower will correct or cause the correction of such defects, departures or deviations.

4.10 Insurance . The original policy or policies of insurance, a certified true copy thereof and an original endorsement to the policy or policies of insurance issued by the approved insurance company that endorses the policy or policies to add Lender as the mortgagee, loss payee and/or additional insured as its interests may appear shall be deposited with Lender (the " **Endorsement** "), together with a paid receipt for the premiums thereunder for at least the quarterly period following the date of this Loan Agreement. All policies of insurance shall be written with a company or companies licensed to do business in the jurisdiction where the Property is located and with a company or companies satisfactory to Lender. Each policy of insurance shall provide that such policy may not be surrendered, cancelled or substantially modified, including without limitation cancellation for non-payment of premiums, without at least thirty (30) days' prior written notice to all parties named as insured therein, including Lender.

At no cost to Lender, Borrower shall provide and maintain:

(a) BUILDER'S RISK INSURANCE – "Builder's Risk" insurance (non-reporting form) of the type customarily carried in the case of similar construction for the full replacement cost of work in place and material stored at or upon the Property, comprehensive broad form "all risk" casualty insurance and insurance for other risks of a similar or dissimilar nature, in such forms and amounts as Lender may require. Such insurance policy shall name Lender as mortgagee.

(b) FIRE/HAZARD INSURANCE WITH EXTENDED COVERAGE – Insurance against any act or occurrence of any kind or nature that results in damage, loss or destruction to the Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism and malicious mischief, upon the completion of the construction of the Improvements or upon the occupancy thereof for the purposes intended, whichever shall first occur. Unless otherwise agreed in writing by Lender, such insurance shall be for the full insurable value of the Property. The term "full insurable value" means the actual replacement cost of the Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items). The deductible amount under such policy or policies shall not exceed $5,000.00. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this section by reason of coinsurance provisions or otherwise. The "full insurable value" shall be determined from time to time at the request of Lender, by an appraiser or appraisal company or one of the insurers, who shall be selected and paid for by Borrower but subject to Lender's approval. Such insurance policy shall name Lender as mortgagee.

(c) LIABILITY INSURANCE – Comprehensive general public liability and indemnity insurance in such forms and in such amounts as Lender may require, but in any event not less than $1,000,000.00 covering claims for bodily injury or death and property damage arising out of a single occurrence and $2,000,000.00 for the aggregate of all occurrences during any given annual policy period. Such insurance policy shall name Lender as mortgagee.

(d) WORKER'S COMPENSATION INSURANCE – Worker's compensation insurance for all employees (if any) of Borrower in accordance with the applicable requirements of law. Such insurance policy shall name Lender as mortgagee.

4.11. Flood Insurance . If required by applicable law or regulation or if required by Lender, Borrower shall provide or cause to be provided to Lender a separate policy of flood insurance in the amount of the Note or the maximum limit of coverage available with respect to the Property, whichever is the lesser, from a company or companies satisfactory to Lender and written in strict conformity with the Flood Disaster Protection Act of 1973 , as amended, and all applicable regulations adopted pursuant thereto, or alternatively if flood insurance is not available for the Property or the Property is not within a flood hazard area, Borrower shall supply Lender with written evidence, in form and substance satisfactory to Lender, to that effect. Any such policy shall provide that the policy may not be surrendered, cancelled or substantially modified (including, without limitation, cancellation for non-payment of premiums) without at least thirty (30) days' prior written notice to any and all insureds named therein, including Lender.

4.12 Fees and Expenses – Indemnity . Borrower will pay to Lender or as Lender directs all reasonable fees, charges, costs and expenses required to satisfy the conditions of the Financing Documents and the Commitment. Borrower will hold Lender harmless and indemnify Lender from all claims of brokers and "finders" arising by reason of the execution and delivery hereof or the consummation of the transaction contemplated hereby.

4.13 Prompt Applications . Borrower shall cause all applications for advances of Loan proceeds to be made and delivered to Lender promptly in order to obtain advances of Loan proceeds as they become available for disbursement pursuant to the terms of this Loan Agreement.

4.14 Hazardous Materials . Borrower will immediately remove all Hazardous Materials from the Land and Improvements or follow the recommendations of a qualified environmental consultant approved by Lender immediately after Borrower has been notified that Hazardous Materials have been used in the construction of the Improvements or are or have been stored or located upon the Land or the Improvements in violation of Environmental Requirements or Environmental Laws.

4.15 Financial Reporting . On or before May 31 of each year, Borrower and Guarantors will furnish to Lender a current financial statement including (i) a detailed balance sheet, (ii) a report disclosing in detail Borrower's income, expenses and net cash flow, (iii) a detailed, comprehensive schedule of all contingent liabilities, and (iv) a certified true copy of its federal income tax return for the previous fiscal year. Borrower shall furnish Lender with a monthly sales status report for the Project on the tenth (10 th) day of each month commencing on the tenth (10 th) day of the first full month after the date hereof. Borrower and Guarantors will also furnish to Lender such other financial and operating information as Lender may from time to time request.

4.16 End Loans and Sales Contracts .

Borrower shall provide Lender with copies of all executed Contracts for the sale of Units within five (5) business days after full execution. Lender shall be provided the opportunity to offer loans to purchasers of Units and Borrower will include the terms of Cardinal's terms in its sales packages. However, notwithstanding the provisions of the preceding sentence, Borrower's sales documents shall not require the purchasers of individual Units to obtain their purchase financing from Lender or its subsidiary.

4.17 Deposit Accounts . Borrower shall maintain its primary operating and deposit accounts with Lender at all times during the term of the Loans.

4.18 Utilities and Roads . On or before September 15, 2017, Borrower shall provide Lender with evidence that all Utilities are available for hook-up to each Lot and that all roads within the Project have been base paved.

4.19 Unit Sale Requirements . Borrower shall meet or exceed each of the following minimum Unit sale requirements on or before the specified date:

(a) On or before March 15, 2017, Borrower shall have entered into a non-contingent Contract for the sale of at least three (3) Units.

(b) On or before September 15, 2017, Borrower shall have sold and closed on at least four (4) Units.

(c) On or before March 15, 2018, Borrower shall have sold and closed on at least fifteen (15) Units.

ARTICLE V
NEGATIVE COVENANTS

5.0 Negative Covenants . Until the Indebtedness shall have been paid in full, Borrower covenants and agrees as follows:

5.1 Other Liens; Transfers; "Due-on-Sale", etc . Borrower shall not, without the prior written consent of Lender, create or permit to be created or remain with respect to the Property or any part thereof or income therefrom, any mortgage, pledge, lien, encumbrance, charge, security interest, conditional sale or other title retention agreement, whether prior or subordinate to the lien of the Financing Documents, other than in connection with the Financing Documents or as otherwise provided for or permitted therein. Except for any grant, conveyance, sale, assignment or transfer in the ordinary course of Borrower's business and which is specifically conditioned upon the release of record of the lien of the Deed of Trust and the other Financing Documents as to that portion of the Property granted, conveyed, sold, assigned or transferred, Borrower shall not, without the prior written consent of Lender, make, create, permit or consent to any conveyance, sale, assignment or transfer of the Property or any part thereof, or Borrower's legal or equitable interest in the Property, other than in connection with the Financing Documents or as otherwise provided for or permitted therein. Borrower will not, without the prior written consent of Lender, make, create or consent to any grant, conveyance, sale, assignment or transfer of any membership or other interest in Borrower. **Notwithstanding the foregoing, Dresden shall be entitled to subject the Spring Ridge Lots to the lien of an indemnity deed of trust in an amount not to exceed $2,124,093 (the "IDOT") securing a loan from Year 2003 Trust For Descendants, Pleasants Associates Limited Partnership and CJC, LLC (collectively, the "Seller") in that amount to Comstock Beshers, L.C., a Virginia limited liability company ("Beshers") to partially finance Beshers' acquisition of Seller's entire limited liability membership interest in Grantor (the "Take-Back Financing") without being in violation of this covenant. The IDOT shall be subject and subordinate to Lender's security interests in the Property pursuant to a recorded Subordination Agreement in form and substance satisfactory to Lender. Additionally, Beshers, as the sole member of Dresden, shall be entitled to pledge its membership interest in Dresden to Seller as additional collateral security for the repayment of the Take-Back Financing without being in violation of this covenant.**

5.2 Impairment of Security . Borrower shall take no action which will in any manner impair the value of the Property or the validity, priority or security of the Deed of Trust.

5.3 Conditional Sales . Borrower will not incorporate in the Improvements any property acquired under a conditional sales contract or lease, or as to which the vendor retains title or a security interest, without the prior written consent of Lender.

5.4 Changes to Plans and Specifications . Borrower will not permit any material changes in the Plans and Specifications, including, without limitation, any change by altering or adding to the work to be performed, orders for extra work, any change which will result in a material net construction cost increase or a material net cumulative construction cost decrease, or any material change in the design concept for the Improvements, without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed and under such reasonable conditions as Lender may then establish.

5.5 Bonds . Borrower will not do or permit anything to be done that would affect the coverage or indemnities provided for pursuant to the provisions of any performance bond, labor and material payment bond or any other bond required pursuant to the provisions of the Financing Documents.

ARTICLE VI
EVENTS OF DEFAULT

6.0 Events of Default . The term " **Event(s) of Default** " as used in this Loan Agreement shall mean the occurrence or happening, from time to time, of any one or more of the following, beyond any applicable cure period:

6.1 Payment of Indebtedness . If Borrower shall fail to pay to Lender any and all amounts payable by Borrower to Lender under the terms of the Financing Documents, including but not limited to any principal payment, interest payment, loan fee, extension fee or late charge, within 10 days after written notice of such failure is sent by Lender to Borrower.

6.2 Performance of Obligations . If Borrower shall default in the due observance or performance of any of the Obligations, specifically including, but not limited to, those specified in Sections 6.3 through 6.12 of this Article, and such default continues for thirty (30) days after written notice of such default is sent by Lender to Borrower, or if such default cannot be reasonable cured within such thirty (30)-day period, the failure to commence such cure or diligently to prosecute the same to completion, provided in no event shall such default continue uncured for more than ninety (90) days after written notice thereof.

6.3 Other Defaults . If any other default or Event of Default shall occur under the other Financing Documents.

6.4 Representation and Warranties . If any representation or warranty contained in this Loan Agreement or in any other document, certificate or opinion delivered to Lender in connection with the Loans shall prove at any time to be incorrect or misleading in any material respect when made.

6.5 Progress of Construction . Except for delays unavoidably occasioned by strikes, lock-outs, war or civil disturbance, governmental actions (e.g., moratorium), natural disaster, acts of God, or extreme weather conditions, if construction of the Improvements is not carried on in good faith and with reasonable dispatch or if Borrower abandons the work or discontinues work for a period of more than thirty (30) consecutive days.

6.6 Failure to Complete . Except for delays unavoidably occasioned by strikes, lock- outs, war or civil disturbance, natural disaster, acts of God, or extreme weather conditions, if Borrower fails to complete the construction of a Unit on or before the Completion Date.

6.7 Conditions Precedent to Any Advance . Except for delays unavoidably occasioned by strikes, lock-outs, war or civil disturbance, natural disaster, acts of God, or extreme weather conditions, if Borrower is unable to satisfy any condition precedent to its right to receive an advance of the Construction Line proceeds for a period in excess of thirty (30) days.

6.8 [Intentionally omitted.]

6.9 [Intentionally omitted.]

6.10 Disclosure of Contractors . If Borrower shall fail to disclose to Lender, upon demand and within a reasonable time period, the names of all major contractors with whom Borrower has contracted or intends to contract for the construction of the Improvements or for the furnishing of labor or materials therefor.

6.11 Mechanic's Lien . If a lien for the performance of work or the supply of materials which is established against the Property remains unsatisfied or unbonded for a period of thirty (30) days after the date the lien becomes effective.

6.12 Impairment of Security . The occurrence of any condition or situation which, in the sole determination of Lender, constitutes a material danger to or impairment of the security for the repayment of the Loans, if such condition or situation is not remedied within thirty (30) days after written notice to Borrower thereof.

ARTICLE VII
DEFAULT – REMEDIES

7.0 Remedies on Default . Lender shall have the right, upon the happening of any Event of Default, to terminate this Loan Agreement by notice in writing to Borrower and, in addition to any rights or remedies available to it under the Deed of Trust or other Financing Documents, to enter into possession of the Property and perform any and all work and labor necessary to complete the construction of the Improvements (whether or not in accordance with the Plans and Specifications) and to employ watchmen to protect the Property and the Improvements.

All sums expended by Lender for such purposes shall be deemed to have been paid to Borrower and secured by the Deed of Trust. For this purpose, Borrower hereby constitutes and appoints Lender Borrower's true and lawful attorney-in-fact with full power of substitution to complete the work in the name of Borrower, in a commercially sound and reasonable manner, and hereby empowers said attorney or attorneys as follows:

(a) To use any funds of Borrower including any balance which may be held in escrow and any funds which may remain unadvanced hereunder for the purpose of completing the construction of the Improvements, whether or not in the manner called for in the Plans and Specifications;

(b) To make such additions, changes and corrections in the Plans and Specifications that are necessary or desirable in the judgment of Lender to complete the construction of the Improvements;

(c) To employ such contractors, subcontractors, agents, architects and inspectors as shall be required for said purpose;

(d) To pay, settle or compromise all existing bills and claims which are or may be liens against the Property, or may be necessary or desirable for the completion of the work or the clearance of title;

(e) To execute all applications and certificates which may be required in the name of Borrower; and

(f) To do any and every act with respect to the construction of the Improvements which Borrower may do in its own behalf.

It is understood and agreed that this power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connection with the construction of the Improvements and to take such actions and require such performance as is deemed necessary.

Borrower hereby irrevocably constitutes and appoints Lender Borrower's true and lawful attorney-in-fact to execute, acknowledge and deliver such documents, instruments and certificates, and to take such other actions, in the name and on behalf of Borrower and at the sole cost and expense of Borrower, as Lender, in its sole and reasonable discretion, deems necessary, desirable or appropriate to effectuate the provisions of this paragraph.

7.1 No Conditions Precedent to Exercise of Remedies . Neither Borrower nor any of the Guarantors shall be relieved of any obligation by reason of the failure of Lender to comply with any request of Borrower or of any other person to take action to foreclose on the Deed of Trust or otherwise to enforce any provisions of the Financing Documents, or by reason of the release, regardless of consideration, of all or any part of the Property, or by reason of any agreement of stipulation between any subsequent owner of the Property and Lender extending the time of payment or modifying the terms of the Financing Documents without first having obtained the consent of Borrower or any of the Guarantors; and in the latter event, Borrower and each of the Guarantors shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Lender.

7.2 Remedies Cumulative and Concurrent . No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedies provided for in the Financing Documents, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Financing Documents, or now or hereafter existing at law or in equity or by statute. Every right, power and remedy given by the Financing Documents to Lender shall be concurrent and may be pursued separately, successively or together against Borrower, Guarantors, or the Property or any part thereof, or any one or more of them; and every right, power and remedy given by the Financing Documents may be exercised from time to time as often as may be deemed expedient by Lender.

7.3 Strict Performance . No delay or omission of Lender to exercise any right, power or remedy accruing upon the happening of an Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or any acquiescence therein. No delay or omission on the part of Lender to exercise any option for acceleration of the maturity of the Indebtedness, or for foreclosure of the Deed of Trust following any Event of Default as aforesaid, or any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of any partial payment on account of the Indebtedness shall constitute a waiver of any such Event of Default, and each such option shall remain continuously in full force and effect.

ARTICLE VIII
MISCELLANEOUS

8.0 No Warranty by Lender . By accepting or approving anything required to be observed, performed or fulfilled by Borrower or to be given to Lender pursuant to this Loan Agreement, including, without limitation, any certificate, balance sheet, statement of profit and loss or other financial statement, survey, receipt, appraisal or insurance policy, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and any such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Lender.

8.1 Liability of Lender . Lender shall not be liable for any act or omission by it pursuant to the provisions of this Loan Agreement in the absence of fraud, gross negligence or willful misconduct. Lender shall incur no liability to Borrower or any other party in connection with the acts or omissions of Lender in reliance upon any certificate or other paper believed by Lender to be genuine or with respect to any other thing which Lender may do or refrain from doing, unless such act or omission amounts to fraud, gross negligence or willful misconduct. In connection with the performance of its duties pursuant to this Loan Agreement, Lender may consult with counsel of its own selection, and anything which Lender may do or refrain from doing, in good faith, in reliance upon the opinion of such counsel shall be full justification and protection to Lender.

8.2 No Partnership . Nothing contained in this Loan Agreement shall be construed in a manner to create any relationship between Borrower and Lender other than the relationship of borrower and lender, and Borrower and Lender shall not be considered partners or co-venturers for any purpose.

8.3 Severability . In the event any one or more of the provisions of this Loan Agreement shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event any one or more of the provisions of the Financing Documents operate or would prospectively operate to invalidate this Loan Agreement, then and in either of those events, at the option of Lender, such provision or provisions only shall be held for naught and shall not affect any other provision of the Financing Documents or the validity of the remaining Obligations, and the remaining provisions of the Financing Documents shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

8.4 Successors and Assigns . Each covenant, term, provision and condition of this Loan Agreement and the other Financing Documents shall apply to, bind and inure to the benefit of Borrower, its successors and those assigns of Borrower consented to in writing by Lender, and shall apply to, bind and inure to the benefit of Lender and the endorsees, transferees, successors and assigns of Lender, and all persons claiming under or through any of them.

8.5 Modification – Waiver . None of the terms or provisions of this Loan Agreement may be changed, waived, modified, discharged or terminated except by instrument in writing executed by the party or parties against which enforcement of the change, waiver, modification, discharge or termination is asserted. None of the terms or provisions of this Loan Agreement shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

8.6 Third Parties – Benefit . All conditions of the obligations of Lender to make advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns, and no other persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Loan Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other person shall have any right or cause of action on account thereof. Lender shall in no event be responsible or liable to any person other than to Borrower for any advance of or failure to advance the proceeds of the Construction Line or any part thereof, and no contractor, subcontractor, materialman or other person shall have any right or claim against Lender pursuant to this Loan Agreement or the administration thereof.

8.7 Conditions – Verification . Any condition of this Loan Agreement which requires the submission of evidence of the existence or non-existence of a specified fact or facts implies as a condition the existence or non-existence, as the case may be, of such fact or facts and Lender shall, at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or non-existence.

8.8 Captions and Headings . The captions and headings contained in this Loan Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to limit or enlarge the terms hereof.

8.9 Counterparts . This Loan Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

8.10 Notices . All notices, demands, requests and other communications required pursuant to the provisions of this Loan Agreement shall be in writing and shall be deemed to have been properly given or served for all purposes when presented personally or on the first (1 st) business day after being sent by Federal Express, overnight mail or other similar overnight service or on the second (2 nd) business day after being sent via United States Registered or Certified Mail, postage prepaid, to the respective addresses as follows:

(a) If to Borrower, then to it at:

c/o Comstock Holding Companies, Inc.
1886 Metro Center Drive, 4 th floor
Reston, Virginia 20190
Attn: Christopher Clemente, CEO

With a copy to:

c/o Comstock Holding Companies, Inc.
1886 Metro Center Drive, 4 th floor
Reston, Virginia 20190
Attn: Jubal Thompson

(b) If to Lender, then to it at:

Cardinal Bank
8270 Greensboro Drive, Suite 500
McLean, Virginia 22102
Attention: Real Estate Department

Any of the parties may designate a change of address by notice in writing to the other parties. Whenever in this Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in the Note or any of the other Financing Documents or to require giving of notice or demand to or upon any person in any situation or for any reason.

8.11 Signs; Publicity . At Lender's request and expense, Borrower shall place a sign or signs (in a form or forms which Borrower has reasonably approved) at a location or locations on the Property satisfactory to Lender and Borrower, which signs shall recite, among other things, that Lender is financing the construction of the Improvements. Borrower expressly authorizes Lender to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include but not limited to releases detailing Lender's involvement with the financing of the Property.

8.12 Applicable Law . This Loan Agreement shall be governed by and construed, interpreted and enforced in accordance with and pursuant to the laws of the Commonwealth of Virginia. In the event that the "choice of law" rules of the Commonwealth of Virginia can be construed or interpreted to require the laws of another jurisdiction to govern, the "choice of law" rules of the Commonwealth of Virginia shall not apply.

8.13 Time of Essence . Time shall be of the essence of each and every provision of this Loan Agreement of which time is an element.

8.14 Commitment . To the extent the terms of the Commitment are not incorporated in this Loan Agreement, the terms and conditions of the Commitment shall survive the execution of this Loan Agreement and shall continue to be the obligation of Borrower until the Loans are paid in full. Any discrepancy between the terms of the Commitment and the terms of the Financing Documents shall be construed in favor of the Financing Documents. Borrower agrees, from time to time, to execute and acknowledge such amendments or modifications as may reasonably be required to add, delete or modify provisions to this Loan Agreement in order to cause this Loan Agreement to conform to the terms of the Commitment.

REST OF PAGE INTENTIONALLY LEFT BLANK

[Signatures commence on next page]

IN WITNESS WHEREOF, Borrower and Lender have executed and delivered these presents or caused these presents to be executed and delivered as of the year and day first above written.

BORROWER:

DRESDEN, LLC, a Maryland limited liability company

By: Comstock Holding Companies, Inc., a Delaware corporation, its manager

By: _____(SEAL) Christopher D. Clemente
Chief Executive Officer

COMSTOCK EMERALD FARM, L.C., a Virginia
limited liability company

By: Comstock Holding Companies, Inc., a Delaware corporation, its manager

By: _____(SEAL) Christopher D. Clemente
Chief Executive Officer

LENDER:

CARDINAL BANK , a Virginia state chartered bank

By: _____ (SEAL)
Richard F. Schoen
Senior Vice President

Exhibit A-1

Legal Description of the Spring Ridge Lots

All those certain lots, pieces or parcels of land situate, lying and being in Frederick County, Maryland, being more particularly described as follows:

Parcel A, to be Dedicated to the Spring Ridge HOA, containing 1,004,169 square feet 23.053 acres as shown on Plat entitled "BESHERS SOUTH, Plat 1 of 3, Parcel A, a Subdivision of Parcel No. 2, Beshers Property as Recorded in Plat Book 72 , page 122 ", dated July 25, 2016, prepared by Daft McCune Walker, Inc., and recorded among the Land Records of Frederick County, Maryland in Plat Book 97, page 71 .

Lots 1 through 9, inclusive & Parcel B, as shown on Plat entitled "BESHERS SOUTH, Plat 2 of 3, Lots 1-9, Dresden Place & Parcel B, a Subdivision of Parcel No. 2, Beshers Property as Recorded in Plat Book 72 , page 122 " dated July 25, 2016, prepared by Daft McCune Walker, Inc., and recorded among the Land Records of Frederick County, Maryland in Plat Book 97, page 72 .

and

Lots 10 through 21, inclusive as shown on Plat entitled "BESHERS SOUTH, Plat 3 of 3, Lots 10-21, Saxony Court, a Subdivision of Parcel No. 2, Beshers Property as Recorded in Plat Book 72 , page 122 " dated July 25, 2016, prepared by Daft McCune Walker, Inc., and recorded among the Land Records of Frederick County, Maryland in Plat Book 97, page 73 .

Exhibit A-2

Legal Description of the Emerald Farm Lots

All those certain lots, pieces or parcels of land situate, lying and being in Frederick County, Maryland, being more particularly described as follows:

BEING KNOWN AND DESIGNATED AS Lot 267 as shown on plat entitled "Final Plat Lots 246 – 267, Section Two, Plat Two, EMERALD FARM, Being a Resubdivision of Parcel for Future Development Previously Recorded in Plat Book 51, Page 94 " as per plat thereof recorded among the Land Records of Frederick County, Maryland in Plat Book 69, page 8 .

and

BEING KNOWN AND DESIGNATED AS Lots 350, 351, 352, 353, 354, as shown on plat entitled "Final Plat, Lots 322 – 362, Section Three, Plat Two, EMERALD FARM, Being a Resubdivision of Parcel for Future Development Previously Recorded in Plat Book 51, Page 94 " as per plat thereof recorded among the Land Records of Frederick County, Maryland in Plat Book 78, page 5 .

Exhibit B

Project Budgets

A & D Loan:	**Cost**	**Loan**	**Borrower's Equity**
Land Acquisition	$2,518,400	$ 333,725	$2,184,675
Arch./Eng.	67,500	67,500	-0-
Hard Development Costs	1,555,107[1]	1,171,600[2]	383,507[3]
Closing Costs/Loan Fee	172,425	172,425	-0-
Interest Reserve	120,000	120,000	-0-
Total	$4,433,432	$1,865,250	$2,568,182

1. Capped at $1,555,107 pursuant to Dresden's Lot Finishing Agreement (the "Lot Finishing Agreement") with Pleasants Development, LLC (the "Developer"). Borrower shall be liable for and shall pay all Hard Development Costs in excess of the Lot Finishing Agreement's $1,555,107 fixed price.

2. Lender shall not be obligated to make an A&D Loan advance for any Hard Development Costs until Borrower has submitted a detailed Hard Development Cost Budget and Draw Schedule to Lender that is satisfactory to Lender in all material respects.

3. Borrower's deferred payment obligation to the Developer pursuant to the Lot Finishing Agreement. Borrower shall only pay the Developer a *pro-rata* amount of the Borrower's Equity of $18,263 per Spring Ridge Unit when each Spring Ridge Unit is settled with a third-party purchaser.

Construction Line: [1]	**Cost**	**Loan**	**Borrower's Equity**
Per Unit:			
Lot Cost [2]	$211,116	$ 88,821	$ 122,295
Hard Construction Costs	267,000	267,000	0
Soft Costs	5,415	5,415	0
Interest Reserve	4,500	4,500[3]	0
Total	$488,031	$365,736	$ 122,295

1. Pro-forma per Unit costs. Final cost schedules will be determined based on final Unit cost budgets that Borrower shall provide Lender for its review and approval. Lender shall not be obligated to make a Construction Line advance for any Hard Construction Costs until Borrower has submitted a detailed Hard Construction Cost Budget and Draw Schedule to Lender for the applicable Unit that is satisfactory to Lender in all material respects.

2. Prorated per-Lot amount from the total A&D Loan shown above. This is not additional funding to be provided at the Unit construction stage out of the Construction Line.

3. Once construction has commenced on a Unit, Lender shall automatically advance proceeds out of the Construction Line for the direct payment of interest on the Construction Line when and as it becomes due attributable to the outstanding Construction Line advances for such Unit up to a maximum of **$4,500** in interest payments per Unit.

4. Total Construction Line advances per Unit will be limited to **$276,915** .

Exhibit 10.104

$2,124,093.00 **Clarksburg, Maryland**
September 15, 2016

PROMISSORY NOTE

FOR VALUE RECEIVED, COMSTOCK BESHERS, L.C., Virginia limited liability company (hereinafter called the "**Borrower**"), does hereby promise to pay to YEAR 2003 TRUST FOR DESCENDANTS, or order (the "**Year 2003 Trust**"), PLEASANTS ASSOCIATES LIMITED PARTNERSHIP, or order ("**PALP**"), and CJC, LLC, or order ("**CJC**") (the Year 2003 Trust, PALP, and CJC are collectively hereinafter referred to as the "**Lender**"), the principal sum of

TWO MILLION ONE HUNDRED TWENTY-FOUR THOUSAND
NINETY-THREE DOLLARS
($2,124,093.00)

UPON THE TERMS which are hereinafter set forth:

Interest Rate. Interest shall accrue on the unpaid balance of the note, at the rate of interest at all times equal to the Prime Rate (hereinafter defined) plus five hundred (500) basis points, that is, an additional five percent (5%) per annum compounded monthly, with a cap of 25%. The interest rate herein specified shall be floating and shall be adjusted as necessary, so that the interest rate due hereunder shall change each time there shall be a change in the Prime Rate, with interest hereunder being charged, and due and owing, at the newly adjusted rate, in the case of each adjustment, as of and from the date of any change in the Prime Rate. The term "**Prime Rate**" as used herein shall mean the annual rate of interest which is published from time to time in The Wall Street Journal listing of "*Money Rates*" as the Prime Rate, and shall be the highest such rate if more than one is quoted. The Prime Rate may not constitute the lowest rate of interest offered by the Lender to a borrower. If the Prime Rate as herein defined is no longer published, the Lender may select a new index that is comparable to the Prime Rate, and, if necessary, adjust the margin so as to closely as possible approximate the original rate of interest set forth herein, provided that Borrower's interest rate will not increase at the time of such change due solely to the change, and the interest rate shall change thereafter as the new index changes, plus or minus any margin adjustment established at the time the new index was selected. The Lender will notify Borrower in writing of any such change or adjustment.

Manner of Payment. Principal and interest and any other amounts due hereunder shall be payable at the office of the Lender at 24012 Frederick Road, Clarksburg, Maryland 20871 or at such other place as shall be directed in writing from time to time by the Lender or holder hereof. No payment of principal or interest shall be due and payable by Borrower to Lender until the Maturity Date, as defined below.

Maturity Date. The entire outstanding principal balance due hereunder, and all other amounts owing hereunder shall be fully due and payable, if not sooner paid, on September 15, 2018 (the "**Maturity Date**"). Notwithstanding the forgoing, the Maturity Date may be extended by the Borrower for a period of twelve (12) months upon payment by the Borrower to the Lender of an extension fee equal to two percent (2%) of the then current outstanding balance under this Promissory Note.

Default Interest Rate. After maturity (whether by acceleration or otherwise) and during any period during which an Event of Default (hereinbelow defined) exists hereunder, the unpaid principal balance of this Note shall bear interest at a rate of interest five percent (5%) per annum in excess of the interest rate otherwise in effect hereunder (the "**Default Interest Rate**"). The payment of interest at the Default Interest Rate shall not act to excuse or cure any Event of Default, nor shall the receipt of such payments by the Lender in any way adversely affect or impair the other rights and remedies of the Lender against the Borrower.

Personal Guaranty of Christopher Clemente. Christopher Clemente (the "**Guarantor**") does hereby, jointly and severally, and unconditionally guarantee the punctual payment of this Promissory Note. This is a guaranty of payment and not of collection, meaning that the holder of the Promissory Note shall be under no obligation to attempt to collect amounts owing under the Promissory Note from the Borrower or from any of the collateral securing the Promissory Note, but may instead proceed first and directly against the undersigned.

In the event that the Borrower fails to timely pay amounts owing thereunder, the Guarantor, upon written demand of the holder of the Promissory Note, shall pay to the holder of the Promissory Note all amounts owing under the Promissory Note, including the entire outstanding principal balance due thereunder, all accrued and unpaid interest, and any other amounts due under the Promissory Note. If acceleration of the Promissory Note is stayed, enjoined or otherwise prevented, the Guarantor shall pay under this guaranty, upon demand, an amount equal to the sum of the entire outstanding principal balance due under the Promissory Note, all accrued and unpaid interest thereon, and any other amounts due under the Promissory Note to the holder of the Promissory Note, as if such acceleration had occurred.

If this Promissory Note (or the Guarantee under this this Promissory Note) is referred to an attorney for collection, following a failure by the undersigned to pay all amounts owing hereunder after demand for payment is made, the Borrower agrees to pay the Lender's reasonable attorney fees in connection therewith.

Events of Default . The occurrence of any event permitting the acceleration of this Promissory Note to immediate maturity, or any uncured default under any of the Loan Documents shall be considered an Event of Default hereunder.

Prepayment Penalties . The right is reserved to prepay this Note at any time, in full or in part, with no premium or fee. All payments made hereunder shall be applied first to the payment of interest, and then any balance to principal due and payable, unless the Lender in its sole and absolute discretion determines some other method for the application of payments.

Application of Payments Received . Any payments received by the Lender at any time following maturity of this Note may be applied against amounts owing hereunder in any manner that the Lender desires, in its sole and absolute discretion, and the Lender may ignore any and all instructions regarding the application of any such payment whether such instructions are included as a notation on a check or otherwise. The acceptance by the Lender of any payment of less than the entire amount owed hereunder at any time following maturity of this Note shall under no circumstances by construed as a waiver by the Lender of any of its rights or remedies against the Borrower nor shall it be construed as an agreement of the Lender to amend, modify or extend the maturity date of this Note.

Remedies Cumulative . The rights and remedies of the Lender or any other holder hereof under this Note shall be cumulative and concurrent and may be pursued an exercised singularly, successively or concurrently at the sole discretion of the Lender or any other holder hereof and may be exercised as often as the Lender or any other holder hereof shall deem necessary or desirable, and the nonexercise by the Lender of any other holder hereof of any such rights and remedies in any particular instance shall not in any way constitute a waiver or release thereof in that or any subsequent instance.

Commercial Loan . The loan represented by the within Note is a "Commercial" and/or "Business" loan as defined in Part 226 of Regulation Z as issued by the Board of Governors of the Federal Reserve System and as further defined in Title 12 – Credit Regulations of the Commercial Law Article of the Annotated Code of Maryland and as further defined by other applicable State and Federal laws and regulations.

Rules of Construction . In case any provision (or any part of any provision) contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein, but only to the extent it is invalid, illegal or unenforceable.

Waiver of Notices . The Borrower hereby waives presentment, notice of dishonor, and all other demands and notices in connection with delivery, acceptance, performance, default or enforcement of this Note.

Loan Documents . This Note constitutes one of the Loan Documents and is secured by, related to, and/or executed in connection with certain other Loan Documents, which are more particularly described as follows, all as the same may be amended, restated, supplemented, or otherwise modified from time to time (the " **Loan Documents** "):

This Note;
A certain Collateral Assignment of Membership Interests and Security Agreement of even date herewith ("Security Agreement");
A certain Financing Statement of even date herewith;
A certain Guaranty and Indemnification Agreement of even date herewith; and
A certain Indemnity Deed of Trust and Security Agreement of even date herewith.

THE BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

Notices . Any and all notices, requests or other communications hereunder shall be deemed to have been duly given (i) on the date of actual delivery thereof if in writing and if transmitted by hand delivery with receipt therefor, (ii) on the date following the date it is delivered to a recognized overnight courier for delivery on the next business day (no signature required), (iii) on the third Business Day following the day when deposited in the United States mail if sent by mail, postage prepaid, first class, registered or certified, return receipt requested, or (iv) on the date of transmission thereof, if given on a business day by e-mail. Each of such notices shall be addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof):

If to Lender: Year 2003 Trust for Descendants /
Pleasants Associates Limited Partnership
c/o William D. Pleasants, Jr.
24012 Frederick Road
Suite 200
Clarksburg, MD 20871
e-mail: DPleasants@pleasants.org

With a copy to: Jerry Connelly
24012 Frederick Road
Suite 200
Clarksburg, MD 20871
e-mail: JConnelly@pleasants.org

Andrew M. Herold, Jr., Esq.
24012 Frederick Road
Suite 200
Clarksburg, MD 20871
e-mail: aherold@pleasants.org

If to Borrower: Comstock Beshers, L.C.
1886 Metro Center Drive, 4 th Floor
Reston, VA 20190
Attn.: Christopher Clemente, CEO
e-mail: CClemente@comstockholding.com

With a copy to: Comstock Beshers, L.C.
1886 Metro Center Drive, 4 th Floor
Reston, VA 20190
Attn.: Jubal Thompson, General Counsel
e-mail: jthompson@comstockholding.com

IN WITNESS WHEREOF, the parties hereto have executed these presents under seal, as a specialty, pursuant to Section 5-102 of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, on the day and year first above written.

C OMSTOCK B ESHERS , L.C., a Virginia limited liability company
By: C OMSTOCK H OLDING C OMPANIES , I NC ., M ANAGER

_____

By: _____ (SEAL)
Christopher D. Clemente
Chief Executive Officer

Joinder of Guarantor

I undersigned Christopher Clemente, do hereby execute this Promissory Note in my individual capacity to evidence my agreement and consent to provide the personal guaranty contained in Section 5 above.

_____ _____

Christopher D. Clemente, Individually

Exhibit 10.105

LOAN AGREEMENT

(Acquisition Loan and Revolving Construction Line of Credit)

THIS LOAN AGREEMENT made effective as of the 30 th day of September, 2016 by and between **COMSTOCK POWHATAN, L.C.** , a Virginia limited liability company (" **Borrower** ") and **CARDINAL BANK** , a Virginia state chartered bank (" **Lender** ").

RECITALS

R-1. Borrower is the contract purchaser of certain real property more particularly described on **Exhibit A** attached hereto and by this reference made a part hereof (the " **Land** ") pursuant to the Building Pad Purchase Agreement by and between M/I Homes of DC, LLC, a Delaware limited liability company ("Seller") and Comstock Powhatan, L.C., a Virginia limited liability company, Borrower's predecessor in interest, dated as of January 26, 2016, as subsequently amended (the "Purchase Agreement").

R-2. Lender has agreed to make (i) an acquisition loan to Borrower in the maximum aggregate principal amount that may be advanced of **Four Million Six Hundred Thirty-Five Thousand and no/100 Dollars ($4,635,000.00)** on a non-revolving basis (the " **Acquisition Loan** ") to finance a portion of Borrower's cost to acquire the Land, and (ii) a construction line of credit in the maximum principal amount of **Three Million Five Hundred Thousand and no/100 Dollars ($3,500,000)** that may be outstanding at any one time advanced and re-advanced on a revolving basis for and on account of materials to be furnished and labor and services to be performed in connection with the construction of eighteen (18) single family attached residential townhome condominium Units (hereinafter defined) and certain other improvements upon the Land (the " **Construction Line** "), as amended, modified, supplemented and increased from time to time.

R-3. Borrower shall acquire the Land from Seller as fully developed four (4) single family attached Building Pads together with completed utility and access infrastructure as required to be delivered to it by Seller pursuant to the terms of the Purchase Agreement.

R-4. Subsequent to Borrower's acquisition of the Land, Borrower shall convert the Land into an eighteen (18) Unit single family attached residential townhome Condominium Regime (hereinafter defined) including the Common Areas (hereinafter defined) within the Condominium Regime established and phased pursuant to the Condominium Documents (hereinafter defined).

R-5. Simultaneously with the execution and delivery hereof, Borrower has executed that certain Credit Line Deed of Trust Note dated of even date herewith in the principal amount of $8,135,000.00 and that certain Credit Line Deed of Trust and Security Agreement of even date herewith to secure the same.

W I T N E S S E T H:

For and in consideration of these presents, and in further consideration of the mutual covenants and agreements herein set forth and of the sum of Ten Dollars ($10.00) lawful money of the United States of America by each of the parties to the other paid, receipt of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

1.0 Definitions . Borrower and Lender agree that, unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

Acquisition Loan – The non-revolving line of credit from Lender to Borrower evidenced by the Note, to be advanced and repaid pursuant to this Loan Agreement and secured by the Security Documents to be used to finance a portion of Borrower's cost to acquire the Land.

Borrower – The party hereinabove designated as such, its successors and assigns.

Building – Each of the four (4) separate townhome buildings within the Project. There will be three (3) Buildings containing four (4) Units each and one (1) Building containing six (6) Units within the Project.

Building Pad(s) – Individually, each of the four (4) townhome building pads within the Land and collectively, all of the building pads within the Land.

Commitment - The commitment letter dated May 11, 2016 from Lender to Borrower in connection with the Acquisition Loan and the Construction Line, as the same may be from time to time amended.

Common Areas – The common elements of the Condominium Regime as identified and created pursuant to the Condominium Documents.

Completion Date – For each Unit, the earlier to occur of (i) the date that is twelve (12) months after the date of the advance of Construction Line funds for the foundation for a Unit, and (ii) the date such Unit is to be delivered to the purchaser under a Contract.

Condominium Documents – All documents, either draft or recorded in the land records of the City of Alexandria, to create the Condominium Regime.

Condominium Regime – The Project as subjected to the Condominium Documents.

Construction Line – The revolving line of credit from Lender to Borrower evidenced by the Note, to be advanced, re-advanced and repaid pursuant to this Loan Agreement and secured by the Security Documents to be used for the construction of the Units as more particularly set forth in the recitals to this Loan Agreement.

Construction Line Funding Termination Date – Lender's obligation to make advances of Construction Line proceeds for any particular Unit shall expire on the Construction Loan Commitment Expiration Date for those Units for which Lender did not issue a Construction Loan Commitment prior to the Construction Loan Commitment Expiration Date. Construction Line advances for each Construction Loan for which Lender has issued a Construction Loan Commitment shall terminate on the Construction Loan Maturity Date applicable to that Unit.

Construction Line Maturity Date – The last Construction Loan Maturity Date.

Construction Loan – A non-revolving limited amount that Lender has committed to fund under the Construction Line for a specified Unit pursuant to a Construction Loan Commitment.

Construction Loan Commitment – Lender's written agreement to make a Construction Loan for a particular Unit after the date hereof and subject to Lender's review of all information that Lender requests and Borrower submits to Lender pertinent to the Unit that Lender needs to consider the issuance of a Construction Loan commitment for the applicable Unit. Lender shall have no obligation to issue a Construction Loan Commitment for a Unit unless the information that Borrower provides to Lender satisfies Lender's underwriting criteria for the Unit.

Construction Loan Commitment Expiration Date – April 15, 2017 (the "Initial Construction Loan Commitment Expiration Date") or as extended as provided herein. The Initial Construction Loan Commitment Expiration Date shall be automatically extended to October 15, 2017 (the "First Extended Construction Loan Commitment Expiration Date"), but only if (i) there are no defaults or events which with the passage of time would constitute a default under the Loan Documents, (ii) Borrower has satisfied all other terms and conditions required to be satisfied in the Loan Documents as of the Initial Construction Loan Commitment Expiration Date, and (iii) Borrower shall have sold and closed on at least two (2) Units within the Project as of the Initial Construction Loan Commitment Expiration Date. The First Extended Construction Loan Commitment Expiration Date shall be automatically extended to April 15, 2018 (the "Second Extended Construction Loan Commitment Expiration Date"), but only if (i) there are no defaults or events which with the passage of time would constitute a default under the Loan Documents, (ii) Borrower has satisfied all other terms and conditions required to be satisfied in the Loan Documents as of the First Extended Construction Loan Commitment Expiration Date, and (iii) Borrower shall have sold and closed on at least seven (7) Units within the Project as of the First Extended Construction Loan Commitment Expiration Date. The Second Extended Construction Loan Commitment Expiration Date shall be automatically extended to September 30, 2018 (the "Third Extended Construction Loan Commitment Expiration Date"), but only if (i) there are no defaults or events which with the passage of time would constitute a default under the Loan Documents, (ii) Borrower has satisfied all other terms and conditions required to be satisfied in the Loan Documents as of the Second Extended Construction Loan Commitment Expiration Date, and (iii) Borrower shall have sold and closed on at least thirteen (13) Units within the Project as of the Second Extended Construction Loan Commitment Expiration Date. The Initial Construction Loan Commitment Expiration Date to the extent extended to the First Extended Construction Loan Commitment Expiration Date, the Second Extended Construction Loan Commitment Expiration Date and the Third Extended Construction Loan Commitment Expiration Date is the "Construction Loan Commitment Expiration Date."

Construction Loan Maturity Date – The date on the earlier to occur of (i) the date that the Unit is sold, and (ii) the date that is twelve (12) months after the date of the first advance of Construction Line funds for the Unit.

Consulting Engineer or Progress Inspector - Such person or firm as Lender may from time to time appoint or designate for purposes related to the inspection of the progress of the construction of the Improvements, conformity of construction with the Plans and Specifications, and for such other purposes as to Lender may from time to time seem appropriate or as may be required by the terms of this Loan Agreement.

Contract —An executed contract of sale for the sale of a Unit, and such Contract complies with all of the following conditions:

(i) the Contract shall be accompanied by a minimum cash deposit of three percent (3%) of the Contract purchase price;

(ii) the Contract shall not be subject to any contingencies, including the sale of the purchaser's property; and the Contract shall not be subject to cancellation by the purchaser without loss of the deposit, except for cause or as may be provided by applicable Virginia statute;

(iii) the purchaser under the Contract shall be pre-qualified by a reputable mortgage lender, who shall issue a pre-qualification letter which indicates that the purchaser will be approved after appropriate verifications for the purchase money mortgage loan necessary to purchase such Unit; and

(iv) the Contract shall contain a provision that allows Borrower (as the seller of the Unit) to cancel the Contract if a minimum of forty percent (40%) of the Units are not subject to Contracts (this requirement may apply to separately to each of the Building Pads of the Project).

Deed of Trust - That certain Credit Line Deed of Trust and Security Agreement made by Borrower to secure Lender, dated of even date herewith, as the same may from time to time be amended, modified or supplemented.

Environmental Indemnity Agreement —The Environmental Indemnity Agreement executed by Borrower and Guarantor of even date herewith.

Event(s) of Default - Any of the happenings, events, circumstances or occurrences described in Article VI of this Loan Agreement.

Guarantor —Comstock Holding Companies, Inc., a Delaware corporation and its successors and assigns.

Hazardous Materials —Any (i) hazardous wastes and/or toxic chemicals, materials, substances or wastes occurring in the air, water, soil or ground water on, under or about the Mortgaged Property as defined by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund or CERCLA), 42 U.S.C. §§ 9601 et seq ., the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. § 9601(20)(D), the Resource Conservation and Recovery Act (the Solid Waste Disposal Act or RCRA), 42 U.S.C. §§ 6901 et seq ., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (CWA), 33 U.S.C. §§ 1251 et seq ., the Clean Air Act of 1966 (CAA), 42 U.S.C. §§ 7401 et seq ., the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601, et seq ., and the National Environmental Policy Act, 42 U.S.C. 4321 et seq ., as these statutes may be amended from time to time, and regulations promulgated thereunder; (ii) "oil, petroleum, petroleum products, and their by-products" as defined by the applicable statutes, as amended from time to time, and regulations promulgated thereunder; (iii) "hazardous substance" as defined by the applicable statutes, as amended from time to time, and regulations promulgated thereunder; (iv) substance, the presence of which is prohibited or controlled by any other applicable federal or state or local environmental laws, rules, regulations, statutes or ordinances now in force or hereafter enacted relating to waste disposal or environmental protection with respect to hazardous, toxic or other substances generated, produced, leaked, released, spilled or disposed of at or from the Mortgaged Property; and (v) other substance which by law requires special handling in its collection, storage, treatment or disposal including, but not limited to, asbestos, polychlorinated biphenyls (PCBs), urea formaldehyde foam insulation and lead-based paints, but not including small quantities of such materials present on the Mortgaged Property in retail containers or other materials used in the ordinary course of construction activities in compliance with all Environmental Requirements and Environmental Laws (as defined in the Security Documents).

Hydric Soils —Any soil category upon which construction of Improvements would be prohibited or restricted under applicable governmental requirements, including, without limitation, those imposed by the U. S. Army Corp of Engineers.

Improvements —Any and all buildings, structures, improvements, alterations or appurtenances now erected or at any time hereafter constructed or placed upon the Land or any portion thereof and any replacements thereof including without limitation, all equipment, apparatus, machinery and fixtures of any kind or character forming a part of said buildings, structures, improvements, alterations or appurtenances.

Indebtedness – All amounts due Lender pursuant to or on account of the Note, this Loan Agreement or any of the other Loan Documents, including, without limitation, all principal (including, without limitation, any principal that is advanced after the date of this Loan Agreement and any principal that is repaid and re-advanced), interest, late charges, loan fees and all other payments required to be made by Borrower pursuant to or on account of the Note, this Loan Agreement or any of the other Loan Documents.

Land – The real property described in **Exhibit A** attached hereto and by this reference made a part hereof, as amended, modified, supplemented or increased from time to time.

Lender – The party hereinabove designated as such, its successors and assigns.

Loan(s) – Individually, the Acquisition Loan or the Construction Line, as the case may be, and collectively, the Acquisition Loan and the Construction Line.

Loan Documents – The Note, this Loan Agreement, the Deed of Trust and all other documents executed by Borrower and/or Guarantor evidencing, guarantying or securing the Loans.

Mortgaged Property – The property described as such in the Deed of Trust, as amended, modified, supplemented or increased from time to time.

Note – The Credit Line Deed of Trust Note made by Borrower to the order of Lender dated of even date herewith in the principal amount hereinabove recited, as the same may from time to time be amended, modified or supplemented.

Obligations – Any and all of the covenants, warranties, representations, agreements, promises and other obligations (other than the Indebtedness) made or owing by Borrower or others to Lender pursuant to or as otherwise set forth in the Note or the Loan Documents.

Plans and Specifications – Any and all plans and specifications prepared for Borrower in connection with the construction of the Improvements and approved in writing by Lender, as the same may from time to time be amended with the prior written approval of Lender.

Pre-sold Unit – A Unit subject to a Contract.

Project – The Land as separated into the four (4) Building Pads and Common Areas, the creation of the Condominium Regime for the Land, and the construction of Buildings and the other Improvements on the Land are collectively hereinafter referred to as the Project.

Public Authorities – The City of Alexandria, Virginia and any other public, municipal or quasi-municipal entity having jurisdiction over the Land and the Improvements to be constructed thereon.

Security Documents – The Deed of Trust, the Environmental Indemnity Agreement, and any other instrument or instruments described or characterized as such in the Deed of Trust, as the same may from time to time be amended, modified or supplemented.

Speculative Unit – A Unit not subject to a Contract including all model Units.

Title Company – Superior Title Services, LC as the approved agent of Stewart Title Guaranty Company that will handle the closings of the Loans.

Unit – An individual single family attached townhome condominium unit, together with all common elements appurtenant thereto and the physical Improvements constructed, or being constructed, as a single family attached residence within the identified legal boundaries of an individual condominium Unit.

ARTICLE II
THE LOANS – ADVANCES AND REPAYMENTS

2.0 The Loans . Lender agrees to advance proceeds of the Loans to Borrower, subject to the terms and conditions herein set forth and in accordance with the cost breakdown, budget (the " **Budget** ") and/or draw schedule attached hereto as **Exhibit B** and incorporated herein by reference, as amended from time to time by Lender.

2.1 Applications for Advances . Borrower shall make applications for advances of Loan proceeds from Lender on the forms that Lender approves in writing. Borrower shall make each such application at least five (5) business days before the advance shall be called for, in order to permit Lender to make such inspections as it shall from time to time consider appropriate. Lender shall perform the construction progress inspections of the Units within the Mortgaged Property (including inspections of the foundations). Borrower shall pay to Lender all inspection fees and expenses incurred by Lender prior to or at the time of the advance requested for each visit by Lender to inspect the construction progress of the Units. Each application for an advance of Loan proceeds shall be in such form and include such detail as Lender may require. Provided such inspections are satisfactory, Borrower shall be permitted one (1) advance or draw of Construction Line proceeds each calendar month.

2.2 Funding Limitations . Except as specifically limited in this Loan Agreement, Borrower shall have the right to borrow and repay, but not to re-borrow, from time to time, up to a maximum principal amount of **Four Million Six Hundred Thirty-Five Thousand and no/100 Dollars ($4,635,000.00)** for budgeted and approved Land Acquisition and Acquisition Loan Interest expenses as more particularly set forth in the Budget. Except as specifically limited in this Loan Agreement, prior to the Construction Line Funding Termination Date, Borrower shall have the right to borrow, repay and re-borrow on a revolving basis an amount not to exceed **Three Million Five Hundred Thousand and no/100 Dollars ($3,500,000.00)** that may be outstanding at any one time for the Hard Construction costs pursuant to the Budget for Units for which the Lender has issued a Construction Loan Commitment. Lender shall not be obligated to advance Acquisition Loan proceeds or Construction Line proceeds if (i) an Event of Default exists hereunder; (ii) Lender has made demand for any payment under the Note which remains unpaid; or (iii) any conditions precedent to such advance set forth in this Loan Agreement has not been satisfied in Lender's judgment. Subject to the preceding conditions, Lender agrees to make advances in amounts not to exceed the following amounts:

(a) Land Acquisition Advance : $4,435,000 to be fully funded upon the satisfaction (or Lender's waiver) of the conditions set forth in Section 2.3 hereof.

(b) Land Acquisition and Interest Reserve Advances : Acquisition Loan advances shall not exceed the lesser of: (i) fifty percent (50%) of the "as-is" appraised value of the Land on a discounted cash flow basis, or (ii) fifty percent (50%) of Borrower's cost to acquire the Land. In no event shall Lender advance more than $4,635,000 in the aggregate, on a non-revolving basis, for Land Acquisition and Interest on the Acquisition Loan. Lender shall automatically advance funds out of the $200,000 Interest Reserve to cover the interest expense on the Acquisition Loan on a monthly basis when interest is due under the Note as to the Acquisition Loan. The funds set aside in the Interest Reserve shall not be advanced for any other purpose than to cover the actual interest expense accruing on the Acquisition Loan.

(c) Construction Loan Advances : Construction Loan advances shall not exceed the lesser of (i) sixty-seven percent (67%) of the "as-if completed" appraised value of a Unit on a gross sale price basis when added to the committed amount under the Acquisition Loan allocated to the Unit, (ii) seventy-five percent (75%) of the "as-if completed" appraised value of a Unit on a discounted cash flow basis when added to the committed amount under the Acquisition Loan allocated to the Unit, and (iii) one hundred percent (100%) of the actual costs to construct the Unit. The maximum amount of construction advances that may be outstanding at any one time during the term of the Construction Line shall not exceed $3,500,000.

(d) Funding Termination : Lender shall not be obligated to advance any Construction Loan proceeds after the Construction Loan Maturity Date.

2.3 Conditions Precedent to Loan Closing and funding of the Acquisition Loan : Lender shall not be obligated to close the Loans, make any advance of Acquisition Loan proceeds hereunder, make any advances out of the Acquisition Loan Interest Reserve unless the following conditions have been satisfied:

(a) The Note, this Loan Agreement, the Deed of Trust and the other Loan Documents shall have been properly executed and delivered to Lender (except that only a copy of the fully executed Deed of Trust shall be delivered to Lender). Borrower shall deliver the original fully executed and acknowledged Deed of Trust and other Loan Documents that Lender requires to be recorded or filed to secure the Indebtedness and Obligations (the " **Loan Recordation Documents** ") to the Title Company in final form required for recordation in the appropriate land records and the Title Company shall record the fully executed Loan Recordation Documents immediately after the recordation of the deed conveying the Land from Seller to Borrower.

(b) Borrower shall have deposited with the Title Company in currently available funds the amount set forth on Line 303 of the settlement statement as approved by Lender, the receipt of which the Title Company shall confirm to Lender.

(c) Lender shall have received a paid policy of title insurance (ALTA Standard Form "B" Loan Policy – Current Edition) or a valid and enforceable commitment to issue the same, together with such reinsurance agreements and direct access agreements as may be required by Lender, from a company or companies satisfactory to Lender in the amount of the Loans and which may be endorsed or assigned to the successors and assigns of Lender without additional cost, insuring the lien of the Deed of Trust to be a valid first lien on the Mortgaged Property, free and clear of all defects, exceptions and encumbrances except such as Lender and its counsel shall have approved, and which otherwise complies with the applicable requirements of the Commitment.

(d) Lender shall have received advice, in form and substance and from a source satisfactory to Lender, to the effect that a search of the applicable public records discloses no conditional sales contracts, chattel mortgages, leases of personalty, financing statements or title retention agreements filed or recorded against the Mortgaged Property except such as Lender shall have approved.

(e) Lender shall have received all policies or certificates of insurance required by the terms of the Commitment and the other Loan Documents to be in effect from a company or companies and in form and amount satisfactory to Lender, together with written evidence, in form and substance satisfactory to Lender, that all fees and premiums due on account thereof have been paid in full.

(f) Lender shall have received a separate policy of flood insurance in the face amount of the Note or the maximum limit of coverage available with respect to the Mortgaged Property, whichever is the lesser, from a company or companies satisfactory to Lender and written in strict conformity with the Flood Disaster Protection Act of 1973 , as amended, and all applicable regulations adopted pursuant thereto; provided, however, that in the alternative Borrower may supply Lender with written evidence, in form and substance satisfactory to Lender, to the effect that such flood insurance is not available with respect to the Mortgaged Property, or Borrower may provide to Lender the certificate of a professional engineer that the Mortgaged Property is not within a flood hazard area.

(g) Lender shall have received a current survey of the Land, certified to Lender by a registered land surveyor of the jurisdiction in which the Land is located, which plat of survey shall clearly designate at least (i) the location of the perimeter of the Land by courses and distances; (ii) the location of all easements, rights-of-way, alleys, streams, waters, paths and encroachments; (iii) the location of all building restriction lines and set-backs, however established; (iv) the location of any streets or roadways abutting the Land; and (v) the then "as-built" location of the Improvements and the relation of the Improvements by courses and distances to the perimeter of the Land, building restriction lines and set-backs, all in conformity with the most recent Minimum Standard Detail Requirements for Land Title Surveys adopted by the American Congress on Surveying and Mapping.

(h) Lender shall have received true and complete copies of all organizational documents of Borrower and Guarantor, appropriate resolutions authorizing the acceptance of the Loans by Borrower and the execution of the Note and all Loan Documents, appropriate certificates of incumbency and an opinion letter from counsel for Borrower and Guarantor, which is acceptable to Lender in all respects.

(i) Lender shall have received and approved an appraisal of the Mortgaged Property that complies with the applicable requirements of the Commitment.

(j) Lender shall have received from Borrower written evidence, in form and substance satisfactory to Lender, from all municipalities and utility companies having or claiming jurisdiction to the effect that all utility services in sufficient quantities necessary for the occupation of the Improvements to be constructed upon the Land, are available for connection and use at the boundaries of the Land, including, without limitation, telephone service, water supply, storm and sanitary sewer facilities, natural gas and electric facilities.

(k) Lender shall have received from Borrower written evidence, in form and substance reasonably satisfactory to Lender, to the effect that no construction work relating to the Improvements has commenced upon the Land and no materials (financed with the proceeds of the Loans) have been placed or stored upon the Land prior to the recordation of the Deed of Trust among the land records where the Land is located unless the same shall be fully insured against by the title insurance company.

(l) Lender shall have received soil reports that shall (i) demonstrate that the soil conditions of the Land are suitable for the construction of the Improvements, and (ii) evidence to Lender's reasonable satisfaction that there are no Hydric Soils on the Mortgaged Property.

(m) Lender shall have received a satisfactory Phase I environmental site assessment report on the Land.

(n) Borrower shall have fully complied with any other applicable requirements of the Commitment.

(o) Borrower and Guarantor shall have provided Lender with their current financial statements and tax returns for the prior two (2) fiscal years in form and substance satisfactory to Lender.

(p) Borrower shall have established a deposit relationship with Cardinal Bank and shall maintain such deposit relationship through the Maturity Date through which all Loan advances and Borrower's funds pertaining to the construction of the Units shall be maintained and flow.

2.4 Conditions Precedent to Conditions Precedent to Construction Line Advances . Lender shall not be obligated to make any advances of Construction Line proceeds hereunder, unless the conditions described in Section 2.3 remain satisfied, and the following conditions have been satisfied with respect:

(a) Lender shall have received from Borrower written evidence, in form and substance satisfactory to Lender, from all Public Authorities having or claiming jurisdiction to the effect that all grading, building, construction and other permits and licenses necessary or required in connection with the development and construction of the Project have been validly issued for the work being performed for such draw request; that all applicable fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid in full or posted, as the circumstances may require, including, but not limited to, those fees to be financed by Lender in accordance with the terms of this Loan Agreement

(b) All work completed at the time of the application for advance has been performed in a good and workmanlike manner; or all work completed at the time of the application for advance has been performed in a good and workmanlike manner and all materials and fixtures usually furnished and installed at that stage of development have been furnished and installed.

(c) No Event of Default which has not been cured has occurred under the Note or any of the other Loan Documents and no act has occurred which, with the passage of time after due notice, would become an Event of Default.

(d) Lender has received evidence satisfactory to it that all work requiring inspection by Public Authorities having or claiming jurisdiction has been duly inspected and approved by such Public Authorities and by any rating or inspection organization, bureau, association or office having or claiming jurisdiction.

(e) Lender shall have received a notice of title continuation or an endorsement to the title insurance policy heretofore delivered, indicating that since the last preceding advance, there has been no change in the status of title and no survey exceptions or other exceptions not theretofore approved by Lender, which endorsement shall have the effect of advancing the effective date of the policy to the date of the advance then being made and increasing the coverage of the policy to an amount equal to the total advances made as of the date of the advance then being made if the policy does not by its terms provide for such an increase.

(f) The representations and warranties made in Article III of this Loan Agreement shall be true and correct, in all material respects, on and as of the date of the advance with the same effect as if made on such date.

(g) Lender shall have received acknowledgments of payment and releases of liens and rights to claim liens for work performed or materials delivered through the date of the last preceding advance and concurrently with the final advance. All such acknowledgments and releases shall be in form and substance satisfactory to Lender and the title insurance company that has insured the title to the Mortgaged Property.

(i) Borrower shall have provided Lender with a list of the names of the architect, the engineer and all contractors and materialmen (the "Contractors") that will perform work or supply materials in connection with the development of the Land and the construction of the Improvements, together, to the extent available, with complete copies of the executed contracts for such work.

(i) Borrower shall have provided Lender with a set of detailed Plans and Specifications for all site development work, architectural, structural, mechanical, plumbing, electrical and other work for or in connection with the Project.

(j) Borrower shall provide Lender with the final site plan for the Project as approved by all necessary Public Authorities.

(k) The Improvements for which the advance is being requested have not been materially damaged by fire or other casualty unless Borrower shall have received the proceeds of insurance sufficient in the judgment of Lender to effect a satisfactory restoration of such Improvements and to permit the completion thereof on or prior to the Completion Date.

(l) Lender shall be satisfied, based upon the advice of the Consulting Engineer or Progress Inspector, that each Unit can be completed by a date no later than the Completion Date for that Unit with the balance of the Construction Loan proceeds committed to that Unit then held by Lender and available for advance for those purposes pursuant to the terms of this Loan Agreement and with other funds which Lender is reasonably satisfied are available to Borrower for those purposes.

(m) Lender shall have received a notice of title continuation or an endorsement to the title insurance policy heretofore delivered, indicating that since the last preceding advance, there has been no change in the status of title and no survey exceptions or other exceptions not theretofore approved by Lender, which endorsement shall have the effect of advancing the effective date of the policy to the date of the advance then being made and increasing the coverage of the policy to an amount equal to the total advances made as of the date of the advance then being made if the policy does not by its terms provide for such an increase.

(n) Lender shall have received evidence, which is reasonably satisfactory to Lender, of compliance with all zoning, subdivision, environmental and other laws, ordinances, rules, regulations and restrictions affecting construction of the Improvements.

(o) Lender shall have received acknowledgments of payment and releases of liens and rights to claim liens for work performed or materials delivered through the date of the last preceding advance and concurrently with the final advance. All such acknowledgments and releases shall be in form and substance satisfactory to Lender and the title insurance company that has insured the title to the Mortgaged Property.

(p) Borrower shall provide Lender with a final draw schedule for the Hard Construction advances in form and substance approved by Lender.

(q) Lender shall have received a detailed construction budget on forms approved by Lender detailing the costs to construct the Improvements.

(r) All other terms and conditions of the Loan Documents required to be met as of the date of the particular advance of Loan proceeds shall have been met to the satisfaction of Lender.

(s) Lender shall have issued a Construction Loan Commitment for the Unit for which Construction Line advances are being requested.

2.5 [Intentionally Omitted]

2.6 Additional Conditions Precedent to Final Advance . Lender shall not be obligated to make the final advance of Loan proceeds with respect to the Land, the Improvements or any Unit included within the Project unless the conditions described in Section 2.3 and Section 2.4 and the following additional conditions have been satisfied with respect to the Land, the Improvements or the Unit:

(a) Lender has been satisfied that all construction has been satisfactorily completed in a good and workmanlike manner;

(b) Lender has received evidence satisfactory to it that all work requiring inspection by Public Authorities has been duly inspected and approved by such Public Authorities and by any rating or inspection organization, bureau, association or office having or claiming jurisdiction;

(c) To the extent that any such certificate is a condition to the lawful use and occupancy of the subject Improvements, Lender has received evidence satisfactory to it that the requisite certificate of use and occupancy for permanent occupancy of such Improvements has been validly issued; however, such a certificate shall be not required for any model houses;

(d) All other terms and conditions of the Loan Documents required to be met as of the date of the final advance of Construction Loan proceeds for the applicable Unit shall have been met to the satisfaction of Lender.

2.7 Trust Funds . Borrower will receive the advances to be made hereunder and will hold the right to receive the same as a trust fund for the purpose of paying the cost of the acquisition and development of the Land and the construction of the Improvements, and Borrower agrees not to expend any part of the proceeds of the Loans for any purpose except in connection with the uses and purposes provided for in this Loan Agreement without the prior written consent of Lender.

2.8 Advances to Others for Account of Borrower . At the option of Lender, Lender may apply amounts due hereunder to the satisfaction of the conditions of the Commitment, the Note or the Loan Documents and any amounts so applied shall be part of the Loans and shall be secured by the Deed of Trust. Advances requested by Borrower shall be made directly to Borrower unless and until Borrower is in default hereunder or under any other Security Document. If Borrower is in default hereunder or under any other Security Document, then at the option of Lender, and without limiting the generality of the foregoing, Lender may make advances directly to the title insurance company or any subcontractor or materialman, or to any of them jointly, and the execution hereof by Borrower shall, and hereby does, constitute an irrevocable authorization, if Borrower is in default hereunder or under any other Loan Documents, to so advance the proceeds of the Loans. No further direction or authorization from Borrower shall be necessary to warrant such direct advances and all such advances shall satisfy *pro tanto* the obligations of Lender hereunder and shall be secured by the Deed of Trust as fully as if made to Borrower, regardless of the disposition thereof by the party or parties to whom such advance is made.

2.9 Additional Funds . If the inspections performed on behalf of Lender project that the remaining cost to complete the Improvements or a particular Unit will exceed the total remaining amount of Loan proceeds to be provided by Lender for the Improvements or that Unit, Lender shall not advance any more Loan proceeds for the Improvements or that Unit until Borrower has deposited with Lender the difference between the total remaining cost to complete the Improvements or that Unit (including sufficient funds to pay interest for the remaining term of the Loans) and the total remaining amount of the Loan proceeds for the Improvements or that Unit. This provision will apply whenever the total remaining cost to complete the Improvements or a Unit exceeds the total remaining Loan proceeds for the Improvements or the particular Unit. Therefore, if the projected total remaining costs to complete the Improvements or a Unit continues to increase after the first time that it exceeds the total amount of the remaining Loan proceeds for the Improvements or the Unit, Borrower shall deposit the incremental increase before Lender advances any more Loan proceeds for the Improvements or the particular Unit. The determination of the total remaining cost to complete the Improvements and each Unit shall be made by Lender.

2.10 Assignments . Borrower agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or advance due pursuant to this Loan Agreement, or any of the other benefits of this Loan Agreement, without the prior written consent of Lender. Any assignment made or attempted by Borrower without the prior written consent of Lender shall be void. No consent by Lender to an assignment by Borrower shall release Borrower as the party primarily obligated and liable under the terms of this Loan Agreement unless Borrower shall be released specifically by Lender in writing. No consent by Lender to an assignment shall be deemed to be a waiver of the requirement of prior written consent by Lender with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.

2.11 Liability of Lender . Lender shall in no event be responsible or liable to any person other than Borrower for the disbursement of or failure to disburse the proceeds of the Loans or any part thereof, and no subcontractor, laborer or material supplier shall have any right or claim against Lender under this Loan Agreement or the administration thereof.

2.12 Speculative Units and Construction Limitations . Borrower may have not more than eight (8) Speculative Units for which construction has commenced in the first two (2) Buildings under construction within the Project. After the commencement of construction of the first two (2) Buildings, Borrower shall not commence the construction of the next Building until such time as the total number of Speculative Units completed or under construction within the Project is three (3) or less. Model Units shall be considered Speculative Units for the purpose of these limitations and Borrower shall have no more than two (2) Model Units at any time during the term of the Loans. Borrower shall have no more than ten (10) Units under construction at any one time during the term of the Loans. Lender may, but shall not be obligated to, advance Construction Loan proceeds to fund the construction costs for any Unit during any period when the maximum limit of Speculative Units is exceeded. Borrower shall provide Lender with all information that Lender requests and needs to underwrite a Construction Loan Commitment for each Unit and Building for which Borrower seeks Construction Line funding. Borrower shall not commence construction of a Building until Lender has issued Construction Loan Commitments for the Units within the Building.

2.13 Loan Fees . Lender's obligation to make advances of the Acquisition Loan shall be contingent upon Borrower's payment to Lender of a fully earned non-refundable **$22,000** loan fee for the Acquisition Loan which shall be paid to Lender at the closing of the Loans and shall be fully earned when paid. Lender's obligation to make advances and re-advances out of the Construction Line for any Unit shall be contingent upon Borrower's payment to Lender of a fully earned non-refundable Construction Line loan fee per Unit equal to one half of one percent (0.5%) of the total amount of the Construction Line committed to be advanced for the Unit that Borrower shall pay Lender at the time of the first advance of Construction Line proceeds for each Unit.

2.14 Loan Repayment . Borrower shall pay all principal and accrued and unpaid interest and costs for the Acquisition Loan allocated to a particular Unit and the Construction Loan for such Unit on or before the Construction Loan Maturity Date applicable to the Unit. Nothing in this Loan Agreement or the Commitment shall impose upon or imply that Lender has any obligation to extend the Construction Loan Commitment Expiration Date, the Construction Line Funding Termination Date or any Construction Loan Maturity Date, the decision to extend any of those dates being within the sole and absolute discretion of Lender.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.0 Representations and Warranties by Borrower . Borrower hereby represents and warrants to Lender, as of the date of the first advance of Loan proceeds and at all times thereafter, that:

3.1 Plans and Specifications . No work associated with the construction of the Improvements will be commenced by Borrower unless and until the Plans and Specifications are satisfactory to Borrower and Lender and, to the extent required by applicable law and any effective restrictive covenants have been approved by all Public Authorities and by the beneficiaries of any such restrictive covenants, respectively.

3.2 Permits . No work associated with the development of the Land or the construction of the Improvements will be commenced by Borrower unless and until all grading, building, construction and other permits necessary or required in connection with the commencement of the construction of the Improvements have been validly issued and all fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid or posted, as the circumstances may require.

3.3 Utilities . All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are available at the boundaries of the Land, or there are easements in place which will allow Borrower to extend utility services to the boundaries of the Land, including, without limitation, telephone service, water supply, storm and sanitary sewer facilities, and natural gas or electric facilities.

3.4 Access – Roads . All roads and other access necessary for the construction and full utilization of the Improvements for their intended purposes have either been completed or the necessary rights of way therefor have either been acquired by the appropriate Public Authorities or have been dedicated (or will be dedicated) to public use and has been or will be accepted by such Public Authorities or have been or will be created by recorded easement and all necessary steps have been taken or will be taken by Borrower or such Public Authorities to assure the complete construction and installation thereof by a time no later than the Completion Date.

3.5 Other Liens . Except as otherwise provided for in the Loan Documents, Borrower has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Mortgaged Property.

3.6 Financial Statements . Borrower's financial statements heretofore delivered to Lender are true and correct in all material respects, have been prepared in accordance with sound accounting practices consistently applied, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in Borrower's financial condition reflected therein since the respective dates thereof and no material additional liabilities have been incurred by Borrower since the date thereof other than the borrowing contemplated herein or as approved in writing by Lender.

3.7 Defaults . There is no Event of Default on the part of Borrower under the Loan Documents and no event has occurred and is continuing which, with notice or the passage of time or both, would constitute an Event of Default under the Loan Documents.

3.8 Compliance in Zoning . The current or anticipated use of the Mortgaged Property complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Land, all use requirements of any Public Authority have been satisfied, and no violation of any law or regulation exists with respect thereto.

ARTICLE IV
AFFIRMATIVE COVENANTS

4.0 Affirmative Covenants . Borrower hereby affirmatively covenants and agrees as follows:

4.1 Construction . Borrower shall promptly commence construction of the Improvements in accordance with the terms and provisions of this Loan Agreement and will pursue the same in good faith with diligence and continuity in accordance with the Plans and Specifications.

4.2. Approval and Permits . No work associated with the construction of the Improvements shall be commenced by Borrower unless and until the Plans and Specifications have been approved by Lender and, to the extent required by applicable law or any effective restrictive covenant, by all Public Authorities and by the beneficiary of any such restrictive covenant, and unless and until all building, construction and other permits necessary or required in connection with the commencement of the construction of the Improvements have been validly issued and all fees and bonds (whether posted by Borrower or its seller) required in connection therewith have been paid or posted, as the circumstances may require.

4.3 Completion . Construction of a Unit shall be completed by Borrower on or before the Completion Date, free and clear of all liens and claims of liens for materials supplied and for services or labor performed in connection with the construction of the Unit.

4.4 Compliance with Laws – Encroachments . The Improvements shall be constructed by Borrower in strict accordance with all applicable (whether present or future) laws, ordinances, rules, regulations, requirements and orders of any Public Authority. The Improvements shall be constructed entirely on the Land and will not encroach upon any easement or right-of-way, or upon the land of others. Construction of the Improvements shall be wholly within all applicable building restriction lines and set-backs, however established, and shall be in strict accordance with all applicable use or other restrictions and the provisions of any prior agreements, declarations, covenants and all applicable zoning and subdivision ordinances and regulations.

4.5 Surveys . Upon Lender's request from time to time, as construction progresses and upon the completion of the construction of the Improvements, Borrower shall furnish Lender with a plat of survey, currently certified to Lender by a registered land surveyor of the jurisdiction in which the Land is located, which plat of survey shall clearly designate at least (i) the location of the perimeter of the Land by courses and distances; (ii) the location of all easements, rights-of-way, alleys, streams, waters, paths and encroachments; (iii) the location of all building restriction lines and set-backs, however established; (iv) the location of any streets or roadways abutting the Land; and (v) the "as-built" location of the Improvements and the relation of the Improvements by courses and distances to the perimeter of the Land, building restriction lines and set-backs.

If at any time Borrower is required to furnish a plat of survey to Lender pursuant to the terms of this Loan Agreement, Borrower shall also furnish an original print thereof to the title insurance company and such plat of survey shall not be sufficient for purposes of this Loan Agreement unless and until the title insurance company shall advise Lender, by endorsement to the title insurance policy or otherwise, that the plat of survey discloses no violations, encroachments or other variances from applicable set-backs or other restrictions except such as Lender and its counsel shall approve, such approval not to be unreasonably withheld. All such plats of survey shall conform to the most recent Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping.

4.6 Inspections; Cooperation; Payment of Consulting Engineer . Borrower shall permit Lender and Lender's duly authorized representatives (including, without limitation, the Consulting Engineer or Progress Inspector) no more than twice per month to enter upon the Land and to inspect the Improvements and any and all materials to be used in connection with the construction of the Improvements and to examine all detailed plans and shop drawings and similar materials relating to the construction of the Improvements, during ordinary business hours. Borrower will at all times cooperate and use its reasonable good faith efforts to cause each and every of its subcontractors and materialmen to cooperate with Lender and Lender's duly authorized representatives (including, without limitation, the Consulting Engineer or Progress Inspector) in connection with or in aid of the performance of Lender's functions under this Loan Agreement. The fees of any Consulting Engineer or Progress Inspector engaged or employed by Lender in connection with or in aid of the performance of Lender's functions under this Loan Agreement shall be paid by Borrower.

4.7 Vouchers and Receipts . Borrower will furnish to Lender, promptly on demand, any contracts, bills of sale, statements, receipted vouchers or agreements pursuant to which Borrower has any claim of title to any materials, fixtures or other articles delivered or to be delivered to the Land or incorporated or to be incorporated into the Improvements. Borrower will furnish to Lender, promptly on demand, a verified written statement, in such form and detail as Lender may reasonably require, showing all amounts paid and unpaid for labor and materials and all items of labor and materials to be furnished for which payment has not been made and the amounts to be paid therefor.

4.8 Payments for Labor and Materials . Borrower will pay when due all bills for materials supplied and for services or labor performed in connection with the construction of the Improvements, subject to Borrower's contest rights set forth in Section 4.6 of the Deed of Trust.

4.9 Correction of Construction Defects . In the event there are any defects in the work or any material departures or deviations from the plans and specifications not approved by Lender, as such defects, departures or deviations are certified to Lender by an outside engineer chosen by Lender, then promptly following any demand by Lender, Borrower will correct or cause the correction of such defects, departures or deviations.

4.10 Insurance . The original policy or policies of insurance, a certified true copy thereof and an original endorsement to the policy or policies of insurance issued by the approved insurance company that endorses the policy or policies to add Lender as the mortgagee, loss payee and/or additional insured as its interests may appear shall be deposited with Lender (the "Endorsement"), together with a paid receipt for the premiums thereunder for at least the quarterly period following the date of this Loan Agreement. All policies of insurance shall be written with a company or companies licensed to do business in the jurisdiction where the Mortgaged Property is located and with a company or companies satisfactory to Lender. Each policy of insurance shall provide that such policy may not be surrendered, cancelled or substantially modified, including without limitation cancellation for non-payment of premiums, without at least thirty (30) days' prior written notice to all parties named as insured therein, including Lender.

At no cost to Lender, Borrower shall provide and maintain:

(a) BUILDER'S RISK INSURANCE – "Builder's Risk" insurance (non-reporting form) of the type customarily carried in the case of similar construction for the full replacement cost of work in place and material stored at or upon the Mortgaged Property, comprehensive broad form "all risk" casualty insurance and insurance for other risks of a similar or dissimilar nature, in such forms and amounts as Lender may require. Such insurance policy shall name Lender as mortgagee.

(b) FIRE/HAZARD INSURANCE WITH EXTENDED COVERAGE – Insurance against any act or occurrence of any kind or nature that results in damage, loss or destruction to the Mortgaged Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism and malicious mischief, upon the completion of the construction of the Improvements or upon the occupancy thereof for the purposes intended, whichever shall first occur. Unless otherwise agreed in writing by Lender, such insurance shall be for the full insurable value of the Mortgaged Property. The term "full insurable value" means the actual replacement cost of the Mortgaged Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items). The deductible amount under such policy or policies shall not exceed $5,000.00. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this section by reason of coinsurance provisions or otherwise. The "full insurable value" shall be determined from time to time at the request of Lender, by an appraiser or appraisal company or one of the insurers, who shall be selected and paid for by Borrower but subject to Lender's approval. Such insurance policy shall name Lender as mortgagee.

(c) LIABILITY INSURANCE – Comprehensive general public liability and indemnity insurance in such forms and in such amounts as Lender may require, but in any event not less than $1,000,000.00 covering claims for bodily injury or death and property damage arising out of a single occurrence and $2,000,000.00 for the aggregate of all occurrences during any given annual policy period. Such insurance policy shall name Lender as mortgagee.

(d) WORKER'S COMPENSATION INSURANCE – Worker's compensation insurance for all employees (if any) of Borrower in accordance with the applicable requirements of law. Such insurance policy shall name Lender as mortgagee.

4.11. Flood Insurance . If required by applicable law or regulation or if required by Lender, Borrower shall provide or cause to be provided to Lender a separate policy of flood insurance in the amount of the Note or the maximum limit of coverage available with respect to the Mortgaged Property, whichever is the lesser, from a company or companies satisfactory to Lender and written in strict conformity with the Flood Disaster Protection Act of 1973 , as amended, and all applicable regulations adopted pursuant thereto, or alternatively if flood insurance is not available for the Mortgaged Property or the Mortgaged Property is not within a flood hazard area, Borrower shall supply Lender with written evidence, in form and substance satisfactory to Lender, to that effect. Any such policy shall provide that the policy may not be surrendered, cancelled or substantially modified (including, without limitation, cancellation for non-payment of premiums) without at least thirty (30) days' prior written notice to any and all insureds named therein, including Lender.

4.12 Fees and Expenses – Indemnity . Borrower will pay to Lender or as Lender directs all reasonable fees, charges, costs and expenses required to satisfy the conditions of the Loan Documents and the Commitment. Borrower will hold Lender harmless and indemnify Lender from all claims of brokers and "finders" arising by reason of the execution and delivery hereof or the consummation of the transaction contemplated hereby.

4.13 Prompt Applications . Borrower shall cause all applications for advances of Loan proceeds to be made and delivered to Lender promptly in order to obtain advances of Loan proceeds as they become available for disbursement pursuant to the terms of this Loan Agreement.

4.14 Hazardous Materials . Borrower will immediately remove all Hazardous Materials from the Land and Improvements or follow the recommendations of a qualified environmental consultant approved by Lender immediately after Borrower has been notified that Hazardous Materials have been used in the construction of the Improvements or are or have been stored or located upon the Land or the Improvements in violation of Environmental Requirements or Environmental Laws.

4.15 Financial Reporting . On or before May 31 of each year, Borrower and Guarantor will furnish to Lender a current financial statement including (i) a detailed balance sheet, (ii) a report disclosing in detail Borrower's income, expenses and net cash flow, (iii) a detailed, comprehensive schedule of all contingent liabilities, and (iv) a certified true copy of its federal income tax return for the previous fiscal year. Borrower shall furnish Lender with a monthly sales status report for the Project on the tenth (10 th) day of each month commencing on the tenth (10 th) day of the first full month after the date hereof. Borrower and Guarantor will also furnish to Lender such other financial and operating information as Lender may from time to time request.

4.16 End Loans and Sales Contracts . Borrower shall provide Lender with copies of all executed Contracts for the sale of Units within five (5) business days after full execution. Lender or its subsidiary shall be provided the opportunity to offer loans to purchasers of Units and Borrower will include the terms of Lender's terms in its sales packages. However, notwithstanding the provisions of the preceding sentence, Borrower's sales documents shall not require the purchasers of individual Units to obtain their purchase financing from Lender or its subsidiary.

4.17 Deposit Accounts . Borrower shall maintain its primary operating and deposit accounts with Lender at all times during the term of the Loans.

4.18 Condominium Regime and Recordation of Condominium Documents . Borrower shall submit all existing or proposed Condominium Documents intended or necessary to convert the Land into a multi-unit Condominium Regime to Lender for Lender's review and approval concurrently with Borrower's submission of the Condominium Documents to any Public Authority required to review and approve the Condominium Documents as a precondition to creation of the Condominium Regime. Once Lender has approved the Condominium Documents, which approval shall not be unreasonably withheld, delay, or conditioned, Lender shall consent to and/or execute such Condominium Documents as are required of Lender, in its capacity as the holder of a security interest in the Land, to facilitate Borrower's conversion of the Land into the Condominium Regime under the laws of the Commonwealth of Virginia. Borrower shall provide Lender with evidence that all Public Authorities have approved the Condominium Documents creating the Condominium Regime and that all Condominium Documents required to legally create the Condominium Regime have been duly recorded with the appropriate Public Authorities resulting in the creation of the requisite number of single family attached townhome condominium Units per Building Pad prior to the closing of the out-sale of the first Unit within such Building Pad.

ARTICLE V
NEGATIVE COVENANTS

5.0 Negative Covenants . Until the Indebtedness shall have been paid in full, Borrower covenants and agrees as follows:

5.1 Other Liens; Transfers; "Due-on-Sale", etc . Borrower shall not, without the prior written consent of Lender, create or permit to be created or remain with respect to the Mortgaged Property or any part thereof or income therefrom, any mortgage, pledge, lien, encumbrance, charge, security interest, conditional sale or other title retention agreement, whether prior or subordinate to the lien of the Security Documents, other than in connection with the Security Documents or as otherwise provided for or permitted therein. Except for any grant, conveyance, sale, assignment or transfer in the ordinary course of Borrower's business and which is specifically conditioned upon the release of record of the lien of the Deed of Trust and the other Security Documents as to that portion of the Mortgaged Property granted, conveyed, sold, assigned or transferred, Borrower shall not, without the prior written consent of Lender, make, create, permit or consent to any conveyance, sale, assignment or transfer of the Mortgaged Property or any part thereof, or Borrower's legal or equitable interest in the Mortgaged Property, other than in connection with the Security Documents or as otherwise provided for or permitted therein. Borrower will not, without the prior written consent of Lender, make, create or consent to any grant, conveyance, sale, assignment or transfer of any partnership interest or other interest in Borrower.

5.2 Impairment of Security . Borrower shall take no action which will in any manner impair the value of the Mortgaged Property or the validity, priority or security of the Deed of Trust.

5.3 Conditional Sales . Borrower will not incorporate in the Improvements any property acquired under a conditional sales contract or lease, or as to which the vendor retains title or a security interest, without the prior written consent of Lender.

5.4 Changes to Plans and Specifications . Borrower will not permit any material changes in the Plans and Specifications, including, without limitation, any change by altering or adding to the work to be performed, orders for extra work, any change which will result in a material net construction cost increase or a material net cumulative construction cost decrease, or any material change in the design concept for the Improvements, without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed and under such reasonable conditions as Lender may then establish.

5.5 Bonds . Borrower will not do or permit anything to be done that would affect the coverage or indemnities provided for pursuant to the provisions of any performance bond, labor and material payment bond or any other bond required pursuant to the provisions of the Loan Documents.

ARTICLE VI
EVENTS OF DEFAULT

6.0 Events of Default . The term "Event(s) of Default," as used in this Loan Agreement shall mean the occurrence or happening, from time to time, of any one or more of the following, beyond any applicable cure period:

6.1 Payment of Indebtedness . If Borrower shall fail to pay to Lender any and all amounts payable by Borrower to Lender under the terms of the Loan Documents, including but not limited to any principal payment, interest payment, loan fee, extension fee or late charge, within 10 days after written notice of such failure is sent by Lender to Borrower.

6.2 Performance of Obligations . If Borrower shall default in the due observance or performance of any of the Obligations, specifically including, but not limited to, those specified in Sections 6.3 through 6.12 of this Article, and such default continues for thirty (30) days after written notice of such default is sent by Lender to Borrower, or if such default cannot be reasonable cured within such thirty (30)-day period, the failure to commence such cure or diligently to prosecute the same to completion, provided in no event shall such default continue uncured for more than ninety (90) days after written notice thereof.

6.3 Other Defaults . If any other default shall occur under the Loan Documents.

6.4 Representation and Warranties . If any representation or warranty contained in this Loan Agreement or in any other document, certificate or opinion delivered to Lender in connection with the Loans shall prove at any time to be incorrect or misleading in any material respect when made.

6.5 Progress of Construction . Except for delays unavoidably occasioned by strikes, lock-outs, war or civil disturbance, governmental actions (e.g., moratorium), natural disaster, acts of God, or extreme weather conditions, if construction of the Improvements is not carried on in good faith and with reasonable dispatch or if Borrower abandons the work or discontinues work for a period of more than thirty (30) consecutive days.

6.6 Failure to Complete . Except for delays unavoidably occasioned by strikes, lock- outs, war or civil disturbance, natural disaster, acts of God, or extreme weather conditions, if Borrower fails to complete the construction of a Unit on or before the Completion Date.

6.7 Conditions Precedent to Any Advance . Except for delays unavoidably occasioned by strikes, lock-outs, war or civil disturbance, natural disaster, acts of God, or extreme weather conditions, if Borrower is unable to satisfy any condition precedent to its right to receive an advance of the Construction Line proceeds for a period in excess of thirty (30) days.

6.8 [Intentionally omitted.]

6.9 [Intentionally omitted.]

6.10 Disclosure of Contractors . If Borrower shall fail to disclose to Lender, upon demand and within a reasonable time period, the names of all major contractors with whom Borrower has contracted or intends to contract for the construction of the Improvements or for the furnishing of labor or materials therefor.

6.11 Mechanic's Lien . If a lien for the performance of work or the supply of materials which is established against the Mortgaged Property remains unsatisfied or unbonded for a period of thirty (30) days after the date the lien becomes effective.

6.12 Impairment of Security . The occurrence of any condition or situation which, in the sole determination of Lender, constitutes a material danger to or impairment of the security for the repayment of the Loans, if such condition or situation is not remedied within thirty (30) days after written notice to Borrower thereof.

ARTICLE VII
DEFAULT – REMEDIES

7.0 Remedies on Default . Lender shall have the right, upon the happening of any Event of Default, to terminate this Loan Agreement by notice in writing to Borrower and, in addition to any rights or remedies available to it under the Deed of Trust or other Security Documents, to enter into possession of the Mortgaged Property and perform any and all work and labor necessary to complete the construction of the Improvements (whether or not in accordance with the Plans and Specifications) and to employ watchmen to protect the Mortgaged Property and the Improvements.

All sums expended by Lender for such purposes shall be deemed to have been paid to Borrower and secured by the Deed of Trust. For this purpose, Borrower hereby constitutes and appoints Lender Borrower's true and lawful attorney-in-fact with full power of substitution to complete the work in the name of Borrower, in a commercially sound and reasonable manner, and hereby empowers said attorney or attorneys as follows:

(a) To use any funds of Borrower including any balance which may be held in escrow and any funds which may remain unadvanced hereunder for the purpose of completing the construction of the Improvements, whether or not in the manner called for in the Plans and Specifications;

(b) To make such additions, changes and corrections in the Plans and Specifications that are necessary or desirable in the judgment of Lender to complete the construction of the Improvements;

(c) To employ such contractors, subcontractors, agents, architects and inspectors as shall be required for said purpose;

(d) To pay, settle or compromise all existing bills and claims which are or may be liens against the Mortgaged Property, or may be necessary or desirable for the completion of the work or the clearance of title;

(e) To execute all applications and certificates which may be required in the name of Borrower; and

(f) To do any and every act with respect to the construction of the Improvements which Borrower may do in its own behalf.

It is understood and agreed that this power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connection with the construction of the Improvements and to take such actions and require such performance as is deemed necessary.

Borrower hereby irrevocably constitutes and appoints Lender Borrower's true and lawful attorney-in-fact to execute, acknowledge and deliver such documents, instruments and certificates, and to take such other actions, in the name and on behalf of Borrower and at the sole cost and expense of Borrower, as Lender, in its sole and reasonable discretion, deems necessary, desirable or appropriate to effectuate the provisions of this paragraph.

7.1 No Conditions Precedent to Exercise of Remedies . Neither Borrower nor any of Guarantor shall be relieved of any obligation by reason of the failure of Lender to comply with any request of Borrower or of any other person to take action to foreclose on the Deed of Trust or otherwise to enforce any provisions of the Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the Mortgaged Property, or by reason of any agreement of stipulation between any subsequent owner of the Mortgaged Property and Lender extending the time of payment or modifying the terms of the Loan Documents without first having obtained the consent of Borrower or Guarantor; and in the latter event, Borrower and Guarantor shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Lender.

7.2 Remedies Cumulative and Concurrent . No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedies provided for in the Loan Documents, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Loan Documents, or now or hereafter existing at law or in equity or by statute. Every right, power and remedy given by the Loan Documents to Lender shall be concurrent and may be pursued separately, successively or together against Borrower, Guarantor, or the Mortgaged Property or any part thereof, or any one or more of them; and every right, power and remedy given by the Loan Documents may be exercised from time to time as often as may be deemed expedient by Lender.

7.3 Strict Performance . No delay or omission of Lender to exercise any right, power or remedy accruing upon the happening of an Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or any acquiescence therein. No delay or omission on the part of Lender to exercise any option for acceleration of the maturity of the Indebtedness, or for foreclosure of the Deed of Trust following any Event of Default as aforesaid, or any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of any partial payment on account of the Indebtedness shall constitute a waiver of any such Event of Default, and each such option shall remain continuously in full force and effect.

ARTICLE VIII
MISCELLANEOUS

8.0 No Warranty by Lender . By accepting or approving anything required to be observed, performed or fulfilled by Borrower or to be given to Lender pursuant to this Loan Agreement, including, without limitation, any certificate, balance sheet, statement of profit and loss or other financial statement, survey, receipt, appraisal or insurance policy, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and any such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Lender.

8.1 Liability of Lender . Lender shall not be liable for any act or omission by it pursuant to the provisions of this Loan Agreement in the absence of fraud, gross negligence or willful misconduct. Lender shall incur no liability to Borrower or any other party in connection with the acts or omissions of Lender in reliance upon any certificate or other paper believed by Lender to be genuine or with respect to any other thing which Lender may do or refrain from doing, unless such act or omission amounts to fraud, gross negligence or willful misconduct. In connection with the performance of its duties pursuant to this Loan Agreement, Lender may consult with counsel of its own selection, and anything which Lender may do or refrain from doing, in good faith, in reliance upon the opinion of such counsel shall be full justification and protection to Lender.

8.2 No Partnership . Nothing contained in this Loan Agreement shall be construed in a manner to create any relationship between Borrower and Lender other than the relationship of borrower and lender, and Borrower and Lender shall not be considered partners or co-venturers for any purpose.

8.3 Severability . In the event any one or more of the provisions of this Loan Agreement shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event any one or more of the provisions of the Loan Documents operate or would prospectively operate to invalidate this Loan Agreement, then and in either of those events, at the option of Lender, such provision or provisions only shall be held for naught and shall not affect any other provision of the Loan Documents or the validity of the remaining Obligations, and the remaining provisions of the Loan Documents shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

8.4 Successors and Assigns . Each covenant, term, provision and condition of this Loan Agreement and the other Loan Documents shall apply to, bind and inure to the benefit of Borrower, its successors and those assigns of Borrower consented to in writing by Lender, and shall apply to, bind and inure to the benefit of Lender and the endorsees, transferees, successors and assigns of Lender, and all persons claiming under or through any of them.

8.5 Modification – Waiver . None of the terms or provisions of this Loan Agreement may be changed, waived, modified, discharged or terminated except by instrument in writing executed by the party or parties against which enforcement of the change, waiver, modification, discharge or termination is asserted. None of the terms or provisions of this Loan Agreement shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

8.6 Third Parties – Benefit . All conditions of the obligations of Lender to make advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns, and no other persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Loan Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other person shall have any right or cause of action on account thereof. Lender shall in no event be responsible or liable to any person other than to Borrower for any advance of or failure to advance the proceeds of the Construction Line or any part thereof, and no contractor, subcontractor, materialman or other person shall have any right or claim against Lender pursuant to this Loan Agreement or the administration thereof.

8.7 Conditions – Verification . Any condition of this Loan Agreement which requires the submission of evidence of the existence or non-existence of a specified fact or facts implies as a condition the existence or non-existence, as the case may be, of such fact or facts and Lender shall, at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or non-existence.

8.8 Captions and Headings . The captions and headings contained in this Loan Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to limit or enlarge the terms hereof.

8.9 Counterparts . This Loan Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

8.10 Notices . All notices or other communications required or permitted hereunder shall be (a) in writing and shall be deemed to be given when either (i) delivered in person, (ii) three (3) business days after deposit in a regularly maintained receptacle of the United States mail as registered or certified mail, postage prepaid, (iii) when received if sent by private courier service, including overnight mail, or (iv) on the day on which the party to whom such notice is addressed refuses delivery by mail or by private courier service and (b) addressed as follows:

If to Borrower, then to it at:

c/o Comstock Holding Companies, Inc.
1886 Metro Center Drive, 4 th floor
Reston, Virginia 20190
Attn: Christopher Clemente, CEO

With a copy to:

c/o Comstock Holding Companies, Inc.
1886 Metro Center Drive, 4 th floor
Reston, Virginia 20190

Attn: Jubal Thompson

If to Lender, then to it at:

Cardinal Bank
8270 Greensboro Drive, Suite 500
McLean, Virginia 22102
Attention: Real Estate Department

Any of the parties may designate a change of address by notice in writing to the other parties. Whenever in this Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in the Note or any of the other Loan Documents or to require giving of notice or demand to or upon any person in any situation or for any reason.

8.11 Signs; Publicity . At Lender's request and expense, Borrower shall place a sign or signs (in a form or forms which Borrower has reasonably approved) at a location or locations on the Mortgaged Property satisfactory to Lender and Borrower, which signs shall recite, among other things, that Lender is financing the construction of the Improvements. Borrower expressly authorizes Lender to prepare and to furnish to the news media for publication from time to time news releases with respect to the Mortgaged Property, specifically to include but not limited to releases detailing Lender's involvement with the financing of the Mortgaged Property.

8.12 Applicable Law . This Loan Agreement shall be governed by and construed, interpreted and enforced in accordance with and pursuant to the laws of the Commonwealth of Virginia. In the event that the "choice of law" rules of the Commonwealth of Virginia can be construed or interpreted to require the laws of another jurisdiction to govern, the "choice of law" rules of the Commonwealth of Virginia shall not apply.

8.13 Time of Essence . Time shall be of the essence of each and every provision of this Loan Agreement of which time is an element.

8.14 Commitment . To the extent the terms of the Commitment are not incorporated in this Loan Agreement, the terms and conditions of the Commitment shall survive the execution of this Loan Agreement and shall continue to be the obligation of Borrower until the Loans are paid in full. Any discrepancy between the terms of the Commitment and the terms of the Loan Documents shall be construed in favor of the Loan Documents. Borrower agrees, from time to time, to execute and acknowledge such amendments or modifications as may reasonably be required to add, delete or modify provisions to this Loan Agreement in order to cause this Loan Agreement to conform to the terms of the Commitment.

[Signatures commence on next page]

IN WITNESS WHEREOF, Borrower and Lender have executed and delivered these presents or caused these presents to be executed and delivered as of the year and day first above written.

BORROWER:

COMSTOCK POWHATAN, L.C., a Virginia limited liability company

By: Comstock Holding Companies, Inc., a Delaware corporation, its manager

By: _____(SEAL) Christopher D. Clemente
Christopher D. Clemente
Its: Chief Executive Officer

LENDER:

CARDINAL BANK , a Virginia state chartered bank

By: _____ (SEAL)
Richard F. Schoen
Senior Vice President

"EXHIBIT A"
Legal Description

All those certain lots, pieces or parcels of land situate, lying and being in the City of Alexandria, Virginia, being more particularly described as follows:

Lot Five Hundred (500) of the subdivision of lands of Bernard M. Fagelson, Trustee and Robert L. or Beverly E. Travers, as the same appears on a plat attached to a Deed recorded among the land records of the City of Alexandria in Deed Book 851 at Page 685.

TOGETHER WITH any and all limited access rights conveyed to Grantor from the City of Alexandria, a Municipal corporation of the Commonwealth of Virginia, pursuant to that certain Deed of Quitclaim dated September 3, 2015, and recorded among the land records of said City on September 4, 2015, as Instrument No. 150015161.

"EXHIBIT B"

Project Budgets

Acquisition Loan:	**Cost**	**Loan**	**Borrower**
Land Acquisition	$8,874,000	$4,435,000	$4,439,000[1]
Closing Cost	240,000	0	240,000[2]
Interest Reserve	200,000	200,000	0
Total	$9,314,000	$4,635,000	$4,679,000

4. Cost to be paid or evidenced as having been paid on or before the Land Acquisition Advance.

5. Borrower to pay at Closing to the extent needed to cover actual Closing Costs.

Construction Line:	**Cost**	**Loan**	**Borrower**
Per Unit:			
Land Cost per Unit **1**	$517,444	$257,500	$259,944
Hard Construction Costs **2**	208,500	208,500	0
Soft Costs **2**	90,000	90,000	0
Interest Reserve **3**	5,000	5,000[3]	0
Total	$820,944	$561,000	$259,944

5. Prorated per-Unit amount from the total Acquisition Loan shown above. This is not additional funding to be provided at the Unit construction stage out of the Construction Line.

6. Funded on a percentage of completion basis.

7. Once construction has commenced on a Unit, Lender shall automatically advance proceeds out of the Construction Line for the direct payment of interest on the Construction Line when and as it becomes due attributable to the outstanding Construction Line advances for such Unit up to a maximum of $5,000 in interest payments on the Construction Line per Unit.

Exhibit 31.1

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Clemente, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

/s/ Christopher Clemente
Christopher Clemente
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher L. Conover, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

/s/ Christopher L. Conover
Christopher L. Conover
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Comstock Holding Companies, Inc. (the "Company") for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of Christopher Clemente, Chairman and Chief Executive Officer of the Company, and Christopher L. Conover, Chief Financial Officer of the Company, certifies, to his best knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2016

/s/ Christopher Clemente
Christopher Clemente
Chairman and Chief Executive Officer

Date: November 14, 2016

/s/ Christopher L. Conover
Christopher L. Conover
Chief Financial Officer