

OPTION TO LEASE – 4%

This Option to Lease (the “Option”) is dated March 2, 2017, by and between FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY, a subdivision of the Commonwealth of Virginia, whose business address is 3700 Pender Drive, Fairfax, VA 22030 (“Landlord” or “FCRHA”) and CHPPENN I, LLC, a Virginia limited liability company (CHPPENN I, LLC, and its permitted successors and assigns hereinafter referred to as, Tenant) having an office at 448 Depot Street, Christiansburg, Virginia 24073.

WHEREAS, Landlord owns certain real property in fee simple, identified as Fairfax County Tax Map No. 92-4 ((1)), parcel 82A and located in Fairfax County, Virginia, and intends to lease a portion of that real property, such real property being more particularly identified on Exhibit A, attached hereto and made a part hereof (the “Premises”);

WHEREAS, in order to finance in part the design, development and construction of approximately 141 units, in one or more, high quality, urban designed buildings with parking that is structured in part (the “Project”) on the Premises, Tenant shall apply for tax credits (“Tax Credits”) pursuant to the Virginia Housing Development Authority’s 2017 Federal Low Income Housing Tax Credit Program Application (the “Application”);

WHEREAS, Landlord wishes to grant Tenant an option to lease the Premises under a long-term ground lease, the form of which has been agreed to by Landlord and Tenant (the “Ground Lease”) and Tenant wishes to accept the option.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Option. Landlord, upon receipt of an award of tax credit allocation by Tenant and in consideration of \$1.00, which shall be non-refundable, paid by Tenant to Landlord, receipt of which is hereby acknowledged, grants to Tenant the exclusive right and option to lease on the following terms and conditions. In the event that Tenant does not receive an award of tax credit reservation pursuant to the Application by the Expiration Date (defined below), this Option will automatically terminate.

2. Option Period. The term of this Option shall commence on the date first written above and continue until 5:00 p.m. on December 1, 2018 (the “Expiration Date”). In the event the Application is not approved for Tax Credits on or before the Expiration Date (or the Extended Expiration Date, as applicable), Tenant shall have three successive one time rights to re-apply for Tax Credits in each of calendar years 2018, 2019, and 2020 by sending written notice to Landlord and, in such event, this Option shall remain in full force and effect until the later of December 1 of the year following the exercise of the most recently-exercised extension, unless further extended in accordance with this Section (such later date, the “Extended Expiration Date”).

3. Ground Lease. Tenant shall be permitted to assign and encumber its leasehold interest under the Ground Lease, in accordance with the terms of the Ground Lease, as security for debt financing for the Project. This Option shall not be recorded; however, the Ground Lease or a memorandum thereof is expected to be recorded or memorialized in the appropriate office of public records, in accordance with the laws of the Commonwealth of Virginia. All costs of transfer and such recordation will be borne by Tenant. The Base Rent, as defined in the Ground Lease, for the term of the Ground Lease shall be in an amount equal to a single payment of Ten Dollars (\$10.00) for the entire Ground Lease term.

4. Exercise of Option. Tenant may exercise this Option by giving Landlord written notice, signed by Tenant, on or before the Expiration Date (or Extended Expiration Date, if applicable), subject to the approval and requirements of the U.S. Department of Housing and Urban Development; Fairfax County, Virginia; and the FCRHA as set forth in that certain Contract to Ground Lease of even date herewith, that certain Guaranty, and such other documents as are required by the FCRHA.

5. Proof of Title. Tenant may, at Tenant's expense, obtain a title commitment for the issuance of a leasehold insurance policy for the Premises. Tenant shall deliver a copy of any such commitment to Landlord.

6. Failure to Exercise Option. If Tenant does not exercise this Option in accordance with its terms and before the Expiration Date (or Extended Expiration Date, if applicable), this Option and the rights of Tenant hereunder will automatically and immediately terminate without notice. In the event Tenant fails to exercise this Option, Landlord will retain the sum paid as consideration for this Option.

7. Notices. All notices provided for in this Option will be deemed to have been duly given if and when deposited in the United States mail with proper and sufficient postage affixed, properly addressed to the party for whom intended at the party's address listed above, or when delivered personally to such party.

8. Binding Effect. This Option will be binding upon and inure only to the benefit of the parties to it and of any mutually-agreed successors and/or assigns.

[Signature Page Follows]

In witness whereof, Landlord and Tenant have executed this Option on the date first written above.

LANDLORD:

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: _____
Name: Thomas Edwards
Title: Assistant Secretary

TENANT:

CHPPENN I, LLC,
a Virginia limited liability company

By: Pennrose Properties, LLC
A Pennsylvania limited liability company
Its Manager

By: 
Name: MARK H. DAMBLY
Title: PRESIDENT

And by: Community Housing Partners Corporation
a Virginia nonstock corporation
Its Manager

By: _____
Name:
Title:

TENANT:

CHPPENN I, LLC,
a Virginia limited liability company

By: Pennrose Properties, LLC
A Pennsylvania limited liability company
Its Manager

By: _____
Name:
Title:

And by: Community Housing Partners Corporation
a Virginia nonstock corporation
Its Manager

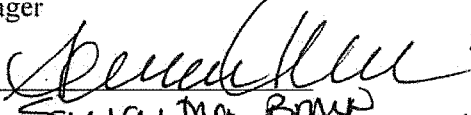
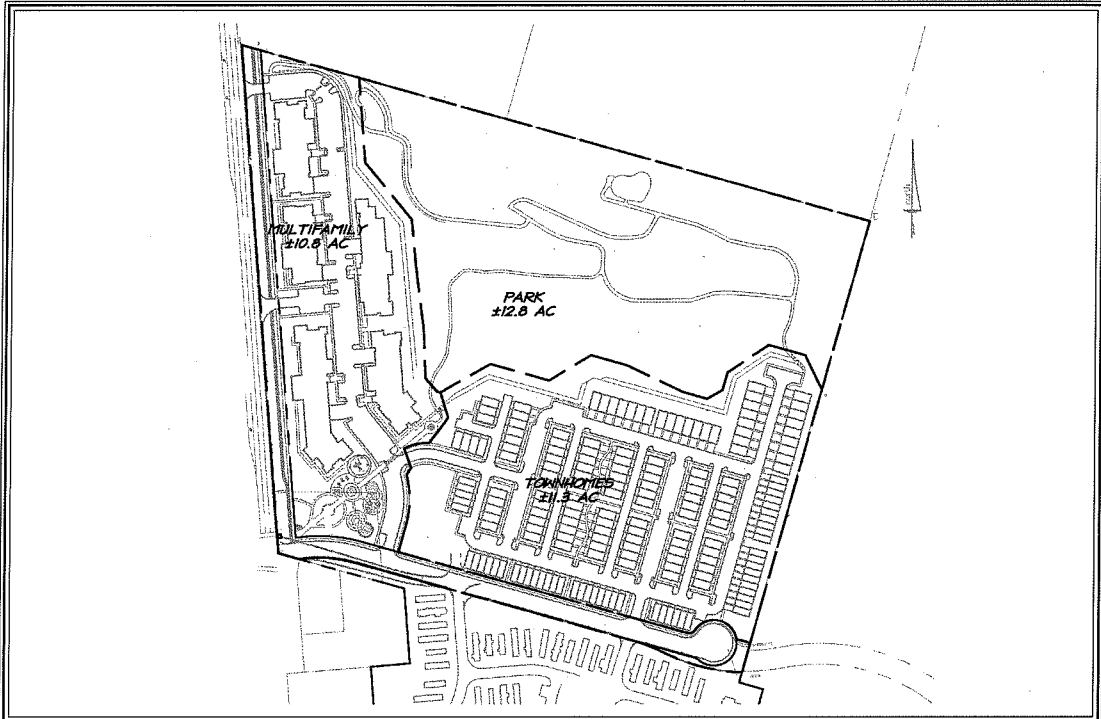
By:  AUP
Name: Samantha Brown
Title: Assistant Vice President

EXHIBIT A

Description of the Premises

[The Premises are a to-be-determined portion of the area labeled as MULTIFAMILY on the attached document.]



**christopher
consultants**

9900 main street, fourth floor - Fairfax, VA 22031
phone: 703.273.6820 fax: 703.273.7634

PROPOSED DEVELOPMENT
EXHIBIT

DESIGN: AJG
DRAWN: AJG
CHECKED: AJG
DATE: 1/18/17

SCALE: 1" = NTS

SHEET:

1 OF 1