

OPTION TO LEASE (AFFORDABLE HOUSING – FAMILY)

This Option to Lease (the “Option”) is dated [_____], 2019, by and between FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY, a subdivision of the Commonwealth of Virginia, whose business address is 12000 Government Center Parkway, Fairfax, Virginia 22035 (“Landlord” or “FCRHA”) and ONE UNIVERSITY FAMILY, LLC, a Virginia limited liability company (One University, and its permitted successors and assigns hereinafter referred to as, Tenant) having an office at 8245 Boone Boulevard, Suite 640, Vienna, VA 22182.

WHEREAS, Landlord owns certain real property in fee simple, identified as Fairfax County Tax Map Section 57-3 ((1)) Parcels 11A and 11B, and Tax Map Section 57-4 ((1)) Parcel 2B 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 one building consisting of 120 units (the “Affordable Housing Family Building”), with parking that is structured in part, along with the Meeting Space Facility as defined in the Ground Lease (collectively, the “Project”) on the Premises, Tenant shall apply for tax credits (“Tax Credits”) pursuant to the Virginia Housing Development Authority’s 2020 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 Tenant’s receipt of an award of Tax Credits 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 the Premises on the following terms and conditions. If Tenant does not receive an award of Tax Credits 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, 2020 (the “Expiration Date”). If 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 2021, 2022, and 2023 (with the final extension requiring Landlord’s approval) 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, a memorandum of the Ground Lease 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 Ten and 00/100 Dollars (\$10.00).

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. If 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 or served as follows: (a) by personal delivery (with receipt acknowledged), (b) delivered by reputable, national overnight delivery service (with its confirmatory receipt therefor), next business day delivery specified, or (c) sent by registered or certified United States mail, postage prepaid, return receipt requested, in each case addressed to the party for whom intended at the party’s address listed above.

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, and of any permitted assigns pursuant to a Permitted Assignment (as hereinafter defined).

9. Assignment. Tenant may, without the prior written consent of Landlord or FCRHA, assign its interest in this Option to an entity controlled, operated or managed by SCG Development Partners, LLC (“Permitted Assignment”). Other than a Permitted Assignment, Tenant will not assign its interest in the Option without the prior written consent of Landlord.

[Signature Pages Follow]

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: _____
Title: _____

[Signatures Continue on Next Page]

TENANT:

ONE UNIVERSITY FAMILY, LLC,
a Virginia limited liability company

[By: SCG Development Partners, LLC
a Delaware limited liability company
Its Manager

By: SCG Development Manager, LLC
Its Managing Member

By: SCG Capital Corp.,
Its Sole Member

By: _____
Name: Stephen P. Wilson
Title: President – Virginia Office]

[Exhibits Begin on Next Page]

EXHIBIT A

Description of the Premises

[The Premises are a to-be-determined portion of the area under and surrounding the building identified as “PROP. BLDG A”.]

