MEETING AGENDA

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY COMMITTEE OF THE WHOLE

Wednesday, July 15, 2026

Fairfax County Redevelopment and Housing Authority Whiteside Board Room
4530 University Drive, Fairfax, Virginia 22030

6:00 p.m. – CALL TO ORDER

STAFF PRESENTATION	Virginia General Assembly 2026 Session – Update on New Legislation
APPROVAL OF MINUTES	June 10, 2026

DRAFT ACTION ITEMS FOR JULY 23, 2026:

1. Resolution Number XX-26	Authorization to Execute the Proposed Comprehensive Agreement with Franconia Development Partners, LLC for the Development of the Former Franconia Governmental Center Property (Franconia District)
2. Resolution Number XX-26	Authorization, Subject to Board of Supervisors Approval, to Make Loans to Franconia Development Partners, LLC of up to $12,000,000 to Finance the Development of the Former Franconia Governmental Center (Franconia District)

CLOSED SESSION

ADJOURNMENT

Fairfax County is committed to a policy of nondiscrimination in all County programs, services and activities and will provide reasonable accommodations upon request. To request special accommodations call 703-246-5000 (select menu option 8), or TTY 711.

Virginia General Assembly 2026 Session - Update on New Legislation

Fairfax County Redevelopment and Housing Authority
Committee of the Whole Meeting
July 15, 2026

FAIRFAX COUNTY DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

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General Overview

- The Virginia General Assembly meets every year for 30 or 60 days (January - February/March). Most new laws are effective July 1st.
- Dillon Rule – All powers of local governments come from the Commonwealth (Constitution of Virginia and Acts of the General Assembly).
- Fairfax County has a team of lobbyists to develop and articulate policy positions at the state and federal level. These positions are annually adopted by the Board of Supervisors.

General Overview

- During the General Assembly session, county staff act as subject matter experts and review bills introduced by both legislative chambers.
- This information is articulated to the county's lobbyists who advocate on behalf of Fairfax County.
- Information on new laws, including those that provide new local authority, is conveyed to the Board of Supervisors at the end of the session.

Highlight of New Laws Relevant to Affordable Housing

Empowering Communities,
Building Futures.

Virginia Freedom of Information Act

Virginia Freedom of Information Act - Posting Meeting Agendas

Requires public bodies subject to the Virginia Freedom of Information Act (VFOIA) to post agendas online prior to meetings.

No final action may be taken on any items added to an agenda after a meeting starts unless it meets certain exemptions including time-sensitivity or if it is the subject of a closed meeting properly identified in accordance with VFOIA requirements. (SB 699)

Empowering Communities, Building Futures.

Landlord – Tenant Issues

Noncompliance of Rental Agreement - Mandatory Waiting Period

Increases the mandatory waiting period for a landlord to terminate a rental agreement from five days to 14 days. (HB 15/SB 48)

Early Termination of Rental Agreement by Military Personnel

Allows military personnel to terminate a residential lease early to comply with official orders. (HB 174/SB 325)

Rental Application Information (delayed effective date 1/1/27)

Prior to collecting any payment or information about a prospective tenant, a landlord must first notify the applicant of information related to the rental application process. (HB 379)

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Building Futures.

Landlord – Tenant Issues

Terms and Conditions of Rental Agreements (delayed effective date 1/1/27)

Requires landlords to give tenants at least 90 days' written notice before the end of a lease if the landlord plans to increase rent for the next lease. (HB 678)

Air Conditioning as an Essential Service

Adds central air conditioning when supplied by the landlord at the effective date of a rental agreement to the list of what constitutes an essential service. (HB 519)

Preservation

Preservation of Affordable Housing

Allows localities to adopt a right-of-first refusal ordinance for certain multifamily properties with expiring affordability restrictions. Owners would be required to give at least 24 months' notice to the locality (and others) before the expiration; would give the locality or qualified designee the right of first refusal for up to 24 months after the affordability period ends. (HB 4)

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Building Futures.

Manufactured Housing

Manufactured Home Lot Rental Act - Charges to Tenants

Requires landlords, on the written lot rental agreement, to include an itemization of all charges to the tenant. The bill also prohibits any owner of a manufactured home community from increasing the annual lot rent if the community has received a notice of violation of zoning, building, fire code, or habitability that remain unresolved. (HB 374)

Manufactured Home Lot Rental Act - Right of First Refusal

Provides for a right of first refusal for resident entities and localities in which a manufactured home park is located when a park owner enters a contract to sell such park. Also requires park owners to annually provide written notice on this provision to residents. (HB 375)

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Building Futures.

Land Use and Development

Religious Organizations and Affordable Housing Development (effective date 1/7/27)

Allows for the administrative approval of development and construction of housing on land owned by religious organizations or certain nonprofit organizations and provides that zoning ordinances allow the by-right development and construction of housing on property owned by such organizations. The bill requires that at least 60 percent of the units be affordable for at least 30 years. (HB 1279/SB 388)

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Development and Real Estate Finance

Allocation of State Ceiling on Private Activity Bonds

Increases the housing allocation of the Virginia state ceiling on private activity bonds from 57 to 67 percent by (i) increasing the allocation to the Virginia Housing Development Authority (from 43 to 50 percent) and (ii) increasing the allocation to local housing authorities (from 14 to 17 percent). The bill maintains the current 18 percent for the Governor's state allocation portion. (HB 1227/SB 729)

Real Property Tax Exemption for Affordable Housing Development

A locality may exempt property from taxation if owned by an entity where the controlling interest is held by a nonprofit organization(s) that is used for charitable purposes. Any rental income received from any portion of real property shall not be considered a source of revenue for which taxes are assessed. (HB 854)

Empowering Communities,
Building Futures.

Next Steps

- County agencies have implemented new legislative requirements as of July 1, 2026
- Discussions are being held on whether to exercise new local authority and how best to accomplish.
- Preparations have begun for the 2027 Virginia General Assembly.
- Staff will have information for the next FCRHA meeting on a legislative proposal regarding tax exemptions to promote the development and preservation of affordable housing.

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Building Futures.

Minutes of the Fairfax County Redevelopment and Housing Authority Committee of the Whole Meeting – June 10, 2026

A meeting of the Fairfax County Redevelopment and Housing Authority (FCRHA) Committee of the Whole (Committee) was held on June 10, 2026, at the FCRHA Whiteside Board Room, 4530 University Drive, Fairfax, Virginia 22030.

FCRHA Chairman Lenore Stanton called the FCRHA Committee meeting to order at 6:00 p.m. Attendance for all, or part of the Committee meeting, was as follows:

Present	Absent
Lenore Stanton, Chairman	Michael Cushing
Elisabeth Lardner, Vice Chair	
Staci Alexander	
Cynthia Bailey	
Steven Bloom	
Sarah Lennon	
Cindy Marisch	
Joe Mondoro	
Susan Vachal	
Paul Zurawski	

The remote location from which the following Commissioner participated is:

Staci Alexander – Washington, D.C.

Also present at the meeting were the following staff of the Department of Housing and Community Development (HCD): Thomas Fleetwood, Director; Amy Ginger, Deputy Director, Operations; Anna Shapiro, Deputy Director, Real Estate Finance and Development; Linda Hoffman, Director, Policy and Communications (P&C); Nathaniel Strathearn, Policy and Program Analyst, P&C; Wesley Fontaine, IT Technician, Central Services; Callahan Seltzer, Director, Real Estate and Community Development Finance; Erin Kozanecki, Director, Central Services; Margaret Johnson, Director, Rental Housing; Meghan Van Dam, Director, Planning and Inclusionary Housing (PIH); and David Huaman, Affordable Housing Program Manager, PIH.

Also in attendance were FCRHA Counsel: Ryan Wolf, Senior Assistant County Attorney; and Richard Dzubin, Assistant County Attorney.

Remote Participation:

Motion

Pursuant to the FCRHA Policy for the Remote Participation of Members, Chairman Stanton noted for the record that there was a physical quorum present at the meeting location. She asked for a motion that Commissioner Alexander be permitted to participate remotely in the meeting due to a work obligation in Washington, D.C., that precluded her physical attendance.

Commissioner Bailey made the motion, which Commissioner Zurawski seconded. The motion passed unanimously.

Motion
Pursuant to the FCRHA Policy for the Remote Participation of Members, Chairman Stanton asked for a motion that Commissioner Alexander's voice was clear, audible and at an appropriate volume for the meeting room.

Commissioner Bailey made the motion, which Vice Chair Lardner seconded. The motion passed unanimously.

Staff Presentation
HCD Staff gave a presentation on the *AMI and Income Levels in HCD Programs.* Staff provided a summary of the 2026 Housing Needs Assessment before previewing a newly developed income tool. Staff noted the tool will allow residents to view affordable housing programs they may qualify for based on household size and income.

Discussion ensued regarding the County's Housing Needs Assessment report, availability of affordable housing units versus demand, how rents are determined in affordable housing programs and households who are rent burdened, concerns with ensuring the tool is helpful to households and its use in understanding Area Median Income levels. Staff concluded the presentation by detailing resources and data available on the County's Affordable Housing Dashboard.

Following the presentation, there was brief discussion regarding inclusionary zoning units aging out of affordability restrictions and the need for continued communication with elected officials regarding affordable housing investments.

Approval of Minutes:
Commissioner Mondoro moved to approve the Minutes of the May 6, 2026, FCRHA Committee Meeting, which Vice Chair Lardner seconded. The motion passed with Commissioner Alexander abstaining.

Draft Action Item: *Adoption of the Fiscal Year (FY) 2027 Fairfax County Redevelopment and Housing Authority (FCRHA) Rental Assistance Demonstration (RAD), Fairfax County Rental Program (FCRP), Assisted Living Facilities and Manufactured Housing Communities Operating Budgets*

HCD staff gave a presentation on the draft Fiscal Year (FY) 2027 Rental Housing Property Portfolio Operating Budget in compliance with U.S. Department of Housing and Urban Development (HUD) requirements. The draft budget pertains to the Rental Assistance Demonstration (RAD), Fairfax County Rental Program (FCRP), Assisted Living Facilities, and Manufactured Housing communities which comprise 2,161 units of rental housing. Staff noted that the draft budget was prepared in coordination with current property management vendors which will be transitioned to one vendor effective September 1, 2026. Staff further noted a projected $4 million surplus to be used for one-time needs, capital maintenance expenditures, or debt reduction.

Following the presentation by staff, there was discussion on the vacancy rates, clarification on HUD funding, eviction practices, and budgetary trends compared to other Public Housing Authorities.

Draft Administrative Item: *Approval of Revisions to the Housing Choice Voucher Program Administrative Plan, Chapter 19*

HCD staff provided a brief overview of requested updates to Chapter 19, Special Purpose Vouchers, of the Housing Choice Voucher Administrative Plan (HCV Admin Plan). Staff provided background on the chapter, noting most of the policy revisions are within the FCRHA's discretion while other revisions ensure compliance with HUD regulations. The proposed revisions include new proposed policies and changes to existing policies applicable to the potential future administration of Foster Youth to Independence (FYI) vouchers, the Family Unification Program (FUP), and FUP Youth (FUPY) vouchers. Non-substantive changes to clarify and update language were also proposed. Staff noted a required Memorandum of Understanding (MOU) between the FCRHA and the Fairfax County Department of Family Services (DFS), which will serve as the referring organization for FYI vouchers, will be included with the Item for the June 18, 2026, FCRHA meeting.

Following the presentation, there was discussion regarding waiting list preferences, establishment of the FYI voucher program, age of eligibility, and the responsibilities of the FCRHA and DFS as it pertains to FYI voucher administration.

Draft Administrative Item: *Approval of Revisions to the Housing Choice Voucher Program Administrative Plan, Chapter 4*

HCD staff provided a brief overview of requested updates to Chapter 4, Applications, Waiting List and Tenant Selection, of the Housing Choice Voucher Administrative Plan (HCV Admin Plan). Staff provided background on the chapter, noting the policy revisions are within the FCRHA's discretion. The proposed revisions include changes to existing policies applicable to the waiting list and waiting list preferences. Non-substantive changes to clarify and update language were also proposed. Staff noted the HCV waiting list will not be merged with other waiting lists, families on the waiting list will be required to update their household composition, and preferences for FYI vouchers, Emergency Housing Vouchers, and participants in the tenant-based rental assistance program were included.

Following the presentation, there was a brief discussion regarding the number of interview opportunities available to applicants once selected from the waiting list.

Adjournment:
The FCRHA Committee meeting adjourned at 7:00 p.m.

Lenore Stanton, Chairman

(Seal)

Thomas Fleetwood, Assistant Secretary

FCRHA Agenda Item
July 23, 2026

ACTION - X

RESOLUTION NUMBER XX-26: Authorization to Execute the Proposed Comprehensive Agreement with Franconia Development Partners, LLC for the Development of the Former Franconia Governmental Center Property (Franconia District)

ISSUE:
Fairfax County Redevelopment and Housing Authority (FCRHA) authorization is requested to execute the proposed Comprehensive Agreement (Comprehensive Agreement) with The Franconia Development Partners, LLC (Developer) to develop affordable housing on the FCRHA-owned former Franconia Governmental Center property under the provisions of Public Private Education Facilities and Infrastructure Act of 2002, as amended (PPEA).

RECOMMENDATION:
It is recommended that the FCRHA approve execution of the Comprehensive Agreement.

TIMING:
Immediate.

RELATION TO FCRHA STRATEGIC PLAN:
This project supports the FCRHA mission to preserve, expand, and facilitate affordable housing opportunities in Fairfax County.

BACKGROUND:
The FCRHA is the fee simple owner of a certain 3.32-acre property consisting of five adjacent parcels, Tax Map numbers 0813 05 0003A, 0813 05 0002A, 0813 05 0002B, 0813 05 0002C1, and 0813 08 0503 (collectively the Property), commonly known as 6121 Franconia Road (Franconia District) and was formerly the site of the Franconia Governmental Center.

On March 9, 2021, following a public hearing, the Board of Supervisors of Fairfax County, Virginia (Board) authorized conveyance of the Property to the FCRHA. On April 25, 2022, the Board transferred the Property to the FCRHA to construct affordable housing, subject to the rights of the Board to continue all of its existing uses (Public Uses) until such time as the Board vacates the Property as set forth in more detail in the Memorandum of Understanding between the Board and the FCRHA dated October 24, 2021 (MOU). On May 21, 2024, following a public hearing, the Board validated its authorization to convey the Property to the FCRHA. As of late April 2026, the Board has mostly vacated the Property, but the site remains in use as a fueling station serving the Franconia Police Station and Governmental Center in Kingstowne.

In March 2022, the Fairfax County Department of Procurement and Material Management (DPMM) issued a “Request for Proposal” (RFP) pursuant to the PPEA to construct up to 120 affordable housing units on the Property (Project). The Department of Housing and Community Development (HCD) evaluation team reviewed nine proposals and selected Franconia Development Partners, LLC as the top-ranked offeror to begin negotiations on an Interim Agreement under the PPEA.

Selected Developer: Franconia Development Partners, LLC is comprised of SCG Development Partners, LLC (SCG), a Delaware limited liability company, Good Shepherd Housing and Family Services, Inc. (GSH), a Virginia corporation, and NFP Affordable Housing Corp. (NFP), a Delaware corporation (collectively the Developer Parties). The Developer Parties are committed to developing high-quality affordable housing to support healthy, diverse communities. SCG is a trusted leader in affordable housing development, both in Fairfax County and nationwide. With a portfolio spanning over 100 projects across 12 states, SCG has delivered more than 5,000 affordable units. The NFP founder and Executive Director has successfully acquired and rehabilitated over 500 units of affordable housing in Fairfax County. GSH assists people experiencing homelessness and enables self-sufficiency by providing affordable housing and emergency financial services to low-income and working families and individuals in Fairfax County. GSH has more than forty years of history serving the local community, especially in the Mount Vernon and Franconia Districts.

Interim Agreement: The FCRHA authorized an Interim Agreement with Franconia Developer Partners, LLC on October 17, 2024. It granted a limited revocable agency to the Developer to submit, as agent of the FCRHA, applications for zoning and land use approvals. The Interim Agreement also obligated the Developer to engage in community outreach. The Interim Agreement does not constitute the final terms of any eventual development but did give the parties the legal authority to begin the process, leading to the proposed Comprehensive Agreement.

Community Outreach: The Developer followed a comprehensive community outreach strategy consisting of early engagement with neighboring communities and local community organizations. The Developer’s team also coordinated early meetings with the Franconia District Supervisor and the Chairman of the Planning Commission to solicit their feedback in advance of filing any zoning applications. More recently, between October and December of 2025, the Developer team conducted five (5) separate community outreach events with various surrounding HOAs regarding the proposed development.

Land Use Approvals: On February 4, 2026, the Fairfax County Planning Commission approved rezoning application RZ-2025-FR-00005 from R-2 to the PDH-40 zoning district for the proposed multifamily residential. The Board approved the rezoning application on March 17, 2026.

Comprehensive Agreement: The proposed Comprehensive Agreement (Attachment 2) contains the core transactional documents for the Project:

- Contract to Ground Lease – to be entered into contemporaneously with the Comprehensive Agreement.
- Option to Lease - to be entered into contemporaneously with the Comprehensive Agreement.

Under the Comprehensive Agreement, prior to transferring the Property to the Developer, the FCRHA will demolish the existing above grade structures, other than the fuel pumps. This demolition work will be performed outside the scope of this PPEA process and must be completed by the FCRHA no later than September 30, 2027, unless mutually extended by the parties in order to facilitate the intent of the Comprehensive Agreement for site readiness ahead of the developer's financial closing and start of construction. The Comprehensive Agreement requires the Developer to properly remove the existing fuel pumps and underground fuel storage tanks in compliance with all applicable laws after Closing.

Both the FCRHA and Developer's obligation to close is contingent on several conditions, including the Developer securing a Virginia Housing (VH) Tax Credit award, necessary financing, and all governmental permits and approvals for construction.

The Agreement's Initial Expiration Date will be December 31, 2028, and will have an Outside Expiration Date of December 31, 2029, unless mutually extended in writing.

The Comprehensive Agreement calls for the Developer to develop and construct a single building of up to 120 affordable housing units with surface and structured parking, as well as approximately 6,000 square feet of interior space designated for amenity uses under a 99-year ground lease from the FCRHA. The Comprehensive Agreement provides flexibility for the Developer to obtain different funding sources appropriate for an affordable housing development.

In addition, the Comprehensive Agreement provides that the Developer will use targeted, inclusive marketing strategies to promote the affordable units to professionals in healthcare, education, and public safety, aiming to maximize awareness and encourage applications from these essential workers for the duration of the Project. The efforts are aimed to attract qualified residents from these priority fields to the greatest extent possible. All outreach effort will fully comply with Fair Housing requirements, and applicants must meet appropriate eligibility criteria.

PPEA Timing: The Comprehensive Agreement must be approved through a statutorily prescribed process. The FCRHA must conduct a public hearing on the proposed Comprehensive Agreement; in this case, the hearing was held on June 18, 2026. Under the authority granted by the FCRHA, the Director of HCD authorized the

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advertisement for the public hearing on May 29, 2026. The PPEA further requires that the proposed agreement can only be approved at least 30 days after the public hearing; thus, the FCRHA may approve the Comprehensive Agreement on July 23, 2026.

The signed Comprehensive Agreement, Contracts to Ground Lease, and Options are necessary to allow Franconia Development Partners to apply for Affordable and Special Needs Housing (ASNH) in late summer of 2026.

If the FCRHA approves the Comprehensive Agreement, the Developer will begin preparation for submitting project plan and permits, securing final plan and permit approvals, and finalizing funding requirements prior to Project closing.

<u>STAFF IMPACT:</u>
Leading up to the approval of the Comprehensive Agreement, staff spent a considerable amount of time working with the Developer and the Office of the County Attorney on the Comprehensive Agreement. Staff will continue to spend time negotiating the ground lease and related deal documents until closing and will monitor construction until completion.

<u>FISCAL IMPACT:</u>
The total estimated cost to demolish the existing building is approximately $500,000 inclusive of anticipated permits and demolition activities. It is anticipated that these costs will be paid using federal Community Development Block Grant funds already appropriated for use on FCRHA-owned properties.

<u>ENCLOSED DOCUMENTS:</u>
Attachment 1: Resolution Number XX-26
Attachment 2: Comprehensive Agreement
Attachment 3: Project Location Map

<u>STAFF:</u>
Thomas Fleetwood, Director, Department of Housing and Community Development (HCD)
Anna Shapiro, Deputy Director, Real Estate Finance and Development, HCD
Rachel Waldman, Associate Director, Real Estate and Community Development Finance, HCD
Mark Buenavista, Director, Capital Planning and Development Division (CPD), HCD
Marwan Mahmoud, Associate Director, CPD, HCD
Yudhie Brownson, Project Manager, CPD, HCD

FCRHA Agenda Item
July 23, 2026

<u>ASSIGNED COUNSEL:</u>
Ryan Wolf, Senior Assistant County Attorney
Brett Callahan, Assistant County Attorney

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Attachment 1

RESOLUTION NUMBER XX-26

Authorization to Execute the Proposed Comprehensive Agreement with Franconia Development Partners, LLC for the Development of the Former Franconia Governmental Center Property (Franconia District)

BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes the execution of the proposed Comprehensive Agreement between the FCRHA and Franconia Development Partners, LLC to facilitate the development of the former Franconia Governmental Center Property, as outlined in the Action Item presented to the FCRHA at its meeting on July 23, 2026, and

BE IT FURTHER RESOLVED THAT the FCRHA authorizes any Assistant Secretary, on behalf of the FCRHA, to take any other action as may be reasonably necessary or appropriate to comply therewith or in furtherance of the purposes thereof.

COMPREHENSIVE AGREEMENT

by and between

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

and

FRANCONIA DEVELOPMENT PARTNERS LLC

3.3151 ACRES OF LAND IN THE FRANCONIA DISTRICT FAIRFAX COUNTY, VIRGINIA

Tax Map # 0813 05 0003A, 0813 05 0002A, 0813 05 0002B, 0813 05 0002C1, 0813 08 0503

Dated as of July ____, 2026

KH 1353043.5

COMPREHENSIVE AGREEMENT

THIS **COMPREHENSIVE AGREEMENT** (this "**Agreement**") is made and entered into as of this ____ day of July, 2026 (the "**Effective Date**") by and among the **FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "**FCRHA**"), and **Franconia Development Partners LLC**, a Virginia limited liability company (the "**Developer**," and together with the FCRHA, collectively, the "**Parties**").

RECITALS

R-1. The FCRHA is the fee simple owner of a certain 3.3151-acre property located along Franconia Road, in the Franconia Magisterial District, consisting of five parcels having Fairfax County Tax Map numbers 0813 05 0003A, 0813 05 0002A, 0813 05 0002B, 0813 05 0002C1, and 0813 08 0503 and being further described on Exhibit A attached hereto and made a part hereof (collectively the "**Property**").

R-2. The Property is generally comprised of the former Franconia Government Center building ("**FGC")**, adjacent parking lots ("**Lots**"), and refueling facilities for County vehicles including fuel pumps and underground fuel storage tanks (the "**Fuel Station**," and together with the FGC and Lots, collectively, the "**Existing Facilities**").

R-3. The Board of Supervisors of Fairfax County, Virginia ("**Board**") previously determined that uses of the Existing Facilities should be relocated to other locations and conveyed the Property to the FCRHA to facilitate its development in 2022 via deed recorded among the land records of the Fairfax County Circuit Court Clerk on April 25, 2022 in Deed Book 27632 at Page 346. The Board adopted a resolution validating the conveyance on May 21, 2024.

R-4. Pursuant to the Public Private Education Facilities and Infrastructure Act of 2002, as amended, Virginia Code Ann. §§ 56-575.1 to 575.18 (such law, the "**PPEA**") and the FCRHA's adopted PPEA Guidelines, the FCRHA evaluated proposals and selected the Developer to develop and construct approximately 120 affordable housing units with surface and structured parking and approximately 6,000 square feet of interior space designated for amenity uses (the "**Development**").

R-5. The Development is anticipated to consist of one project or, in the event of an award of both 9% low-income housing tax credits and 4% low-income housing tax credits, two separate projects in one building. In such an event, one project is anticipated to receive 9% low-income housing tax credits and the other to receive 4% low-income housing tax credits.

R-6. On October 25, 2024, the FCRHA and Developer entered into an Interim Agreement, which allowed Developer to access the Property and perform diligence with regard to the Project (the "**Interim Agreement**").

R-7. During the term of the Interim Agreement, the Parties were to negotiate in good faith to enter into this Agreement pursuant to §56-575.9 of the PPEA and such other documents, as determined by the Parties, as are necessary to satisfy the requirements of the PPEA regarding the Development.

R-8. The Parties have now negotiated this Agreement consistent with the PPEA, the Interim Agreement, and other laws, the terms and conditions of which are set forth herein.

R-9. Having considered this Agreement and other information, FCRHA has determined that the Development should be completed pursuant to this Agreement, and that this Agreement and the Development serve the public purpose of the PPEA under the criteria of Va. Code § 56- 575.4(C).

NOW, THEREFORE, for and in consideration of the mutual promises, conditions, and covenants set forth herein, the Parties agree as follows:

1. The foregoing recitals are hereby incorporated by this reference as if fully set forth herein.

2. The parties agree that the Development shall be constructed, operated, maintained, managed, leased (as applicable), and owned (as applicable) pursuant to, among other things, written agreements to be executed by one or more of FCRHA, the Developer or their respective permitted subsidiaries, affiliates, and/or successors, as applicable, including, without limitation, the following written agreements, each of which shall be substantially in the same form as attached hereto:

a. Contract to Ground Lease, by and between the FCRHA and a to-be-determined entity controlled by Developer, the form of which is attached hereto as **Exhibit B,** to be executed concurrently with this Agreement ("**Contract to Ground Lease**"); and

b. Option to Lease, each by and between the FCRHA and a to-be- determined entity controlled by Developer, the form of which is attached hereto as **Exhibit C,** to be executed concurrently with this Agreement ("**Option**").

<u>3. Miscellaneous</u>.

a. *Amendments*. The terms of this Agreement may be amended or otherwise modified only by a written instrument duly executed by the Parties.

b. *Choice of Law*. This Agreement and any dispute, controversy or proceeding arising out of or relating to this Agreement (whether in contract, tort, common or statutory law, equity or otherwise) will be governed by Virginia law, without regard to conflict of law principles of Virginia or of any other jurisdiction that would result in the application of laws of any jurisdiction other than those of Virginia.

c. *Venue*. All claims and litigation arising out of or related to this Agreement must be brought and resolved in the courts of the Commonwealth of Virginia located in the

County of Fairfax, Virginia or U.S. District Court for the Eastern District of Virginia, Alexandria Division.

d. *Waiver*. No waiver of any breach of this Agreement will be deemed a waiver of any preceding or succeeding breach under this Agreement or any other agreement. No extension of time for the performance of any obligation or act will be deemed an extension of time for the performance of any other obligation or act.

e. *Severability*. If any provision of this Agreement or its application to any party or circumstances is determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement will not be affected, and each provision of this Agreement will be valid and will be enforced to the fullest extent permitted by law.

f. *Counterparts*. This Agreement may be executed and delivered in any number of counterparts, in the original or by electronic transmission, each of which so executed and delivered will be deemed to be an original and all of which will constitute one and the same instrument.

(Remainder of Page Blank; Signatures Follow)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

FCRHA:

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

By:____
, Assistant Secretary

(Signatures continue on following page.)

DEVELOPER:

FRANCONIA DEVELOPMENT PARTNERS, LLC,
a Virginia limited liability company

By: SCG Development Partners, LLC,
a Delaware limited liability company,
its managing member

By: SCG Development Manager, LLC,
a Delaware limited liability company,
its managing member

By: SCG Capital Corp.,
a Delaware corporation
its sole member

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

<u>Exhibit A</u>

Description of
The Properties of
FAIRFAX COUNTY REDEVELOPMENT
AND HOUSING AUTHORITY
Deed Book 27632 Page 346
Lee District
Fairfax County, Virginia

Beginning at the Northeasternmost corner of the properties described hereon, said point being a corner to the property of GTY-CPG (VA DC) LEASING, INC., recorded at Deed Book 24046 Page 1169, and being along the Southernly Right-of-Way of Franconia Road, Route 644;

Thence departing said Southernly Right-of-Way of Franconia Road, Route 644 and running with said property of GTY-CPG (VA DC) LEASING, INC., in its entirety, and with the property of TRUSTEES OF OLIVET EPISCOPAL CHURCH, recorded at Deed Book 2869 Page 104, South 14°10'00" East a distance of 255.54 feet to a point;

Thence departing said property of TRUSTEES OF OLIVET EPISCOPAL CHURCH and running with the properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., recorded at Deed Book 2997 Page 513 and Deed Book 7756 Page 1652, South 00°57'50" East a distance of 277.49 feet to a point;

Thence departing said properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., and running with the property of CIA-BEULAH STREET, LLC, recorded at Deed Book 27694 Page 1576, Deed Book 27782 Page 1469, South 25°36'50" West a distance of 16.05 feet to a point; and

South 68°28'50" West a distance of 143.49 feet to a point;

South 50°47'30" West a distance of 30.32 feet to a point;

North 39°12'30" West a distance of 122.21 feet to a point;

Thence departing said property of CIA-BEULAH STREET, LLC and running with GROVEDALE PROFESSIONAL CENTER CONDOMINIUM, recorded at Deed Book 9998 Page 1823, North 50°47'30" East a distance of 104.99 feet to a point; and

North 71°41'15" West a distance of 118.54 feet to a point;
Thence departing said GROVEDALE PROFESSIONAL CENTER CONDOMINIUM and running with the property of HAMID OUDJI and ZARA MARY OUDJI, recorded at Deed Book 11341 Page 1547, North 14°10'00" West a distance of 345.10 feet to a point;

Thence departing said property of HAMID OUDJI and ZARA MARY OUDJI and running with aforementioned Southernly Right-of-Way of Franconia Road, Route 644, the following courses and distances;

12.23 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of South 85°33'58" East 12.21 feet to a point;

29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 88°00'09" East 29.52 feet to a point;

North 75°04'50" East a distance of 100.00 feet to a point;

29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 62°09'31" East 29.52 feet to a point;

24.36 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of North 62°09'36" East 24.15 feet to a point; and

North 75°04'50" East a distance of 107.44 feet to the point of beginning, and having an area of 144,406 square feet, or 3.3151 acres of land, more or less.

Exhibit B

CONTRACT TO GROUND LEASE

This Contract to Ground Lease (the "**Contract**") is made and entered into as of ______, 2026 (the "**Effective Date**") by and between the FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY, a political subdivision of the Commonwealth of Virginia ("**FCRHA**"), and Franconia Development Partners LLC, a Virginia limited liability company, (together with any assignee permitted under this Contract, "**Developer**", and together with the FCRHA, collectively, the "**Parties**").

RECITALS:

R-1. The FCRHA is the fee simple owner of a certain 3.3151-acre property located along Franconia Road, in the Franconia Magisterial District, consisting of five parcels having Fairfax County Tax Map numbers 0813 05 0003A, 0813 05 0002A, 0813 05 0002B, 0813 05 0002C1, and 0813 08 0503 and being further described on Exhibit B-1 attached hereto and made a part hereof (the "**Property**").

R-2. The Property is generally comprised of the former Franconia Government Center building ("**FGC")**, adjacent parking lots ("**Lots**"), and refueling facilities for County vehicles including fuel pumps and underground fuel storage tanks (the "**Fuel Station**," and together with the FGC and Lots, collectively, the "**Existing Facilities**")

R-3. Pursuant to the Public Private Education Facilities and Infrastructure Act of 2002, as amended, Virginia Code §§ 56-575.1-575.18 (the "**PPEA**") and the FCRHA's adopted PPEA guidelines, the FCRHA evaluated proposals and selected Developer to develop and construct approximately 120 affordable housing units with surface and structured parking and approximately 6,000 square feet of interior space designated for community uses (the "**Development**").

R-4. Accordingly, the FCRHA and the Developer entered into that certain Interim Agreement (the "**Interim Agreement**") dated October 25, 2024, to enable the Developer to promptly commence certain design and zoning related work and other due diligence on the Property.

R-5. The Property is now subject to SSPA 2023-IV-2S and RZ-2025-FR-00005 secured by the Developer (collectively, the "**Land Use Approvals**") and certain proffers, dated January 20, 2026, accepted in connection therewith (the "**Proffers**").

R-6. The Development is anticipated to consist of one building (the "**Building**"), together with certain common amenities and a publicly accessible urban park jointly located on the Property and an adjacent parcel having Fairfax County Tax Map number 0813050017D ("**Parcel 17D**"). The Building may be comprised of one or, in the event of an award of both 9% low-income housing tax credits and 4% low-income housing tax credits, two separate projects in one building, with one project receiving four percent (4%) low-income housing tax credits ("T**ax**

Credits") and other sources (the "**4% Project**") and the other project receiving nine percent (9%) Tax Credits and other sources (the "**9% Project**", and collectively with the 4% Project the "**Projects**"). In the event of both a 9% Project and 4% Project, Developer will close on the construction financing contemporaneously. In the event of both a 9% Project and 4% Project, each Project will have distinct owners and financing and will not be cross collateralized or cross defaulted in any manner after the financial closing on any Project.

R-7. In the event of an award of both 9% Tax Credits and 4% Tax Credits, this Contract may be bifurcated and the FCRHA will enter into two separate Contracts to Ground Lease, one each for the 9% Project (the "**9% Contract to Ground Lease**) and the 4% Project (the "**4% Contract to Ground Lease**" and collectively with the 9% Contract to Ground Lease, the "**Contracts to Ground Lease**"), each with a separate affiliate of Developer, one for the 9% Project and one for the 4% Project (collectively, the "**Ground Lease Tenants**" and each a "**Ground Lease Tenant**"). The Contracts to Ground Lease will each provide that the Developer (or its assignee) will, subject to the terms and conditions of the applicable Contract to Ground Lease, enter into a 99-year ground lease for the development, construction, operation, and maintenance of the applicable Project on the Property (collectively, the "**Ground Leases**").

R-8. The FCRHA and Developer agree that, subject to the terms and conditions of this Contract, Developer will enter into a 99-year ground lease (the "**Ground Lease**") for the Ground Lease Premises, defined below in Section 1.1, in form mutually agreeable to the Parties and in substantial conformity with the terms and conditions contained herein.

R-9. The Developer will implement targeted and inclusive marketing strategies for affordable units to reach professionals in healthcare, education, and public safety, with the goal of maximizing awareness and encouraging applications from these essential workers to the Development. All outreach efforts will strictly comply with Fair Housing requirements, and applicants must meet LIHTC eligibility criteria. Through these efforts, the Development aims to attract qualified residents from these fields to the greatest extent possible.

R-10. The FCRHA and Developer desire to enter into this Contract setting forth Developer's contract rights and option to enter into a Ground Lease for the Ground Lease Premises, upon the satisfaction of certain conditions, as set forth below in this Contract.

NOW THEREFORE for and in consideration of the mutual promises of the Parties and of other good and valuable consideration receipt and sufficiency of which are hereby acknowledged, the FCRHA and Developer intending to be legally bound do hereby agree as follows:

Section 1. **GRANT OF OPTION**.

1.1 Ground Lease Premises. The FCRHA hereby grants to Developer an option to lease the Ground Lease Premises, subject to the terms and conditions of this Contract. The term "**Ground Lease Premises**" means (a) the real property (the "**Land**") more particularly described in Exhibit B-1; (b) all of the FCRHA's interest in land use approvals, easements, development rights, improvements, equipment and fixtures located on the Land at the time of the Closing (as defined below); and (c) any other intangible property associated with the Land or the improvements, equipment and fixtures located thereon owned by the FCRHA.

1.2 Option. The option described in Section 1.1 is referred to in this Contract as the "**Option**."

1.3 Recordation of this Contract. Developer may record this Contract in the Land Records of Fairfax County, Virginia (the "**Land Records**"). If this Contract is recorded and later expires or is terminated as provided herein, then no later than five Business Days after the expiration or termination hereof, Developer will deliver to the FCRHA for recordation, duly signed and notarized by Developer, documents sufficient to confirm the expiration or termination of this Contract, and otherwise in recordable form and reasonably acceptable to the FCRHA (and this obligation of Developer will survive expiration or termination of this Contract). If Developer records this Contract in the Land Records, Developer will be responsible for payment of all fees and taxes associated with such recording.

1.4 Effect of Contract; Interest in Real Property. The Parties intend that this Contract is given by the FCRHA to Developer as an option to lease the Ground Lease Premises. The Parties intend that this Contract creates a valid and present encumbrance on the Ground Lease Premises in favor of Developer, effective as of the Effective Date, subject to any and all liens or encumbrances disclosed in the Land Records. Therefore, the Option will be deemed an encumbrance upon the Ground Lease Premises during the term of this Contract effective as of the Effective Date and will be binding upon and inure to the benefit of each of the Parties hereto and their respective successors and assigns (subject to Section 12.7 below).

Section 2. **INDEPENDENT CONSIDERATION**.

In consideration of and concurrently with the FCRHA entering into this Contract, Developer agrees to pay to FCRHA the sum of Ten Dollars ($10.00) as independent consideration for the Option (the "**Consideration**"). The Consideration has been bargained for and agreed to as separate and independent consideration for Developer option to lease the Ground Lease Premises pursuant to the terms and conditions contained herein, and for the FCRHA's execution and delivery of this Contract. The Consideration will be deemed fully earned by the FCRHA upon receipt and will be considered non-refundable to Developer.

Section 3. **TERM; EXTENSION OF OPTION; EXERCISE OF OPTION**.

3.1 Term of Contract. The term of this Contract (the "**Term**") begins on the Effective Date and will expire at 5:00 p.m. on the Expiration Date (defined herein), unless the Developer has sent the FCRHA an Option Notice (defined in Section 3.3) and the FCRHA has sent the Developer an Approval Notice (defined in Section 3.3), in which case the Term will expire on the Closing Date (defined in Section 8.1). The initial Expiration Date will be December 31, 2028 (the "**Initial Expiration Date**"). The Initial Expiration Date, as may be extended by mutual Contract in writing by the Parties or as specifically provided in this Section 3.1 below is the "**Expiration Date**."

(a) If (i) Developer has not received an award of Tax Credits and has not sent an Option Notice on or before the Initial Expiration Date, (ii) this Contract is then in full force and effect and Developer is not then in default beyond any applicable notice and cure period under this Contract, and (iii) Developer has given the FCRHA notice in writing of Developer's election to extend the Term of this Contract no less than 10 Business Days before the Initial Expiration Date, Developer will have the right to extend the Term of this Contract until 5:00 p.m. on December 31, 2029(the "Outside Expiration Date"); provided, however, that Developer will re-apply for the Tax Credits and equity and financing as required pursuant to Section 9.3.

(b) Notwithstanding anything to the contrary contained in this Contract, in no event will the Expiration Date be extended to a date beyond the Outside Expiration Date, except by a mutual agreement in writing executed by both Parties. If Developer has not exercised its right to extend the Expiration Date as expressly provided above, Developer will be deemed to have forever waived its right to further extend the Term of this Contract beyond the then current Expiration Date, except by mutual Contract in writing executed by both Parties.

3.2 Condition to Right to Exercise. Developer may exercise the Option only if: (i) all of the conditions precedent set forth in Section 9.2 below have been satisfied, and (ii) there is no outstanding Event of Default (defined in Section 10.2) by Developer under this Contract.

3.3 Exercise of Option. Developer may exercise the Option prior to the Expiration Date, provided Developer has satisfied the conditions set forth in Section 3.2 above to the FCRHA's reasonable satisfaction, and by sending notice to the FCRHA of Developer's intent to exercise the Option ("**Option Notice**"). Such exercise will not be effective until the FCRHA has sent the Developer a notice, which shall not be unreasonably delayed or withheld, confirming Developer's satisfaction of the conditions set forth in Section 3.2 above to the FCRHA's reasonable satisfaction ("**Approval Notice**"), as further described in Section 3.1 above.

3.4 End of Term. If Closing does not occur by the Expiration Date, then: (a) this Contract will immediately terminate without further action of the Parties; (b) Developer will promptly deliver to the FCRHA such fully executed and acknowledged documentation reasonably requested by FCRHA to evidence termination of this Contract; and (c) the Parties will have no further obligations to each other except as otherwise specifically provided in this Contract. This Section 3.4 is not intended to and does not in any way limit or affect any of the rights or remedies available to any Party if the other Party defaults in the due and timely performance of any of its obligations, or is in breach of any of its representations and warranties, under this Contract.

Section 4. **TERMS OF LEASE AND ADDITIONAL DOCUMENTS**.

4.1 Ground Lease. At the Closing, the FCRHA and Developer will enter into the 99-year Ground Lease, with base rent and cash flow rent in amounts the FCRHA deems acceptable for the Development, in consultation with Developer, based upon a financial review of the Development, which will be in form mutually agreeable to the Parties and in substantial conformity with the terms and conditions contained herein (except (i) to the extent such terms are no longer applicable or are otherwise invalid or unenforceable under Virginia laws as of the Closing Date (as defined in Section 8.1 below) or (ii) as otherwise mutually agreed to by the FCRHA and Developer, including without limitation any requirements of the Tax Credit investor or secured lenders that the FCRHA deems acceptable for the Development). Each Party will discuss any proposed modifications to the Ground Lease in good faith.

4.2 Proffer Allocation Agreement. In the event of an award of both nine percent (9%) Tax Credits and four percent (4%) Tax Credits, at the Closing of both Projects, the FCRHA, Developer, and, if applicable, the Ground Lease Tenants, will execute and record among the Land Records an agreement to allocate the responsibilities and costs for the Proffers for the Development (the "**PAA**"). The FCRHA and Developer shall each act in good faith and use reasonable efforts to agree, and Developer shall use reasonable efforts to cause the Ground Lease Tenants to agree, upon the final form of the PAA; provided, however, that in no event will the FCRHA be responsible for any Proffer costs except in connection with a completed Project of which it obtains possession following a Ground Lease termination.

4.3 Reciprocal Easement Contract. In the event of an award of both nine percent (9%) Tax Credits and four percent (4%) Tax Credits, at the Closing of both Projects, the FCRHA, Developer, if applicable, the Ground Lease Tenants, and the Board of Supervisors of Fairfax County, Virginia ("**County**") will execute and record among the Land Records an agreement to establish such easements and related rights and obligations as may be necessary for the development, operations, and maintenance (including the performance of and payment for routine and capital maintenance and replacement work) of the Development (the "**REA**").

4.4 Easements, Dedications and Other Agreements. Developer intends to secure necessary approvals, permits, easements, licenses or other authorizations required for the construction and/or rehabilitation, development, zoning, use and occupation of the Development, including, without limitation, the laying out, installation, maintenance and replacing of the heating, ventilating, air conditioning, mechanical, electrical, elevator, and plumbing systems, fixtures, wires, pipes, conduits, equipment and appliances and water, gas, electric, telephone, drain and other utilities that are customary in developments of this type for use in supplying any such service to and upon the Property. The FCRHA shall reasonably cooperate with Developer and assist Developer in obtaining all required licenses, permits, easements, authorizations and the like, and shall execute documents in connection therewith reasonably consistent with the forms of such documents typically executed by the FCRHA.

Section 5. **REPRESENTATIONS AND WARRANTIES**.

5.1 In General. With the exception of those express representations and warranties stated in Section 5.2, Developer has not relied and will not rely upon any representations or warranties, express or implied, affirmative or negative, concerning the Property made by the FCRHA or any of the FCRHA's agents or employees.

5.2 Representations and Warranties of FCRHA. The FCRHA represents and warrants that the following facts and circumstances are true and correct as of the Effective Date:

(a) *Authority, Authorizations and Consents*. The FCRHA is a political subdivision of the Commonwealth of Virginia. The FCRHA has all necessary power and authority to enter into this Contract and to perform its obligations hereunder. The execution, delivery and performance of this Contract has been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of the FCRHA in order to consummate the transactions contemplated herein. This Contract is a legal, valid, and binding obligation of the FCRHA, enforceable in accordance with its respective terms. The FCRHA has obtained all authorizations, consents, or approvals of any governmental entity or other person or entity required to be obtained or given in connection with the execution and delivery of this Contract by FCRHA or the performance of any of FCRHA's obligations hereunder.

(b) *No Violation*. The execution and delivery of this Contract by the FCRHA, and the performance of its obligations hereunder, do not (i) violate, or conflict with any of FCRHA's obligations under, any contract to which it is a party or by which it is bound, or (ii) violate (and none of such obligations will be void or voidable under) any law, regulation, order, arbitration award, judgment or decree to which it is a party or to which it is subject.

(c) *Options; Leases*. No person or entity other than Developer holds any option or other right to lease or purchase all or any part of nor any interest in the Property, including the Ground Lease Premises, other than (i) the Permitted Exceptions (defined in Section 6.3) and (ii) the Memorandum of Understanding between the FCRHA and County for the use of the Existing Facilities until the County has completed its relocation of those uses to other locations, a copy of which is attached hereto as Exhibit B-2 (the "**MOU**").

(d) *No Pending Actions*. To FCRHA's knowledge, there are no actions, suits, proceedings (including any arbitration proceedings, condemnation, expropriation or other proceeding in eminent domain, or environmental, zoning or other land use regulation proceedings (other than those initiated by affiliates of Developer), orders, investigations or claims that are pending against or relating to the Property or the FCRHA's rights therein.

(e) *Compliance with Laws*. FCRHA has not received any written notice from any governmental entity asserting that the Property (or the FCRHA with respect to the Property) is in violation of any law, rule, regulation, order, ordinance, permit, license, writ, injunction, directive, determination, judgment or decree or other requirement of any governmental entity, in each case, applicable to the Property and/or the FCRHA.

For the aforementioned representations, the term "the FCRHA's knowledge" shall mean the actual knowledge of the following individuals (or their successors in the listed positions): Thomas Fleetwood, Director, Department of Housing and Community Development ("HCD");

Anna Shapiro, Deputy Director of Real Estate, Finance, and Development, HCD; Mark Buenavista, Deputy Director of Design, Development, and Construction, HCD; and Brett Callahan, the Assistant County Attorney assigned to the Project.

If circumstances occur that make the representations therein untrue or incorrect at any time after the Effective Date, FCRHA will use reasonable efforts to make such representations (other than Section 5.2(d) and (e)) true and correct as of the Closing and will provide Developer notice required in Section 5.4. The provisions of this paragraph will not limit Developer's right to terminate this Contract.

5.3 Representations and Warranties of Developer. Developer represents and warrants that the following facts and circumstances are true and correct as of the Effective Date. In the event that any of the following representations and warranties are not true and correct as of the date Developer delivers the Option Notice to FCRHA, Developer will use reasonable efforts to cause such representations and warranties to be true and correct as of the Closing Date.

(a) *Authority, Authorizations, and Consents*. Developer is a Virginia limited liability company. Developer has all necessary power and authority to enter into this Contract and to perform its obligations hereunder. The execution, delivery, and performance of this Contract by Developer have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Developer in order to consummate the transactions contemplated herein. This Contract is a legal, valid, and binding obligation of Developer, enforceable in accordance with its respective terms. No authorization, consent, or approval of, or notice to, any governmental entity or other person or entity is required to be obtained or given in connection with the execution and delivery of this Contract by Developer or the performance of any of Developer's obligations hereunder. In the event that Developer assigns this Contract (in accordance with its terms) to another entity, such entity will make the same (but corrected, as necessary) representations set forth in this Section 5.3(a) as of the Closing Date.

(b) *No Violation*. The execution and delivery of this Contract by Developer, and the performance of its obligations hereunder, do not (i) violate, or conflict with any of Developer's obligations under, any contract to which it is a party or by which it is bound, or (ii) violate (and none of such obligations will be void or voidable under) any law, regulation, order, arbitration award, judgment or decree to which it is a party or to which it is subject.

(c) *Litigation and Claims*. To Developer's knowledge, there is no suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation pending or threatened against Developer which could affect any of the transactions contemplated by this Contract.

5.4 Inaccuracies. In the event that either Party becomes aware of facts or circumstances after the Effective Date that might result in any of that Party's representations or warranties set forth in Section 5.2 or Section 5.3 not being true as of the Closing, such Party will give prompt written notice to the other Party of such facts or circumstances.

Section 6. **PROPERTY CONDITION; RIGHT OF ENTRY; TITLE**.

6.1 Property Condition.

(a) *Fuel Station*. The Parties anticipate that Developer will remove, cap, close, or otherwise dispose of the Fuel Station in accordance with all applicable building, zoning, and other federal, state, or local laws, codes, and regulations during development of the Building. Such work is anticipated to occur after Closing.

(b) *Demolition of Existing Facilities*. The Parties anticipate that in preparation for construction of the Building, FCRHA will demolish the FCG, all or portions of the Lots, all in accordance with applicable building, zoning, and other federal, state, or local laws, codes, and regulations (the "**Demolition**"). The Demolition shall be completed by September 30, 2027.

(c) *AS IS, WHERE IS, WITH ALL FAULTS*. Developer acknowledges that except to the extent of any express representations and warranties set forth in Section 5.2, FCRHA has made no representations or warranties, express or implied, regarding the Property or the Ground Lease Premises or matters affecting the Property or the Ground Lease Premises, including the Existing Facilities, whether made by the FCRHA, or on the FCRHA's behalf, or by the FCRHA's agents or employees, or otherwise, and that except as otherwise provided in this Contract, the leasehold interest in the Ground Lease Premises will be conveyed subject to, and in accordance with, the terms and conditions of the Ground Lease. For the avoidance of doubt, Developer will accept possession of the Ground Lease Premises on the commencement date of the Ground Lease "AS IS, WHERE IS, WITH ALL FAULTS", subject to the Permitted Exceptions (defined in Section 6.3).

(d) Except as expressly provided in this Contract, nothing in this Contract modifies the Parties' pre-Closing common law duties and liabilities with respect to the Property.

6.2 Right of Entry. During the Term, Developer will have reasonable rights of access to the Property to the extent set forth in this Section 6.2 for the purposes of surveying the Property and performing design and engineering analysis including environmental tests and studies and soils borings and tests, provided that neither Developer nor its contractors will unreasonably disrupt the normal operation of the Property. Developer's access hereunder will be in compliance with all applicable statutes, laws, rules, regulations, ordinances, and orders of any governmental or quasi-governmental authority having jurisdiction over the Property and Developer's or its contractors' activities thereon. All such entry will be coordinated in advance with appropriate representatives of the FCRHA; for purposes of this Section 6.2, unless Developer is otherwise notified by the FCRHA, the appropriate representatives will be Yudhie Brownson at 703-324-

8083, Yudhie.Brownson@fairfaxcounty.gov, and Michael P. Lambert at 703-324-2825, Michael.Lambert@fairfaxcounty.gov. Prior to Developer entering the Property, Developer (or its contractor) will obtain and maintain, at Developer's (or its contractor's, as the case may be) sole cost and expense, the following insurance coverage, and will cause each of its agents and contractors to obtain and maintain, and, upon request of the FCRHA, will deliver to the FCRHA evidence of (i) general liability insurance, from an insurer reasonably acceptable to the FCRHA, in the amount of $1,000,000.00 combined single limit for personal injury and property damage per occurrence, (ii) workers' compensation insurance at statutory limits, (iii) employer's liability insurance in an amount not less than $1,000,000.00, and (iv) professional liability insurance of not less than $1,000,000.00 for any access to conduct environmental tests and studies and/or soil borings and tests. Developer will provide the FCRHA with original certificates of insurance for the coverage required above not less than five Business Days prior to any access, naming the FCRHA and such other parties designated by the FCRHA as additional insureds and otherwise in form reasonably satisfactory to the FCRHA. The FCRHA will have the right, in its discretion, to accompany Developer and its contractors. All damage to the Property resulting from any access by or at the direction of Developer or its contractors will be repaired immediately by Developer, at its sole cost and expense, so that the Property will be restored to the same condition in which it existed immediately prior to such access. Developer will indemnify, defend, and save the FCRHA and its respective Commissioners, agents, directors, officers and employees (collectively, the "Indemnitees") harmless from and against any and all losses, liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses (including, without limitation, engineers', architects' and attorneys' fees and disbursements), which may be suffered by, imposed upon or incurred by or asserted against the FCRHA or any of the Indemnitees as a result of any access pursuant to this Section 6.2. The provisions of this Section 6.2 will survive Closing or any termination of this Contract.

6.3 Title.

(a) The "Permitted Exceptions" are, collectively, (i) those matters set forth on Exhibit B-3, (ii) all matters of record affecting the Property, (iii) all building, zoning, and other federal, state, or local laws, codes, and regulations affecting the Property, (iv) the Land Use Approvals, the Proffers, and any other regulatory or administrative approvals sought by the Developer regarding the Property, (v) any matters agreed to in writing between the FCRHA and Developer, and (vi) any lien or other encumbrance on the Ground Lease Premises arising out of an act or omission of Developer or of its agents, employees, or invitees.

(b) Notwithstanding Section 6.3(a), the FCRHA agrees to take the following actions to be completed on or before Closing with respect to the Property:

(i) The FCRHA will be obligated at Closing to remove any and all existing mortgage liens or similar liens against the Property, including the Ground Lease Premises, except any such liens arising out of an act or omission of Developer or of its agents, employees, or invitees;

(ii) The FCRHA will be obligated at Closing to deliver such title affidavits or similar materials as are both (i) customary for the issuance of title insurance for conveyance of leasehold estates (a "Title Policy"), as applicable, and (ii) reasonably consistent with the forms of such documents typically executed by the FCRHA;

(iii) From the Effective Date until the Closing, without the prior written consent of Developer, FCRHA will not voluntarily place or cause a lien to be placed on the Property or encumber or convey the Property or any portion thereof or any interest therein, nor amend or modify any existing encumbrances in any manner which will materially adversely affect the Property or any portion thereof or impose any material obligation with respect thereto. For purposes hereof, an encumbrance or obligation will be deemed to "materially adversely affect the Property or any portion thereof" or impose a "material obligation" if (1) the cost associated therewith on a stand-alone basis or aggregated with any other new or modified encumbrances or obligations subject to the provisions of this subsection (b)(iii) is greater than Twenty-Five Thousand Dollars, or (2) impacts the design, construction, configuration, square footage, or parking of the proposed Development.

(iv) If any new encumbrance or matter that both (1) is not a Permitted Encumbrance and (2) materially adversely affects the Property, including the Ground Lease Premises, appears on any updated title commitment or survey that Developer obtains after the Effective Date, and if Developer disapproves of such encumbrance or matter, then Developer will provide written notice to the FCRHA of such disapproval. If, within 15 Business Days after receipt of such notice, the FCRHA does not provide written notice to Developer of the FCRHA's plan to cure, remove or otherwise address the encumbrance or matter in a manner that is reasonably satisfactory to Developer, then Developer will have the right to terminate this Contract, and except as otherwise expressly set forth in this Contract, neither the FCRHA nor Developer will have any further liability hereunder.

6.4 County Access. The Parties anticipate that any rights to or use of the Property and any related equipment affixed to the Property (other than the Fuel Station equipment) by the County under the MOU, , including any rights, duties, or obligations of any third-party with respect thereto, should be terminated and removed by December 31, 2026. If the County's uses continue beyond that date and the Developer is prepared to commence development related activities, the FCRHA acknowledges that such continued use will cause delay to the Project timeline and the Parties agree to extend the Closing Date and the Expiration Date by the same amount of time the County's uses continued beyond December 31, 2026.   .

Section 7. **GOVERNMENTAL APPROVALS, SCHEMATICS, PLANS AND SPECIFICATIONS**.

7.1 Regulatory Approvals.

(a) "Regulatory Approvals" will mean approvals by the applicable relevant governmental bodies of necessary for the development of the Development, including without limitation site plan and building permit.

(b) Developer will promptly and diligently pursue the submission and approval by all necessary governmental bodies of the Regulatory Approvals.

(c) Developer will provide the FCRHA a copy of all submissions to be made in connection with the Regulatory Approvals for the FCRHA's review and approval a minimum of ten (10) business days prior to Developer's anticipated submission of the same to the applicable governmental agencies. Approval of such submission will be in the FCRHA's reasonable discretion; provided, however, that the FCRHA's approval of any and all such submissions will not be unreasonably withheld. If the FCRHA fails to notify the Developer in writing of either its approval or disapproval of any such submissions within ten (10) business days after its receipt of the request from Developer, then the Developer may proceed with the submission and such submission will be deemed to be approved by the FCRHA.

7.2 <u>Construction Drawings</u>.

(a) The following definitions are used in this Section 7.2 and elsewhere in this Contract as they relate to the design, development, and construction of the Development:

(i) "Schematics" means the concept plans completed at approximately fifteen percent of the Final Plans and Specifications.

(ii) "Design Development Plans" means the plans, specifications and construction drawings completed at approximately thirty-five percent of the Final Plans and Specifications for the development and construction of the Development and the parties having determined the anticipated costs associated with the relocation, upgrade and bringing of utilities to the Property.

(iii) "Permit Documents" means the plans, specifications and construction drawings completed at approximately seventy-five percent of the Final Plans and Specifications for the development and construction of the Development.

(iv) "Final Plans and Specifications" means one hundred percent of the final plans and specifications and construction drawings, including but not limited to the site plan and building plans prepared by Developer's architect and engineers for the Development which materially conform to the Schematics and other Submission Materials previously approved by the FCRHA that are necessary for the development and construction of the Development.

(v) “Construction Drawings” means the Schematics, the Design Development Plans, the Permit Documents, and/or the Final Plans and Specifications, as applicable.

(b) For each iteration of the Construction Drawings specified in Section 7.1 (other than Schematics), Developer will submit such iteration for the FCRHA’s review and determination of conformity with prior iterations. If the FCRHA does not approve the iteration, the FCRHA will so notify Developer in writing, specifying in what respects it disapproves of the iteration. Developer and the FCRHA will reasonably cooperate with one another in addressing the comments of FCRHA. Developer will incorporate agreed upon changes into the next iteration for FCRHA for review. The review of each iteration by the FCRHA will be carried out within ten (10) Business Days of the date of submission of the iteration, provided, however, that the review of Final Plans and Specifications by the FCRHA will be carried out within one (1) Business Day of the date of submission of the Final Plans and Specifications. If FCRHA has not notified Developer of its determination within the applicable period it will be deemed to have approved the applicable iteration.

7.3 Progress Monitoring.

(a) Developer will submit progress reports to the FCRHA containing updates regarding the Regulatory Approvals process and the preparation of the Construction Drawings at least every 60 days.

(b) The FCRHA may, in its sole discretion, waive the requirement for written progress reports, provided such waiver is in writing.

Section 8. **CLOSING**.

8.1 Time.

(a) Subject to the satisfaction or waiver (as may be applicable) of the conditions precedent set forth in Section 9.1 and Section 9.2, the Parties will each execute and exchange original counterparts and deposit into escrow the documents described in Section 8.3 and Section 8.4 below and will close the transaction contemplated by this Contract (the “Closing”) on the Closing Date. Developer will select the date of Closing (the “Closing Date”) and will give notice to the FCRHA at least 15 Business Days prior to the Closing Date, unless otherwise agreed in writing by the Parties. The Closing Date must be a Business Day and must be no later than the Expiration Date.

(b) If the FCRHA defaults on its obligation to effectuate the Closing on the Closing Date pursuant to the terms and conditions of this Contract, Developer may, upon written notice to the FCRHA within five Business Days of such default, extend the Closing Date (and the Expiration Date, if applicable) by up to one hundred twenty (120) days.

8.2 Escrow. The Parties will conduct the Closing through a title company or escrow agent mutually agreed between the Parties at the time of Closing (the “Escrow Agent”). The terms and conditions of this Contract (including, but not limited to, the terms contained in this Section 8), together with such additional instructions as the Escrow Agent will reasonably request and to which the Parties will agree, will constitute the escrow instructions to the Escrow Agent. If there is any inconsistency between this Contract and any additional escrow instructions given to the Escrow Agent, this Contract will control unless the intent to amend this Contract is clearly and expressly stated in the additional escrow instructions.

8.3 FCRHA’s Deposits into Escrow. The FCRHA will deposit into escrow on or before Closing the following documents:

(a) Two duly executed counterpart originals of the Ground Lease;

(b) A duly executed and acknowledged counterpart original memorandum of lease in a reasonable form that has been agreed to between FCRHA and Developer in recordable form (the “Memorandum of Lease”);

(c) A duly executed and acknowledged original of the PAA, if applicable;

(d) A duly executed and acknowledged original of the REA, if applicable;

(e) A certificate of FCRHA signed by FCRHA affirming that all of FCRHA’s representations and warranties set forth in Section 5.2 are true in all material respects as of the Closing Date; provided however, to the extent FCRHA is aware of facts or circumstances that result in FCRHA’s representations or warranties set forth in Section 5.2 not being true as of the Closing, FCRHA will disclose such facts or circumstances in such certificate (the “FCRHA Certificate”); and

(f) Such additional documents, including written escrow instructions consistent with this Contract, as are both (i) reasonably necessary for the consummation of the transactions contemplated by this Contract and (ii) reasonably consistent with the forms of such documents typically executed by FCRHA.

8.4 Developer’s Deposits into Escrow. Developer will deposit into escrow on or before Closing:

(a) Two duly executed counterpart originals of the Ground Lease;

(b) A duly executed and acknowledged counterpart original of the Memorandum of Lease;

(c) Two duly executed counterpart originals of the Guaranty (as defined in the Ground Lease);

(d) A duly executed and acknowledged counterpart original of the PAA, if applicable;

(e) A duly executed and acknowledged counterpart original of the REA, if applicable;

(f) A duly executed original signature of each of Developer and all other signatories (other than the FCRHA) for the SA;

(g) A certificate of Developer signed by a person duly authorized to do so on behalf of Developer, affirming that all of the representations and warranties of Developer set forth in Section 5.3 are true in all material respects as of the Closing Date; provided however, to the extent Developer is aware of facts or circumstances that result in Developer's representations or warranties set forth in Section 5.3 not being true as of the Closing, Developer will disclose such facts or circumstances in such certificate (the "Developer Certificate");

(h) A lease preparation payment of $12,500.00, to be paid to the FCRHA at Closing (the "Lease Preparation Payment");

(i) Such evidence as the Escrow Agent reasonably requires as to the authority of the person or persons executing documents on behalf of Developer; and

(j) Such additional documents, including written escrow instructions consistent with this Contract, as are reasonably necessary for the lease of the Property in accordance with the terms and conditions of this Contract.

8.5 Closing Costs. As additional consideration for the lease of the Ground Lease Premises pursuant to the Ground Lease, Developer will pay all escrow and recording fees and other closing costs charged by the Escrow Agent and will pay the Lease Preparation Payment to the FCRHA at Closing.

Section 9. **CONDITIONS PRECEDENT; COVENANTS**.

9.1 Developer's Conditions. Developer's obligations under this Contract to Close are subject to the fulfillment of the following conditions at or prior to the Closing Date, each of which may be waived by Developer in accordance with Section 9.4:

(a) *Representations and Warranties*. FCRHA's representations and warranties contained in Section 5.2, as restated as of the Closing in the FCRHA Certificate, will be true in all material respects at and as of the Closing.

(b) *No Exceptions*. Any material qualification or any exceptions of any kind to any of the representations or warranties set forth in the FCRHA Certificate will be acceptable to Developer, in its sole but reasonable discretion.

(c) *Performance*. FCRHA will have performed and complied in all material respects with all covenants, Contracts, terms, and conditions required by this Contract to be performed or complied with by FCRHA prior to or at the Closing.

(d) *Tax Credit Award*. Developer will have obtained from the Virginia Housing Authority ("**VH**") (and closed or be simultaneously closing) an award of Tax Credits for financing the construction to occur under the Ground Lease (and any and all challenge periods related to such award have expired).

(e) *Financing*. Developer will have obtained from investors and lenders (and closed or be simultaneously closing) any equity investment or loan financing or both in amounts sufficient to finance the Development.

(f) *Permits and Construction Approvals*. Developer will have applied for and received all governmental approvals and permits, including building permits, for the construction of the Development under the Ground Lease.

(g) *Final Plans and Specifications*. Developer will have received approval from FCRHA of the Final Plans and Specifications.

(h) *Construction Contract*. Developer will have entered into a contract with a reputable general contractor for the construction of the Building and other improvements to be constructed under the Ground Lease.

9.2 <u>FCRHA's Conditions</u>. FCRHA's obligations under this Contract to Close are subject to the fulfillment of the following conditions at or prior to the Closing Date, each of which may be waived by FCRHA in accordance with Section 9.4:

(a) *Representations and Warranties*. Developer's representations and warranties contained in Section 5.3, as restated as of the Closing in Developer Certificate, will be true in all material respects at and as of the Closing.

(b) *No Exceptions*. Any material qualification or any exceptions of any kind to any of the representations or warranties set forth in Developer Certificate will be acceptable to FCRHA, in its sole but reasonable discretion.

(c) *Performance*. Developer will have performed and complied in all material respects with all covenants, agreements, terms, and conditions required by this Contract to be performed or complied with by Developer prior to or at the Closing.

(c) *No Litigation*. There will exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings by or against Developer that would materially and adversely affect the ability of Developer to perform its obligations under this Contract.

(d) *Tax Credit Award*. Developer will have obtained from the VH (and closed or be simultaneously closing) an award of Tax Credits for financing the construction to occur under the Ground Lease (and any and all challenge periods related to such award have expired).

(e) *Financing*. Developer will have obtained from investors and lenders (and closed or be simultaneously closing) any equity investment or loan financing or both in amounts sufficient to finance the Development.

(f) *Permits and Construction Approvals*. Developer will have applied for and received all governmental approvals and permits, including building permits, for the construction of the buildings under the Ground Lease.

(g) *Other Ground Lease*. In the event of an award of both 9% Tax Credits and 4% Tax Credits, the closing on both the 9% Ground Lease and the 4% shall happen simultaneously.

9.3 <u>Additional Developer Covenants</u>. Developer covenants and agrees to satisfy the terms of this Section 9.3, prior to the Closing:

(a) *Application for Tax Credits*. Developer will timely apply to VH for the Tax Credits in each cycle for which Developer is eligible during the Term for the Ground Lease Premises until Developer receives an award of Tax Credits, and Developer will diligently and in good faith prosecute all steps and actions needed for the award of the Tax Credits. Promptly following the award of the Tax Credits, Developer will (i) apply for and diligently prosecute in good faith all steps and actions needed to obtain loan or equity financing in amounts sufficient to finance the Development, and (ii) pursue the commitment of a Tax Credit investor for the purchase of the Tax Credits

(b) In the event Developer fails to satisfy the covenants set forth in this Section, FCRHA may avail itself to the rights and remedies set forth in Section 9.4 and Section 10 below.

9.4 <u>Failure of Condition Precedent</u>.

(a) If any condition to a Party's obligation to proceed with the Closing (as set forth in Section 9.1 for Developer and in Section 9.2 for the FCRHA) has not been satisfied as of the Closing Date, such Party may, in its sole discretion elect to:

(i) terminate this Contract;

(ii) extend the time available for the satisfaction of such condition by unilaterally extending the Closing Date; or

(iii) elect to close, notwithstanding the non-satisfaction of such condition, in which event such Party will be deemed to have waived any such condition.

A Party may send a Communication of its election (of the options set forth in clauses (a)(i), (a)(ii), and (a)(iii)) via those methods set forth in Section 12.4 or, for purposes of Section 9.4 only, via e-mail alone to the e-mail address(es) set forth for the other Party in Section 12.4; such e-mail notice will be deemed effective upon its sending.

(b) If such Party elects to proceed pursuant to Section 9.4(a)(ii) above, and such condition remains unsatisfied after the end of such extension period, then, at such time, such Party may again elect to proceed pursuant to Section 9.4(a)(i), (a)(ii) or (a)(iii).

(c) In the event the failure of a condition precedent for the benefit of either Party is not satisfied due to a breach of this Contract by the other Party (for example, a failure or refusal to perform a Party's obligations under this Contract), the benefitted Party may also pursue its rights and remedies as set forth in Section 10.

Section 10. **DEFAULT; REMEDIES**.

10.1 <u>FCRHA Default</u>. In the case of any default or breach by the FCRHA hereunder, Developer will give the FCRHA written notice of such default or breach and will provide the FCRHA with 30-days to cure the default or breach; provided, however, if such default or breach is not capable of being cured within 30 days, then the FCRHA will have an additional 30 days to cure so long as the FCRHA continues to diligently pursue a cure. If the FCRHA fails to cure the default or breach within such period an "**Event of Default**" will have occurred. In the Event of Default by the FCRHA, the Developer may:

(a) seek specific performance to enjoin the FCRHA to cure such default or breach and consummate the transaction contemplated by this Contract;

(b) in the event of an FCRHA default to effectuate the Closing on the Closing Date, extend the Closing Date (and the Expiration Date, as applicable) as set forth in Section 8.1(b); or

(c) terminate this Contract and the Option.

Upon any termination by Developer under this Section 10.1, will be entitled to receive a refund of the Consideration previously paid. Notwithstanding anything to the contrary in this Contract, Developer's sole remedy for any default or breach by the FCRHA hereunder will be specific performance (as described in Section 10.1(a)), extending the Closing Date (and Expiration Date, as applicable) (as described in Section 10.1(b)) or terminating this Contract and the Option (as described in Section 10.1(c)), and in no event will Developer be entitled to recover any monetary damages (other than a refund of the Consideration) or other damages from the FCRHA if the FCRHA defaults or breaches this Contract.

10.2 <u>Developer Default</u>. In the case of any default or breach by Developer hereunder, FCRHA will give Developer written notice of such default or breach and will provide Developer with 30 days to cure the default or breach; provided, however, if such default or breach is not capable of being cured within 30 days, then Developer will have an additional 30 days to cure so long as Developer continues to diligently pursue a cure. In the event Developer fails to cure the default or breach within such period an "**Event of Default**" will have occurred. In the Event of Default by the Developer the FCRHA may terminate the Option. Additionally, FCRHA may terminate the Option in the event of any condition to Closing contained in Section 9.2 has not been satisfied or waived by FCRHA in writing by the Closing Date. FCRHA's remedies for any

Event of Default by Developer hereunder will be terminating the Option; in no event shall the FCRHA be entitled to any damages from Developer if Developer defaults or breaches under this Contract.

Section 11. **CONDEMNATION OR CASUALTY**

11.1 Condemnation or Casualty. FCRHA will notify Developer of any (i) condemnation or taking by eminent domain of any portions of the Property or (ii) casualty event affecting the Property. Developer and the FCRHA agree that the FCRHA has no obligation to restore the Property in the event of a condemnation or casualty event.

11.2 Obligation to Close. Notwithstanding any condemnation or casualty event, Developer will remain obligated to close under this Contract so long as such condemnation or casualty event does not materially and adversely affect the Property. For purposes of this Section, a condemnation or casualty event will "materially and adversely affect the Property" if, after completion of such condemnation or the occurrence of such casualty event, as applicable, Developer would no longer be able to develop and construct the Development in substantial accordance with Land Use Approvals, the Final Plans and Specifications and the Ground Lease, subject to any minor adjustments caused by such condemnation or casualty event, as applicable. In the event of a condemnation or casualty event that has a material and adverse effect on the Property, (A) Developer will have the right to terminate this Contract without liability on its part by so notifying FCRHA within 15 Business Days of FCRHA's notification to Developer of said condemnation or casualty event, and except as otherwise expressly set forth in this Contract, neither FCRHA nor Developer will have any further liability hereunder, and (B) if Developer does not so terminate the Contract, then Developer will remain obligated to close under this Contract and neither such condemnation or casualty event nor the condition of the Property thereafter will be deemed to give rise to a default hereunder.

11.3 Risk of Loss. Other than Developer's obligations under Section 6.2 above, risk of loss will remain with the FCRHA until Closing. The FCRHA will notify Developer of any (i) condemnation or taking by eminent domain of any portions of the Ground Lease Premises or (ii) casualty event affecting the Ground Lease Premises. Developer and the FCRHA agree that the FCRHA has no obligation to restore the Ground Lease Premises or the Property in the event of a condemnation or casualty.

Section 12. **MISCELLANEOUS PROVISIONS**.

12.1 No Brokers, Finders, Etc. None of the Parties has engaged any agent, broker, finder or investment or commercial banker in connection with the negotiation, execution or performance of this Contract, or the transactions contemplated hereby.

12.2 Expenses. Except as specifically set forth herein, whether or not the transaction contemplated by this Contract is consummated, each of the Parties will pay their own fees and expenses incident to the negotiation, preparation, execution, delivery and performance of this Contract.

12.3 Complete Contract; Waiver and Modification, Etc. This Contract and Option to Lease dated as of the date hereof between the FCRHA and Developer (the “Option Document”) constitutes the entire agreement between the Parties hereto and thereto pertaining to the subject matter hereof and thereof and supersedes all prior and contemporaneous agreements and understandings of the Parties. There are no representations, warranties, covenants, or conditions by or benefiting any Party except those expressly stated or provided for in this Contract, any implied representations, warranties, covenants, or conditions being hereby expressly disclaimed. No person or entity other than the Parties to this Contract have any rights or remedies under or in connection with this Contract, except rights or remedies validly assigned hereunder. No amendment, supplement or termination of or to this Contract, and no waiver of any of the provisions hereof or thereof, will require the consent of any person or entity other than the Parties hereto, nor will any such amendment, supplement, termination or waiver be binding on a Party to this Contract unless made in a writing signed by such Party. To the extent any provision of the Option conflicts with, or is inconsistent with, this Contract, then this Contract shall govern and control.

12.4 Communications.

(a) Whether or not expressly stated, all notices, demands, requests and other communications required or permitted by or provided for in this Contract (“Communications”) must be given in writing to the Parties at their respective addresses set forth below, or at such other address as a Party will designate for itself in writing in accordance with this Section:

If to Developer or SCG Development Partners LLC, to:

c/o SCG Development
8245 Boone Boulevard, Suite 640
Vienna, Virginia, 22182
Attention: Stephen Wilson
e-mail: SPW@scgdevelopment.com
Attention: Jason Duguay
e-mail: JBD@scgdevelopment.com

With a copy to:

Klein Hornig LLP
1325 G Street, NW, Suite 770
Washington, DC 20005
Attention: Mark Stokely
e-mail: mstokely@kleinhornig.com

If to FCRHA, to:

Fairfax County Redevelopment and Housing Authority
3700 Pender Drive, Suite 300
Fairfax, Virginia 22030-6039
Attention: Director, HCD
e-mail: Thomas.Fleetwood@fairfaxcounty.gov

-and-

Fairfax County Redevelopment and Housing Authority
3700 Pender Drive, Suite 300
Fairfax, Virginia 22030-6039
Attention: Anna Shapiro
e-mail: anna.shapiro@fairfaxcounty.gov

With a copy to:

Office of the County Attorney
12000 Government Center Parkway, Suite 549
Fairfax, Virginia 22035-0064
Attention: Brett Callahan, Assistant County Attorney
e-mail: Brett.Callahan@fairfaxcounty.gov

(b) Communications may be transmitted by (1) reputable overnight courier (with a signed receipt) or (2) hand delivery (with receipt acknowledged in writing by the office of the addressee).

(c) Except as otherwise provided in this Contract, delivery or service of any Communications will be deemed effective only upon receipt (or refusal of receipt), and receipt will be deemed to have occurred when the Communications were delivered to the specified address without regard to whether or not a representative of the addressee was present to receive the Communications or was present but refused receipt of such Communications; provided, any Communications delivered after 5:00 P.M. local time of place of receipt, or on a day other than a Business Day, will be deemed received on the next succeeding business day.

(d) For convenience, a Party may send a Communication via e-mail, but such Communications will not be effective unless and until a hard copy of such Communication is sent via one of the methods set forth in Section 12.4(b) and deemed effective as set forth in Section 12.4(c).

(e) Either of the Parties may change the address(es) to which any such Communications are to be delivered by furnishing 3 Business Days written notice of such change(s) to the other of the Parties in accordance with the provisions of this Section.

12.5 <u>Governing Law</u>. This Contract will be interpreted in accordance with and governed by the laws of the Commonwealth of Virginia.

12.6 Headings; References; "Hereof," Etc. The Section headings in this Contract are provided for convenience only, and will not be considered in the interpretation hereof or thereof. References in this Contract to Sections or Exhibits refer, unless otherwise specified, to the designated Section of or Exhibit to this Contract, and terms such as "herein," "hereto" and "hereof" used in this Contract refer to this Contract as a whole.

12.7 Successors and Assigns. Developer may not assign its rights under this Contract to any party without the consent of the FCRHA, which may be withheld in the FCRHA's sole and absolute discretion. A sale, assignment, or other transfer of the equity of Developer or of any direct or indirect parent of Developer that constitutes a change in control of the entity shall be deemed to be an assignment subject to the restrictions of this Section 12.7. Notwithstanding the foregoing to the contrary, Developer will be permitted to assign its rights under this Contract to any person or entity which directly or indirectly controls, is controlled by or is under common control with Developer or to any person or entity resulting from a merger or consolidation with Developer, or to any person or entity which acquires all the assets of Developer's business as a going concern pursuant to a written agreement, reasonably acceptable to the FCRHA, provided that (i) such assignment or sublease is not a subterfuge to avoid the application of the provisions of this Section 12.7, (ii) the assignee assumes, in full, the obligations of Developer hereunder, and (iii) Developer provides FCRHA with written notice of any such assignment at least one (1) month prior to the Closing Date.

12.8 Severability. If for any reason any provision of this Contract will be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then that provision will be ineffective only to the extent of that invalidity, illegality or unenforceability and in that jurisdiction only, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions in that jurisdiction or any provision of this Contract in any other jurisdiction.

12.9 Cumulative Rights and Remedies. The rights and remedies of each Party under this Contract are cumulative, except as otherwise expressly provided.

12.10 Survival of Representations and Warranties. Except as otherwise expressly provided in this Contract, all representations, warranties, covenants and agreements of the Parties contained in this Contract will be considered material and will be effective and survive the execution and delivery of this Contract and the consummation of the transactions contemplated hereby and thereby notwithstanding any investigation of the matters covered thereby by or on behalf of any Party benefited by any such representation, warranty, covenant or agreement or any knowledge (actual or constructive) on the part of any Party benefited by any such representation, warranty, covenant or agreement as to the truth or accuracy (or falseness or inaccuracy) thereof.

12.11 Further Assurances. From time to time and at any time after the execution and delivery hereof, each of the Parties, at their own expense, will execute, acknowledge and deliver any further instruments, documents and other assurances reasonably requested by the other Party, and will take any other action consistent with the terms and conditions of this Contract that may reasonably be requested by the other Party to evidence or carry out the intent of or to implement this Contract.

12.12 Counterparts; Separate Signature Pages. This Contract may be executed in any number of counterparts, or using separate signature pages. Each such executed counterpart and each counterpart to which such signature pages are attached will be deemed to be an original instrument, but all such counterparts together will constitute one and the same instrument.

12.13 Time; Business Days. WHETHER EXPRESSLY SO STATED OR NOT IN CONNECTION WITH ANY OBLIGATION, TIME IS OF THE ESSENCE IN THE PERFORMANCE OF EACH PARTY'S RESPECTIVE OBLIGATIONS UNDER THIS CONTRACT, AND NO NOTICE OF A PARTY'S INTENT TO REQUIRE STRICT COMPLIANCE WITH ANY OF THE DEADLINES SET FORTH IN THIS CONTRACT IS REQUIRED. If any time period set forth in this Contract would otherwise expire on a Saturday, Sunday or holiday, such time period will be automatically extended to the next business day. As used in this Contract, the term "Business Days" will mean any day which is not a Saturday, Sunday or a day observed as a holiday by the County of Fairfax, Virginia or the federal government.

12.14 Estoppel Certificates. Each Party will, from time to time upon 15 Business Days' prior request by another Party, execute, acknowledge and deliver to the requesting Party a certificate signed by an authorized representative of such Party stating that to the knowledge of such Party this Contract (a) is or is not in full force and effect, (b) is or is not unmodified (and, if modified, the details of the modification(s)), and (c) that default(s) do or do not exist hereunder (and if defaults do exist, the nature thereof to the extent known).

12.15 Incorporation of Recitals. The Recitals set forth above are hereby incorporated into this Contract.

[Signatures on the following page]

IN WITNESS WHEREOF, the Parties have executed this Contract as of the Effective Date first written above.

FCRHA:

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

By:____
, Assistant Secretary

COMMONWEALTH OF VIRGINIA,
COUNTY OF FAIRFAX

The foregoing instrument was acknowledged before me this _______________ 2026, by__________________, the Assistant Secretary, on behalf of the Fairfax County Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia.

____
Notary Public

My commission expires:

(Signatures continue on following page.)

DEVELOPER:

FRANCONIA DEVELOPMENT PARTNERS, LLC,
a Virginia limited liability company

By: SCG Development Partners, LLC,
a Delaware limited liability company,
its managing member

By: SCG Development Manager, LLC,
a Delaware limited liability company,
its managing member

By: SCG Capital Corp.,
a Delaware corporation
its sole member

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

COMMONWEALTH OF VIRGINIA,
COUNTY OF FAIRFAX

The foregoing instrument was acknowledged before me this _______________ 2026, by Stephen P. Wilson, President – Virginia Office of SCG Capital Corp., a Delaware corporation, the sole member of SCG Development Manager, LLC, a Delaware limited liability company, the managing member of SCG Development Partners, LLC, a Delaware limited liability company, Managing Member, on behalf of Franconia Development Partners LLC, a Virginia limited liability company.

____
Notary Public

My commission expires:

<u>Exhibit B-1</u>

Description of
The Properties of
FAIRFAX COUNTY REDEVELOPMENT
AND HOUSING AUTHORITY
Deed Book 27632 Page 346
Lee District
Fairfax County, Virginia

Beginning at the Northeasternmost corner of the properties described hereon, said point being a corner to the property of GTY-CPG (VA DC) LEASING, INC., recorded at Deed Book 24046 Page 1169, and being along the Southernly Right-of-Way of Franconia Road, Route 644;

Thence departing said Southernly Right-of-Way of Franconia Road, Route 644 and running with said property of GTY-CPG (VA DC) LEASING, INC., in its entirety, and with the property of TRUSTEES OF OLIVET EPISCOPAL CHURCH, recorded at Deed Book 2869 Page 104, South 14°10'00" East a distance of 255.54 feet to a point;

Thence departing said property of TRUSTEES OF OLIVET EPISCOPAL CHURCH and running with the properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., recorded at Deed Book 2997 Page 513 and Deed Book 7756 Page 1652, South 00°57'50" East a distance of 277.49 feet to a point;

Thence departing said properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., and running with the property of CIA-BEULAH STREET, LLC, recorded at Deed Book 27694 Page 1576, Deed Book 27782 Page 1469, South 25°36'50" West a distance of 16.05 feet to a point; and

South 68°28'50" West a distance of 143.49 feet to a point;

South 50°47'30" West a distance of 30.32 feet to a point;

North 39°12'30" West a distance of 122.21 feet to a point;

Thence departing said property of CIA-BEULAH STREET, LLC and running with GROVEDALE PROFESSIONAL CENTER CONDOMINIUM, recorded at Deed Book 9998 Page 1823, North 50°47'30" East a distance of 104.99 feet to a point; and

North 71°41'15" West a distance of 118.54 feet to a point;

Thence departing said GROVEDALE PROFESSIONAL CENTER CONDOMINIUM and running with the property of HAMID OUDJI and ZARA MARY OUDJI, recorded at Deed Book 11341 Page 1547, North 14°10'00" West a distance of 345.10 feet to a point;

Thence departing said property of HAMID OUDJI and ZARA MARY OUDJI and running with aforementioned Southernly Right-of-Way of Franconia Road, Route 644, the following courses and distances;

12.23 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of South 85°33'58" East 12.21 feet to a point;

29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 88°00'09" East 29.52 feet to a point;

North 75°04'50" East a distance of 100.00 feet to a point;

29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 62°09'31" East 29.52 feet to a point;

24.36 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of North 62°09'36" East 24.15 feet to a point; and

North 75°04'50" East a distance of 107.44 feet to the point of beginning, and having an area of 144,406 square feet, or 3.3151 acres of land, more or less.

Exhibit B-2

Memorandum of Understanding

(*Exhibit Continues Next Page*)

MEMORANDUM OF UNDERSTANDING
(Franconia Governmental Center Transfer to Fairfax County Redevelopment and Housing Authority)
by and among
Fairfax County Department of Housing and Community Development
and
Fairfax County Facilities Management Department

10/24/2021 | 07:11:33 PDT

This Memorandum of Understanding ("MOU") is made as of October ___, 2021 ("Effective Date"), by and among (i) the Fairfax County Department of Housing and Community Development ("HCD"), as staff for the Fairfax County Redevelopment and Housing Authority ("FCRHA"), and (ii) the Fairfax County Facilities Management Department ("FMD"), as staff for the Board of Supervisors of Fairfax County, Virginia ("Board") (collectively, HCD, the FCRHA, FMD, and the Board are referred to as the "Parties").

RECITALS

R-1 The Board is the owner of five parcels of land located at 6121 Franconia Road and identified as Tax Map Nos. 0813 05 0002A, 0002B, 0002C1, and 0003A, and Tax Map No. 0813 08 0503 consisting of approximately 3.25 acres, with an approximately 25,800 square foot building (the "Property"). The Property is currently used as the Lee District Supervisor's Office, the Franconia Police Station, and the Franconia Museum. The Board also leases a part of the building for a library and active adult center.

R-2 FMD has determined that the building on the Property is obsolete, has an interior layout that is not suited for police operations, and has insufficient available parking for the existing public uses at the facility (collectively, the current uses are referred to herein as the "Franconia Public Uses"). Accordingly, the Board intends to relocate the existing facilities that are housed at the Property to a new governmental complex in Kingstowne, including the library and active adult center, as well as a new childcare facility and community meetings rooms ("Kingstowne Governmental Center").

R-3 The FCHRA is interested in acquiring the Property to expand its affordable housing portfolio by developing the Property as affordable housing, likely in collaboration with a private developer pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002, as amended. The new multi-unit structure would be restricted to individuals with low to moderate income ("Franconia Affordable Housing Development").

R-4 The Board supports the Franconia Affordable Housing Development and on March 9, 2021, following a public hearing, the Board agreed to transfer the Property to the FCRHA, but subject to the requirement that the FCRHA only allow the Property to be used for affordable housing, and also subject to the terms of this MOU that will enable the Board to continue the its current Franconia Public Uses at the Property after the conveyance to the FCRHA for so long as the Board determines necessary to fully relocate all such uses to the Kingstowne Government Center.

NOW, THEREFORE, in consideration of the mutual desire of the Parties to support additional affordable rental housing in Fairfax County, while maintaining the uninterrupted continuity of the Franconia Public Uses for the benefit of the residents of Fairfax County, Virginia, the Parties agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated into this MOU and will have the same effect as if they had been set forth in their entirety in this Paragraph 1

2. Term of MOU. This MOU will commence as of the Effective Date and will continue in effect until such time as the Franconia Public Uses on Property are relocated to the Kingstowne Government Center, as evidenced by a written notice from FMD to HCD.

3. Maintenance by FMD. FMD will be responsible for maintenance of the Property and operation of the Franconia Public Uses until such time as all the existing Franconia Public Uses have been relocated to the Kingstowne Government Center, or otherwise transferred off Property to another location. FMD will give written notice to HCD confirming that the Board has relocated the Franconia Public Uses and has vacated the Property. Following notice to HCD that FMD no longer has a need for the Property for the Franconia Public Uses, FMD and the Board will no longer have any financial responsibilities regarding the Property, and all expenses of the Property and its development will be solely the responsibility of HCD and the FCRHA.

4. HCD and FCRHA Limitation on Rights to the Property Prior to Relocation of Franconia Public Uses. Until FMD relocates the Franconia Public Uses, FMD will have the unfettered right to continue operations of the Franconia Public Uses without any interference from HCD, the FCRHA, or any persons or entities acting as agents or invitees of HCD or the FCRHA. HCD will have the right to pursue land use entitlements for affordable housing on the Property, provided that any such entitlements that could in any manner interfere with the current Franconia Public Uses will not become effective until the Board has completed the relocation of the Franconia Public Uses. HCD and its agents and invitees will only be permitted on the Property with the prior approval of FMD, and then only in a manner that will in no way interfere with the Franconia Public Uses.

5. Notices. Any notice which the Parties desire or may be required to give under this MOU will be in writing delivered to the following addresses. Notices will be deemed effective when received.

If to FMD or the Board:

Fairfax County Facilities Management Department
12000 Government Center Parkway, Suite 424
Fairfax, Virginia 22035
Attention: Michael Lambert

If to HCD or the FCRHA:

Fairfax County Department of Housing and Community Development
3700 Pender Drive, Suite 300
Fairfax, Virginia 22030
Attention: Thomas E. Fleetwood, Director

6. Appropriations. Any and all of FMD's or the Board's financial obligations under this MOU are subject to appropriations by the Board to satisfy payment of such obligations.

7. Counterparts. This MOU may be executed in two or more counterparts, each of which will constitute one and the same instrument. This MOU may be executed as facsimile or .pdf originals, and each copy of this MOU bearing the facsimile or .pdf transmitted signature of any party's authorized representative will be deemed to be an original.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed by their duly authorized representatives as of the Effective Date.

[SIGNATURES ON FOLLOWING PAGES]

HCD:

FAIRFAX COUNTY DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, as staff to the Fairfax County Redevelopment and Housing Authority

DocuSigned by:

By: Tom Fleetwood

Thomas E. Fleetwood, Director

[Signatures continue on following page]

FMD:

FAIRFAX COUNTY FACILITIES MANAGEMENT DEPARTMENT

By: Jose Comayagua
Jose A. Comayagua, Director

Prolaw:1517032

<u>Exhibit B-3</u>

Exceptions

The Exceptions shall include the exceptions set forth on that certain Schedule B Part II of the title commitment issued by Stewart Title Guaranty Company dated February 1, 2022, a copy of which is attached on the following page.

(*Exhibit Continues Next Page*)

ALTA COMMITMENT FOR TITLE INSURANCE
SCHEDULE B PART II

ISSUED BY
STEWART TITLE GUARANTY COMPANY

Exceptions

File No.: 2200077

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I - Requirements are met.

2. Rights or claims of parties in possession not shown by the Public Records.

3. Easements, or claims of easements, not shown by the Public Records.

4. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the Land.

5. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

6. Taxes or special assessments which are not shown as existing liens by the Public Records.

7. Taxes for the 2021 Tax Year are Exempt. Taxes for the 2022 Tax Year not yet assessed as due and payable. (Tax #081-3-05-0002A, Tax #081-3-05-0002B, Tax #081-3-05-0002C1, Tax #081-3-05-0003A, Tax #081-3-08-0503)

8. Terms, provisions, covenants, conditions and restrictions, building setbacks, easements, charges, assessments and liens contained in Deed of Dedication recorded in Deed Book B-10 at Page 464, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped person.

9. Deed of Dedication and Plat recorded in Deed Book B-10 at Page 464.

10. Deed of Dedication and Plat recorded in Deed Book 694 at Page 459.

11. Easement to Virginia Electric and Power Company recorded in Deed Book 1174 at Page 202.

12. Easement to The Commonwealth of Virginia per Deed recorded in Deed Book 1336 at Page 368.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I - Requirements; and Schedule B, Part II - Exceptions; and a countersignature by the Company or its issuing agent that may be in electronic form.

ALTA COMMITMENT FOR TITLE INSURANCE
SCHEDULE B PART II

ISSUED BY
STEWART TITLE GUARANTY COMPANY

Exceptions

13. Easement to Virginia Electric and Power Company recorded in Deed Book 1769 at Page 207.
14. Deed of Resubdivision and Plat recorded in Deed Book 2997 at Page 513.
15. Easement Agreement to the Board of Supervisors of Fairfax County, Virginia, recorded in Deed Book 3186 at Page 413.
16. Easements and matters shown on Plat attached to Deed recorded in Deed Book 4045 at Page 505.
17. Easement to The Commonwealth of Virginia per Deed recorded in Deed Book 4181 at Page 407.
18. Easement to The Commonwealth of Virginia per Deed recorded in Deed Book 4310 at Page 511.
19. Fairfax County Water Authority Easement Agreement recorded in Deed Book 4347 at Page 235.
20. Terms, provisions and conditions set forth in Agreement with Fairfax County, Virginia, recorded in Deed Book 5635 at Page 101.
21. Fairfax County Water Authority Easement Agreement recorded in Deed Book 7660 at Page 1184.
22. Fairfax County Water Authority Deed of Easement recorded in Deed Book 9935 at Page 242.
23. Lack of Access for Outlot 2C (Tax #081-3-05-0002C1). Notwithstanding the insuring provisions contained herein, this policy does not insure the right to access to and from the land.
24. The exact acreage or volume of land is not insured hereunder.
25. Rights of parties in possession as tenants only, subject to the terms, provisions and conditions of unrecorded leases.

NOTE: The actual value of the estate or interest to be insured must be disclosed to the Company, and subject to approval by the Company, entered as the amount of the policy to be issued. Until the amount of the policy to be insured shall be determined, and entered as aforesaid, it is agreed that as between the Company, the applicant for this Commitment, and every person relying on this Commitment, the Company cannot be required to approve any such evaluation in excess of $100,000.00, and the total liability of the Company on account of this Commitment shall not exceed said amount.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I - Requirements; and Schedule B, Part II - Exceptions; and a countersignature by the Company or its issuing agent that may be in electronic form.

File No. 2200077
VA ALTA Commitment For Title Insurance Schedule 8-1-16
Page 2 of 2

Exhibit C

OPTION TO LEASE

This Option to Lease (the "Option") is dated July _____, 2026, by and between the **Fairfax County Redevelopment and Housing Authority**, a political subdivision of the Commonwealth of Virginia, whose business address is 3700 Pender Drive, Suite 300, Fairfax, Virginia 22030-6039 ("**Landlord**" or "**FCRHA**") and **Franconia Development Partners LLC**, a Virginia limited liability company ("**Developer**", and its permitted successors and assigns hereinafter referred to as, "**Tenant**") having an office at c/o SCG Development, 8245 Boone Boulevard, Suite 640, Vienna, Virginia, 22182.

WHEREAS, Landlord owns certain real property in fee simple, of a certain 3.3151-acre property located along Franconia Road, in the Franconia Magisterial District, consisting of five parcels having Fairfax County Tax Map numbers 0813 05 0003A, 0813 05 0002A, 0813 05 0002B, 0813 05 0002C1, and 0813 08 0503, and intends to lease a portion of that real property, such real property being more particularly identified on Exhibit C-1, attached hereto and made a part hereof (the "Premises");

WHEREAS, in order to finance in part the design, development and construction of a portion of one building consisting of approximately 120 units and certain amenities, facilities, related uses and improvements (the "**Project**") on the Premises, Tenant shall apply for tax credits ("**Tax Credits**") pursuant to the Virginia Housing Development Authority's 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 "**Ground Lease**"), the form of which will be agreed to by Landlord and Tenant pursuant to the terms and conditions described in the Contract to Ground Lease executed by Landlord and Tenant contemporaneously herewith, 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 _____________ (the "Expiration Date"). If the Application is not

approved for Tax Credits in or before _________, Tenant shall have the right to re- apply for Tax Credits in calendar year 20__by sending written notice to Landlord and, in such event, this Option shall remain in full force and effect until ____________, and if such ______ application is unsuccessful, then Tenant shall have the right to re-apply for Tax Credits in calendar year _______ by sending written notice to Landlord and, in such event, this Option shall remain in full force and effect until ____________ (each such later date, as applicable, 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 and conditions 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 Ground Lease will include base rent and cash flow rent in amounts that the FCRHA deems acceptable for the Development based upon conditions of available funding sources and as agreed upon by the Tenant.

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 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 below:

If to Developer or Tenant to:

c/o SCG Development
8245 Boone Boulevard, Suite 640
Vienna, Virginia, 22182
Attention: Stephen Wilson

e-mail: SPW@scgdevelopment.com
Attention: Jason Duguay
e-mail: JBD@scgdevelopment.com

With a copy to:

Klein Hornig LLP
1325 G Street, NW, Suite 770
Washington, DC 20005
Attention: Mark Stokely
e-mail: mstokely@kleinhornig.com

If to FCRHA or Landlord, to:

Fairfax County Redevelopment and Housing Authority
3700 Pender Drive, Suite 300
Fairfax, Virginia 22030-6039
Attention: Director, HCD
e-mail: Thomas.Fleetwood@fairfaxcounty.gov

-and-

Fairfax County Redevelopment and Housing Authority
3700 Pender Drive, Suite 300
Fairfax, Virginia 22030-6039
Attention: Anna Shapiro
e-mail: anna.shapiro@fairfaxcounty.gov

With a copy to:

Office of the County Attorney
12000 Government Center Parkway, Suite 549
Fairfax, Virginia 22035-0064
Attention: Brett Callahan, Assistant County Attorney
e-mail: Brett.Callahan@fairfaxcounty.gov

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 which directly or indirectly controls, is controlled by, or is under common control with Tenant, or to any person or entity resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's

business as a going concern pursuant to a written agreement, reasonably acceptable to the FCRHA, provided that (i) such assignment is not a subterfuge to avoid the application of the provisions of this Section 9, (ii) the assignee assumes, in full, the obligations of Tenant hereunder, and (iii) Tenant provides FCRHA with written notice of any such assignment at least one (1) month prior to the exercise of the Option ("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, 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:____
, Assistant Secretary

(Signatures continue on following page.)

TENANT:

FRANCONIA DEVELOPMENT PARTNERS, LLC,
a Virginia limited liability company

By: SCG Development Partners, LLC,
a Delaware limited liability company,
its managing member

By: SCG Development Manager, LLC,
a Delaware limited liability company,
its managing member

By: SCG Capital Corp.,
a Delaware corporation
its sole member

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

<u>Exhibit C-1</u>

Description of
The Properties of
FAIRFAX COUNTY REDEVELOPMENT
AND HOUSING AUTHORITY
Deed Book 27632 Page 346
Lee District
Fairfax County, Virginia

Beginning at the Northeasternmost corner of the properties described hereon, said point being a corner to the property of GTY-CPG (VA DC) LEASING, INC., recorded at Deed Book 24046 Page 1169, and being along the Southernly Right-of-Way of Franconia Road, Route 644;

Thence departing said Southernly Right-of-Way of Franconia Road, Route 644 and running with said property of GTY-CPG (VA DC) LEASING, INC., in its entirety, and with the property of TRUSTEES OF OLIVET EPISCOPAL CHURCH, recorded at Deed Book 2869 Page 104, South 14°10'00" East a distance of 255.54 feet to a point;

Thence departing said property of TRUSTEES OF OLIVET EPISCOPAL CHURCH and running with the properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., recorded at Deed Book 2997 Page 513 and Deed Book 7756 Page 1652, South 00°57'50" East a distance of 277.49 feet to a point;

Thence departing said properties of FRANCONIA VOLUNTEER FIRE DEPARTMENT, INC., and running with the property of CIA-BEULAH STREET, LLC, recorded at Deed Book 27694 Page 1576, Deed Book 27782 Page 1469, South 25°36'50" West a distance of 16.05 feet to a point; and

South 68°28'50" West a distance of 143.49 feet to a point;

South 50°47'30" West a distance of 30.32 feet to a point;

North 39°12'30" West a distance of 122.21 feet to a point;

Thence departing said property of CIA-BEULAH STREET, LLC and running with GROVEDALE PROFESSIONAL CENTER CONDOMINIUM, recorded at Deed Book 9998 Page 1823, North 50°47'30" East a distance of 104.99 feet to a point; and

North 71°41'15" West a distance of 118.54 feet to a point;

Thence departing said GROVEDALE PROFESSIONAL CENTER CONDOMINIUM and running with the property of HAMID OUDJI and ZARA MARY OUDJI, recorded at Deed Book 11341 Page 1547, North 14°10'00" West a distance of 345.10 feet to a point;

Thence departing said property of HAMID OUDJI and ZARA MARY OUDJI and running with aforementioned Southernly Right-of-Way of Franconia Road, Route 644, the following courses and distances;

12.23 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of South 85°33'58" East 12.21 feet to a point;

29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 88°00'09" East 29.52 feet to a point;

North 75°04'50" East a distance of 100.00 feet to a point;

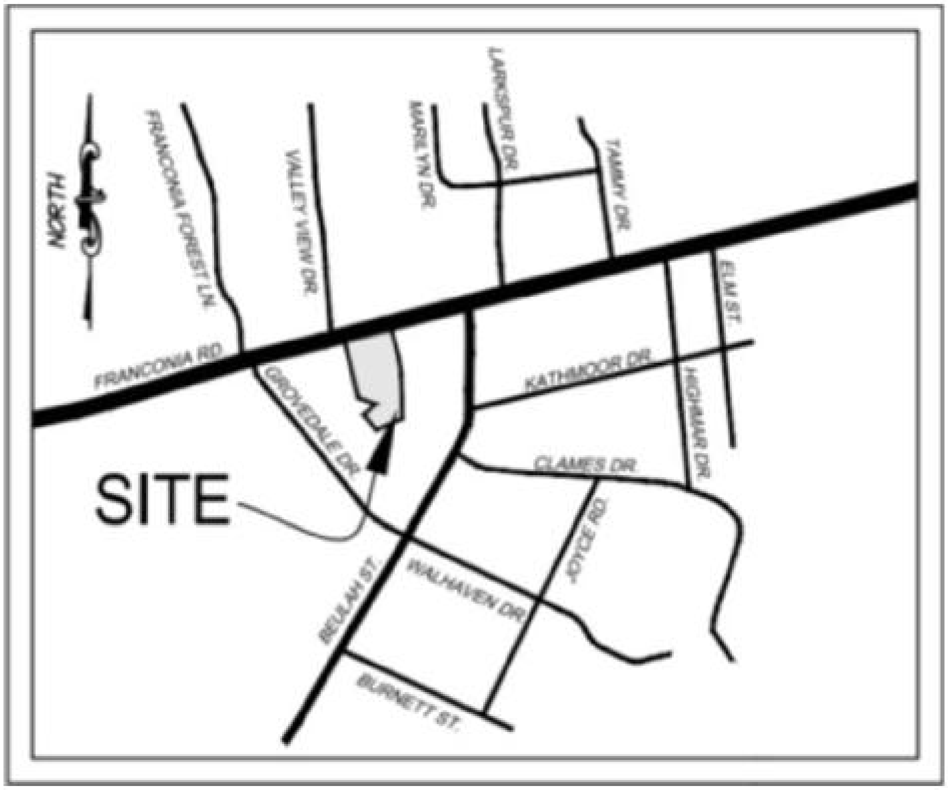
29.77 feet along the arc of a curve to the left having a radius of 66.00 feet and chord bearing and distance of North 62°09'31" East 29.52 feet to a point;

24.36 feet along the arc of a curve to the right having a radius of 54.00 feet and chord bearing and distance of North 62°09'36" East 24.15 feet to a point; and

North 75°04'50" East a distance of 107.44 feet to the point of beginning, and having an area of 144,406 square feet, or 3.3151 acres of land, more or less.

Attachment 3

Project Location Map



FCRHA Agenda Item
July 23, 2026

ACTION – X

RESOLUTION NUMBER XX-26: Authorization, Subject to Board of Supervisors Approval, to Make Loans to Franconia Development Partners, LLC of up to $12,000,000 to Finance the Development of the Former Franconia Governmental Center (Franconia District)

ISSUE:
It is requested that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorize subordinate financing of up to $12,000,000, subject to approval by the Fairfax County Board of Supervisors, to Franconia Development Partners, LLC (Developer), for the development of 120 units of affordable housing in the Franconia District.

RECOMMENDATION:
It is recommended that the FCRHA approve and authorize loans not to exceed a total of $12,000,000 in subordinate funds to redevelop the former Franconia Governmental Center (the Project).

TIMING:
Immediate. Staff recommend approval of subordinate financing before applications for the State's Affordable and Special Needs Housing (ASNH) applications are due in late summer 2026 to increase competitiveness for the state funds.

RELATION TO FCRHA STRATEGIC PLAN:
This Project supports the FCRHA mission to preserve, expand, and facilitate affordable housing opportunities in Fairfax County.

BACKGROUND:
The FCRHA is the owner of a 3.32-acre property consisting of five adjacent parcels, commonly known as 6121 Franconia Road (in the Franconia District), which was formerly the site of the Franconia Governmental Center.

On March 9, 2021, following a public hearing, the Board of Supervisors (Board) authorized conveyance of the Property to the FCRHA. On April 25, 2022, the Board transferred the Property to the FCRHA to construct affordable housing, subject to the rights of the Board to continue all of its existing uses (Public Uses) until such time as the Board vacates the Property as set forth in more detail in the Memorandum of Understanding (MOU) between the Board and the FCRHA dated October 24, 2021. On May 21, 2024, following a public hearing, the Board validated its authorization to convey

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the Property to the FCRHA. As of late June 2026, the Board has mostly vacated the Property, but the site remains in use as a fueling station serving the Franconia Police Station and Governmental Center in Kingstowne. The Department of Housing and Community Development (HCD) selected a development team comprised of SCG Development Partners, LLC (SCG), a Delaware limited liability company, Good Shepherd Housing and Family Services, Inc. (GSH), a Virginia corporation, and NFP Affordable Housing Corp. (NFP), a Delaware corporation (collectively, the Developer Parties) through a competitive “Request for Proposal” (RFP) process pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA). The Developer Parties are committed to developing high-quality affordable housing to support healthy, diverse communities. SCG is a trusted leader in affordable housing development, both in Fairfax County and nationwide. With a portfolio spanning over 100 projects across 12 states, SCG has delivered more than 5,000 affordable units. The NFP founder and Executive Director has successfully acquired and rehabilitated over 500 units of affordable housing in Fairfax County. GSH provides affordable housing, supportive services, and emergency financial services to low-income and working families and individuals in Fairfax County for more than forty years.

The FCRHA authorized an Interim Agreement with Developer on October 17, 2024. It granted a limited revocable agency to the Developer Parties to submit, as agent of the FCRHA, applications for zoning and land use approvals. The FCRHA is now requested to approve the proposed Comprehensive Agreement, which contains the Contract to Ground Lease and Option to Lease.

Summary of the Planned Development
The development is anticipated to include the construction of up to 120 affordable housing units with surface and structured parking, as well as approximately 6,000 square feet of interior space designated for amenity uses under a 99-year ground lease from the FCRHA. Affordability levels are anticipated to be income averaged at or below 60% of Area Median Income (AMI), with flexibility for lower and higher income levels as allowed by the Low-Income Housing Tax Credit (LIHTC) program.

Requested Loan:
In June 2026, the Developer Parties applied for $12,000,000 in Blueprint funds to develop the Project. The Developer also plans on using 4 percent LIHTC, funding from the Virginia Department of Housing and Community Development’s (DHCD) ASNH program, and deferred developer fee as funding sources for the Project.

Expected Benefits:
a) Up to 120 new units of affordable housing in the Franconia District serving households with incomes averaged at or below 60% of AMI, subject to the applicable program affordability requirements.

2

b) Bus stop adjacent to the development.

c) Property will be designed to incorporate amenities including, but not limited to, elevators, a fitness center, package lockers, on-site property management, a community room, a social room, parking and bike storage.

d) A new publicly accessible urban park.

e) Additional public benefits as outlined in the approved zoning.

Requirements for funding:
The Developer currently anticipates closing on the financing in the fourth quarter of 2027. Requirements for the financial closing include, but are not limited to, the following:

1. The Developer must secure a LIHTC award from Virginia Housing;
2. Additional funding sources secured that meet:
   a. The maximum Loan-to-Value ratio requirements
   b. Required debt leveraging ratios for respective LIHTC portions
   c. County per-unit funding guidelines;
3. Secure commitment of funds for the construction loan and permanent debt;
4. Secure a commitment of ASNH funding from Virgina DHCD, unless expressly permitted by FCRHA staff;
5. Placement of tax credits with an investor;
6. Final underwriting and loan amount determination by HCD staff;
7. Satisfactory collateralization of the loans;
8. Receipt and approval of all third-party reports by HCD staff; and
9. Other factors as deemed necessary to protect the interest of the FCRHA and Fairfax County.

<u>RISKS AND CONCERNS</u>:

1. **Early Commitment Risk:** As is FCRHA's standard practice, FCRHA is making an early commitment to financing this Project to increase the competitiveness of this Project's application for other funding sources. Given that the financial closing of this Project is over a year away, there are still a number of unknowns and uncertainties regarding final Project costs and financing. The Project has only finished the schematic designs for the building, therefore costs may shift as more detailed designs are developed.

2. **Interest rate risk on the first mortgage**: The interest rate will not be fixed until closing and is subject to market conditions. If interest rates rise, the Developer Parties must identify additional sources of funds or identify cost savings in the development budget.

3. **First mortgage commitment risk:** If the necessary first mortgage commitments are not received, the Project closing could be delayed or the Option to Lease may be terminated.

4. **Tax credit equity price**: The pricing of LIHTC equity is based on market conditions. The tax credit investor will determine the final tax credit pricing. Should equity prices fall below currently estimated levels, the Developer Parties would need to identify additional sources of funds or cost savings in the development budget.

5. **Additional Subordinate Financing:** The Developer Parties anticipate applying for at least one additional subordinate loan that is considered competitive. If the developer does not secure this source, the Project will need additional sources or the Project may not move forward.

<u>STAFF IMPACT</u>:
Staff will continue to spend a considerable amount of time underwriting, structuring, and negotiating the transaction with the Developer Parties, in coordination with the Office of the County Attorney and other County departments.

Additionally, after construction completion, staff will monitor compliance of the Project with the loan documents and affordability requirements.

<u>FISCAL IMPACT</u>:
The project anticipates a total FCRHA loan amount not to exceed $12,000,000. The funding for the loan will be sourced from existing appropriations in the Affordable Housing Development and Investment Fund (AHDI). The interest rate on the loan(s) would be 3 percent simple interest per annum (Attachment 3 – Loan Term Sheet for FCRHA Subordinate Financing). The ongoing loan monitoring fee to the FCRHA will be in conformance with rates at the time of the loan issuance, paid annually after construction completion.

<u>ENCLOSED DOCUMENTS</u>:
Attachment 1 – Resolution Number XX-26
Attachment 2 – Appraised Value, Proposed Unit Mix, Rent Structure and Financing Plan
Attachment 3 – Loan Term Sheet for FCRHA Subordinate Financing
Attachment 4 – Project Location Map

<u>STAFF</u>:
Thomas Fleetwood, Director, Department of Housing and Community Development (HCD)
Anna Shapiro, Deputy Director, Real Estate Finance and Development, HCD

FCRHA Agenda Item
July 23, 2026

Callahan Seltzer, Division Director, Real Estate and Community Development Finance (RECDF), HCD
Mark Buenavista, Division Director, Capital Planning and Development (CPD), HCD
Rachel Waldman, Associate Director, RECDF, HCD
Jeremy Welsh-Loveman, Real Estate Finance Project Manager, RECDF, HCD

<u>ASSIGNED COUNSEL:</u>
Ryan Wolf, Senior Assistant County Attorney
Brett Callahan, Assistant County Attorney

Attachment 1

RESOLUTION NUMBER XX-26

Authorization, Subject to Board of Supervisors Approval, to Make Loans to Franconia Development Partners, LLC of up to $12,000,000 to Finance the Development of the Former Franconia Governmental Center (Franconia District)

WHEREAS, Franconia Development Partners, LLC submitted a request for financing under the Fiscal Year 2026 Notice of Funding Availability for the development of 120 units at Franconia Governmental Center located at 6121 Franconia Road, Alexandria (the Project); and

WHEREAS, at its July 23, 2026 meeting, the Fairfax County Redevelopment and Housing Authority (FCRHA) considered the Franconia Development Partners, LLC request for up to $12,000,000 in subordinate financing for the Project; and

NOW, THEREFORE, BE IT RESOLVED that the FCRHA authorizes:

1) Providing financing to Franconia Development Partners, LLC for the development of the Project in the amount of up to $12,000,000, as described in the Action Item presented to the FCRHA on July 23, 2026; and

2) The commitment for up to $12,000,000 in subordinate funding expires on December 31, 2027, unless extended by the sole discretion of FCRHA staff.

BE IT FURTHER RESOLVED that the FCRHA authorizes any Assistant Secretary to negotiate and finalize loan terms and associated documents on behalf of the FCRHA in substantial conformance with the Action Item presented to the FCRHA on July 23, 2026, and authorizes its Chair, Vice Chair or any Assistant Secretary to execute all documents, agreements, and instruments reasonably necessary or appropriate in connection with issuing the FCRHA loan(s) for the Project.

Attachment 2

Appraised Value, Proposed Unit Mix, Rent Structure and Financing Plan

Appraised Value:
An independent appraisal company, The Robert Paul Jones Company LLC, confirmed that the total appraised value of the Former Franconia Governmental Center Project fully collateralizes the sum of the anticipated senior debt and FCRHA subordinate loan. According to the appraisal dated July 2, 2026, the appraised value is $40,550,000. The final loans will be structured to fully collateralize the total requested loans.

The Department of Tax Administration (DTA) has reviewed the appraisal and determined that the valuation methodology and value conclusions were appropriate and reasonable.

Proposed Unit Mix:

Room Type	Units
1-bed	46
2-beds	58
3-beds	16
Total	**120**

The proposed unit mix is subject to change depending on further underwriting, analysis, and negotiations with the development team. The proposed affordability levels for all units will be an average of 60% AMI, as applicable with an average affordability level up to the 60% of AMI level and all rents will be in conformance with the LIHTC program, as set by Virginia Housing (VH).

Current Estimated Financing Plan:
Franconia Development Partners, LLC is proposing to finance the Project using 4 percent LIHTC along with a variety of sources, including, but not limited to, mortgages financed by Virginia Housing, subordinate financing through the FCRHA (FCRHA loans), and Affordable and Special Needs Housing (ASNH) funds from the Virginia Department of Housing and Community Development (DHCD). The total amount of FCRHA subordinate financing will not exceed $12,000,000. The funding of this loan may include allocations from the Affordable Housing Development and Investment Fund (AHDI), Housing Trust Fund (HTF), and/or other sources as listed in the item, at the FCRHA's discretion. The sources of funds and allocation between sources may be revised before closing to reach an optimal financing structure. Given that the financial closing of this project is over a year away, there are still a number of unknowns and uncertainties regarding project costs and financing. The proposed sources of funding for the Project, along with the uses of such funds in delivering the Project, are listed below:

Estimated Sources and Uses as of June 2026:

Sources	Amount
Tax Credit Equity	$ 15,540,000
VH First Mortgage (Including REACH)	$ 13,577,000
VH Second Mortgage	$ 5,616,393
FCRHA Subordinate AHDI Loan	$ 12,000,000
Virginia DHCD: ASNH	$ 2,000,000
Deferred Developer Fee	$ 1,227,900
Total Sources	**$ 49,858,670**

Uses	Amount
Acquisition	$ 12,609
Hard Construction Cost	$ 30,674,937
Construction Contingency	$ 1,533,747
Architecture & Engineering	$ 1,836,623
Soft Costs	$ 7,512,192
Financing/ Interest	$ 2,950,061
Reserves	$ 1,247,501
Developer Fee	$ 4,091,000
Total Uses	**$ 49,858,670**

HCD staff will continue to underwrite the Project as other sources are committed, including LIHTC equity and additional sources sought by the developer. The Loan Underwriting Committee (LUC) recommended approval of up to $12,000,000 for this Project, but the final loan amount remains subject to final underwriting, including evaluation of the Loan to Value, County loan per unit, and leveraging ratios as set forth in the 2026 Notice of Funding Availability.

Attachment 3

Franconia Governmental Center

Loan Term Sheet for FCRHA Subordinate Financing

Borrowers:	Franconia Development Partners, LLC
Developer:	Franconia Development Partners, LLC, a single purpose entity controlled by SCG Development Partners (SCG), Good Shepherd Housing and Family Services, Inc., and NFP Affordable Housing Corp. (NFP).
Project Address:	6121 Franconia Road, VA 22310
Loan Amounts:	Up to $12,000,000. The funding of this loan may include allocations from the Affordable Housing Development and Investment Fund (AHDI), Housing Trust Fund (HTF), and/or other sources, at FCRHA's discretion. If the FCRHA uses multiple funding sources, each source may comprise a separate loan. The terms will apply to each loan.
Interest Rate:	Each loan will incur 3 percent simple interest per annum. Interest will start to accrue on funds as they are disbursed. Interest can be deferred or waived during construction.
Repayment:	Loan will be repaid from annual net cash flow (NCF). NCF includes cash flow remaining after payment of must-pay debt service, operating expenses, operating reserves, deferred developer fee, and such other expenses as the FCRHA may approve. Payments made will be applied first to accrued interest, and then to principal. All outstanding principal and accrued but unpaid interest will be due on the maturity date.
Loan Term:	Loan term will be the longer of (i) term of first-position permanent loan or (ii) 30 years following conversion of first-position loan to permanent financing.
Security:	FCRHA Loans will be subordinate to the first trust mortgage and may be lower in priority lien position, if acceptable to the FCRHA in its sole discretion. (If the project is funded with AHDI and/or other FCRHA funds, then the AHDI loan will be in second position, followed by other FCRHA loans in third position, fourth position, etc.)

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Affordability:	Borrower will rent units to households that income average at or below 60% of Area Median Income (AMI) and must comply with all applicable affordability requirements, including LIHTC requirements during the LIHTC compliance period. FCRHA loan affordability restrictions will be recorded in the land records for the property and will run with the land for the term of the loans(s).
Option & ROFR:	Borrower will provide FCRHA with an option to purchase the property and a right of first refusal (ROFR) for the property. Each of the FCRHA's option and ROFR rights will be subordinate to senior debt financing and will not apply to offers where the purchaser is related to the Developer.
Developer Fee:	Borrower may pay a developer fee to Developer, the total and deferred amounts of which are subject to the approval of the FCRHA. Borrower may recoup its deferred developer fee in full before making payments on the FCRHA loan(s), subject to terms to be finalized between FCRHA and Borrowers. Borrower will make no other payments to Developer (or affiliates of Developer) without the prior consent of the FCRHA.
Monitoring Fees:	The FCRHA will receive an annual monitoring fee of no less than \$7,500 per loan, escalating at 3 percent annually, for monitoring project compliance with loan and other affordability requirements. Underwriting staff will negotiate the monitoring fee to be maximally advantageous to the FCRHA, but in any event the initial annual monitoring fee will be no less than \$7,500. The monitoring fees may be cash flow dependent, but must be paid prior to any other cash flow dependent payment and will accrue when not paid fully in a given year.
Reserves:	At funding, Borrower will establish a repair and replacement reserve. The amount of the reserve must be approved by the FCRHA.
Transfers:	Borrower may not transfer the property, in whole or in part, by operation of law or otherwise, without the prior approval of the FCRHA, not to be unreasonably withheld, and subject to the FCRHA's rights under the ROFR.
Senior Loan:	The first position loan must have a fixed interest rate, provided that the FCRHA may approve a variable rate senior construction loan in its sole discretion. The permanent first position loan must amortize.

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First position lender must enter into intercreditor or subordination agreement with FCRHA on terms reasonably acceptable to the FCRHA including, without limitation, the right to cure defaults, to acquire the senior debt, and to acquire ownership of the property.

Other Loans: Borrower may not subject the property to any deed of trust or other lien, whether senior or subordinate to the FCRHA loan(s), and whether secured or unsecured, without the prior approval of the FCRHA, except as specifically permitted in the loan documents.

Refinancing: Borrower may not refinance senior debt on the Project without FCRHA's consent. FCRHA loans will become due upon any refinancing of the senior permanent loan. The FCRHA, in its sole discretion, may agree to resubordinate one or more of the FCRHA loans upon such refinancing.

Termination: If the Borrower does not obtain an award of funding from the Virginia Department of Housing and Community Development's (DHCD) Affordable and Special Needs Housing (ASNH) program in fall 2026 for the FY 2027 funding, the FCRHA reserves the right to terminate this loan commitment at the sole discretion of FCRHA staff. Notwithstanding the foregoing, this commitment expires on December 31, 2027, unless extended in writing by the FCRHA. Any such extension will be at the sole discretion of FCRHA staff.

Closing: Borrower will execute FCRHA loan documents concurrently with Borrower's construction loan closing (Closing). Unless waived by the FCRHA in its sole discretion, the following conditions must be met before Closing:

- Fully executed construction loan documents and construction contract.
- Fully executed partnership/operating agreement of Borrower, with admission of investor.
- Fully executed loan commitment for permanent loan, and all necessary approvals for any other permanent and ongoing funding sources.
- A satisfactory appraisal, dated no earlier than 6 months before Closing, showing a property value that exceeds the aggregate debt on the property.
- ALTA survey and Lender's title insurance policy for the benefit of the FCRHA, from a title company acceptable to the FCRHA.
- Zoning letter from the Fairfax County Department of Planning and Development, site plan, building permits, etc.

Attachment 3

- Borrower organizational documents (including good standing certificate and authorizing resolutions).
- Legal opinion of Borrower's counsel.
- Final underwriting acceptable to the FCRHA, including sources and uses, development budget, annual operating expenses, 30-year cash flow analysis, and a development schedule.
- Such other documents and information as the FCRHA may reasonably require.

Funding: FCRHA loan funds shall be disbursed at construction completion or earlier as may be permitted under the loan documents. Conditions precedent to funding the FCRHA loan(s) shall be detailed in the loan documents, and shall include the following:

- Certificate of substantial completion from project architect or other certification, as appropriate.
- Payment and performance bond specifying the FCRHA as a named insured.
- No outstanding defaults under any loan, construction, or other project-related agreement.
- Final construction lien releases, all occupancy permits, and a set of as-built drawings for the project.
- Such other items and information as the FCRHA may reasonably require.

The FCRHA may permit full or partial exceptions to any provision in this term sheet in its sole discretion. In the event of any conflict between this term sheet and any fully executed FCRHA loan document, the terms of the FCRHA loan document will control. No third party may rely on the contents of this term sheet.

All references to the FCRHA in this term sheet are inclusive of Assistant Secretaries acting on behalf of the FCRHA.

[Signatures on the following pages]

Attachment 3

FCRHA:

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

By: ________________________
Name:
Title:

BORROWER(S):

Franconia Development Partners, LLC

By: ________________________
Name:
Title:

Attachment 4

Project Location Map