



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of March 14, 2026

DATE: February 24, 2026

DRAFT

SUBJECT: Request for the County Board to Approve the attached amendments to the Barcroft Apartments Program Wide Affordable Housing Financing Plan (the “Financing Plan”) to permit the permanent off-site relocation of over-income households in future phases at Barcroft Apartments.

C. M. RECOMMENDATION:

1. Approve the attached amendments to the Financing Plan.
2. Authorize and Direct the County Manager, with the concurrence of the County Attorney, to act as the County Board’s representative in approving revisions to the attached amendments to the Financing Plan that are necessary to remove any ambiguity or inconsistency or which improve the County Board’s financial security or financial position, and which revisions do not adversely affect the County financially, prior to or after execution of the Financing Plan.

ISSUES: There are no known issues as of the date of this report.

SUMMARY: The [Financing Plan](#), approved by the County Board in December 2023, outlines how the \$150 million County Acquisition Fund loan will be refinanced into separate County loans as each phase of renovation and redevelopment proceeds. The plan also details the affordable housing and relocation program for the property. This includes a commitment that all residents living at Barcroft prior to an approved Relocation Plan for their phase of renovation or development, regardless of income, will be provided a relocation package that includes temporary onsite or offsite relocation while their unit is being renovated or redeveloped. It also includes the ability to return to a unit at the property post-construction, at current rent levels, with rent increases both during and following relocation capped at 3% annually.

Due to rising costs, financial pressures, the higher than forecasted number of over-income households¹, and limited vacant units for onsite relocation, Jair Lynch Real Estate Partners (JLREP) is requesting that the Financing Plan be amended to allow for the permanent offsite relocation of over-income households, as necessary, so that resources can be prioritized for low-

¹ “Over-income households” means those households earning above 80% of the [Area Median Income](#) (AMI) (\$131,120 for a family of four) and are therefore not eligible to move back to a renovated or new construction low-income housing tax credit (LIHTC) unit.

County Manager:

County Attorney:

Staff: Melissa Danowski, CPHD – Housing Division

income residents. The change would apply to renovation phases five and six (a.k.a., RB3 and RB4, see Figure 1) of the ten-phase renovation program.

JLREP expects natural turnover will create sufficient vacancies to accommodate over-income households onsite in later phases. However, the proposed amendments to the Financing Plan will also permit permanent offsite relocation in future phases if turnover is lower than projected. The commitments to 1,335 units averaging up to 60% AMI for 99 years and at least 134 units at up to 30% AMI remain unchanged.

BACKGROUND: The Barcroft Apartments community is located on 60-acres along the Columbia Pike corridor in Arlington. It is comprised of 1,335 apartment homes across 52 multi-family buildings that were built in phases between 1941 and 1951. There are ten renovation and three new construction affordable housing phases planned (Figure 1).

Figure 1: Anticipated Phases of Barcroft Apartments





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Barcroft Apartments was placed on the market during the Fall of 2021. At the time it was the largest market rate affordable (MARK) housing community in Arlington and was at risk of being sold to developers wishing to demolish the existing units and build by-right luxury for-sale or other market-rate product. Fortunately, following a highly competitive selection process, the previous owner selected JLREP to purchase the property and JLREP indicated interest in preserving affordability at the site. JLREP reached out to Arlington County for support and a \$150 million County Acquisition Fund loan was [approved by the County Board](#) in December 2021 to support the acquisition of Barcroft Apartments by JLREP. In addition, the Amazon Housing Equity Fund (HEF) provided approximately \$160 million in support of the acquisition. To enable the County Acquisition Fund loan, the [County Board approved](#) a short-term line of credit. The acquisition was executed in December 2021, and all 1,335 units were committed to 99 years of affordability up to 60% of the AMI. The 99-year affordability period is the longest affordability term in the County’s affordable housing portfolio.

Master Financing and Development Plan (MFDP): On October 29, 2022, JLREP submitted an MFDP to the County Manager, as required by the 2021 Arlington County Acquisition Fund Loan Agreement. The 2022 MFDP represented JLREP’s first year of engagement with Barcroft residents and described how portions of Barcroft Apartments could be renovated and redeveloped in the long term to help meet the new affordability commitments set for the property. In [December 2023](#), the County Board approved the [Financing Plan](#), representing the first of two components of the MFDP. The terms included in the Financing Plan outline how the County Acquisition Fund loan will be reallocated to create separate County loans by phase as each phase is renovated and redeveloped. In addition to all 1,335 units being committed to 99 years of affordability averaging up to 60% of the AMI, it also commits JLREP to rent stabilization for current residents as well as the provision of at least 134 units up to 30% of the AMI across the property. This represents the largest commitment of 30% AMI units in the County’s portfolio to date and reflects JLREP’s commitment to long-term affordability for the Barcroft community.

After an extensive community engagement process, the County Board approved JLREP’s final [MFDP](#) in [July 2024](#). The MFDP included the Financing Plan noted above and also included the Development Plan component of the site renovation/ redevelopment plan. In support of the MFDP and associated policy updates approved by the County Board in July 2024, amendments to the Columbia Pike Commercial Form Based Code (FBC), the Columbia Pike Neighborhoods Form Based Code (NFBC), the General Land Use Plan (GLUP) Map and Booklet, and the Master Transportation Plan (MTP) Map were approved at the [February 2025](#) County Board meeting. At the July 2025 County Board meeting, [zoning amendments](#) to support the

County Manager:

County Attorney:

Staff: Melissa Danowski, CPHD – Housing Division

establishment of a [Phased Development Use Permit \(PDUP\)](#) were approved. The PDUP enables monitoring and tracking of key commitments previously identified in the MFDP.

DISCUSSION: Due to rising costs, financial pressures, the higher than forecasted number of over-income households, and limited vacant units for onsite relocation, JLREP is requesting that the Financing Plan be amended to allow for the permanent offsite relocation of over-income households, as necessary, so that resources can be prioritized for low-income residents earning below 80% of the AMI. If the Financing Plan changes are not approved, JLREP anticipates an additional \$960,000 in gap financing will be needed for the renovation of the RB3 and RB4 phases.

JLREP expects natural turnover will create sufficient vacancies to accommodate over-income households onsite in later phases. However, the proposed amendments to the Financing Plan will also permit permanent offsite relocation in future phases if turnover is lower than projected.

Initial commitments regarding over-income households were based on a 2022 self-reported income survey that identified roughly 50 such households throughout the property. In preparation for the sitewide LIHTC renovation program, Gates Hudson property management conducted preliminary income certifications, including full income and source-document reviews, in accordance with LIHTC regulations. These certifications now indicate that 100 or more households may be over-income across the property.

Since the Financing Plan's approval, rising construction costs, higher than anticipated interest rates, and changes in tax credit pricing have added financial pressure—challenges consistent with those faced by other affordable housing developers. Despite these factors and the larger-than-anticipated number of over-income households, JLREP can meet the original commitments for the first four renovation phases and anticipates being able to do so for phases following RB3 and RB4.

Over-income Relocation Assistance and Support

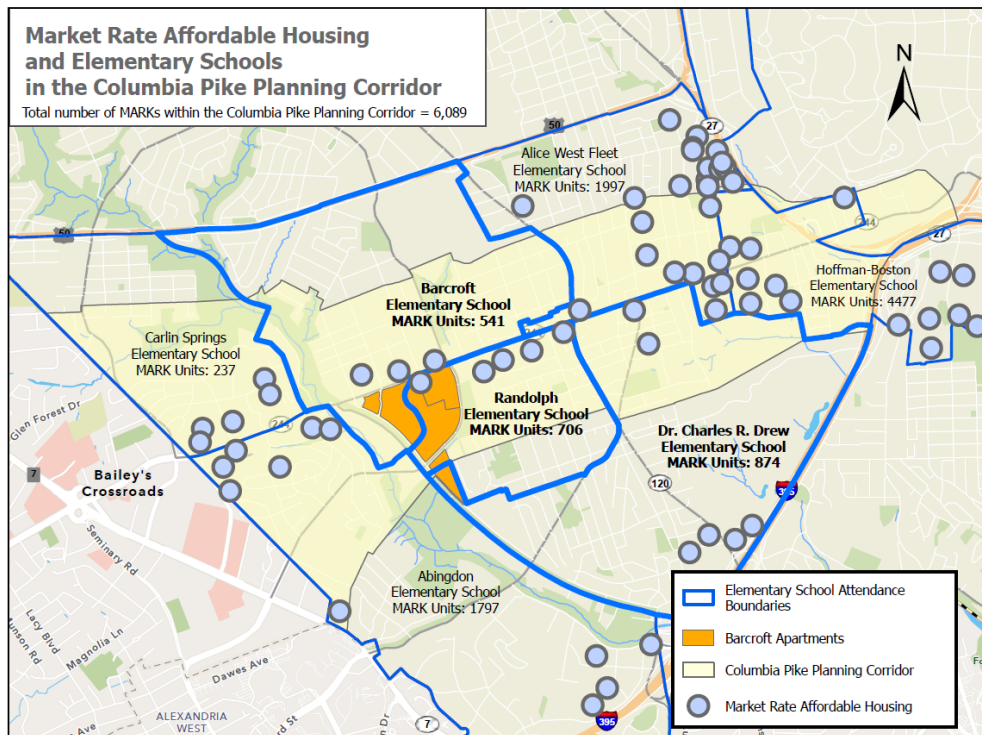
Phases RB3 and RB4 contain a total of 237 units. Based on the preliminary income certification, 16 of these households are over-income. The 16 over-income households potentially affected by this change would be offered relocation assistance per the [County's Relocation Guidelines](#). Tenant relocation payments range from \$800 to \$1,700, depending on the number of rooms in their current unit. In addition, over-income households that move permanently off-site will be offered the following support:

- The opportunity to be on priority waitlists for both the future new market-rate building at Barcroft and unrenovated units that become available as the sitewide relocation process nears completion.
 - Those who choose to move back to a unit in the newly constructed building will be offered a 3 percent annual rent increase cap on their market rent.

- Those who choose to move back to an unrenovated unit at the market-rate affordable (MARK) rent will be offered a 3 percent annual rent increase cap on their MARK rent, consistent with the original sitewide commitment.
- JLREP will make best efforts to minimize disruptions for families with children, including contacting Arlington Public Schools to support enrollment, transportation and continuity of services.
- JLREP will offer information and housing resources, including where households can find alternative housing.
 - Information from the 2024 Arlington [Affordable Housing Dashboard](#) indicates that there are more than 6,000 market rate affordable (MARK) housing units along Columbia Pike that have rents affordable to these households and could serve as nearby alternatives, depending on vacancies (Figure 2).

If over-income households in future phases would need to move permanently offsite, these households would receive all the same assistance as noted above. Resident engagement would occur through each phase’s Tenant Relocation Plan, as needed. In addition, over-income households whose income may have decreased since the preliminary income certifications had been completed will have the opportunity to have their income recertified. If they income-qualify, their relocation options would match those of other income-eligible residents, and they could move back into a renovated or new construction LIHTC unit post-construction.

Figure 2: Location of Market Rate Affordable Housing by Elementary School District on Columbia Pike



PUBLIC ENGAGEMENT:

Per the Tenant Relocation Guidelines, households living in the RB3 and RB4 phases were informed of the renovation and relocation plans at a hybrid in-person and virtual meeting at the Barcroft property held on January 28, 2026. Residents asked questions related to timing of their renovations, the income verification process, what over-income residents can expect, among other relocation related questions. JLREP attended the February 11 Tenant Landlord Commission meeting and will attend a second Tenant Landlord Commission meeting March 11, 2026 to seek Commission approval of the plans. JLREP will also attend the March 5, 2026 Housing Commission meeting to inform them of the proposed amendments to the Financing Plan.

FISCAL IMPACT: There are no fiscal impacts associated with the recommendations in this report.

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**ATTACHMENT
BARCROFT APARTMENTS**

PROGRAM WIDE AFFORDABLE HOUSING FINANCING PLAN ¹

DATE: DECEMBER 11, 2023

AMENDED MARCH 14, 2026

I. Background/Recitals

Project	Barcroft Apartments
Sponsor	LDP Holdings, LLC, d/b/a Jair Lynch Real Estate Partners, (“Jair Lynch”)
Lenders/Existing Loans	<p>Arlington County (the “County”) - \$150,000,000 County Acquisition Fund loan based on 1,335 units and approximately 954,722 net rentable square feet (“NSF”) excluding any proposed bump-outs or re-development (\$112,360 per unit; \$157.11 per NSF (the “Existing County Loan”).</p> <p>Amazon Housing Equity Fund (“Amazon”) - \$160,080,000 on 1,335 units and approximately 954,722 NSF excluding any proposed bump-outs or re-development (\$119,910 per unit; \$167.67 per NSF (the “Existing Amazon Loan”).</p> <p>Amazon and the County are collectively the “Lenders” and the County Existing Loan and Amazon Existing Loan are collectively the “Existing Loans” which will become the “New Loans” as defined herein.</p>
Current Borrower	1130 S. George Mason Dr Res Owner, LLC

¹ This Program Wide Affordable Housing Financing Plan is an element of the Master Financing and Development Plan as required by the County Acquisition Loan Agreement.

<p>Program Wide Affordable Housing Financing Plan</p>	<p>This Program Wide Affordable Housing Financing Plan (“AHFP”) sets forth the Sponsor’s plan for the sitewide restructuring of the sources and uses and terms for future refinancing of the Existing Loans for purposes of participation in Low Income housing Tax Credit (“LIHTC”) or other affordable housing financing sources – structured affordable housing projects for the renovation and re-development of the Barcroft Apartments across multiple Phases (herein defined) for the approval by the County. Each Phase shall be subject to a phase specific Term Sheet in accordance with the terms set forth herein, with final loan documents for each Phase subject to approval by the Arlington County Board (with respect to the Arlington Loans) and the Amazon Housing Equity Fund’s loan committee (with respect to the Amazon Loans). The Lenders and Sponsor acknowledge that the Existing Loan is fully funded and secured by the existing property. This AHFP is the overall plan for allocating those resources to the specific Phase. The AHFP has been reviewed, revised, and approved by the Lenders.</p>
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II. Program Wide Summary

a. Program Wide Development Summary

<p>Master Plan</p>	<p>The Sponsor has compiled a comprehensive Master Plan for the re-development of the 62-acre Barcroft Apartment site in Arlington, VA (the “Master Plan”) that envisions the following:</p> <ol style="list-style-type: none"> 1. Preservation of 1,335 units of affordable housing (the “Affordable Housing Component”). The Affordable Housing Component is comprised of: <ol style="list-style-type: none"> a. Renovation of approximately 922 existing garden style apartments b. Demolition of approximately 413 existing garden style apartments with 1 for 1 replacement in new affordable housing developments. The final number of renovated and redeveloped units are subject to County Board approval of the proposed Form Based Code amendments in its role as the regulatory authority (versus in its role as a Lender). c. Development of a resident amenity center serving all or certain phases of the Affordable Housing Component. d. Related public and private infrastructure (e.g., utilities, stormwater management, etc.) serving the Affordable Housing Component. <p>The Affordable Housing Component will be executed in multiple phases of either renovation or new construction (herein each a “Phase”) that will be individually financed and contracted. No Phase will be cross defaulted or cross</p>
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	<p>collateralized with any other Phase. Each Phase will be subject to the terms of the binding New Loan documents.</p> <p>2. Mixed-use and market rate development (“Ancillary Commercial Development Component”).</p>
<p>CAF Renovation and CAF New Construction Projects</p>	<p>All income qualified Current Residents (herein defined) at Barcroft will have the opportunity to live in a renovated or new home at Barcroft. Current Residents who lived at Barcroft prior to December 29, 2021, who are not income qualified will have the opportunity to remain at Barcroft in accordance with the Program Wide Affordability Plan set forth herein.</p> <p>Committed Affordable Units (“CAF”) Renovation Projects - will upgrade homes with mechanical, electrical plumbing, including kitchens and baths and will have features typical in today’s modern apartment homes CAF Renovation Projects utilizing financing from Virginia Housing will comply with then-current Minimum Design and Construction Requirements set forth by Virginia Housing (“MDCR”)</p> <p>CAF New Construction Projects - will build new homes with features typical of today’s modern apartment homes. CAF New Construction Projects utilizing financing from Virginia Housing will comply with the MDCR.</p> <p>Landscape improvements may include improvements to courtyards and streetscapes. Hardscaped areas such as sidewalks, retaining walls, streets and curbs will also be maintained and repaired as necessary.</p>
<p>Resident Amenity Center</p>	<p>A new Resident Amenity Center will be constructed and have a program including, but not limited to, a leasing office, business center, multipurpose space, gym, and a to-be-determined set of outdoor amenities. The Sponsor will seek input from the residents on what amenities and programming they would like included and make commercially reasonable efforts to accommodate their feedback. The Resident Amenity Center will be included in the underwriting proforma of a Phase. Each Phase will contribute to an operations fund for a Resident Amenity Center.</p>

b. Program Wide Policy Summary

<p>Program Wide Affordability Plan</p>	<p>The Sponsor will adhere to the following minimum affordability standards (“Program Wide Affordability Plan”):</p>
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	<p>i. The planning for each Phase, as described below, will comply with the Affordable Housing Component requiring that 100% of residential units are affordable to residents at an average of 60% AMI for the term of the Covenant.</p> <p>ii. All residents who occupy units in any Phase as of the date of an approved Resident Relocation Plan for such Phase, (“Current Residents”) and whose household income is <i>less</i> than 80% of AMI (as determined by an income certification process to be completed prior to Final Underwriting Package) shall receive a fully renovated or newly constructed residential unit at their then-current rent and thereafter, annual rent increases shall be capped at 3.0% per year, not to exceed 60% AMI, or the corresponding rent level assigned to the particular unit (i.e. units that may be designated at other income levels such as 50%, 70%, 80%, etc.) for as long as such resident remains at the property.</p> <p>iii. <u>All Current Residents whose household income is <i>greater</i> 80% of AMI (as determined by an income certification process to be completed prior to Closing (herein defined)) and that reside in buildings 12-16, 22-26, and 47-48 (as noted on building map Exhibit D),</u> shall have the option to relocate to an unrenovated unit of comparable size elsewhere at Barcroft and shall have annual rent increases capped at 3.0% for as long as such resident remains at Barcroft. Should these Current Residents remain at Barcroft through the closing of the final affordable housing Phase, they will be offered new construction units in the market rate component of Barcroft and continue to have annual rent increases capped at 3.0% for as long as such resident remains at Barcroft.</p> <p>iv. <u>Current Residents whose income is greater than 80% of AMI and live in other remaining buildings at Barcroft, not listed above, may be required to move permanently offsite and be offered relocation notice and assistance per the Arlington County Tenant Relocation Guidelines. In addition, these over-income residents will be offered the opportunity to be on priority waitlists for both the future new market-rate building at Barcroft and unrenovated units that become available as the sitewide relocation process nears completion. Those who choose to move back to a market unit in the newly constructed building or an unrenovated unit will be offered a 3 percent annual rent increase cap on their market rent.</u></p>
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	<p>v. At least 10% of the 1,335 units across the Affordable Housing Component shall be affordable to households whose income is less than 30% of AMI. Such units shall be made available according to the process outlined in the “30% AMI Units - Household Selection Process” included as Exhibit A. Parties acknowledge that individual Phases may have varying affordability levels, which shall be recorded in a Declaration of Restrictive Covenants, provided that the requirement herein is met in aggregate across the Affordable Housing Component.</p> <p>vi. Up to 10% of the 1,335 units across the Affordable Housing Component may be leased at rents up to 80% of AMI.</p> <p>vii. If property management discovers that any unit has a number of occupants which exceeds its maximum allowed, strategies will be explored to help mitigate the overcrowding, such as determining eligibility for rent assistance which would allow some occupants to move into a second unit.</p> <p>To accommodate Current Residents between 60-80% AMI, “income averaging” will be used for certain Phases. As such, applications for LIHTC and bond financing, annual certifications, and reports may necessitate that certain units (including those occupied by current residents) be identified as 40%, 50%, 60%, 70%, or 80% AMI units as needed to maintain a blended average of 60% AMI. However, all Current Residents will still be subject to the rent protections defined in i. – vi. above until closing on each Phase.</p> <p>All residents shall be subject to standard LIHTC income certificate procedures. Absent any release, the Affordable Housing Covenant shall survive any foreclosure including a foreclosure by the Lenders, all subject to VH approval. The parties acknowledge that Virginia Housing currently requires that for any particular Phase only 20% of the set asides for tenants at or below 60% AMI may survive foreclosure, and subject to VH underwriting and discretion at the time of foreclosure, some additional affordability covenants may survive foreclosure, as will be specified in the Declaration for such Phase.</p> <p>The Lenders and Sponsor expressly acknowledge that this Program Wide Affordability Plan is contingent upon adherence to the Minimum Underwriting Standards and New Loan Terms set forth herein and that there is no expressed or implied commitment by the Sponsor to adhere to the Program Wide Affordability Plan for any Phase until the Closing on such Phase as contemplated herein. Prior to Closing on any Phase, the existing affordable housing restrictive covenant shall govern.</p>
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30% AMI Units – Household Selection Process	Included as Exhibit A
Relocations	The Sponsor shall submit for approval by the County Manager or designee, a Resident Relocation Plan in accordance with the most recent Arlington County’s Tenant Relocation Guidelines approved by the County Board. Sponsor will use best efforts for work to ensure that all relocations to take place on the Barcroft site (on-site relocations) and use best efforts to ensure a maximum of two moves (one to an interim site, one to a renovated unit) for Current Residents.
Permanent Supportive Housing (PSH) Units	<p>The Sponsor shall collaborate with County staff to provide a mutually agreed upon number of PSH units, up to 10% of the total units across the site, subject to the availability of rent subsidies and supportive services from the County or other federal sources, which would become available upon current resident turnover. The PSH units shall be in addition to the very low-income units up to 30% AMI, in order support a greater diversity of residents being served at the property. PSH residents shall be required to sign a standard lease and will be subject to the terms and conditions thereof (to the extent such lease terms do not conflict with the terms of the County PSH Agreement). Each Phase project owner will be required to enter into a PSH Agreement with the County.</p> <p>These PSH units are subject to the annual funding of the PSH Agreement by the County to the Phase project owner and to the senior lender’s foreclosure requirements above and in the Declaration for each Phase. Failure to appropriate funds annually or extend such agreements for the term and any subsequent terms, as may be required by the tax credit investor, will allow the prorated portion or all (in the event of non-appropriation or termination or failure to adequately extend for the then-current tax credit compliance period) to then be rented to tenants at incomes and rents not to exceed the maximum allowed for such unit under the Program Wide Affordability Plan.</p>
Accessible Units	The Sponsor shall provide at least 10% of the affordable units developed in new buildings as Type A accessible units and strive to include Type A accessible units for the portions of the property being renovated/rehabilitated, to the extent economically feasible. No more than half, or 50%, of the PSH units shall be designated as accessible units.

III. Program Wide Financing Strategy
a. Financing Sources

Baseline Sources	The Master Sources and Uses included herein contemplates the financing of all Phases of the Affordable Component using tax-exempt bonds, 4% LIHTC, Amazon loan funds, County loan funds, and deferred developer fee (herein the “Baseline Sources”). Sponsor, at its discretion, may elect to obtain tax-exempt bond allocation from any Virginia bond pool including Virginia Housing, the local housing authority pool, or governor’s pool.
Other Sources	Any sources of funds not included in the Baseline Sources shall be referred to as “Other Sources.” Except as set forth herein, Sponsor may submit Initial and Final Underwriting Packages for Phases financed using Baseline Sources and/or Other Sources as described in the Sponsor Pursuit of Other Sources section.
Other Lender Sources	The County will continue to work with the Sponsor and on-site property management teams to actively market its housing grants and other subsidy programs as needed to support any residents experiencing cost burden or financial hardship. This includes reviewing and considering resident eligibility for County subsidy programs during the income verification process for Low-Income Housing Tax Credit (LIHTC) projects. Residents will be considered for one of the units covenanted at 30% AMI, per the Resident Selection Process for 30% AMI units. Lastly, a one-time \$1.5M grant will be provided by Amazon to further support households experiencing rent burden hardships, with a priority given to residents that do not qualify for County assistance and/or who are not selected for a 30% AMI unit. The grant funds shall be held and managed by a 3 rd party non-profit who, in consultation with County DHS staff, shall make distributions directly to residents.

b. Underwriting Standards

Minimum Underwriting Standards	<p>Notwithstanding anything else herein, the financing plan for each Phase individually, and the Affordable Housing Component collectively, shall adhere to the following Minimum Underwriting Standards as evidenced by the Master Sources and Uses and the Phase specific sources and uses submitted with each Initial or Final Underwriting Package (herein defined)</p> <ol style="list-style-type: none"> 1. Sufficient sources are available to fund the Total Development Cost (herein defined) for each individual Phase. 2. Amazon Loans (exclusive of any accrued interest) shall not exceed \$160,080,000 in aggregate for the Affordable Housing Component or \$167.67 per NSF for each individual Phase. Amazon Loans for individual Phases shall be sized as described in the New Loan Amounts section.
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	<ol style="list-style-type: none"> 3. County Loans (exclusive of accrued interest) shall not exceed \$150,000,000 in aggregate for the Affordable Housing Component and County Loans for individual Phases shall be sized as described in the New Loan Amounts section. 4. Master Affordability Plan is met in aggregate across the Affordable Housing Component. 5. Financing for each individual Phase will be sized such that there will be sufficient funds to repay all debt, including the Amazon and County Loans within the loan term and all Deferred Developer Fee is repaid within 13 years of completion of any renovation/construction. 6. Terms of the Amazon and County Loans conform materially to the New Loan Terms set forth herein.
<p>Use Categories</p>	<p>All customary development costs necessary to complete any Phase (“Total Development Cost”) as determined by VH or other lender underwriting prior to Closing and supported by a 3rd party appraisal, including, but not limited to:</p> <p>Acquisition/Transfer Value – The pro-rata, per unit allocation of the original \$425,000,000 purchase price paid for the 1,335-unit Barcroft Apartments in December 2021. If a higher acquisition amount is determined by an appraisal, then the Borrower will provide a Seller Note for the difference between the appraisal amount, and the pro-rata allocation amount.</p> <p>Reimbursement of Acquisition Period Costs - The pro-rata allocation of all acquisition financing and closing costs, related soft costs; plus, the pro-rata allocated value of capital improvements completed through the date of Closing.</p> <p>Hard Costs – All costs for renovation or construction of the subject Phase including any site-specific utility and infrastructure upgrades, sitework, stormwater management, and landscaping as determined by a Guaranteed Maximum Price (“GMP”) contract with a 3rd party general contractor to be executed prior to Closing; <i>plus</i> 10% Hard Cost Contingency for new construction projects and renovation projects unless otherwise proposed by the Sponsor.</p> <p>Financing Costs – All costs necessary to obtain construction and permanent debt and equity financing for the project including estimated construction period interest for all debt including the Amazon and County Loans.</p> <p>Pre-Development/Bridge Interest – The lesser of the actual interest rate charged by a 3rd party lender or 12% annual interest (compounded monthly) on design and pre-development costs directly attributable to the subject Phase paid by the Sponsor (or affiliates) prior to the date of</p>

	<p>Closing, and any capital provided by the Sponsor to bridge the pay-in of LIHTC or other sources.</p> <p>Capital Reserve Deposit - \$15,000 per unit for all renovation projects to be deposited in a reserve account to fund any necessary capital improvements during the operation of the Phase. The initial deposit will be supplemented with annual reserve deposits included in operating expenses as required by VH or other first-trust lenders.</p> <p>Soft Costs – All design, permit, FF&E, taxes, insurance, legal fees, resident relocation costs, construction management fees, etc. necessary for the completion of the Proposed Project.</p> <p>Developer Fee -</p> <ul style="list-style-type: none"> - LIHTC Projects - Determined in accordance with VH (or other first trust lender) guidelines not to exceed the amount of developer fee that can be included in LIHTC eligible basis at the time of Closing for that Phase (currently \$3,000,000 and up to \$5,000,000 to accommodate larger phases and additional effort by Sponsor). - Non LIHTC Projects – In accordance with industry and market standards for the financing sources used on such project as determined by the first trust lender or 3rd party cost reasonableness study. <p>Developer Fee may be paid to an affiliate entity of the Sponsor.</p>
<p>Project Betterments</p>	<ul style="list-style-type: none"> • Provided that the Minimum Underwriting Standards are met, the Sponsor shall work in good faith to identify and incorporate Project Betterments into the program of individual Phases for the purpose of meeting the requirements of and/or increasing the competitiveness of the Sponsor’s Pursuit of Other Sources. Project Betterments shall be identified and incorporated into the Initial Underwriting Package at Sponsor’s discretion and provided that such Project Betterments do not materially impact the Sponsor’s risk, schedule, Phasing plan, economics beyond the Baseline Sources, or require Sponsor to provide goods or services outside the normal operation of affordable residential rental housing and may be contingent upon successfully securing the Other Source requiring the Betterment. The County can direct the Sponsor to pursue and investigate in good faith specific Project Betterments that utilize additional sources outside Baseline or Other Sources already defined or funds in excess of the Phasing Reserve Fund subject to the same tests above. • Project Betterments may include (but are not limited to):

	<ul style="list-style-type: none"> ○ Additional or deeper affordability beyond the Master Affordability Plan including providing financing or operating subsidies for rent burdened residents. ○ Additional residential amenities ○ Enhanced resident services ○ Design and construction standards (including green design features above and beyond the requirements for 1st trust lenders or other financing sources. ○ Modifications to unit sizes or unit mix including “bump-outs” on renovation Phases. ○ Digital equity ○ Additional infrastructure investments such as parks streets, stormwater mitigation, etc. <p>Notwithstanding the forgoing, the Other Lender Sources shall only be used to provide additional or deeper affordability or rent assistance for Legacy Residents and to ensure such Phase is financially feasible.</p>
<p>Phasing Reserve Fund</p>	<p>For the purpose of ensuring sufficient loan funds for future phases (including for Project Betterments, at the Sponsor’s and County’s reasonable discretion, but subject to the Minimum Underwriting Criteria set forth herein), and subject to the Sponsor pursuing all sources according to the procedures identified in the “Sponsor Pursuit of Tier 1 Other Sources” section, the initial Master Sources and Uses shall include a Phasing Reserve Fund not to exceed 10% of the remaining balance of the Existing Loans.</p> <p>Contributions to the Phasing Reserve Fund will be funded at the Closing of any individual Phase where there are excess proceeds of the Existing Loans (i.e., less than the pro-rata share of Existing Loans is needed or underwritten for that phase). The Phasing Reserve Fund will be held by a third-party escrow agent in interest-bearing accounts benefiting the Lenders, and subject to an escrow agreement among the lenders. Funds from the Phasing Reserve Fund may be used to augment future Phases to the extent that additional sources above the pro-rata allocation of the Existing Loans for such Phase are needed and shall be subject to the review and approval process outlined for the Initial Underwriting Package in the “Loan Modification Procedures” section and included as part of the Final Underwriting Package submitted by the Sponsor and Financing Commitment considered by the County Board for that phase.</p> <p>If the Phasing Reserve Fund exceeds (or is forecast to exceed) 10% of the remaining Existing Loan balances, in aggregate, then the excess funds shall be released by the escrow agent to the Lenders as set forth herein. Notwithstanding, once all the renovation Phases have closed</p>

	<p>on financing, the Sponsor will reduce the Phasing Reserve Fund to 5% of the remaining balance of the Existing Loans to support remaining new construction Phases. Once all Phases have closed on financing, any remaining balance of the Phasing Reserve Fund shall be released by the escrow agent to the Lenders as set forth herein.</p> <p>Releases from the Phasing Reserve Fund shall be distributed as follows:</p> <ol style="list-style-type: none"> 1. 75% of release shall be distributed to the County and 25% shall be distributed to Amazon until such time that a total of \$40MM in aggregate has been distributed to the Lenders. 2. Any further distributions (after \$40MM in aggregate) shall be distributed 100% to the County and 0% to Amazon.
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IV. Program Wide Execution Strategy

a. Loan Modification Procedures

<p>Acquisition Loan Repayment/Modification Procedures</p>	<p>The Sponsor’s request for the Lenders to assign, modify, or re-issue loans for each Phase of the Affordable Housing Component in accordance with the terms set forth herein shall be subject to the following procedures:</p> <ul style="list-style-type: none"> - Concurrent with the submission of any applications for tax-exempt bond, LIHTC, or other financing sources for Phases that conform to the Minimum Underwriting Standards and use only the Baseline Sources; or 30 days prior to the submission of financing applications for Phases that use Other Sources; or 90 days prior to the submission of financing applications for Phases that do not conform to the Minimum Underwriting Standards, the Sponsor shall submit to the Lenders an “Initial Underwriting Package” that shall include: <ul style="list-style-type: none"> o Proposed program and narrative scope of work. o Preliminary resident income and demographic study. o Unit and affordability matrix. o Draft Phase proforma with sources and uses. o Updated Master Sources and Uses (herein defined) and explanation of any variances or significant changes. o Draft Phase Affordability Plan (herein defined) with update and/or affirmation of the Master Affordability Plan (herein defined). o Draft loan modification Term Sheet on the form included herein as Exhibit D with a
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	<p>statement of any variances from the Baseline Sources and loan terms set forth herein.</p> <ul style="list-style-type: none"> ○ Draft milestone schedule for all major design, permitting, financing, and construction activities. <ul style="list-style-type: none"> - Lenders shall have 14 regular business days to review and comment on the Initial Underwriting Package and Sponsor shall make a good faith effort to incorporate such comments into the Final Underwriting Package (herein defined). Upon completion of the Lender’s review of the Initial Underwriting Package if such package conforms to the AHFP and is acceptable to the County, the Lender’s staff shall provide a Phase-specific Term Sheet in a form attached hereto at Exhibit B for Sponsor’s submission as part of financing applications and underwriting (e.g., VH bond inclusion). Notwithstanding the foregoing, the Term Sheets shall not supersede the approval of Final Loan Documents of each lender’s respective Board or Committee. - Sponsor shall update the Master Sources and Uses on a regular basis throughout the duration of the Affordable Housing Component and upon submission of any Preliminary or Final Underwriting Package for any Phase. Sponsor shall identify any major underwriting changes in each update and identify risks and mitigants as part of updates to the Master Sources and Uses. - Sponsor shall provide the Lenders with copies of any applications submitted for tax-exempt bond, LIHTC, or other financing. - Prior to submission of a Final Underwriting Package (herein defined), Lenders and Sponsor (and their respective attorneys) shall work in good faith to negotiate the terms of the loan assignment/modification which shall be included in the Final Underwriting Package for consideration by the Lenders’ Board/Committees. The parties anticipate the existing Loans for such Phase will be repaid from Phase sources, and the respective Lender will make a new loan (as provided herein) to the Phase owner (a “Loan Modification”).
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	<ul style="list-style-type: none"> - Not less than 60 days prior to the expected date of Closing for any first trust debt for Phases that conform to the Minimum Underwriting Standards and use only the Baseline Sources; or 90 days prior to Closing for Phases that either do not conform to the Minimum Underwriting Standards or use Other Sources the Sponsor shall submit a “Final Underwriting Package” to the Lenders which shall include: <ul style="list-style-type: none"> ○ Final program and narrative scope of work ○ Copies of construction plans, appraisals, draft borrower partnership agreement, and 3rd party reports (environmental, appraisal, survey, etc.) ○ Final “preconstruction” resident income certification ○ Final Resident Relocation Plan ○ Final Phase Affordability Plan ○ Update and affirmation of the Master Affordability Plan. ○ Final proforma with sources and uses. ○ Updated Master Sources and Uses (herein defined) and explanation of any variances or significant changes. <p>Final loan modification Term Sheet and draft loan modification or assignment documents. If the Initial Underwriting Package was approved by VH for Bond Inclusion, then the County and Amazon loan amounts that were included in the Initial Underwriting Package will not be reduced without the prior written approval of Virginia Housing.</p> - Within 30 days of submission of the Final Underwriting Package for Phases that conform to the Minimum Underwriting Standards and use only the Baseline Sources; or 60 days of submission of the Final Underwriting Package for Phases that either do not conform to the Minimum Underwriting Standards or use Other Sources, Lenders shall seek approval of Final Loan Documents from their respective Board/Loan Committee. - Not less than 30 days prior to the expected Closing for each Phase, but after receipt of commitments, term sheets, etc. for each all financing sources, Lenders shall diligently pursue final approval of loan
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	<p>documents from each Lender’s respective Board or Committee.</p> <ul style="list-style-type: none"> - Closing of each loan modification shall occur after: Approval of each Lender’s Board or Loan Committee; Completion of final loan modification/assignment documents; Receipt of all necessary permits needed to commence construction for such Phase (including use permit); final delivery and review of all required due diligence materials; completion of other usual and customary Closing activities (e.g. title/survey, etc.); and concurrent with the closing of tax-exempt bonds, LIHTC, or other financing sources (the “Closing”).
Form/Other Documents	<p>A Sample Future Phase Term Sheet, which shall be the basis for proposed future Phase Term Sheets is attached as an Exhibit to this Program Wide Affordable Housing Financing Plan.</p> <p>The parties acknowledge that final loan documents for Alpha 1 will be negotiated in the coming weeks and will be subject to County Board and Amazon loan committee approvals. Parties acknowledge that the final Alpha 1 loan documents will serve as a baseline for all subsequent similar Phases subject to final County Board and Amazon loan committee approval.</p>

b. Sponsor Responsibilities

General	<p>The Sponsor, and/or its affiliates, shall serve as the developer/owner of the Affordable Housing Component. The Sponsor shall be responsible for obtaining the necessary debt and equity (including the Baseline Source and/or Other Sources) to finance the Affordable Housing Component. Sponsor shall be responsible for selecting and securing all vendors, contractors, architects, engineers, consultants, etc. at its discretion.</p> <p>Sponsor shall execute the development of the Ancillary Commercial Development Components and related infrastructure and site improvements with separate private sources unless New Construction CAF Projects are included in any or all of the Ancillary Commercial Development Components phases.</p>
Programming	<p>Sponsor shall be responsible for implementing the development program (size, unit mix, sustainability, resident services program,</p>

	<p>infrastructure, renovation or new construction standards, accessibility standards, operating program, etc.) of each Phase to: 1. Achieve the Program Wide Affordability Plan; 2. Address the needs of existing residents; and 3. Increase the competitiveness of such Phase to attract Baseline Sources.</p> <p>Sponsor, at its discretion, may incorporate Project Betterments to any Phase to the extent that such Project Betterments: 1. Increase the competitiveness of such Phase to attract Other Sources; 2. Are neutral to or reduce the Required Gap Financing (herein defined); 3. Conform to the Minimum Underwriting Standards.</p>
Entitlements	Sponsor shall be responsible for obtaining all necessary entitlements for the Master Plan.
Phasing Plan	<p>The Sponsor shall be responsible for developing and executing the Affordable Housing Component in phases. While the affordability program in each Phase may vary the Sponsor is responsible to continue ensure the targets under the Program Wide Affordability Plan shall be met across the entire Affordable Housing Component. As part of the Initial and Final Underwriting Packages, Sponsor shall identify the specific affordability for each Phase (the “Phase Affordability Plan”) and Sponsor shall submit an affirmation and explanation of strategies to meet/exceed the Program Wide Affordability Plan.</p> <p>The Sponsor shall be responsible for compiling and updating a “Phasing Plan” throughout the execution of the Affordable Housing Component. The Phasing Plan shall include the program, milestone schedule, and sequencing of each Phase.</p>
Resident Relocation	The Sponsor shall be responsible for managing the relocation of Existing Residents while specific phases of the Affordable Housing Component are under construction. Relocations will follow County guidelines. If any resident needs to be relocated offsite, the Sponsor shall notify the County in advance and receive approval prior to relocating the resident.
Sponsor Pursuit of Other Sources	Notwithstanding the forgoing, Sponsor shall pursue Other Sources (herein defined) that reduce the Required Gap Financing (herein defined) provided that such Other Sources do not materially impact the Sponsor’s risk including, liquidity reserve and net worth tests, ability to secure other Sponsor financings, schedule, Phasing plan, or level of effort to comply beyond the Baseline Sources, or economics beyond the Baseline Sources, all of which will be provided in good faith to the County in a pursuit analysis memo at the onset of each Phase. The use of Other Sources shall meet the Program Wide Affordability Plan, the Minimum Underwriting Standards, and have a material net benefit of reducing the Required Gap Financing by at

	<p>least \$500,000 per Phase. Sponsor will submit applications that score above the minimum threshold amount, respond to inquiries, and requests for additional information, and incur reasonable legal and design fees for such pursuit.</p> <p>Specifically, Sponsor must make “commercially reasonable” efforts to pursue the following Tier 1 Other Sources:</p> <ul style="list-style-type: none"> • 9% LIHTC for new construction and renovation Phases • State Historic Tax Credits • Virginia State Housing Trust Fund <p>Sponsor must make “good faith” efforts to pursue the following Tier 2 Other Sources:</p> <ul style="list-style-type: none"> • VH Rental Predevelopment Loan program which would provide for 0% interest pre-development loans. • New Market Tax Credits • Federal Home Loan Bank Financing • Opportunity Zone Financing • Any other source reasonably identified by the Parties. <p>Provided that Sponsor makes the efforts (defined above) to secure such Other Sources, Sponsor may proceed with the Phasing Plan using Baseline Sources at its discretion even if not awarded any Other Sources. As an incentive for Sponsor to pursue Other Sources, Sponsor shall earn a financing fee equal to the lesser of \$250,000 or 5% of the reduction in Required Gap Financing for any Phase achieved by using Other Sources in lieu of the Baseline Sources.</p> <p>The County may work with the Sponsor to utilize funds from federal sources and other County-generated or held sources to replace County funds currently included in the County Loans, provided that such replacement funds do not materially increase the Sponsor’s risk, including liquidity reserve and net worth tests, ability to secure other Sponsor financings, schedule, Phasing plan, or level of effort to comply beyond the Baseline Sources.</p>
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V. New Loan Terms

Loan Assignment	<p>Upon Closing for any Phase, the Lenders will amend the Existing Loans to release the portion of the property included in such Phase. The Lenders will, subject to reasonable approval of the Sponsor, either:</p> <ol style="list-style-type: none"> 1. Issue a new loan for the subject Phase to the New Borrower provided that the Sponsor pays off a pro-rata share of the
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	<p>Existing Loans (subject to the Phasing Reserve Fund defined herein) and that the existing subordination agreement between the Lenders shall remain unchanged and remain applicable regardless of whether the loan will be a partial assignment or a new loan; or</p> <p>2. Provided there are no material adverse tax consequences to the Phase owner, agree to a partial assignment of the Existing Loans to the New Borrower provided that: 1) the Sponsor makes a payment for any delta between the pro-rata share of the Existing Loans and the amount of the partial assignment of the Existing Loans (subject to the Phasing Reserve), and 2) the existing subordination agreement between the Lenders shall remain unchanged and remain applicable regardless of whether the loan will be a partial assignment or a new loan.</p> <p>The balance of the Existing Loans shall be reduced by a pro-rata allocation of the Existing Loans as noted above) and the subject Phase shall be released from the collateral of the Existing Loans. The terms and conditions of the loan documents for the Existing Loans shall remain in full effect.</p> <p>The new (or assigned) Amazon and County loans pertaining to the subject Phase are herein, collectively, the “New Loans”.</p> <p>At Closing, each Phase shall be released from the existing Affordable Housing Covenant (the “Covenant”) and replaced with a new 99-year (less the time elapsed since the original covenant recording) that sets forth the Phase Affordability Plan.</p>
<p>New Borrower/Assignee</p>	<p>A to-be-formed affiliate of Jair Lynch as set forth in the organizational chart included as Exhibit E herein.</p>
<p>New Loan Amounts</p>	<p>Amazon and County Loan Amounts upon Closing for each individual Phase shall be based on the “Required Gap Financing” as determined by the following formula:</p> <p>Required Gap Financing = Total Development Cost (herein defined) less the sum of: 1 - Permanent loan proceeds from the sale of tax-exempt bonds as underwritten by Virginia Housing (“VH”) or other construction/perm debt sources; 2 – LIHTC Equity proceeds as determined by term sheets from 3rd party LIHTC equity investors and supported by a preliminary 3rd party analysis of LIHTC eligible costs; 3 – Other Sources (herein defined); 4 - Deferred Developer Fee (herein defined).</p> <p>The Amazon Loan Amount for each individual phase shall be the Lesser of: a) \$167.67 per net rentable square footage of the existing units allocated to each individual Phase upon Closing; or b) 51.6%</p>

	<p>of the Required Gap Financing. If the underwriting for any Phase requires an Amazon Loan Amount more than \$167.67 per net rentable residential square footage of the existing units and there are sufficient funds in the Phasing Reserve Fund, then subject to the review and approval process outlined for the Initial Underwriting Package in the “Loan Modification Procedures” section, the Amazon Loan Amount for such Phase shall be 51.6% of the Required Gap Financing, with the excess over \$167.67 per net rentable square footage of the existing units funded by withdrawal from the Phasing Reserve Fund and allocated pro-rata (51.6%) to the Amazon Loan Amount for that phase.</p> <p>The County Loan Amount for each individual phase shall be the Lesser of: a) \$157.11 per net rentable square footage of the existing units allocated to each individual Phase upon Closing; or b) 48.4% of the Required Gap Financing. If the underwriting for any Phase requires a County Loan Amount more than \$157.11 per net rentable residential square footage of the existing units and there are sufficient funds in the Phasing Reserve Fund, then subject to the review and approval process outlined for the Initial Underwriting Package in the “Loan Modification Procedures” section, the County Loan Amount for such Phase shall be 48.4% of the Required Gap Financing with the excess over \$157.11 per net rentable square footage of the existing units funded by withdrawal from the Phasing Reserve Fund and allocated pro-rata (48.4%) to the County Loan Amount for that phase.</p> <p>Notwithstanding the foregoing, the pro-rata New Loan amounts on the final Phase(s) shall be adjusted such that the sum of aggregate total of Amazon New Loan Amounts across all Phases plus the aggregate of previous or pending Amazon distributions from the Phasing Reserve shall equal \$160,080,000.</p>
<p>Deferred Developer Fee</p>	<p>LIHTC Projects – Sponsor (via an affiliate entity) shall defer 50% of the total Developer Fee to be paid with Surplus Cash Flow (herein defined). Unpaid Deferred Fee shall <u>not</u> accrue interest unless, after review by Borrower’s tax advisors, counsel and any LIHTC equity investor, that interest is required to be charged on the Deferred Fee to be included in eligible LIHTC basis.</p> <p>Non LIHTC Projects – Developer Fee shall be set in accordance with industry and market standards for the financing sources used on such Phase as determined by the first trust lender or 3rd party cost reasonableness study.</p>
<p>Loan Term</p>	<p>New Loans will mature upon the latter of:</p>

	<p>1. The maturity date of any first trust/permanent debt used for the initial construction (and permanent conversion or takeout) of each Phase provided the maturity date of the senior loan, inclusive of construction period, is no longer than the shortest term provided by Virginia Housing (but in no event less than 30 years plus construction period). In the event the shortest term provided by Virginia Housing does not result in sufficient senior debt proceeds for the project to meet the amount of tax-exempt bonds required for 4% LIHTC (currently the 50% test) or causes a bond burn which makes the project ineligible for 4% LIHTC, the loan term may be extended to a longer term subject to Lender approval. For avoidance of doubt, senior debt amortization schedules of up to 40 years are permissible provided the project meets Minimum Underwriting Standards and the term of the loan is no longer than the shortest term provided by Virginia Housing.</p> <p>2. January 1, 2057</p>
Pre-Payment	Loans shall be pre-payable, in full or in part, at any time without penalty.
Interest Rate/Servicing Fees	<p>County Loan – 0.5%</p> <p>Amazon Loan</p> <ul style="list-style-type: none"> • Closing – 12/31/2026: 1.5%; of which 1.5% is “Senior Pay” (herein defined) • 1/1/2027 – 12/31/2031: 2.0% of which 1.5% is Senior Pay • 1/1/2032 – maturity: 2.5% of which 1.5% is Senior Pay • Loan Servicing Fee: \$26,100 annually per Phase from Closing through maturity escalating at a maximum of 3% per year. <p>All interest for the Loans shall be computed on the basis of a 365-day year, actual number of days elapsed.</p>
Cash Flow Contingent	All payments on the New Loans (including the Senior Pay components but excluding loan servicing fees) are contingent on sufficient Surplus Cash Flow (herein defined) to make such payment. There is no event of default for lack of payment due to insufficient Surplus Cash Flow (terms to be further defined in the loan agreements). All unpaid interest shall accrue and continue to bear interest.
Distribution of Surplus Cash Flow	All cash flow from operations after payment of operating expenses (including reserves, audit fees, and partnership expenses) and payment of all required principal and interest on the first trust loan

	<p>(“Surplus Cash Flow”) shall be distributed in the following manner, subject to terms and conditions of the first trust lender</p> <p>LIHTC Projects:</p> <ol style="list-style-type: none"> 1. Payment of the Amazon loan servicing fee 2. Payment of the “Senior Pay” portions of the Amazon Alpha 1 loan. 3. Payment of the LIHTC Investor Services Fee (if any). 4. Payment of interest and outstanding principal on the Deferred Developer Fee loan until such loan is fully repaid. 5. 60% split of remaining surplus cashflow to a) remainder of Amazon interest paid current. Then b) to Arlington County interest payments. Then c) pro-rata pay down of accrued interest and principal to Amazon and Arlington County. 6. 40% to LIHTC Partnership <p>Non LIHTC Projects: By reasonable agreement of the parties in usual/customary fashion for such projects so long as it is equal to or better than the waterfall for a comparable LIHTC Project and subject to the minimum underwriting standards.</p>
<p>Distribution of Proceeds from Capital Event & Re-Subordination</p>	<p>If the Borrower elects to refinance the first trust debt (at any point), re-syndicate LIHTC or sell, assign, or transfer the Subject Phase and New Loans as set forth herein, funds raised from such Capital Event (including LIHTC proceeds) shall be used in the following order:</p> <ol style="list-style-type: none"> 1. Repayment of existing first trust loan and any related transaction and legal fees. 2. Any accrued but unpaid Payment of the LIHTC Investor Services Fee (if any), subject to County approval. 3. Repayment of any outstanding Deferred Developer Fee and accrued interest. 4. Performance of any necessary capital expenditures, deferred maintenance of building renovations (including soft costs and developer fees) as determined by a 3rd party Physical Needs Assessment (“PNA”), subject to reasonable approval of the Lenders; or such amount as necessary to meet the requirements of any first trust lender or LIHTC investor. 5. Repayment of all outstanding principal and interest on the Amazon Loan 6. Repayment of all outstanding principal and interest on the Arlington County Loan. 7. Distribution of any remaining proceeds to the Borrower. <p>In the event of a refinancing of any first trust debt, the County and Amazon agree to re-subordinate the Loans to a new first trust lender</p>

	<p>subject to the reasonable underwriting of the County and Amazon, provided that such underwriting anticipates full repayment of the Amazon and County Loans during or upon maturity of the New Loan Term set forth herein. Any new subordination agreement shall be materially consistent with the form of subordination agreement in place on the Existing Loans and subject to future County Board approval. For the avoidance of doubt, no Lender shall be required to modify the maturity date of their respective New Loan as part of a re-subordination.</p>
<p>Re-Subordination Limitations</p>	<p>The New Amazon loan may only be re-subordinated with Amazon approval under the following conditions:</p> <ul style="list-style-type: none"> • The Amazon loan may be re-subordinated to a new senior loan an unlimited number of times in connection with a refinance Capital Event and re-subordination by Arlington County where the Borrower is controlled by the Sponsor. • The Amazon loan may only be re-subordinated a maximum of one time in connection with a sale or assignment Capital Event and re-subordination by Arlington County where the Borrower is not controlled by the Sponsor. • Reasonable underwriting at the re-subordination Capital Event anticipates full repayment of the Amazon loan during the remaining loan term.
<p>Sale, Assignment, or Transfer</p>	<p>Assignment and transfer provisions of the Existing Loans shall remain under the New Loans. Provided however, Borrower may assign the New Loans subject to the following conditions:</p> <ol style="list-style-type: none"> 1. As part of a refinancing or syndication, the Borrower may assign or transfer the New Loan project to an Affiliate entity of the Sponsor, in which the Sponsor holds a controlling interest, upon reasonable notice to the Lenders and subject to the reasonable underwriting of the Lenders. 2. The Borrower may assign or transfer the New Loan to a nonprofit or government entity 3rd party (in which the Sponsor may or may not be a non-controlling member) subject to the reasonable approval of the Lenders and minimum underwriting standards of the replacement sponsor and guarantor to be further defined in the Loan Documents. Assignment of the Amazon loan to a for-profit entity where the Borrower is not controlled by Sponsor shall be at Amazon's sole discretion. <p>Any sale, assignment, or transfer shall be subject to the Distribution of Proceeds from Capital Event as set forth above.</p>

	The Borrower shall reimburse the Lenders for all reasonable attorney and other 3 rd party expenses, including underwriting fees, incurred by the Lenders in connection with such sale, assignment, or transfer.
Security	Deed of trust/mortgage, assignment of leases and rents and security agreement and fixture filing (“Security Instrument”). Amazon and the County will agree to subordinate its Security Instrument to the deed of trust/mortgage securing any construction or permanent financing provided by any non-affiliates in connection with the development of the project pursuant to a commercially reasonable subordination agreement reasonably acceptable to Amazon and the County, provided however, that such subordination agreement shall provide for the provisions set forth in the current loan documents.
Loan Assignment and Modification Fee	None, however, the Borrower shall reimburse the Lenders for all reasonable attorney and other 3 rd party expenses incurred by the Lenders, including underwriting fees, in connection with this modification and assignment. For the avoidance of doubt, such expenses shall be included in the Total Development Cost.
Debt Service Coverage Ratio (“DSCR”)	Minimum 1.15x for any Senior Loan at Phase closing There shall be no required minimum DSCR for the County and Amazon Loans. Maximum Loan to Cost: Aggregate construction debt financing (inclusive of the first trust loan, Amazon and County Loans) shall not exceed 95% of the Total Development Cost at Phase Closing.
Reserves	Customary annual deposits to capital reserves, including without limitation replacement, operating and capital improvement reserves as reasonably determined by the first trust lender, not less than \$300 per unit for renovation projects and \$250 per unit for new construction projects. Collection and escrow shall be waived if held by the first mortgage lender.
Misc	All other provisions of the Existing Loans shall remain unless agreed to as part of the definitive loan modification/assignment documents.

VI. Exhibits

- a. 30% AMI Household Selection Procedures
- b. Sample Phase Financing Term Sheet
- c. Org Chart
- d. **Barcroft Apartments Map**

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Exhibit A – 30% AMI Household Selection Procedures
Approval/Re-occupancy Criteria

Eligibility:

- Anyone verified as earning up to, but not in excess of 30% AMI would be eligible.

Methodology:

- Interested Barcroft residents in the current or prior renovation/redevelopment phase would express interest in the renovated apartment.
- Residents would be verified and selected for the 30% AMI units in order of priority.
- Priority factors include in order of priority:
 - Barcroft residents living in the current phase being renovated/redeveloped, or in a prior phase that has been renovated/redeveloped.
 - Household Size Related to Unit Types Available – family size must match the unit type available. The units shall be leased to contain at least one person per bedroom, with maximum occupancy as permitted under the Virginia Statewide Building Code and the Virginia Maintenance Code and defined in the lease agreement for the unit. For example, a family of four would not be placed in a 1-BR unit. The unit mix available in each phase will vary.
 - Amount of Rent burden - Households with higher rent burden would be more highly prioritized. The rent burden calculation shall be the monthly rent of the unit divided by the total monthly household income. Monthly household income shall include all monthly income regardless of source, including but not limited to federal, state, and/ or local subsidy programs.
 - Example: A unit rents for \$1,500/month. The total household income = \$5,000. Divide \$1,500 by \$5,000= 30% of income towards rent payments. This resident would receive priority over a resident in a \$1,500/month unit and with \$5,300/month total household income (28% of income towards rent payments).
 - Order in which application is received.
- After offering and approving residents in the current renovation phase or prior phase per the above, any remaining 30% AMI available units in that particular phase, would open to the rest of the Barcroft residents using the same selection method. In the event there remain available 30% AMI units, those units will be open to any income qualified household outside of Barcroft and rented in accordance with the affirmative marketing plan.
- If residents later on choose to move out of the 30% AMI unit, the unit is then offered to the next person on the wait list (upon income verification).

Exhibit B - Sample Phase Financing Term Sheet
[attached]

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Exhibit C – Org Chart

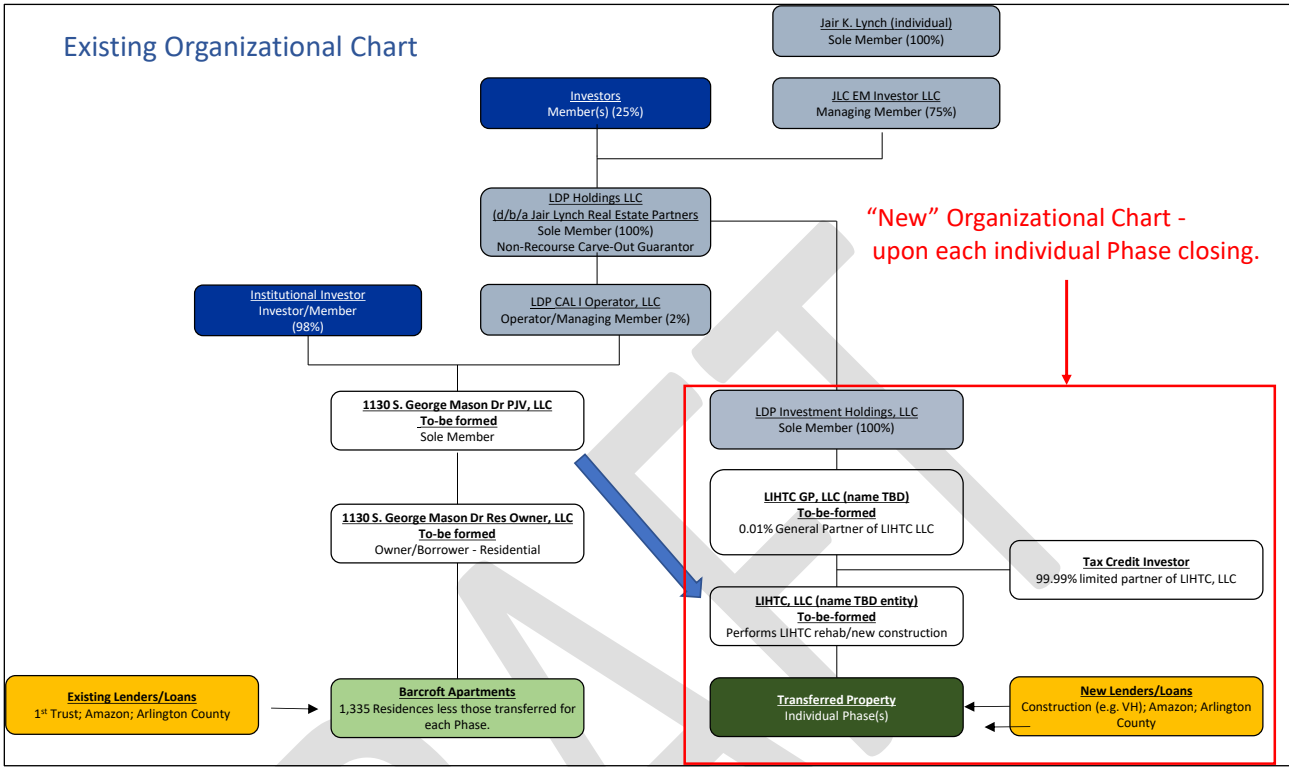


Exhibit D – Barcroft Apartments Map

