REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of this 18th day of August, 2025, by and between the CITY OF HARRISONBURG, VIRGINIA, a Virginia municipal corporation (the "Seller" or the "City"), and FRANK GORDON, Trustee of the VALLEY HOUSING TRUST dated January 1, 2024 (the "Buyer").

RECITALS:

WHEREAS, the Seller is the owner in fee simple of certain real property located at 2410 Reservoir Street, Harrisonburg, Virginia, 22801, designated Tax Map No. 081-B-1B, containing approximately 0.47 acres, as shown and described more particularly in the attached Exhibit 1 ("Property");

WHEREAS, the Seller desires to sell the Property to the Buyer, and Buyer desires to purchase the property from the Seller, subject to the terms and conditions set forth herein;

WHEREAS, the Seller agrees to sell the Property to Buyer at a below-market price of Seventy-Four Thousand Six Hundred Dollars ($74,600.00), which represents a significant discount of the assessed value of $108,700.00, in order to facilitate the development of affordable housing within the City of Harrisonburg, which the City Council has determined serves an important public purpose and is in the interests of its residents;

WHEREAS, the Buyer submitted a proposal dated April 14, 2025 (the "Proposal") for the development of the Property into no fewer than five (5) units of affordable, multifamily housing (the "Project"), which proposal has been reviewed and approved by the City Council of the City of Harrisonburg;

WHEREAS, the purchase of the Property by Buyer is contingent upon Buyer successfully securing necessary land use approvals for the Property as described in the Proposal to allow for the proposed use, receipt of appropriate financing, and completion of other due diligence.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. PURCHASE AND SALE OF PROPERTY

A. The City hereby agrees to sell, and Buyer hereby agrees to purchase, the Property, subject to the terms and conditions set forth in this Agreement. The City shall convey the Property to Buyer by special warranty deed at Closing, subject to the right of repurchase provision set forth in Section 4 below.

B. The purchase price for the Property ("Purchase Price") shall be Seventy-Four Thousand Six Hundred Dollars ($74,600.00) payable in cash or certified check from Buyer to Seller at Closing. The parties acknowledge and agree that the Purchase Price represents a below-

market price intended to facilitate the development of affordable housing on the Property in accordance with the Proposal.

SECTION 2. CONDITIONS PRIOR TO CLOSING

A. The purchase of the Property by Buyer is contingent upon the following:

1. The Buyer, as contract purchaser of the Property, applying for and receiving any and all land use approvals from City Council as contemplated in the Proposal; and,

2. The Buyer applying for and being awarded financing through the Virginia Department of Housing and Community Development or otherwise securing appropriate financing, such financing to be sufficient to undertake the construction and operation of the Property as described in the Proposal.

B. The sale of the Property by Seller is contingent upon ratification of this Agreement and approval of the sale of the Property by the Harrisonburg City Council following a duly called public hearing in compliance with Virginia law.

C. Buyer and/or Seller may, at any time on or before the Closing, at its respective election, waive in writing any of the other party's conditions precedent referenced in this Agreement, and Buyer's and Seller's consummation of the transaction on the Closing Date shall waive all such conditions precedent.

D. Under no circumstance shall the Closing occur later than December 31, 2026, unless Seller grants further extension periods.

SECTION 3. RIGHT OF ENTRY AND INSPECTION PERIOD.

A. Buyer shall have up to 180 days following the execution of this Agreement to complete Buyer's due diligence review of the Property to determine if there are any issues that would prevent the Buyer's use of the Property and to obtain all permits and approvals Buyer deems necessary or appropriate for the construction of the Project (the "Inspection Period"). By written notice, Buyer may extend the Inspection Period for an additional 60 days, provided Buyer is diligently and timely making efforts, in good faith, to satisfy itself that such all such permits and approvals will be available. Should Buyer determine during the Inspection Period that it is not satisfied with the Property or any characteristics thereof for any reason whatsoever, in Buyer's sole and absolute discretion, Buyer may terminate this Agreement by notifying the Seller in writing as soon as possible, but no later than ten (10) days after the end of the Inspection Period, of Buyer's decision to terminate the Agreement. In such case, this Contract shall thereupon be terminated and of no further force and effect, unless Seller and Buyer mutually agree to modify this Agreement to address any such issues.

B. In connection with the Buyer's ability to conduct its due diligence review mentioned above, the Seller hereby grants to Buyer, its officers, agents, employees, contractors, subcontractors, licensees, designees, representatives, and consultants, a revocable right to

enter upon the Property at any time during the Inspection Period, in order to survey, make test borings, and carry out such other examinations, exploratory work, or settings as may be necessary to complete any environmental assessments, geotechnical assessments, or nondestructive engineering evaluations of the Property deemed necessary by the Buyer. Buyer agrees to obtain and maintain the insurance required by this Section prior to entry on the Property.

C. Buyer agrees to be responsible for any and all damages to the Property resulting from the activities of Buyer, its officers, agents, employees, contractors, subcontractors, licensees, designees, representatives, and consultants. Buyer shall, at its sole cost, promptly and fully restore any land disturbed by the exercise of rights under this Section to a condition equal to that existing immediately prior to entry on the Property if Buyer does not purchase the Property.

D. Buyer agrees and binds itself and its successors and assigns to indemnify, keep, and hold the Seller and its officers, agents, employees, volunteers, and representatives free and harmless from any and all liability, claims, causes of action, costs and damages of any type, including reasonable attorney's fees, on account of any injury or damage of any type to any person or property growing out of or directly or indirectly resulting from any act or omission of Buyer in connection with this right of entry.

E. Buyer shall, within a reasonable period of time after its receipt of any preliminary or final test results or conclusory reports and opinion statements related to the physical condition of the Property, deliver or cause to be delivered copies of the same to Seller. Said copies shall be provided to Seller without charge.

F. Buyer shall obtain and maintain, and have its contractors or representatives obtain and maintain, the insurance set forth below, with such insurance to be effective prior to the beginning of any work or other performance by Buyer under this Section:

    1. Commercial General Liability insurance, written on an occurrence basis, shall insure against all claims, loss, cost, damage, expense or liability from loss of life or damage or injury to persons or property arising out of the acts or omissions of Buyer, its contractors, employees, agents, and representatives. The minimum limits of liability for this coverage shall be $1,000,000 per occurrence and $2,000,000 general aggregate.

    2. Workers' Compensation insurance covering the statutory obligations of the Buyer, and its contractors and representatives under the law of the Commonwealth of Virginia and Employer's Liability insurance shall be maintained for all its employees engaged in work under this Section. Minimum limits of liability for Employer's Liability shall be $100,000 bodily injury by accident each occurrence; $500,000 bodily injury by disease (policy limit); and $100,000 bodily injury by disease (each employee). With respect to Workers' Compensation coverage, the insurance company shall waive rights of subrogation against the Seller, its officers, employees, agents, volunteers, and representatives.

3. Automobile Liability insurance shall be $1,000,000 combined single limit applicable to owned or non-owned vehicles used in the performance of any work under this Section and shall be written on an occurrence basis.

4. The insurance coverages and amounts set forth above may be met by an umbrella liability policy following the form of the underlying primary coverage in a minimum amount of $1,000,000. Should an umbrella liability insurance coverage policy be used, such coverage shall be accompanied by a certificate of endorsement stating that it applies to the specific policy numbers indicated for the insurance providing the coverages required by this Section, and it is further agreed that such statement shall be made a part of the certificate of insurance furnished by Buyer to the Seller.

SECTION 4. POST-CLOSING PERFORMANCE OBLIGATIONS OF BUYER

Buyer acknowledges and agrees that a part of the consideration for the Seller is the Buyer's commitment to develop the Project in accordance with Buyer's Proposal. Buyer agrees to perform each of the following obligations in accordance with the terms and conditions set forth in this Agreement.

A. Buyer will develop the Property in accordance with Buyer's Proposal. Completion of the Project shall be pursued diligently and timely by Buyer and Buyer shall be solely responsible for satisfying its obligations hereunder.

B. All design, engineering, demolition, and construction work necessary to complete the Project in accordance with Buyer's Proposal shall be substantially completed, and a final certificate of occupancy issued to Buyer from the City of Harrisonburg Department of Community Development, by 60 months after the Effective Date of this Agreement. In the event that Buyer fails to Substantially Complete the Project in accordance with this Section, the City shall have the right, but not the obligation, to repurchase the Property for the original Purchase Price. Buyer agrees that the Deed will include such a right of repurchase.

C. Buyer agrees that the Deed will include a restriction that the Property shall only be developed for apartment units reserved for households earning below 80% of Area Median Income for a period of at least 30 years following the issuance of a final certificate of occupancy.

D. Buyer acknowledges and agrees that Buyer shall not sell, transfer, or otherwise dispose of the Property, any portion of the Property, or any interest in the Property, other than a deed of trust or mortgage in connection with the development and construction of the Project, until the Property have been developed completely in accordance with the Proposal, and a final, permanent certificate of occupancy has been issued for the Project.

E. Buyer shall be responsible for payment of all application, filing, and related fees to the City of Harrisonburg for the development of the Property, unless such fees are subsequently waived.

F. Buyer agrees to and shall provide written progress reports, which may be sent by email, to the Housing Coordinator or other employee as may be designated by the City Manager's Office, no later than the 1st day of the months of January, April, July, and October subsequent to Closing and until the issuance of the final certificate of occupancy for the Project. Such progress reports shall provide the Seller with sufficient information regarding Buyer's pursuit of performance of the activities necessary to meet the terms of this Contract and to alert Seller to any issues, problems, or delays that Buyer has encountered or Buyer anticipates may encounter.

SECTION 5. COMPLIANCE WITH LAWS.

Buyer agrees to and shall comply with all applicable federal, state, and local laws, ordinances, and regulations, including all applicable licensing requirements.

SECTION 6. ASSIGNMENT.

Buyer agrees not to assign or transfer any part of this Agreement without the prior written consent of Seller, which will not be unreasonably withheld, and any such assignment shall not relieve Buyer from any of its obligations under this Assignment.

SECTION 7. INDEMNITY.

Buyer agrees to indemnify and hold harmless Seller and its officers, directors, and employees free and harmless for and from all claims, causes of action, damages, or any liability of any type, including reasonable attorney's fees, on account of any claims by or any injury or damage to any persons or property growing out of or directly or indirectly resulting or arising in any way out of any actions, omissions, or activities of Buyer or its agents, employees, contractors, or representatives arising out of or connected in any way to any of the matters involved in this Agreement or any performance thereunder.

SECTION 8. COVENANTS AND WARRANTIES.

A. In addition to any representations and warranties contained elsewhere in this Agreement, Seller warrants and represents that Seller will, in accordance with this Agreement, convey title to the Property in an **AS IS** condition and subject to any items of record.

B. Seller further represents and warrants with respect to the Property that:

1. Title. Seller has title to the Property subject to any restrictions of record. Seller is the sole owner of the Property.

2. Condemnation. Seller has no knowledge of any pending or threatened proceedings for condemnation or the exercise of the right of eminent domain as to any part of the Property or the limiting or denying of any right of access thereto.

3. Special Taxes. Seller has no knowledge of, nor has it received any notice of, any other special taxes or assessments relating to the Property or any part thereof.

4. Hazardous Materials. Seller makes no warranties or representations of any type regarding hazardous materials of any type.

5. No Leases. There are no leases of the Property.

SECTION 9. TITLE AND CLOSING.

A. Title to the Property shall be conveyed by Seller to Buyer by Deed subject to the following:

B. Buyer and Seller shall consummate and complete the Closing of this transaction no later than 60 days after satisfaction of all conditions set forth in Section 2. Buyer shall designate the specific date on which the Closing shall occur within such period set forth above at least 30 business days prior to the closing date.

C. The Closing shall be at 10:00 A.M. on the Closing Date in the Office of the City Attorney, or at such other location, date, and time as shall be approved by Buyer and Seller.

D. On the Closing Date, Seller shall deliver or cause to be delivered to Buyer the following documents:

1. Its duly executed and acknowledged Deed conveying to Buyer the Property in accordance with the provisions of this Agreement;

2. A mechanic's lien affidavit executed by a representative of Seller, satisfactory to the Title Company, and to the effect that no work has been performed on the Property by Seller in the one hundred twenty-five (125) days immediately preceding the Closing Date that could result in a mechanic's lien claim, or, if such work has been performed, it has been paid for in full;

3. Such evidence and documents including, without limitation, a certified copy of the ordinance adopted by the City Council, as may be reasonably required by the Title Company evidencing the authority of the person(s) executing the various documents on behalf of Seller in connection with its sale of the Property;

4. A duly executed counterpart of a Closing Statement; and

5. Any other items required to be delivered pursuant to this Agreement or any items reasonably required by the Title Company and that do not include the payment of money, indemnity, or assumption of any liability or obligation.

6. At Closing, real property taxes (if any), stormwater utility fees, and solid waste fees shall be prorated with Buyer being responsible for all periods thereafter.

E. Buyer shall pay for (i) the cost of all investigations of the Property, including but not limited to examination of title and title insurance premiums for issuance of the Title Policy; (ii) all attorney's fees and expenses incurred by legal counsel to Buyer; and (iii) any Grantee's tax, settlement charges, and recording costs required to be paid in connection with the recording of the Deed.

F. Seller shall pay the Grantor's tax, if any, and the expenses of legal counsel for Seller, if any.

G. Exclusive possession of the Property shall be delivered to Buyer on the Closing Date, subject to the provisions of this Agreement.

SECTION 10. NOTICES.

All notices hereunder must be in writing and shall be deemed validly given, by personal service, if sent by certified mail, return receipt requested, or by a nationally recognized overnight courier, addressed as follows:

If to Seller: City Manager's Office
ATTN: Housing Coordinator
409 South Main Street
Harrisonburg, Virginia 22801
(540) 432-7701

If to Buyer: Valley Housing Trust
ATTN: Frank Gordon
3354 Lawyer Road
McGaheysville, VA 22840

SECTION 11. NONWAIVER.

Each party agrees that any party's waiver or failure to enforce or require performance of any term or condition of this Agreement or any party's waiver of any particular breach of this Agreement by any other party extends to that instance only. Such waiver or failure is not and shall not be a waiver of any of the terms or conditions of this Agreement or a waiver of any other breaches of this Agreement by any party and does not bar the non-defaulting party from asserting any and all rights or remedies it has or might have against the defaulting party under this Agreement or by law.

SECTION 12. SEVERABILITY AND SURVIVAL.

If any term of this Agreement is found to be invalid, such invalidity shall not affect the remaining terms of this Agreement, which shall continue in full force and effect. The parties intend for the provisions of this Agreement to be enforced to the fullest extent permitted by Virginia law. Accordingly, the parties agree that if any provisions are deemed not enforceable by any court or agency of competent jurisdiction, they shall be deemed modified to the extent necessary to make them enforceable. **ALL TERMS AND CONDITIONS OF THIS CONTRACT SHALL SURVIVE CLOSING.**

SECTION 13. ENTIRE AGREEMENT

This Agreement, together with the exhibits hereto, contains all representations and the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior

correspondence, memoranda, or contracts are replaced in total by this Agreement and the exhibits hereto. No amendment to this Agreement shall be valid unless made in writing and signed by the appropriate parties.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the City of Harrisonburg, Virginia and Valley Housing Trust have executed this Agreement the date first above written.

CITY OF HARRISONBURG, VIRGINIA

BY: _____
Alexander Banks, VI, City Manager

VALLEY HOUSING TRUST

BY: _____
Frank Gordon, Trustee

Exhibit 1

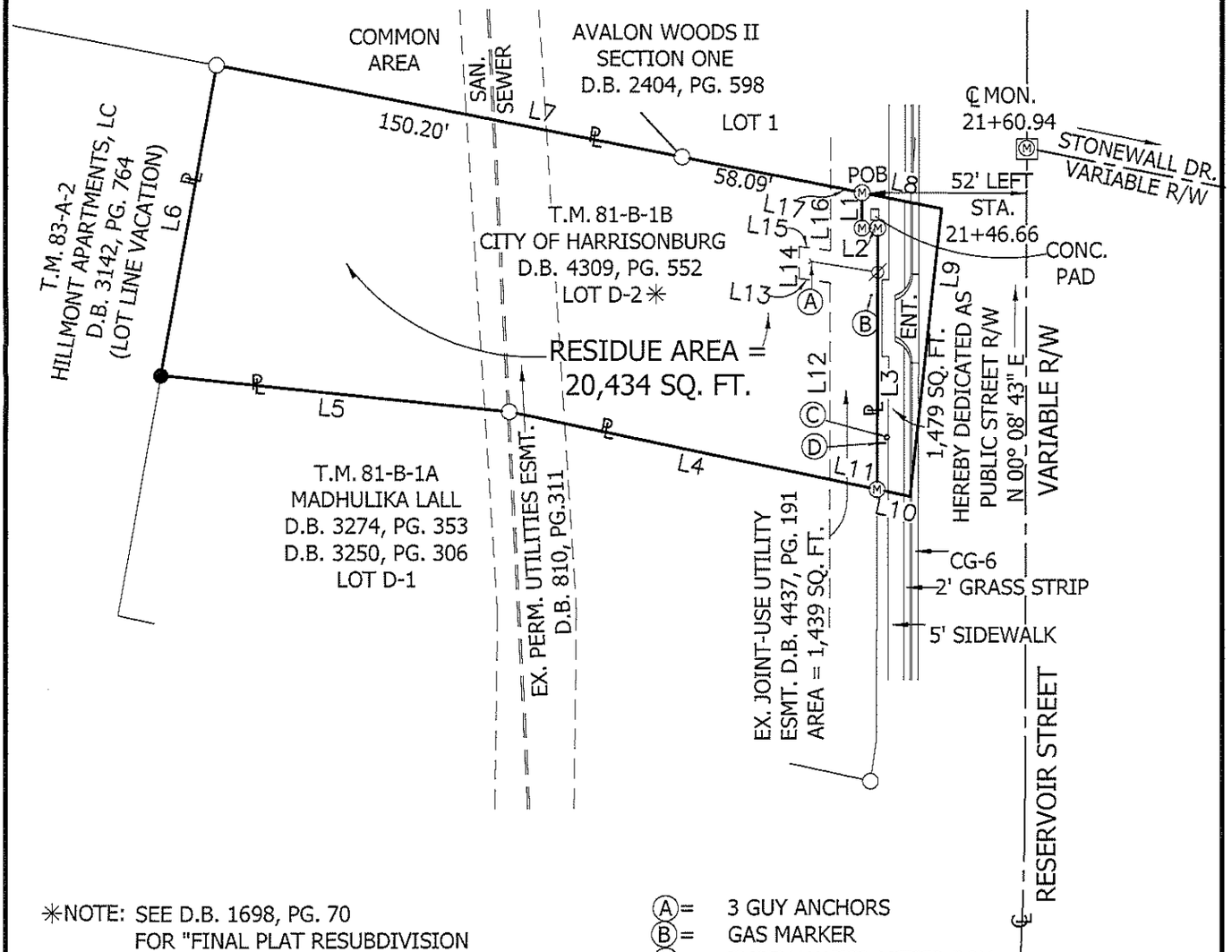
LEGEND:

VA. STATE GRID

℄	=	PROPERTY LINE
℄	=	CENTERLINE OF ROAD
○	=	FOUND IRON PIN
●	=	IRON PIN SET
Ⓜ	=	CITY MONUMENT SET
⊗	=	UTILITY POLE
POB	=	POINT OF BEGINNING OF METES AND BOUNDS DESCRIPTIONS

LINE	BEARING	DISTANCE
L1	S 00°08'43" W	11.18'
L2	S 89°51'17" E	5.00'
L3	S 00°08'43" W	82.70'
L4	N 78°04'38" W	118.99'
L5	N 84°01'31" W	110.86'
L6	N 10°09'23" E	99.70'
L7	S 78°49'37" E	208.29'
L8	S 78°49'37" E	25.65'
L9	S 06°12'38" W	91.68'
L10	N 78°04'38" W	10.71'

LINE	BEARING	DISTANCE
L11	N 78°04'38" W	15.32'
L12	N 00°08'43" E	62.27'
L13	N 82°24'20" W	10.00'
L14	N 00°10'39" E	10.08'
L15	S 82°24'20" E	10.00'
L16	N 00°08'43" E	20.36'
L17	S 78°49'37" E	10.19'



*NOTE: SEE D.B. 1698, PG. 70 FOR "FINAL PLAT RESUBDIVISION OF THE REMAINING PORTION OF PARCEL D OF THE DIVISION OF THE NATALIE E. DILLARD ESTATE".

Ⓐ = 3 GUY ANCHORS
Ⓑ = GAS MARKER
Ⓒ = EMPTY WATER METER BOX
Ⓓ = BIKE LANE SIGN

0' 50' 100' 150'

COMMONWEALTH OF VIRGINIA
CHARLES E. WINGARD
Lic. No. 1768
LAND SURVEYOR

BOUNDARY SURVEY AND RIGHT OF WAY DEDICATION ON THE LAND OF CITY OF HARRISONBURG RESIDUE OF LOT D-2 RESUBDIVISION OF THE REMAINING PORTION OF PARCEL D OF THE DIVISION OF THE NATALIE E. DILLARD ESTATE (T.M.81-B-1B)

CITY OF HARRISONBURG, VA

SCALE: 1" = 50'		
DRAWN BY	DATE	
JRS	OCT. 16, 2019	
SHEET	BLOCK	LOT
81	B	1B

RESERVOIR STREET PARCEL (17)
PROJECT # 1123

DIVISION OF ENGINEERING
CITY OF HARRISONBURG
409 SOUTH MAIN STREET
HARRISONBURG, VA 22801

CITY OF HARRISONBURG VIRGINIA
Department of Planning and Community Development

October 16, 2019

Metes and Bounds description of the eastern portion of the land of City of Harrisonburg (TM 81-B-1B), further described as Lot D-2, Resubdivision of the Remaining Portion of Parcel D of the Division of the Natalie E. Dillard Estate, hereby dedicated as public street right of way, located on the western side of Reservoir Street in the City of Harrisonburg, Virginia.

Dedication of Public Street Right of Way for Reservoir Street parcel ⑰

Beginning at a city monument set on the western side of Reservoir Street in the southern line of Lot 1, Avalon Woods II, Section One; thence with said line and continuing into Reservoir Street

S 78°49'37" E **25.65 feet**

To a point in Reservoir Street; thence in said street

S 06°12'38" W **91.68 feet**

To a point; thence

N 78°04'38" W **10.71 feet**

To a city monument set at the northeastern corner of Lot D-1; thence through Lot D-2

N 00°08' 48" E **82.70 feet**

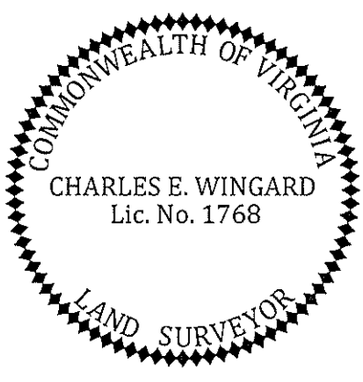
To a city monument set; thence

N 89°51'17" W **5.00 feet**

To a city monument set; thence

N 00°08'43" E **11.18 feet**

To the beginning and enclosing an area of **1,479 square feet**.



October 16, 2019

Metes and Bounds description of the residue of the land of City of Harrisonburg (TM 81-B-1B), further described as Lot D-2, Resubdivision of the Remaining Portion of Parcel D of the Division of the Natalie E. Dillard Estate, located on the western side of Reservoir Street in the City of Harrisonburg, Virginia.

Residue Area of Reservoir Street parcel ⑰

Beginning at a city monument set on the western side of Reservoir Street in the southern line of Lot 1, Avalon Woods II, Section One; thence through the lot

S 00°08'43" W **11.18 feet**

To a city monument set; thence

S 89°51'17" E **5.00 feet**

To a city monument set; thence

S 00°08'43" W **82.70 feet**

To a city monument set at the northeastern corner of Lot D-1; thence with two northern lines of the same

N 78°04'38" W **118.99 feet**

To a found iron pin; thence

N 84°01'31" W **110.86 feet**

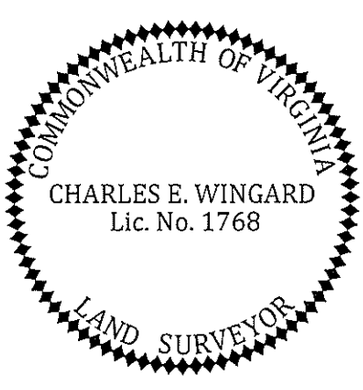
To an iron pin set in the eastern line of Hillmont Apartments, LC; thence with the same

N 10°09'23" E **99.70 feet**

To a found iron pin in the southern line of the common area of Avalon Woods II, Section One; thence with said line, passing a found iron pin on line at 150.20 feet at the western corner of Lot 1

S 78°49'37" E **208.29 feet**

To the beginning and enclosing an area of **20,434 square feet**.



October 16, 2019

Metes and Bounds description of the Existing Joint-Use Utility Easement on the land of City of Harrisonburg (TM 81-B-1B), further described as Lot D-2, Resubdivision of the Remaining Portion of Parcel D of the Division of the Natalie E. Dillard Estate, located on the western side of Reservoir Street in the City of Harrisonburg, Virginia.

Existing Joint-Use Utility Easement (DB 4437, Pg 191) on Reservoir Street parcel ⑰

Beginning at a city monument set on the western side of Reservoir Street in the southern line of Lot 1, Avalon Woods II, Section One; thence through the lot

S 00°08'43" W **11.18 feet**

To a city monument set; thence

S 89°51'17" E **5.00 feet**

To a city monument set; thence

S 00°08'43" W **82.70 feet**

To a city monument set at the northeastern corner of Lot D-1; thence with a northern line of the same

N 78°04'38" W **15.32 feet**

To a point; thence through the lot

N 00°08'43" E **62.27 feet**

To a point; thence

N 82°24'20" W **10.00 feet**

To a point; thence

N 00°10'39" E **10.08 feet**

To a point; thence

S 82°24'20" E **10.00 feet**

To a point; thence

N 00°08'43" E **20.36 feet**

To a point in the southern line of Lot 1, Avalon Woods II, Section One; thence with said line,

S 78°49'37" E **10.19 feet**

To the beginning and enclosing an area of **1,439 square feet**.

COMMONWEALTH OF VIRGINIA
CHARLES E. WINGARD
Lic. No. 1768
LAND SURVEYOR