

## MEMORANDUM OF UNDERSTANDING

**THIS MEMORANDUM OF UNDERSTANDING** by and between the Norfolk Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia (“NRHA” or “Seller”) and East Beach Company, LLC, a Virginia limited liability company (“Buyer”)(the two parties together, the “Parties”), shall be effective as of October \_\_\_\_\_, 2001. This document is understood to be an expression of the intent of the Parties to attempt in good faith to negotiate and reach binding agreements on the matters discussed herein, and it is not a contract or an otherwise legally binding instrument.

The Parties agree to pursue good faith discussions and negotiations to draft and execute such agreements as may be necessary to finalize their mutual agreements to the following:

1. NRHA shall grant to the Buyer an exclusive option (the “Option”) to purchase and develop that certain real estate (the “Property”), located in the East Beach, East Ocean View, section of the City of Norfolk, Virginia, as the same is described and identified on the attached Exhibit “A”. The Property is generally bounded by the Chesapeake Bay and/or the eastward extension of East Ocean View Avenue on the north, 30<sup>th</sup> Bay Street on the east, Pretty Lake Avenue on the south, and Shore Drive / 21<sup>st</sup> Bay Street on the west. The Property does not initially include that portion of the waterfront real estate within the “City Beach” property (recently transferred to NRHA by the City of Norfolk) that lies to the north of the contemplated realigned eastward extension of East Ocean View Avenue. However, upon submittal by Buyer to Seller of a Master Plan (as defined in Paragraph 2 below) that incorporates for development all or some portion of the waterfront real estate within the “City Beach” property, and upon Seller’s approval, within its sole discretion, of any such addition to the Property, the Property shall be expanded to include all land included within the approved Master Plan. The inclusion of any such additional land within the Property shall affect neither the \$8,500,000 aggregate minimum Purchase Price nor the Seller’s percentage of the aggregate Sales Price, as described in Paragraph 31 below. The Option shall be valid for a term of seven (7) to ten (10) years, as mutually agreed by the Parties, and shall set forth the several phases of the development, as mutually agreed. In negotiating the terms of the Option for the Property, NRHA agrees that it will negotiate solely with Buyer for a period of four (4) months from the date of this Memorandum of Understanding.
2. The granting by Seller, and execution of, the Option on the Property shall be subject to and contingent upon the Buyer’s submitting to the Seller for its review and approval, which approval shall be within the sole discretion of the Seller, a master plan and development program for the development of the Property (the “Master Plan”) over a period of seven (7) to ten (10) years, as mutually agreed by the Parties. The Master Plan shall demonstrate the Buyer’s prospective plan for the development of the Property (the “Project”), with number and type of dwelling units, street pattern, public and private infrastructure, a community/ recreation building with typical amenities, and the proposed phasing of the development (with proposed timing of the phases). The Master Plan will

provide for the Property to be developed as a “TND”, or Traditional Neighbor-hood Development.

3. The Master Plan shall incorporate the primary features of the *Duany Plan* developed by Duany Plater-Zyberk & Company (“DPZ”) for the development of the Property. Further, the Master Plan shall provide for the creation of a Homeowners’ Association requiring membership by all residents of the Project, with typical (or enhanced) community association amenities.
4. As consideration for the Option, the Buyer shall pay the Seller a non-refundable payment of Ten Dollars (\$10.00), which payment shall be made at the time of execution of the Option.
5. Upon NRHA’s approval of the Master Plan, NRHA shall prepare and submit to Buyer the Option Agreement on the Property, along with a Phase One Land Disposition Contract. The Phase One Land Disposition Contract shall provide specific development plans for Phase One of the development of the Property, with typical and customary restrictive covenants governing the development, in accordance with normal such covenants respecting the development of NRHA land, along with specific commitments as to number of units, unit types, unit mix, marketing program, and delineation of parks, squares and community buildings / amenities, as well as the public infrastructure to be installed by Buyer. Each such Land Disposition Contract shall contain the standard NRHA Part II of the contract, which Part II may require revision, as mutually agreed, to accommodate the subject transaction. The Land Disposition Contracts for each successive phase will contain detail as to the various issues touched upon herein, and these Contracts, along with the Option, will create the binding contract(s) between the Parties.
6. Buyer and Seller acknowledge and agree that the *Duany Plan* for the development of the Property, which Plan has been approved by Seller, provides for six hundred (600) residential dwelling units. It is also understood that site configuration, plans, design, placement on sites, and exterior appearance and materials are to be as approved by NRHA. By mutual agreement as to scope, scale, magnitude, and specific location, one or more phases of the development will include commercial uses. Seller understands and acknowledges that Buyer intends to seek NRHA’s approval of a Master Plan that modifies the original Duany Plan in a number of ways, including but not limited to a change in the total number of residential dwelling units. As stated above, approval of the Master Plan, including any changes to the Duany Plan, shall be within the sole discretion of NRHA. Seller does intend to retain DPZ to advise Seller and Buyer regarding the Master Plan and any changes to the *Duany Plan*, and it is understood that DPZ, as part of its scope of services under any such retention agreement with Seller, shall be authorized to work with Buyer (within such economic limits as may be established by Seller) in the development of the Master Plan, and in that role to render non-binding advice and recommendations to both Buyer and Seller regarding the Master Plan.

7. The development of the Property will proceed in phases, of the number and scope as mutually agreed by the Buyer and the Seller. Failure of the parties to agree on the number and scope of the phases shall be a basis for NRHA to decline to execute, or terminate, the Option. It is now contemplated that the development will occur in from seven (7) to ten (10) such phases (the "Phases").
8. The timing of each Phase of development shall be as agreed between the Parties. Each new Phase will be undertaken within a specified period after the completion or substantial completion of the prior Phase. For example, the Buyer may be required to enter into the "next Phase" Land Disposition Contract upon the earlier of (a) when 80% of the dwelling units in the prior Phase are under construction and under an enforceable residential contract of sale, (b) when 80% of the lots in a Phase have been sold, or (c) a date eighteen (18) months after the date of the prior Phase Land Disposition Contract. The eighteen (18) month date may be extended (on a phase by phase basis) to twenty-four (24) months at the request of the Buyer and approval of the Seller upon a reasonable demonstration by the Buyer of the necessity or desirability of such an extension. The agreed Phases shall not be undertaken out of the agreed sequence without the prior written concurrence of the Seller. It is contemplated that the Buyer may accelerate the Phases if Buyer determines this is justified by demand for the sites.
9. The Seller understands that D.B. Frye, Jr. and Howard Kaufman are the Co-Managers of the Buyer entity, and it is agreed that these persons will remain as such Co-Managers for the complete development of the Property unless the Seller consents in writing to a change as to either or both of these Co-Managers. The Buyer will retain Civitas, LLC, as a consultant for the Project, and such consulting arrangement shall include assistance in developing (a) the Buyer's Master Plan, (b) an "architectural design code" for East Beach, (c) a Guild program for builders working within the Project, (d) an initial marketing program, and (e) the necessary documentation for community governance (such as homeowner's association(s), special restrictive covenants, rules and regulations, etc.) Buyer will provide to Seller, for its reasonable review and approval, a copy of its Civitas, LLC consulting contract.
10. In addition to the Ten Dollar (\$10.00) Option-money payment called for above, the Buyer will deposit with the Seller at the time of executing the first Land Disposition Contract a Good Faith Deposit in the sum of One Hundred Thousand Dollars (\$100,000), which deposit will be held by the Seller throughout the term of the development, for the purpose of securing unto the Seller the construction of the public and private infrastructure improvements to be constructed by the Buyer, as well as the construction of the dwelling units and the general performance of the Buyer under the Land Disposition Contracts. The Good Faith Deposit will be invested by the Seller in an interest-bearing account which, upon satisfactory completion of the entire Project, will be returned to the Buyer. Interest earned on the Good Faith Deposit shall be paid to the Buyer on an annual basis, approximately on the anniversaries of the date the Good Faith Deposit is provided to Seller. Should the Buyer default on any of its contractual obligations, the Good Faith Deposit and any interest earned thereon shall be retained by the Seller as liquidated damages. Prior to retaining the Good Faith Deposit or a portion thereof for default on

the part of Buyer, the Seller will afford the Buyer written notice and a reasonable opportunity to cure the default. In the event any part or all of the Good Faith Deposit is expended by the Seller during the course of the development, for an item or items to be paid from the Good Faith Deposit under the Land Disposition Contracts, the Buyer will be required to replenish the Good Faith Deposit to ensure that there is always at least \$100,000 available to the Seller in the Good Faith Deposit account.

11. The Buyer will pay for the construction of all infrastructure proposed by the Buyer and approved by the Seller for the Project. In order to assist the Buyer in financing the cost of such infrastructure, the Seller will agree to encumber by deed of trust the land within the particular Phase of the Project then being developed with a first position lien, in favor of a regional or national bank, or such other financial institution as may be approved by Seller, to secure such note or notes financing the cost of the infrastructure as may be signed by the Buyer. Any such deed of trust must be acceptable in form and content to the Seller and its legal counsel. With respect to all of the infrastructure work, the Buyer will fully bond, with corporate surety, for both performance and completion of the contract(s) for such work, and the bonds will name Seller and the City of Norfolk as insured parties / beneficiaries. This bonding requirement shall be consistent (as to percentage of cost) with bonds provided for similar private/ public work, and one or more commercial, irrevocable letters of credit may be provided in lieu of the bonds, provided that the terms and language of any such letters of credit shall be subject to the approval of NRHA and its legal counsel.
12. The Seller shall take such payment, alternative financing, or alternative security steps as may be necessary to relieve the particular Phase of the Property being developed from the lien of an existing \$9,800,000 BB&T mortgage that now encumbers all or a major portion of the Property.
13. As it resells the sites in the Project, the Buyer shall use such portion of its real estate sale proceeds as is necessary, or as may be required by its lender, to curtail the infrastructure loan or loans, provided that such curtailment schedule will, upon the sale by Buyer of all sites within a Phase, result in the release from the deed of trust lien(s) given to secure such loan or loans, all sites in the particular Phase of the Project, or in such amounts as may otherwise be agreeable to the Buyer, Buyer's lender and NRHA.
14. Deeds: (a) As to any settlement for raw land, on which others shall construct improvements, the Seller will deliver its general warranty deed to the Buyer or to a purchaser designated by the Buyer, at the option of the Buyer. (b) All such deeds delivered by NRHA at closing shall contain the typical NRHA restrictive covenants, which will be imposed on, and run with, the land. The form of the deed(s) will change to NRHA's standard three-party deed in the event Buyer has commenced the construction of buildings or improvements on a particular site prior to transfer of land title. No transfers of any real estate will occur until the Seller is paid for its interest in the particular parcel or site being transferred, as discussed in section 31 below.

15. At the trigger point for substantial completion, or the sale of the required number of sites as to each Phase of the Project, or by the stipulated date for the next Phase, the Parties will enter into each next-Phase Land Disposition Contract, which will contain all of the detail required and outlined in paragraph 5 above.
16. All aspects of the Master Plan, the development program, the specific details set forth in each phased Land Disposition Contract, and the timing of each Phase shall be subject to the review and approval, in its sole discretion, of NRHA.
17. The Buyer will be responsible for sub-soil conditions and defects encountered on the Property, except that the Seller will assume responsibility for correction / remediation of the consequences of any improper demolition procedures effected by Seller in its acquisition and clearance of the Property.
18. Neither the Option nor any of the Land Disposition Contracts may be assigned to any other party except by the mutual agreement of both Buyer and Seller, which agreement may be withheld by either party, in its sole discretion.
19. The Buyer and the Seller each shall have the opportunity to propose other reasonable terms of the transaction prior to the execution of the Option and the Land Disposition Contracts.
20. The Buyer shall be responsible for complying with all conditions and requirements set forth in Seller's typical Land Disposition Contract, Part II, which Part II shall be modified as necessary to reflect the specific terms of this transaction; Part II contains provisions including but not limited to reporting, architectural, anti-speculation, fair labor, conflict of interest and default.
21. The Option and all contracts between Seller and Buyer for the Property or any portion thereof shall be executed with such formalities as will allow recordation thereof, and Seller and/or Buyer shall have the right to record any or all of such agreements or, at the option of the recording party, memoranda thereof. Except as required by provisions of the Virginia Freedom of Information Act, or any other federal or state statute or regulation, or during any of its public meetings considering and/or approving this transaction, the Seller will not gratuitously disclose the terms of the transaction.
22. Seller shall have the responsibility of acquiring at its expense all land within the boundaries of the Property that is shown on Exhibit "A" and designated "To Be Acquired".
23. Subject to providing Seller with its customary hold-harmless / indemnification agreements and certifications of general liability insurance, the Buyer shall have reasonable access to the Property for testing, soil-boring and other investigative purposes. Buyer will have an agreed "Inspection Period", during which it may, at its option, if in its discretion Buyer determines that the Property is not suitable for the development contemplated, terminate the Option and any other agreements with NRHA respecting the

Property, in which event all sums paid to the Seller by the Buyer as deposits shall be refunded to the Buyer. The Inspection Period shall end upon the earlier of (a) four [4] months after execution of the Option, or (b) transfer of title of the first site or parcel of the first Phase of the Project to Buyer, or to a party designated by Buyer, as contemplated herein.

24. Buyer shall have the right to terminate its contracts with Seller for the Property in the event Seller is unable to deliver marketable fee-simple title to the Property.
25. Seller shall, at its expense, initiate and complete any and all rezonings and / or closures of streets as may be necessary or desirable for development of the Property in accordance with the approved Master Plan.
26. Any Design Review, Marine Resources Commission, Army Corps of Engineers, Chesapeake Bay Preservation Board, customary building permits and other similar permits or approvals shall be the responsibility of the Buyer.
27. Seller will not pay or be charged a real estate commission on any sale, transfer or conveyance of the Property, whether the conveyance is to the Buyer or to an ultimate purchaser designated by the Buyer.
28. The plans for the improvements, as set forth in the Master Plan and the subsequent, more-detailed Land Disposition Contracts, may be revised and amended by mutual agreement of the Seller and the Buyer.
29. The transfer of the Property to the Buyer or its designees shall be subject to the preservation of several exceptions, related to the rights or potential rights of a very small number of current residents of the East Beach area, to build new (or retain their existing) homes within the area of the Property and the Project. These exceptions shall be specifically identified by the Seller in a writing delivered to Buyer prior to the execution of the Option, and shall be subject to the approval of the Buyer. Should the Buyer not approve the exceptions, Buyer's remedy then shall be to terminate negotiations and not execute any Option or Land Disposition Agreement. Further, the owners of several residences on the north side of East Ocean View Avenue will be afforded such rights, including the right to join the Homeowners' Association, as are deemed reasonably necessary and appropriate by the Seller.
30. This Memorandum of Understanding may be executed in two (2) counterparts, with the understanding that each party shall receive an original, fully-executed document, and each counterpart shall be deemed an original of this instrument.
31. The Buyer shall purchase the Property from the Seller upon the following terms and conditions, unless otherwise mutually agreed by the parties:
  - a) Buyer shall pay Seller the greater of (i) Eight and One Half Million Dollars (\$8,500,000), or (ii) Twenty Percent [20%] (as such percentage may be adjusted pursuant to sections [i] and [j])

below) of the gross sales price (the "Sales Price") of any sale or other disposition of any land site or land portion of the Property by the Buyer. The dollar amount or amounts to be paid by the Buyer to the Seller for the Property shall hereinafter be referred to as the "Purchase Price".

- b) A payment of Five Hundred Thousand Dollars (\$500,000) shall be made by the Buyer to the Seller, by way of a "Cash Payment Assurance and Deposit" ("CPAD"), upon the earlier to occur of (1) the transfer and conveyance to Buyer or to another party designated by Buyer of the first parcel or site within Phase One of the Project, or (2) the imposition of a deed of trust to secure Buyer financing upon the first parcel or site within Phase One of the Project. In each subsequent Phase, the amount of the Cash Payment Assurance and Deposit shall be reduced by the same percentage as the percentage of the Project that has been satisfactorily completed by the Buyer in prior phases, provided that the amount by which the CPAD is reduced shall be replaced by one or more commercial, irrevocable letters of credit, as described in paragraph 11 above. For instance, if upon the conveyance of the first parcel or site of the Phase Three Property to the Buyer, or to a grantee designated by the Buyer, thirty percent [30%] of the Project has been accomplished by the satisfactory completion of Phases One and Two, and the required Purchase Price to that date has been paid to Seller, the CPAD for Phase Three shall be reduced by thirty percent [30%] to \$350,000, with \$150,000 in security to be provided by letters of credit. The CPAD shall be rolled from each Phase into the subsequent Phase, with any amount by which the CPAD is to be reduced refunded by the Seller to the Buyer upon receipt by Seller of the appropriate letters of credit. The CPAD, in the form of cash or letters of credit, shall remain with the Seller throughout the entire Project.
- c) The Payment of the CPAD at the commencement of each Phase of the Project shall not relieve the Buyer from its obligation of paying to Seller twenty percent [20%] of each Sales Price, as settlements occur. The CPAD is merely security to Seller, and shall be proportionately reduced (with the appropriate reduction amounts to be replaced by letters of credit) as each Phase is completed, with the refund amounts to be paid to Buyer upon the commencement of each new Phase of the Project. Interest on the cash portion of the CPAD held by the Seller shall be paid to Buyer annually, beginning one year after receipt of the CPAD. The CPAD will be held by the Seller throughout the term of the development, for the purpose of securing unto the Seller the construction of the public and private infrastructure, the

construction of the dwelling units, and the general performance of the Buyer under the Land Disposition Contracts.

- d) Each Phase of the Project shall have a minimum Purchase Price. The minimum Purchase Price for each Phase, due from Buyer to Seller upon the conveyance of the parcels and sites in each Phase of the Project, shall be established, based on the prorata value of each such Phase, as compared to the value of all of the Property in the Project, all of which values must be agreeable to each Party. The Parties shall undertake to agree, in the Option, on the minimum or target per-acre values for the different segments or zones of the Property. In the event the Buyer and the Seller cannot reach agreement on the minimum per-acre value of the segments or zones of the Property, the Buyer and the Seller, each in its sole discretion, may decline to enter into the Option. The minimum Purchase Price for each Phase will be established by simple multiplication of the gross acreage in the Phase by the agreed "segment or zone" values for the particular property in the Phase.
- e) As a hypothetical example of the minimum Purchase Price for any Phase, if the parties agree that the Project will be developed in eight (8) Phases, each of identical value, then upon the completion of the "outsale" of all of the parcels or sites in each Phase, Seller will have been paid the greater of (i) \$1,062,500 [one-eighth of \$8,500,000], or (ii) twenty percent [20%] of the gross Sales Prices of all of the parcels and sites in the particular Phase. By further example, if the Project will be developed in Phases of dissimilar value, and a particular Phase is deemed to represent fifteen percent [15%] of the value of the Property as a whole, then upon the "outsale" of all of the parcels and sites in such Phase, the Seller will have been paid the greater of (i) \$1,275,000 [15.00% of \$8,500,000], or (ii) twenty percent [20%] of the gross Sales Prices of the parcels and sites in that Phase.
- f) In all instances, at the conclusion of each Phase of the Project, and upon the resale of all of the parcels and sites therein, the Seller must have been paid no less than the minimum Purchase Price for the particular Phase, as established at the commencement of each such Phase. Should one or more Phases underperform, requiring the Buyer to pay in additional funds to attain the minimum Purchase Price, Buyer will be entitled to a credit in the amount of such additional funds against its obligations for subsequent Phases whose proceeds exceed the minimum Purchase Price.

- g) The total Project minimum Purchase Price of the Property is Eight and One Half Million Dollars (\$8,500,000). The obligation of payment of the minimum Purchase Price shall be evidenced by a promissory note or notes, each in the amount of the minimum Purchase Price of the current Phase, without interest, but with personal guarantees from the principals of Buyer, and secured by a second position deed of trust, all of which documentation shall be in form and substance as may be approved by counsel of NRHA. The Buyer and its principals are not expected to pay for Phases of the project that are not taken down and, therefore, the Buyer shall not be expected to deliver such note or notes as to any remaining Phases of the project should the Buyer terminate the Option and decline to proceed with a Phase or Phases after the satisfactory completion of one or more Phases.
- h) At the satisfactory completion of each Phase, the Buyer's note or notes shall be deemed paid in full when the Seller's receipts of Sales Price proceeds has reached the minimum Purchase Price of the particular Phase of the Project.
- i) In the event the gross Sales Price for the Property reaches the sum of Fifty Million Dollars (\$50,000,000), meaning that the Seller has been paid Ten Million Dollars (\$10,000,000), the percentage of each gross Sales Price payable to the Seller shall be reduced to fifteen percent [15%] for sales proceeds between Fifty Million Dollars (\$50,000,000) and Fifty One Million Dollars (\$51,000,000).
- j) After achieving gross Sales Prices of Fifty Million Dollars (\$50,000,000), the percentage of the gross Sales Prices payable to the Seller shall be reduced by one percentage point (i.e., from 15% to 14%, etc.) for each million dollars of Sales Prices realized by resale of the parcels and sites of the Property. For example, when Sales Prices reach Fifty One Million Dollars (\$51,000,000), the Seller's share of the gross Sales Prices will have been reduced to fourteen percent [14%]; when Sales Prices reach Fifty Five Million Dollars (\$55,000,000), the Seller's share of the gross Sales Prices will have been reduced to ten percent [10%], and at Sixty Million Dollars (\$60,000,000), this percentage will be five percent [5%]. The Seller's percentage of the gross Sales Prices will never go below five percent (5%).
- k) The \$100,000 good faith deposit referred to in section 10 above, as well as the CPAD referred to in sections b) and c) above will be required to remain in place for the duration of the Project, until such time as the Seller has issued its certificate of completion as to all improvements.

- l) All parcel and site Sales Prices shall be fairly representative of market value and will be documented to the reasonable satisfaction of the Seller. No sale or transfer of any parcels, sites or portions of the Property to “insiders”, meaning persons / entities related to or affiliated with the Buyer, the Seller, or the City of Norfolk, shall be made unless and until such transaction is approved by NRHA, which approval will be granted if the proposed Sales Price is at fair market value as reasonably determined by NRHA, and provided such transaction would not violate any federal, state or local conflict of interest or other similar law or regulation.
- m) The transfer of any parcel or site to the Buyer, or to any party designated by the Buyer, for subsequent lease or rental, whether residential or commercial, which does not require a HUD-1 settlement statement showing a fair market value gross Sales Price shall occur only when the Seller and the Buyer have agreed upon the fair market value of the site or parcel and Seller has been paid its twenty percent [20%] (or such lesser percentage as described in sections [i] and [j] above) of the Gross Sales Price or fair market value of the parcel or site. In the event the Buyer and the Seller cannot agree upon the fair market value of a site or parcel for lease or rental, fair market value shall be determined by the “baseball” arbitration procedure, under which both Seller and Buyer shall submit their respective proposed valuation to an arbitrator, who shall then select one of the two proposed valuations as the fair market value. The arbitrator shall be an MAI appraiser with not less than ten (10) years experience in Norfolk, Virginia, and shall be selected utilizing the American Arbitration Association’s expedited arbitration procedures.
- n) No sale or transfer of any parcel or site shall occur until the NRHA-approved percentage (or amount) of the public infrastructure to be provided by Buyer has been satisfactorily completed. Such sale or transfer will be approved when the public infrastructure is sufficiently underway so that it is reasonable to conclude that the completion of the infrastructure will occur on a schedule that will not delay the construction of the improvements on such site or parcel beyond any time limits set in the contract for the commencement or completion of such improvements.
- o) The Seller is required to follow strict anti-speculation guidelines and principles in the sale or transfer of real estate. Accordingly, should the ultimate outsale price (on a sale from Buyer to any other party) of any parcel or site conveyed directly to the Buyer exceed

the gross Sales Price (at fair market value) on the date of the transfer from Seller to the Buyer, the Seller will be paid twenty percent (20%) (or such other percentage as specified in sections [i] and [j] above) of such increase upon the occurrence of such outsale. The restrictive covenants imposed on the sites and parcels within the Property shall prohibit the resale of raw (or unimproved) land by a purchaser from Buyer, it being the understanding of the Parties that Buyer will transfer land only for the purpose of prompt development.

p) There will be no "sale" to any third party of the public streets within the Project or of the areas designated for community association or other similar uses. Therefore, the consideration for these areas shall simply be included as a part of each Phase's minimum Purchase Price, based on the amount of such property in the different "zones" of each Phase.

q) Any cost certifications, as well as the calculation of gross Sales Prices and sale proceeds, shall be subject to the reasonable review of the Seller. If deemed necessary or appropriate by the Seller, Seller shall be entitled to request and receive verification of gross Sales Prices and sale proceeds by way of certified copies of HUD-1 settlement states and/or certified / audited financial statements of the Buyer.

32. The construction and interpretation of this Memorandum of Understanding shall be governed by the law of the Commonwealth of Virginia.

**WITNESS** the following signatures, done on the dates set forth below, and effective as of the day and year first set forth above.

**NORFOLK REDEVELOPMENT AND HOUSING AUTHORITY**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EAST BEACH COMPANY, LLC**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

File No. 1.998714

(9-28-01)