

LAW OFFICES OF
Paul Strauss & Associates, P.C.

1020 16th Street, NW - 5th Floor
WASHINGTON, DC 20036
202-220-3100
FAX 202-220-3103

February 1, 2018

Mr. Daniel Hornal
Board of Directors
Adams Morgan "Forget-Me-Not" Fund.

Via Electronic Transmission to: daniel@taloslaw.com

RE: 2384 Champlain Street, NW

Mr. Hornal:

Thank you for speaking with me earlier today. My firm is legal counsel to the incorporated tenant association representing the residents of 2384 Champlain Street, NW. In response to an offer of sale, sent pursuant to the Tenant Opportunity to Purchase Act, (TOPA), the Association has exercised their TOPA rights, and is exploring opportunities to benefit it's member tenants under that law.

Pursuant to that law, to secure their TOPA rights and move forward with the purchase of the building, the Association is required to present the owner with a contract matching the price and material terms of the Third Party Contract and to post the earnest money deposit.¹ In this case, the Third-Party Contract has a purchase price of \$6,050,000 and **required an earnest money deposit of \$150,000** which is less than 5% of the purchase price and therefore in compliance with TOPA.

By law, the earnest money deposit **is freely refundable in the event that the Association fails to perform under the contract in good faith; this is commonly referred to as a "soft" deposit.** Most real estate purchase contracts, including the Third Party Contract in this case, have non-refundable deposit provisions where the buyer forfeits the deposit if they are unable to purchase the building. However, in the case of the Tenant Association, their deposit is refundable by law² regardless of what the Third Party Contract says.

¹ Provided however that the earnest money deposit does not exceed 5% of the purchase price pursuant to D.C. Code § 42-3404.05(d)

² D.C. Code §42-3404 et. seq. requires that any earnest money deposit posted by an Association is refundable in the event of a good faith inability to perform by the Association and that notwithstanding any provision in the contract, the Association's purchase rights are freely assignable.

Furthermore, any responsive contract made pursuant to this TOPA notice, would be freely assignable to any other party of the tenant association's choosing. In this way, the Association can play a role in determining the future of their building, and avoid the type of displacement that could typically occur when long term rental properties are sold at dramatically appreciated prices. *The immediate proximity of the subject property to the recently constructed hotel, has caused the property asking price to be extremely high, thereby making this building, one of Adams-Morgan's most "at-risk" properties, from an affordability standpoint.*

Because the time period required for the posting of this deposit is extremely short, we would appreciate the opportunity to meet with your Board of Directors as soon as possible. I would be available anytime before February 7th, and after February 11th. This would include evening and weekend hours. The funds, once provided, would be required for approximately 240 days, although depending on the ultimate disposition of the building, could be returned sooner.

For your reference, I am enclosing a copy of the "Offer of Sale & Tenant Opportunity to Purchase" notice, served on the tenants of the subject property. On behalf of the tenants of 2384 Champlain Street, NW, I look forward to your prompt response.

Sincerely,



Paul Strauss, Esq.
Attorney at Law

Cc: Yasmina Castellanos, President
2384 Champlain NW Tenant Association, Inc.

Enclosure: DHCD Form A Dated 8-31-2017

FORM A

DO NOT DELETE OR ALTER ANY PART OF THIS OFFER OF SALE
POST A COPY IN THE HOUSING ACCOMMODATION

OFFER OF SALE & TENANT OPPORTUNITY TO PURCHASE WITH A THIRD PARTY SALE
CONTRACT FOR HOUSING ACCOMMODATIONS WITH FIVE OR MORE RENTAL UNITS

FIVE OR MORE RENTAL UNITS

DATE: 8/31/17

Number of Occupied Rental Units 29

Number of Vacant Rental Units 1

COMBINED TOTAL NUMBER OF RENTAL UNITS 30

BY CERTIFIED MAIL

Dear Tenant

This is to advise you of the owner's offer to sell the housing accommodation in which you live located at
2384-2386 Champlain St NW Washington, D.C. 20009
The total number of rental units in the housing accommodation is: 30

1. OFFER OF SALE

As a tenant of a housing accommodation in the District of Columbia, you must be given an opportunity to purchase this housing accommodation in accordance with Title IV of the Rental Housing Conversion and Sale Act of 1980, as amended (D.C. Law 3-86, § 42-3401.01 et seq. (2001)) (the "Act"). This Offer of Sale also describes your tenant rights and responsibilities and the statutory time periods under the Act.

2. ACCEPTANCE PERIOD

If you wish to respond to this Offer of Sale, any response must be made by a tenant organization. A tenant organization must be registered with the D.C. Department of Housing and Community Development, Rental Conversion and Sale Division. A tenant organization registration application must be notarized and include: (1) a written statement accepting the owner's offer to sell the housing accommodation; (2) a list of tenant members representing the majority of the heads of households in the housing accommodation as of the time of registration; (3) information regarding the elected officers; and (4) copies of the tenant organization articles of incorporation, certification of incorporation and the bylaws. The tenant organization registration application must be either sent by certified mail or hand-delivered to the owner and the Rental Conversion and Sale Division.

The tenants must organize a tenant organization with the legal capacity to hold real property, and shall send the tenant organization registration application by certified mail or by hand delivery to both the owner and the Rental Conversion and Sale Division on or before the forty-fifth (45th) day after you and the other tenants received this Offer of Sale, or the Rental Conversion and Sale Division's receipt of a copy of this Offer of Sale, whichever date is later.

If a tenant organization already exists in a form desired by the tenants, the tenant organization must send both the owner and the Rental Conversion and Sale Division the tenant organization registration application by certified mail or hand-delivery on or before the thirtieth (30th) day after you and the other tenants received this Offer of Sale, or the Rental Conversion and Sale Division's receipt of a copy of this Offer of Sale, whichever date is later.

FORM A

DO NOT DELETE OR ALTER ANY PART OF THIS OFFER OF SALE
POST A COPY IN THE HOUSING ACCOMMODATION

If the tenants fail to organize and send the tenant organization registration application by certified mail or by hand delivery to both the owner and the Rental Conversion and Sale Division within the applicable time period, the tenants' rights under this Offer of Sale will expire.

3. NEGOTIATION

If a tenant organization properly submits a tenant organization registration application in accordance with the above paragraphs, the tenant organization has a minimum of one hundred twenty (120) days to ratify a sale contract with the owner.

4. INFORMATION

Within seven (7) days of receiving a written request for the information, the owner shall provide the tenant organization with copies of: (1) a floor plan of the housing accommodation, if available; (2) an itemized list of monthly operation expenses; (3) utility consumption rates and capital expenditures for each of the two (2) preceding calendar years; and (4) the most recent rent roll, listing of tenants, and a list of vacant rental units.

5. PRICE AND MATERIAL TERMS

The asking price for the housing accommodation is \$ 6,050,000. The tenant organization must be informed of the type of financial arrangements, if any, the owner will accept at settlement. The owner may not require that the tenant organization prove financial ability to enter into a sale contract. However, in the event the third party sale contract provides for deferred purchase money financing, the owner may require that prior to settlement, the tenant organization prove (either alone or in conjunction with a third party) the ability to pay back financing before the owner grants the tenant organization deferred purchase money financing. The material terms of the sale for the tenant organization are as follows:

The material terms are set forth in the contract are attached here to the extent the terms of the contract are inconsistent with the provisions of the offer of sale, if at all, the provisions of the sale will control.

☐ Check here ONLY if a separate page of material terms is attached.

☒ Optional: check here only if a copy of the ratified third party contract is attached.

6. DEPOSIT

At the time of contracting, the tenant organization is required to deposit no more than five (5) percent of the contract sale price. This deposit, with interest accrued thereon, is refundable in case there is a good faith inability to perform under the sale contract.

7. SETTLEMENT TIME

FORM A

DO NOT DELETE OR ALTER ANY PART OF THIS OFFER OF SALE
POST A COPY IN THE HOUSING ACCOMMODATION

If the tenant organization decides to purchase, and the owner accepts the offer, the tenant organization will have a minimum of one hundred twenty (120) days to secure financing or financial assistance and go to settlement for the purchase of this housing accommodation. However, if a lending institution or agency estimates that a decision regarding financing or financial assistance will be made within two hundred forty (240) days after the date the contract is ratified, the owner will provide the tenant organization with an extension of time consistent with the written estimate. If the tenant organization's articles of incorporation provide by the date the contract is ratified that the purpose of the tenant organization is to convert the housing accommodation to non-profit housing cooperative with appreciation of share value limited to a maximum of an annual rate of inflation, the tenant organization will have a minimum of one hundred eighty (180) days after the date the contract is ratified to secure financing or financial assistance.

8. THIRD PARTY SALE CONTRACT AND RIGHT OF FIRST REFUSAL

As of this date, the owner has accepted a third party sale contract to sell the housing accommodation to another party. If a tenant organization is formed and registered, the owner will send a copy of the ratified sale contract to the tenant organization. The tenant organization will have an additional fifteen (15) days (right of first refusal) to match the third party sale contract. If a valid tenant organization registration application is filed prior to the deadlines given in Section 2 of this Offer of Sale, the fifteen (15) day Right of First Refusal time period will commence at the end of the negotiation time period.

9. NEW OFFER OF SALE

You will be issued a new Offer of Sale if the owner sells or signs a sale contract with a third party purchaser for a price that is more than ten (10) percent less than the price offered to you or for other terms which would constitute bargaining without good faith. In addition, if the owner has not contracted or sold this housing accommodation within three hundred sixty (360) days from the date of this Offer of Sale, and, if the owner still desires to sell the housing accommodation at that time, the owner must comply anew with the provisions of the Act.

10. WAIVER

You are prohibited from waiving your right to receive this Offer of Sale. However, upon receipt of this Offer of Sale, if you and the other tenants form a tenant organization and comply with the statutory requirements as outlined in this Offer of Sale, the tenant organization may waive any other tenants' rights under the Act in exchange for any consideration which it finds acceptable. Any waiver of the rights of a tenant organization must be in writing and signed by an authorized tenant organization officer on behalf of the tenant organization. The owner will provide the Rental Conversion and Sale Division with a copy of the signed waiver documents.

11. ASSISTANCE

If you would like information concerning technical and financial assistance, you may contact Housing Counseling Services on (202) 667-7006, Latino Economic Development Corporation on (202) 540-7417, the D.C. Department of Housing and Community Development, Development Finance Division on (202) 442-7200, the Rental Conversion and Sale Division on (202) 442-4407, or the D.C. Office of the Tenant Advocate on (202) 719-6560.

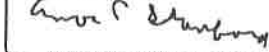
DO NOT DELETE OR ALTER ANY PART OF THIS OFFER OF SALE
POST A COPY IN THE HOUSING ACCOMMODATION

If you have any questions regarding this matter, please call Amos Stanford (insert owner's name or owner's agent's name) on telephone number (202) 270-1943.

THIS OFFER OF SALE IS NOT A NOTICE TO VACATE.

Sincerely (either Owner or Owner's Agent may sign),

DocuSigned by:



Owner's SIGNATURE

Amos Stanford

Owner's PRINTED Name

6341 Golden Star Place
Columbia, MD 21044

Owner's Address, City, State & Zip Code)

Owner's Agent's SIGNATURE

Owner's Agent's PRINTED Name

Owner's Agent's Address, City, State & Zip Code)

cc: 1 copy of the Offer of Sale, 1 copy of the third party sale contract, Affidavit and an Exhibit A attachment by hand delivery or certified mail to:
District of Columbia Department of Housing and Community Development
Rental Conversion and Sale Division
1800 Martin Luther King, Jr. Avenue, S.E.
Washington, D.C. 20020
Telephone (202) 442-4407

(Revised 04/02/2015)