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NICHOLAS MALANCHUK

September 15, 1993

TO BE SENT BY TELECOPY - 202-223-2704

John Freeman
Chesapeake Management Group
1050 17th Street, N.E., Suite 302
Washington, DC 20036

Re: Potomack Crossing Condominium

Dear John:

I have reviewed the attached Declaration and Acknowledgement which you had sent to me.

I believe such a document would be beneficial to the Condominium Unit Owners and I would recommend that the Board of Directors execute the Declaration and Acknowledgement.

If you have any questions please call.

Very truly yours,

WALSH, COLUCCI, STACKHOUSE,
EMRICH & LUBELEY, P.C.

Thomas J. Colucci

TJC/slw

Agreement

The Memorandum of Agreement sets forth certain agreements among Abingdon Apartments Limited Partnership (AALP), a Virginia limited partnership and the former owner of the 242 unit Potowmack Crossing apartment project (PC), the Potowmack Crossing Condominium Unit Owners Association (PCCUO), and Cap Care Group, Inc. (Cap Care), a North Carolina corporation and the contract purchaser of Potowmack Crossing II Apartments (PCII) a 50 unit apartment project presently owned by the Resolution Trust Corporation (RTC) as successor to Home Federal Savings and Loan (HFSL) a/k/a Nationwide Capital.

Whereas AALP entered into a Facility and Easement Agreement dated July 30, 1986 with Potowmack Crossing II Limited Partnership (PCII L.P.) the previous owner of PCII.

Whereas the RTC is the successor owner of PCII by virtue of an assignment of interests in PCII by PCII L.P. to HFSL on January 3, 1992.

Whereas PCCUO is the successor owner of PC by virtue of transfer of title dated February 5, 1992, May 22, 1992, August 21, 1992, January 6, 1993, January 12, 1993 and June 11, 1993.

Whereas Cap Care is the contract purchaser of PCII Apartments from the RTC.

It is agreed as follows:

PCCUO affirms that it is the legal successor to AALP with respect to the Facility and Easement Agreement.

All parties hereto agree that in conjunction with the settlement of the sale of PCII from the RTC to Cap Care, AALP will receive \$15,044 for payment of amounts due AALP for 1992 per the Facility and Easement Agreement, PCCUO will receive \$12,283.50 for payment of amount due through the third quarter of 1993 per the Facility and Easement Agreement, and AALP will receive \$3,150 for security services provided for the benefit of PCII through the third quarter of 1993. Furthermore, PCCUO will receive \$2,500 for legal and administrative expenses associated with the preparation and review of these agreements and underlying documents.

PCCUO shall receive \$6,435 per the Facility and Easement Agreement for amounts due for the fourth quarter 1993 due September 30, 1993 and AALP shall receive \$1,050 for amounts due for security for the fourth quarter 1993 due September 30, 1993.

Cap Care and its successors and assigns will be the successors to PCII L.P., HFSL, and the RTC with respect to the Facility and Easement Agreement and other rights and duties as described in the Condominium Documents of PC and PCII. It is further agreed that Cap Care and its successor and assigns accept the 1993

Potowmack Crossing Health Club Cost Analysis and Budget for 1993 dated March 10, 1993 (attached) as basis for determining cost sharing arrangements prescribed in the Facility and Easement Agreement. Cap Care and its successor and assigns agrees that the methodology and assumptions associated with the 1993 cost analysis budget will be the basis for determining actual 1993 costs and projected budgets for 1994 and thereafter.

Upon the settlement of the sale contract between the RTC and Cap Care, the RTC shall have no further liability with respect to amounts due AALP and PCCUO nor any liability with respect to the Facility and Easement Agreement.

The PCCUO Board of Directors shall execute the Declaration and Acknowledgement (attached) which shall be recorded among the land records of the City of Alexandria by Commonwealth Land Title Insurance Company and shall be recorded in conjunction with the full payment of all amounts due AALP and PCCUO pursuant to this Agreement.

It is agreed that amounts due AALP and PCCUO shall be disbursed by the Commonwealth Land Title Insurance Company in conjunction with settlement of the sale contract between Cap Care and the RTC.

This Agreement shall be held in escrow by the Commonwealth Land Title Insurance Company pending settlement of the sales contract between Cap Care and the RTC for PC II. In the event settlement does not occur and the disbursement of amounts due AALP and PCCA has not occurred by September 30, 1993, this Agreement shall be null and void, and it shall be returned to PCCUO.

This Agreement represents the full understanding of the parties indicated below as of ____ August, 1993.

This Agreement may be signed in counterpart.

The Cap Care Group, Inc.

Potowmack Crossing
Condominium Association
Unit Owners

By: _____
Its: _____

By: _____
Its: _____
By: _____
Its: _____

Abingdon Apartments Limited
Partnership, A Virginia
limited partnership
By: Potomac Real Estate Group
A Delaware Corporation,
General Partner

By: _____
Its: _____
By: _____
Its: _____
By: _____
Its: _____

By: _____
Its: _____

Mc Ginley and Elberg

ATTORNEYS & COUNSELORS AT LAW

*Barrister Square
110-A South Columbus Street
Alexandria, Virginia 22314
(703) 536-7412*

JOHN F. MCGINLEY, JR. (VA)
DAVID D. ELSBERG (VA & D.C.)

September 9, 1993

FEDERAL EXPRESS
FAX

John K. Freeman
Chesapeake Management Group, Inc.
1050 17th Street, N.W.
Suite 302
Washington, D. C. 20036

RE: Declaration and Acknowledgement;
Memorandum of Agreement;
Cap Care Group, Inc.

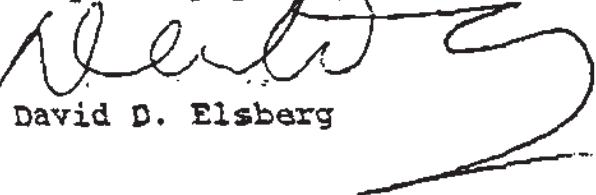
Dear Mr. Freeman:

Enclosed please find an original Declaration and Acknowledgement for signature by the Board of Directors of Potwmack Crossing Condominium. I have removed the language objected to by yourself. The other changes add signature lines for the secured lenders having liens on the property over which the easement runs. Signatures may be made in counterpart.

Also, please find a draft of suggested changes for the Memorandum of Agreement prepared by myself.

Cap Care Group, Inc. will be settling with the RTC prior to September 26, 1993; please let me know when the enclosed documents with changes may be signed and returned by the Associations and Abingdon Apartments Limited Partnership.

Very truly yours,



David D. Elsborg

DDE/mpk
enclosure

DECLARATION AND ACKNOWLEDGMENT

THIS DECLARATION AND ACKNOWLEDGMENT (THE "ACKNOWLEDGMENT") is made as of this ____ day of _____, 1993, by POTWMACK CROSSING CONDOMINIUM UNIT OWNERS ASSOCIATION (the "Association"), party of the first part; and David D. ELSBURG, Trustee for SOUTHERN NATIONAL BANK OF NORTH CAROLINA, a National Banking Association, party of the second part; and Daniel J. HENRY, Substitute Trustee for the Resolution Trust Corporation as Receiver for Perpetual Savings Bank, party of the third part.

R E C I T A L S:

WHEREAS, Abingdon Apartments Limited Partnership, A Virginia limited partnership ("AALP") and Potwmack Crossing II Limited Partnership, a Virginia limited partnership ("PCLP") entered into that certain Facility and Easement Agreement dated July 30, 1986, recorded among the Land Records of Alexandria, Virginia, August 1, 1986, at Liber 1181, folio 1617 (the "Facility Agreement"); and

WHEREAS, the Facility Agreement allocates the cost and maintenance of certain facilities shared between a 242-unit multifamily apartment complex located in Alexandria, Virginia, known as Potwmack Crossing ("PC") and a 50-unit multi-family apartment complex located in Alexandria, Virginia, known as Potwmack Crossing II ("PCII") and also provides certain outdoor parking areas, alleyways, private driveway and routes for ingress and egress easements between PC and PCII as said easements are more particularly described in the Facility Agreement; and

WHEREAS, the Association succeeded to AALP's interest in PC;
and

WHEREAS, the Association desires to acknowledge that all payments due from PCLP under the Facility Agreement as of the date hereof have been paid and that the Facility Agreement is in full force and effect and binding upon the Association and its successors and assigns.

NOW, THEREFORE, in consideration of the above recitals, each of which is hereby made a part of this Acknowledgement, and other valuable consideration, the adequacy, sufficiency, and receipt of which the Association hereby acknowledges, the Association hereby declares, covenants and agrees as follows:

1. All payments to the Association required to date pursuant to the terms of the Facility Agreement have been received by the Association.

2. The Facility Agreement is in full force and effect and is binding upon the Association and its successor and assigns and PCLP is not in default under the terms thereof.

3. The execution and delivery of this Acknowledgement has been authorized by a valid resolution of the Board of Directors of the Association.

4. This Acknowledgement may be executed in counterpart.

IN WITNESS WHEREOF, the parties of the second and third part have signed, sealed and delivered this Acknowledgement as of the day and year first above written to evidence their agreement and assent to the terms and conditions hereof.

IN WITNESS WHEREOF, the Directors of the Association have signed, sealed and delivered this Acknowledgement as of the day and year first above written.

WITNESS:

POTOMACK CROSSING CONDOMINIUM
UNIT OWNERS ASSOCIATION

By: _____
John Freeman, Director

By: _____
Robert Hornak, Director

By: _____
Vincent Kelso, Director

By: _____
Erika Yanick, Director

By: _____
Alan Bruce, Director

By: _____
David D. Elsberg, Trustee
for Southern National Bank
of North Carolina, a
National Banking
Association

By: _____
Daniel J. Henry, Substitute
Trustee for the Resolution
Trust Corporation as
Receiver for Perpetual
Savings Bank

COMMONWEALTH OF VIRGINIA
COUNTY OF

I, _____, a Notary Public in and for the
Commonwealth and County aforesaid, do hereby Certify that John
Freeman, whose name as Director of POTOMACK CROSSING CONDOMINIUM
UNIT OWNERS ASSOCIATION, is signed to the foregoing and annexed
instrument, bearing date on the ____ day of _____, 1993,
has/have acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, _____
_____, 1993.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA
COUNTY OF _____

I, _____, a Notary Public in and for the Commonwealth and County aforesaid, do hereby Certify that Robert Hornak, whose name as Director of POTWMACK CROSSING CONDOMINIUM UNIT OWNERS ASSOCIATION, is signed to the foregoing and annexed instrument, bearing date on the ____ day of _____, 1993, has/have acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, _____, 1993.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA
COUNTY OF _____

I, _____, a Notary Public in and for the Commonwealth and County aforesaid, do hereby Certify that Vincent Kelso, whose name as Director of POTWMACK CROSSING CONDOMINIUM UNIT OWNERS ASSOCIATION, is signed to the foregoing and annexed instrument, bearing date on the ____ day of _____, 1993, has/have acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, _____, 1993.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA
COUNTY OF _____

I, _____, a Notary Public in and for the Commonwealth and County aforesaid, do hereby Certify that Erika Yanick, whose name as Director of POTWMACK CROSSING CONDOMINIUM UNIT OWNERS ASSOCIATION, is signed to the foregoing and annexed

instrument, bearing date on the ____ day of _____, 1993,
has/have acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, ____
_____, 1993.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA
COUNTY OF

I, _____, a Notary Public in and for the
Commonwealth and County aforesaid, do hereby Certify that Alan
Bruce, whose name as Director of POTWMACK CROSSING CONDOMINIUM UNIT
OWNERS ASSOCIATION, is signed to the foregoing and annexed
instrument, bearing date on the ____ day of _____, 1993,
has/have acknowledged the same before me in my County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, ____
_____, 1993.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA
COUNTY OF

I, _____, a Notary Public in and for the
Commonwealth and County aforesaid, do hereby Certify that David D.
Elsberg, whose name as Trustee for SOUTHERN NATIONAL BANK OF NORTH
CAROLINA, a National Banking Association, is signed to the
foregoing and annexed instrument, bearing date on the ____ day of ____
_____, 1993, has/have acknowledged the same before me in my
County aforesaid.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS ____ DAY OF, ____
_____, 1993.

Notary Public

My Commission Expires:
