
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act Of 1934**

Date of Report (Date of earliest event reported): September 29, 2009 (September 28, 2009)

Comstock Homebuilding Companies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-32375
(Commission File Number)

20-1164345
(IRS Employer
Identification No.)

**11465 SUNSET HILLS ROAD, FIFTH FLOOR
RESTON, VIRGINIA 20910**
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (703) 883-1700

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into Material Definitive Agreement.

Effective as of September 28, 2009, Comstock Homebuilding Companies, Inc. (the “Company” or “Guarantor”) and Comstock Belmont Bay 89, L.C. (“Belmont” together with the “Guarantor”, the “Obligors”) entered into a Forbearance and Conditional Release Agreement (the “Belmont Agreement”), with Manufacturers Traders and Trust Company, a New York banking corporation (“M&T” or “Lender”) relating to a Loan originated on October 12, 2006 in the original principal amount of \$17,300,000 and a current outstanding indebtedness of \$7,034,545 (the “Belmont Debt”). The Belmont Debt, secured by 19 partially completed condominium units and 84 condo building lots (“Belmont Collateral”) at Belmont’s project located in the Belmont Bay community in Prince William County, Virginia. All of Obligor’s liabilities related to the Belmont Debt will be released pursuant to the terms of the Belmont Agreement in exchange for their cooperation with Lender’s foreclosure upon the Belmont Collateral and certain other customary representations made by the Obligors. In connection with the Belmont Agreement and the Cascades Agreement (hereafter defined), Guarantor entered into a non-interest bearing subordinated promissory note in the amount of \$496,000 (the “Promissory Note”) for the benefit of Lender secured by the Cascades Project. The Promissory Note has a three year maturity.

Effective as of September 28, 2009, the Company and Comstock Cascades, L.C. (“Cascades”) entered into a loan modification and Forbearance Agreement (the “Cascades Agreement”), with Lender relating to a Loan originated on July 14, 2004 in the original principal amount of \$9,200,000 and with a current outstanding indebtedness of \$1,100,436 (the “Cascades Debt”). The Cascades Debt is secured by land approved for construction of 103 condominium units at the Borrower’s Commons at Potomac Square project in Sterling, Virginia (the “Cascades Project”). Under the terms of the Cascades Agreement, Lender has agreed to modify the terms of the loan and forbear on enforcing its rights with respect to collection of the Cascades Debt until January 31, 2011 in exchange for the current payment of monthly interest payments at LIBOR Rate plus 3%. All previously unpaid interest, fees and legal costs associated with the Cascades Debt incurred prior to the effective date as well as a non-refundable fifty thousand dollar (\$50,000) forbearance fee shall be accrued and repaid at the new maturity date at the expiration of the forbearance period.

The Belmont Agreement and the Cascades Agreement, together resolve outstanding defaults previously issued by Lender to the Company, Cascades and Belmont relating to the debts, the details of which were reported by the Company in a Form 8-K filing dated August 26, 2008.

On September 29, 2009, the Company issued a press release announcing the Agreement. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release by Comstock Homebuilding Companies, Inc. dated September 29, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 29, 2009

COMSTOCK HOMEBUILDING COMPANIES, INC.

By: /s/ Christopher Clemente
Christopher Clemente,
Chief Executive Officer

NEWS RELEASE

Comstock Homebuilding Enters Agreements with M&T Bank, Eliminating \$7.0 Million of Debt on Belmont Bay Project and Extending Loan on Cascades Project

RESTON, VA, Sep 29, 2009 (MARKETWIRE via COMTEX) — Comstock Homebuilding Companies, Inc. (Nasdaq: CHCI) and certain of its subsidiaries (collectively, the “Company”) today announced that it had entered a series of agreements with Manufacturers Traders and Trust Company (“M&T Bank”) with respect to two projects located in Virginia. The projects, Belmont Bay located in the Belmont Bay community in Woodbridge, Virginia (the “Belmont Bay Project”), and Potomac Square located in the Cascades community in Sterling, Virginia (the “Cascades Project”) originally had loans secured by the developments of \$17.3 million (the “Belmont Loan”) originated in October 2006 and \$9.2 million (the “Cascades Loan”) originated in July 2004. As a result of the agreements, the Belmont Loan, with a current balance of \$7.0 million will be released in its entirety and the Cascades Loan, with a current balance of \$1.1 million, will be extended through January 31, 2011.

Under the terms of the agreements, M&T Bank agreed to release the Company from its obligations and guarantees relating to the Belmont Loan and the Company agreed to cooperate with M&T Bank with respect to its foreclosure on the remaining portion of the Belmont Bay Project which includes 19 partially completed condominium units and 84 condominium building lots. The Company also entered into a non-interest bearing subordinated promissory note in connection with the Belmont Loan in the amount of \$496,000 with a three year maturity secured by the Cascades Project.

Further, under the terms of the agreements, M&T Bank agreed to extend the maturity date of the Cascades Loan by forbearing on enforcing its rights with respect to collection of the debt until January 31, 2011. All unpaid interest incurred prior to the effective date plus a non-refundable \$50,000 extension and forbearance fee shall be added to the current principal amount due of \$1.1 million and shall be due at the new maturity date. The Company also agreed to commence current payment of interest due M&T Bank related to the current principal balance of the Cascades Loan. The Cascades Project contains a total of 191 condominium units with the first phase of the Cascades Project (88 units) being completed by the Company in 2007.

“We are pleased to have finalized these important agreements with M&T Bank,” said Christopher Clemente, Comstock’s Chairman and Chief Executive Officer. “These agreements are a critical part of our strategy to stabilize Comstock Homebuilding. Not only have we eliminated a meaningful amount of debt related to the Belmont Bay project but we have also secured the flexibility and time needed to pursue a modification of the plans for the Cascades Project that converts the planned condominium product on the remaining lots into a more readily marketable townhouse product, which if achievable could position Cascades to positively impact 2010 results. We remain focused on completing the stabilization of Comstock Homebuilding in an amicable fashion and we are excited to be nearing completion of this process which began some 2 years ago.”

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock Homebuilding Companies, Inc. is a publicly traded, diversified real estate development firm with a focus on a variety of for-sale residential products. The company currently actively markets its products under the Comstock Homes brand in the Washington, D.C. and Raleigh, N.C. metropolitan areas. Comstock Homebuilding Companies, Inc. trades on NASDAQ under the symbol CHCI. For more information on the Company or its projects please visit www.comstockhomebuilding.com.

Cautionary Statement Regarding Forward-Looking Statements

This release contains “forward-looking” statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual future results to differ materially from those projected or contemplated in the forward-looking statements. Additional information concerning these and other important risks and uncertainties can be found under the heading “Risk Factors” in the Company’s most recent Form 10-K, as filed with the Securities and Exchange Commission on March 31, 2009. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Contact:

Jeff Dauer
703.883.1700

SOURCE: Comstock Homebuilding Companies, Inc.