UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2020

or

☐ **Transition Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________

Commission File Number 1-32375

Comstock Holding Companies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-1164345**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1886 Metro Center Drive, 4th Floor
Reston, Virginia 20190
(703) 230-1985
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	CHCI	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of May 26, 2020, 7,839,490 shares of Class A common stock, par value $0.01 per share, and 220,250 shares of Class B common stock, par value $0.01 per share, of the registrant were outstanding.

COMSTOCK HOLDING COMPANIES, INC.
FORM 10-Q
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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMSTOCK HOLDING COMPANIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,180	$ 3,511
Trade receivables	1,510	1,886
Trade receivables - related parties	3,336	3,644
Prepaid and other assets, net	408	274
Total current assets	12,434	9,315
Equity method investments at fair value	8,230	8,421
Fixed assets, net	239	278
Goodwill	1,702	1,702
Intangible assets, net	86	103
Operating lease right-of-use assets	99	114
TOTAL ASSETS	$ 22,790	$ 19,933
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accrued personnel costs	$ 458	$ 2,916
Accounts payable	593	1,438
Accrued liabilities	601	166
Short term notes payable - due to affiliates, net of discount	5,730	5,706
Short term operating lease liabilities	49	—
Short term notes payable	104	77
Total current liabilities	7,535	10,303
Long term notes payable - due to affiliates	5,500	—
Long term notes payable - net of deferred financing charges	1,158	1,212
Long term operating lease liabilities, net of current portion	50	61
TOTAL LIABILITIES	14,243	11,576
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Series C preferred stock $0.01 par value, 20,000,000 shares authorized, 3,440,690 issued and outstanding and liquidation preference of $17,203 at March 31, 2020 and December 31, 2019	$ 6,765	$ 6,765
Class A common stock, $0.01 par value, 59,779,750 shares authorized, 7,897,100 and 7,849,756 issued, and 7,811,530 and 7,764,186 outstanding at March 31, 2020 and December 31, 2019, respectively	79	78
Class B common stock, $0.01 par value, 220,250 shares authorized, issued and outstanding at March 31, 2020 and December 31, 2019	2	2
Additional paid-in capital	199,573	199,372
Treasury stock, at cost (85,570 shares Class A common stock)	(2,662)	(2,662)
Accumulated deficit	(195,210)	(195,198)
TOTAL COMSTOCK HOLDING COMPANIES, INC. EQUITY	8,547	8,357
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 22,790	$ 19,933

The accompanying notes are an integral part of these consolidated financial statements.

COMSTOCK HOLDING COMPANIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Revenues				
Revenue—asset management	$	5,435	$	4,154
Revenue—real estate services		1,531		728
Total revenue		6,966		4,882
Expenses				
Direct costs - asset management		4,632		3,667
Direct costs - real estate services		1,381		494
General and administrative		598		304
Selling and Marketing		164		—
Operating income		191		417
Other income, net		9		57
Interest expense		(164)		(18)
Loss on equity method investments carried at fair value		(47)		—
(Loss) income before income tax expense		(11)		456
Income tax expense		1		—
Net (loss) income from continuing operations		(12)		456
Net loss from discontinued operations, net of tax		—		(371)
Net (loss) income		(12)		85
(Loss) income per share from continuing operations				
Basic net income per share	$	(0.00)	$	0.12
Diluted net income per share	$	(0.00)	$	0.12
Loss per share from discontinued operations				
Basic net loss per share		—	$	(0.10)
Diluted net loss per share		—	$	(0.10)
Basic weighted average shares outstanding		8,003		3,850
Diluted weighted average shares outstanding (continuing operations)		8,003		3,965
Diluted weighted average shares outstanding (discontinued operations)		—		3,850

The accompanying notes are an integral part of these consolidated financial statements.

COMSTOCK HOLDING COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Series C Preferred Stock		Class A		Class B		Additional paid-in capital	Treasury stock	Accumulated deficit	Non-controlling interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2018	2,800	7,193	3,703	$ 37	220	$ 2	$ 181,632	$ (2,662)	$ (196,091)	$ 15,706	$ 5,817
Stock compensation and issuances	—	—	41	—	—	—	61	—	—	—	61
Accrued liability settled through issuance of stock	—	—	15	—	—	—	35	—	—	—	35
Shares withheld related to net share settlement of restricted stock awards	—	—	(10)	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	85	300	385
Balance at March 31, 2019	2,800	$ 7,193	3,749	$ 37	220	$ 2	$ 181,728	$ (2,662)	$ (196,006)	$ 16,006	$ 6,298

	Series C Preferred Stock		Class A		Class B		Additional paid-in capital	Treasury stock	Accumulated deficit	Non-controlling interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2019	3,441	$ 6,765	7,850	$ 78	220	$ 2	$ 199,372	$ (2,662)	$ (195,198)	$ -	$ 8,357
Stock compensation and issuances	—	—	52	1	—	—	212	—	—	—	213
Accrued liability settled through issuance of stock	—	—	11	—	—	—	20	—	—	—	20
Shares withheld related to net share settlement of restricted stock awards	—	—	(16)	—	—	—	(31)	—	—	—	(31)
Net loss	—	—	—	—	—	—	—	—	(12)	—	(12)
Balance at March 31, 2020	3,441	6,765	7,897	79	220	2	199,573	(2,662)	(195,210)	—	8,547

The accompanying notes are an integral part of these consolidated financial statements

COMSTOCK HOLDING COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31, 2020	2019
Cash flows from operating activities attributable to continuing operations:		
Net (loss)income	$ (12)	$ 85
Adjustment to reconcile net (loss) income from continuing operations to net cash (used in) provided by operating activities		
Amortization of loan discount, loan commitment and deferred financing fees	24	18
Amortization and depreciation expense	65	48
Earnings from unconsolidated joint venture, net of distributions	105	(1)
Stock compensation	213	86
Change in fair value of equity method investment	47	—
Changes in operating assets and liabilities:		
Trade receivables - related party	308	1,660
Trade receivables	398	180
Deferred revenue	—	(625)
Accrued personnel costs	(2,458)	(948)
Other assets	(239)	205
Accrued liabilities	478	273
Accounts payable	(845)	(326)
Lease liabilities	8	—
Net cash provided by operating activities of discontinued operations	—	2,738
Net cash (used in) provided by operating activities	(1,908)	3,393
Cash flows from investing activities attributable to continuing operations:		
Purchase of fixed assets	(9)	(15)
Distributions from equity method investments carried at fair value	144	—
Principal received on note receivable	—	10
Net cash provided by (used in) investing activities	135	(5)
Cash flows from financing activities attributable to continuing operations:		
Proceeds from notes payable	5,554	—
Payments on notes payable	(81)	(65)
Taxes paid related to net share settlement of equity awards	(31)	(28)
Net cash used in financing activities of discontinued operations	—	(3,334)
Net cash provided by (used in) financing activities	5,442	(3,427)
Net increase (decrease) in cash, restricted cash and cash equivalents	3,669	(39)
Cash and cash equivalents, beginning of period	3,511	854
Cash and cash equivalents, end of period	$ 7,180	$ 815
Supplemental cash flow information:		
Interest paid	$ 143	$ 146
Supplemental disclosure for non-cash investing and financing activities:		
Accrued liability settled through issuance of stock	$ 20	$ 35

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Comstock Holding Companies, Inc. and subsidiaries ("Comstock", "CHCI" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X and applicable other rules and regulations of the Securities and Exchange Commission ("SEC"). Such financial statements do not include all of the disclosures required by GAAP for complete financial statements. In our opinion, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included in the accompanying consolidated financial statements. The Company has evaluated subsequent events through the date these consolidated financial statements were issued and has included all necessary adjustments and disclosures. For further information and a discussion of our significant accounting policies, other than discussed below, refer to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Comstock Holding Companies, Inc., incorporated in 2004 as a Delaware corporation, is a multi-faceted asset management and services company primarily focused in the Washington, D.C. Metropolitan Statistical Area. In 2018, the Company made a strategic decision to transform its operating platform from being primarily focused on developing on-balance sheet, for-sale, homebuilding projects to being focused on commercial and residential asset management and real estate related services. On April 30, 2019 the Company announced the exit from the homebuilding business. The Company now operates through five primarily real estate focused subsidiaries – CDS Asset Management, LC ("CAM"), Comstock Residential Management, LC, Comstock Commercial Management, LC, Park X Management, LC and Comstock Environmental Services, LC ("CES"). The Company's homebuilding operations are presented in Discontinued Operations (see Note 18 – Discontinued Operations). References in these Consolidated Financial Statements to "Comstock," "Company", "we," "our" and "us" refer to Comstock Holding Companies, Inc. together in each case with our subsidiaries unless the context suggests otherwise.

The Company's Class A common stock is traded on the NASDAQ Capital Market under the symbol "CHCI".

Throughout this quarterly report on Form 10-Q, amounts are in thousands, except per share data, number of stock options, number of stock awards, or as otherwise noted.

The Consolidated Balance Sheet as of December 31, 2019 was derived from the audited financial statements contained in the 2019 Form10-K.

For the three months ended March 31, 2020 and 2019, comprehensive income (loss) equaled net income (loss); therefore, a separate statement of comprehensive income (loss) is not included in the accompanying consolidated financial statements.

Recent Developments

On March 19, 2020, the Company entered into a Revolving Capital Line of Credit Agreement (the "Loan Documents") with Comstock Development Services LC ("CDS"), an entity wholly owned by Christopher Clemente, the Chief Executive Officer of the Company, pursuant to which the Company secured a Ten Million Dollar ($10,000,000) capital line of credit (the "Revolver"). Under the terms of the Loan Documents, the Revolver provides for an initial variable interest rate of the WSJ Prime Rate plus one percent (1.00%) per annum on advances made under the Revolver, payable monthly in arrears. The five-year term facility allows for interim draws that carry a maturity date of twelve (12) months from the initial date of the disbursement unless a longer initial term is agreed to by CDS. On March 27, 2020 the Company borrowed $5.5 million under the Revolver. The borrowing has a maturity date of April 30, 2023, as agreed by CDS. On April 10, 2020, the capital provided to the Company by the Revolver was utilized to retire all of the Company's ten percent (10%) corporate indebtedness maturing on April 16, 2020 owed to Comstock Growth Fund, L.C.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

At this time, we cannot foresee whether the outbreak of COVID-19 will be effectively contained, nor can we predict the severity and duration of its impact. If the outbreak of COVID-19 is not effectively and timely controlled, our business operations and financial condition may be materially and adversely affected as a result of the deteriorating market outlook for the segments and the markets in which we operate, the slowdown in regional and national economic growth, weakened liquidity and financial condition of our customers or other factors that we cannot foresee. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment and cause our business to suffer in ways that we cannot predict at this time and that may materially and adversely impact our business, financial condition and results of operations.

On April 20, 2020, the Company received a loan in the amount of approximately $1.95 million under the Paycheck Protection Program (“PPP”) under a promissory note from its existing commercial bank (the “PPP Loan”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The application for these funds required the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. Some of the uncertainties related to the Company’s operations that are directly related to COVID-19 include, but are not limited to, the severity of the virus, the duration of the outbreak, governmental, business or other actions and their impacts on the Company and our clients, along with short and long term effects of consumer demand that may affect our clients financial position and consequently necessitate changes to our operations. On April 23, 2020, the Department of Treasury published additional guidance through a document entitled “Paycheck Protection Program Loans-Frequently Asked Questions (FAQs)”. The PPP Loan good faith certification, specifically addressed by new FAQ 31, required the Company to take into account their current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. On May 13, 2020, Treasury published additional guidance through a document entitled “Paycheck Protection Program Loans-Frequently Asked Questions (FAQs)”-as of May 13, 2020. New FAQ 46, further clarifying FAQ 31, provided the Company firm guidance that its prior good faith certification is deemed made in good faith in determining that any borrower that, together with its affiliates received PPP loans with an original principal amount of less than $2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria. The term of the Company’s PPP Loan is two years. The annual interest rate on the PPP Loan is 1.00% and no payments of principal or interest are due during the six-month period beginning on the date of the PPP Loan. The PPP Loan remains subject to any new guidance and new requirements released by the Department of the Treasury.

Use of Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts for the reporting periods. We base these estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. We evaluate these estimates and judgments on an ongoing basis. Actual results may differ from those estimates under different assumptions or conditions. Material estimates are utilized in the valuation of deferred tax assets, analysis of goodwill impairment, valuation of equity-based compensation, valuation of preferred stock issuances, capitalization of costs, consolidation of variable interest entities and fair value of financial instruments (including the fair value of the equity method investment).

Recently Adopted Accounting Standards

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”), which removes, adds and modifies certain disclosure requirements for fair value measurements in Topic 820. ASU 2018-13 removes the following disclosure requirements: (i) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and (ii) the entity’s valuation processes for Level 3 fair value measurements. ASU 2018-13 adds the following disclosure requirements: (i) provide information about the measurement uncertainty of Level 3 fair value measurements as of the reporting date rather than a point in the future, (ii) disclose changes in unrealized gains and losses related to Level 3 measurements for the period included in other comprehensive income, and (iii) disclose for Level 3 measurements the range and weighted average of the significant unobservable inputs and the way it is calculated. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The adoption did not have a material impact on our Consolidated Financial Statements.

Recently Issued Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), which modifies how companies recognize expected credit losses on financial instruments and other commitments to extend credit held by an entity at each reporting date. Existing GAAP requires an "incurred loss" methodology whereby companies are prohibited from recording an expected loss until it is probable that the loss has been incurred. ASU 2016-13 requires companies to use a methodology that reflects current expected credit losses ("CECL") and requires consideration of a broad range of reasonable and supportable information to record and report credit loss estimates, even when the CECL is remote. Companies will be required to record the allowance for credit losses and deduct that amount from the basis of the asset. The guidance is effective for the Company for financial statement periods beginning after December 15, 2022, although early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements and related disclosures

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740, Income Tax and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for public business entities for annual reporting periods beginning after December 15, 2020, and interim periods within those periods. Early adoption is permitted. We do not expect the adoption of this pronouncement to have a material impact on our Consolidated Financial Statements.

We assessed other accounting pronouncements issued or effective during the three months ended March 31, 2020 and deemed they were either not applicable to us or are not anticipated to have a material effect on our consolidated financial statements. Other standards previously issued and adopted by the Company have been disclosed in previous filings.

2. REVISION OF PRIOR PERIOD FINANCIAL STATEMENTS

In connection with the preparation of the Company's 2019 consolidated financial statements, the Company identified errors in its historical financial statements relating to how the Company accounted for debt discounts and how the Company accounted for reimbursement of salaries and other salary related costs for its property management revenue arrangements. Specifically, the Company incorrectly accounted for debt discount that should have been fully amortized at the end of the initial three-year term of certain notes payable due to affiliates, in October 2017. In addition, in the interim periods in 2019, the Company previously reported the reimbursement of salary costs from its property management agreements on a net basis, although the Company was required to account for these payroll related reimbursements on a gross basis. The correction of these non-cash errors had no effect on the previously reported operating income (loss) or total cash flows from operations, investing, or financing of the Company.

The Company evaluated the errors and, based on an analysis of quantitative and qualitative factors, determined that the related impact was not material to the Company's consolidated financial statements for any prior period.

All financial statements and footnotes presented herein have been adjusted to reflect the revisions below.

	For the three months ended March 31, 2019		
	As previously reported	Adjustment	As adjusted
Revenue—asset management	$ 3,861	$ 293	$ 4,154
Direct costs—asset management	3,317	350	3,667
Interest (expense)	(34)	16	(18)
Other income, net	—	57	57
Net income (loss)	69	16	85
Additional paid-in capital	180,769	959	181,728
Accumulated deficit	(194,250)	(1,756)	(196,006)
Total equity	7,095	(797)	6,298

3. TRADE RECEIVABLES & TRADE RECEIVABLES – RELATED PARTIES

Trade receivables include amounts due from real estate services, asset management and commercial development. The Company records an allowance for doubtful accounts based on historical experience and the aging of receivables. As of March 31, 2020 that allowance for doubtful accounts was de minimis based on the Company's historical experience of bad debts for receivables older than 90 days along with analysis of collections after the filing date, to incorporate any impacts from COVID-19. As of March 31, 2020 and December 31, 2019 the Company had $1.5 million and $1.9 million, respectively, of trade receivables.

As of March 31, 2020, and December 31, 2019, the Company had $3.3 million and $3.6 million, respectively, of receivables from related parties, primarily related to the 2019 AMA. The Company does not record an allowance for doubtful accounts related to receivables from related parties. This is due to the related party nature of the receivables along with the collection history.

4. EQUITY METHOD INVESTMENTS IN REAL ESTATE VENTURES AT FAIR VALUE

Based upon elections made at the date of investment, the Company reports the equity method investments in real estate ventures at fair value. For such investments, the Company increases or decreases the investment each reporting period by the change in the fair value and the Company reports the fair value adjustments in the Consolidated Statement of Operations in the 'loss on equity method investments carried at fair value' line item. Fair value of equity method investments are classified as Level 3 of the fair value hierarchy. As of March 31, 2020 and December 31, 2019, the Company had equity method investments in real estate ventures at fair value of $8.2 million and $8.4 million, respectively. The table below shows the movement in the Company's investments in real estate ventures reported at fair value.

	Three Months Ended March 31, 2020
Fair value of investments as of December 31, 2019	$ 8,421
Distributions	(144)
Change in fair value	(47)
Fair value of investments as of March 31, 2020	$ 8,230

See Note 14 – *Related Party Transactions* for additional discussion of our investments in real estate ventures at fair value.

Investors X

The Company has elected to account for the equity method investment in Investors X at fair value. Fair Value is determined using a discounted cash flow model based on expected future cash flows for income and realization events of the underlying asset. Expected future cash flows includes contractually fixed revenues and expenses as well as estimates for future revenues and expenses where contracts do not currently exist. These estimates are based on prior experience as well as comparable, third party data. Changes in estimates, including as a result of the COVID-19 pandemic, can impact our Investors X fair value.

As of March 31, 2020 and December 31, 2019, the fair value of the Company's investment in Investors X is $7.0 million and $7.2 million, respectively. The Company received distributions of $144 thousand during the three months ended March 31, 2020 and recognized a loss in fair value of $73 thousand.

The Hartford

The Company has elected to account for the equity method investment in The Hartford at fair value. Fair Value is determined using an income approach and sales comparable approach models. As of March 31, 2020 and December 31, 2019, the fair value of the Company's investment in the Hartford was $1.2 million. The fair value of the Hartford increased by $27 thousand. There were no distributions as of March 31, 2020.

5. GOODWILL & INTANGIBLES

On July 17, 2017, Comstock Environmental, an entity wholly owned by CDS Capital Management, L.C., a subsidiary of Comstock, purchased all of the business assets of Monridge Environmental, LLC for $2.3 million. Comstock Environmental operates in Maryland, Pennsylvania, New Jersey, and Delaware as an environmental consulting and engineering services company.

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a business acquisition. Following an acquisition, we perform an analysis to value the acquired company's tangible and identifiable intangible assets and liabilities. With respect to identifiable intangible assets, we consider backlog, non-compete agreements, client relationships, trade names, patents and other assets. We amortize our intangible assets based on the period over which the contractual or economic benefits of the intangible assets are expected to be realized. We assess the recoverability of the unamortized balance of our intangible assets when indicators of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to our overall operations. Should the review indicate that the carrying value is not fully recoverable, the excess of the carrying value over the fair value of the intangible assets would be recognized as an impairment loss. As of the acquisition date, goodwill consisted primarily of synergies resulting from the combination, expected expanded opportunities for growth and production, and savings in corporate overhead costs.

We perform our annual goodwill impairment review during our fourth quarter as of October 1. In addition, we regularly evaluate whether events and circumstances have occurred that may indicate a potential change in recoverability of goodwill. We perform interim goodwill impairment reviews between our annual reviews if certain events and circumstances have occurred, including a deterioration in general economic conditions, an increased competitive environment, a change in management, key personnel, strategy or customers, significant or unusual changes in market capitalization, negative or declining cash flows, or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods. During the three months ended March 31, 2020 we considered the impact of COVID-19 and the resulting economic impact a triggering event and performed a goodwill impairment review.

When assessing goodwill for impairment, the Company may first assess qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than it’s carrying amount or elect to bypass such assessment. If it is determined that it is more likely than not that the fair value of a reporting unit is less than it’s carrying value, or the Company elects to bypass such assessment, the Company then determines the fair value of each reporting unit. The estimate of the fair value of each reporting unit is based on a projected discounted cash flow model that includes significant assumptions and estimates including the Company's discount rate, growth rate and future financial performance as well as a market multiple model based upon similar transactions in the market. Assumptions about the discount rate are based on a weighted average cost of capital built up from various interest rate components applicable to the Company. Assumptions about the growth rate and future financial performance of a reporting unit are based on the Company's forecasts, business plans, economic projections and anticipated future cash flows. Market multiples are derived from recent transactions among businesses of a similar size and industry. The fair value of each reporting unit is compared to the carrying amount of the reporting unit. If the carrying value of the reporting unit exceeds the fair value, then an impairment loss is recognized for the difference. For the three months ended March 31, 2020 the Company determined that there is no impairment to goodwill. As of March 31, 2020 and December 31, 2019, the balance of goodwill was $1.7 million. This goodwill is reflected within our Real Estate Services segment

Intangible assets include customer relationships which have an amortization period of four years. During the three months ended March 31, 2020, $17 thousand of intangible asset amortization was recorded in ‘*General and administrative’* expense on the Consolidated Statements of Operations.

	March 31, 2020	December 31, 2019
Intangibles	268	268
Less: accumulated amortization	(182)	(165)
	$ 86	$ 103

As of March 31, 2020, the future estimated amortization expense related to these intangible assets was:

	Amortization Expense
2020 (9 months ended December 31, 2020)	$ 50
2021	36
Total	$ 86

6. LEASES

On January 1, 2019, the Company adopted Accounting Standards Update (“ASU”) 2016-02, Leases, later codified as Accounting Standards Codification ("ASC") 842 ("ASC 842"), using the modified retrospective method.

The determination of whether an arrangement contains a lease and the classification of a lease, if applicable, is made at lease commencement, at which time the Company also measures and recognizes an ROU asset, representing the Company’s right to use the underlying asset, and a lease liability, representing the Company’s obligation to make lease payments under the terms of the arrangement. For the purposes of recognizing ROU assets and lease liabilities associated with the Company’s leases, the Company has elected the practical expedient to not recognize a ROU asset or lease liability for short-term leases, which are leases with a term of twelve months or less. The lease term is defined as the noncancelable portion of the lease term plus any periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The rates implicit within the Company's leases are generally not determinable; therefore, the Company's incremental borrowing rate of 6.5%, at the time of adoption, was used to determine the present value of lease payments. The determination of the

Company’s incremental borrowing rate requires judgment. The incremental borrowing rate is determined at lease commencement, or as of January 1, 2019 for operating leases in existence upon adoption of ASC 842.

The Company has operating leases for its office facilities as well as for office equipment. The Company's leases have remaining terms of less than one year to 3 years. The leases can contain various renewal and termination options. The period which is subject to an option to extend the lease is included in the lease term if it is reasonably certain that the option will be exercised. The period which is subject to an option to terminate the lease is included if it is reasonably certain that the option will not be exercised. Lease costs related to the Company's operating leases are generally recognized as a single ratable lease cost over the lease term.

Maturities of lease liabilities as of March 31, 2020 are as follows:

	Operating Leases
2020 (9 months ended December 31)	$ 43
2021	54
2022	9
Total lease payments	106
Less: imputed interest	7
Present Value of lease liabilities	$ 99

As of March 31, 2020, operating lease payments include $108 thousand related to options to extend lease terms that are reasonably certain of being exercised. The Company does not have any lease liabilities which have not yet commenced as of March 31, 2020.

7. REVENUE

The Company’s revenues consist primarily of

- Asset Management;
- Property Management;
- Capital Markets;
- Leasing;
- Project & Development Services; and
- Environmental consulting and engineering services

Asset Management

Asset Management primarily provides comprehensive real estate asset management services to the CDS portfolio, representing a series of daily performance obligations delivered over time. Pricing includes a cost-plus management fee or a market-rate fee form of variable consideration. The Company earns whichever is higher. See Note 14 – Related Party Transactions.

The amount of revenue recognized is presented gross for any services provided by our employees, as we control them. This is evidenced by our obligation for their performance and our ability to direct and redirect their work, as well as negotiate the value of such services. In the instances where we do not control third-party services delivered to the client, we report revenues net of the third-party reimbursements. Consistent with the transfer of control for distinct, daily services to the customer, revenue is typically recognized at the end of each period for the fees associated with the services performed.

Property Management

Property Management provides on-site day-to-day management services for owners of office, industrial, retail, multifamily residential and various other types of properties, representing a series of daily performance obligations delivered over time. Pricing is generally in the form of a monthly management fee based upon property-level cash receipts, square footage under management or some other variable metric. Revenues from project management may also include reimbursement of payroll and related costs for personnel providing the services and subcontracted vendor costs. Project management services represent a series of distinct daily services rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is typically recognized at the end of each period for the fees associated with the services performed. The amount of revenue recognized is presented gross for any services provided by our employees, as we control them. This is evidenced by our obligation for their performance and our ability to direct and redirect their work, as well as negotiate the value of such services. In the instances where we do not control third-party services delivered to the client, we report revenues net of the third-party reimbursements.

Capital Markets

We offer clients commercial mortgage and structured financing services. We are compensated for our services via a fee paid upon successful commercial financing from third party lenders. The fee earned is contingent upon the funding of the loan, which represents the transfer of control for services to the customer. Therefore, we typically satisfy our performance obligation at the point in time of the funding of the loan, when there is a present right to payment.

Leasing

We provide strategic advice and execution for owners, investors, and occupiers of real estate in connection with the leasing of office, industrial and retail space. We are compensated for our services in the form of a commission. Our commission is paid upon signing of the lease by the tenant. We satisfy our performance obligation at a point in time; generally, at the time of the contractual event where there is a present right to payment.

Project & Development Services

We provide project and construction management services for owners and occupiers of real estate in connection with the management and leasing of office, industrial and retail space. The fees that we earn are typically variable based upon a percentage of project cost. We are compensated for our services in the form management fees. Project and construction management services represent a series of performance obligations delivered over time and revenue is recognized over time.

Environmental Consulting and Engineering Services

We provide environmental consulting and engineering services for owners of real estate. Remediation services are generally contracted and performed by Comstock Environmental. We are compensated for our services as well as for the services of subcontractors used to perform remediation services. Fees earned are generally based upon employee time spent as well as a cost-plus arrangement for subcontractors used. Generally, environmental consulting and engineering services represent a series of performance obligations delivered over time and revenue is recognized over time.

Contract Costs

Expenses, primarily employee commissions, incurred on leasing and capital markets transactions represent substantially all our incremental costs to obtain revenue contracts. We apply the applicable practical expedient offered by ASC Topic 606 when the amortization period is one year or less and, therefore, recognize these costs as an operating expense as they are incurred.

The following table presents the Company’s sales from contracts with customers disaggregated by categories which best represents how the nature, amount and timing and uncertainty of sales are affected by economic factors.

	Three Months Ended March 31, 2020	2019
Revenue by customer		
Related party	$ 5,484	$ 4,097
Commercial	1,482	785
Total Revenue by customer	$ 6,966	$ 4,882
Revenue by contract type		
Fixed-price	$ 960	$ 433
Cost-plus	3,434	3,778
Time and Material	2,572	671
Total Revenue by contract type	$ 6,966	$ 4,882

For the three months ended March 31, 2020 and 2019, $6.8 million and $4.9 million of our revenues were earned for contracts where revenue is recognized over time, respectively. For the three months ended March 31, 2020, $0.2 million of our revenues were earned for contracts where revenue is recognized at a point in time. For the three months ended March 31, 2019, no revenues were earned for contracts where revenue is recognized at a point in time.

8. DEBT

As of March 31, 2020, notes payable consisted of the following:

	March 31, 2020	December 31, 2019
Secured financing	$ 613	$ 694
Notes payable- due to affiliates, unsecured, net of $2 thousand and $27 thousand discount and unamortized deferred financing charges, respectively	11,230	5,706
Unsecured financing	649	595
Total notes payable	$ 12,492	$ 6,995

As of March 31, 2020, net maturities and/or curtailment obligations of all borrowings are as follows:

2020*	$ 5,782
2021	104
2022	1,108
2023	5,500
Total	$ 12,494

*The net maturities due during 2020 in the table above were paid in full on April 10, 2020. See note 19 – *Subsequent Events* for more information

Secured financing

As of March 31, 2020 and December 31, 2020, the Company had one secured loan related to Comstock Environmental. The loan was used to finance the acquisition of Comstock Environmental, and carries a fixed interest rate of 6.5%, with a maturity date of October 17, 2022. At March 31, 2020 and December 31, 2019, this financing had an outstanding balance of $613 thousand and $667 thousand, respectively. Comstock Environmental had an additional secured loan with an outstanding balance of $27 thousand as of December 31, 2019 to fund the purchase of an asset used in the business. This loan was retired during the three months ended March 31, 2020. These financings are secured by the assets of Comstock Environmental and guaranteed by our Chief Executive Officer.

Unsecured financing

As of March 31, 2020 and December 31, 2019, the Company had one unsecured seller-financed promissory note with an outstanding balance of $595 thousand. This financing carries an annual interest rate of LIBOR plus 3% and has a maturity date of July 17, 2022. This loan has $50 thousand due on the third and fourth loan anniversary dates with the remainder due at maturity. At March 31, 2020 and December 31, 2019, the interest rate was 5.0% and 6.0%, respectively. In addition, during the three months ended March 31, 2020, the Company financed the Director's and Officer's insurance policy with a one year term loan. As of March 31, 2020 the balance on this loan was $54 thousand.

Notes payable to affiliate – unsecured

<u>Comstock Growth Fund</u>

On October 17, 2014, the Company entered into an unsecured promissory note with CGF whereby CGF made a loan to the Company in the initial principal amount of $10.0 million and a maximum amount available for borrowing of up to $20.0 million with a three-year term. On December 18, 2014, the loan agreement was amended and restated to provide for a maximum capacity of $25 million. On May 23, 2018, the Company entered into a Membership Interest Exchange and Subscription Agreement (the "Membership Exchange Agreement"), together with a revised promissory note agreement, in which a note ("CGF Note") with an outstanding principal and accrued interest balance of $7.7 million was exchanged for 1,482,300 shares of the Company's Series C Non-Convertible Preferred Stock, par value $0.01 per share and a stated liquidation value of $5.00 per share (the "Series C Preferred Stock"), issued by the Company to CDS. The Company exchanged the preferred equity for 91.5% of CDS membership interest in the Comstock Growth Fund promissory note. Concurrently, the face amount of the CGF Note was reduced to $5.7 million as of the

Effective Date. The loan bears interest at a fixed rate of 10% per annum. Interest payments are made monthly in arrears. The Company is the administrative manager of CGF but does not own any membership interests. The Company had approximately $5.7 million of outstanding borrowings and accrued interest under the CGF loan, net of discounts, as of March 31, 2020 and December 31, 2019. The maturity date for the CGF loan was April 16, 2020. The CGF loan was repaid prior to maturity. See Note 19 – *Subsequent Events* for more information.

Revolving Capital Line of Credit

On March 19, 2020, the Company entered into a Revolving Capital Line of Credit Agreement (the "Loan Documents") with CDS, pursuant to which the Company secured a Ten Million Dollar ($10,000,000) capital line of credit (the "Revolver"). Under the terms of the Loan Documents, the Revolver provides for an initial variable interest rate of the WSJ Prime Rate plus one percent (1.00%) per annum on advances made under the Revolver, payable monthly in arrears. The five-year term facility allows for interim draws that carry a maturity date of twelve (12) months from the initial date of the disbursement unless a longer initial term is agreed to by CDS. On March 27, 2020 the Company borrowed $5.5 million under the Revolver. The $5.5 million borrowed has a maturity date of April 30, 2023. On April 10, 2020, the capital provided to the Company by the Revolver was utilized to retire all of the Company's ten percent (10%) CGF loan. See Note 19 – *Subsequent events* for more information.

For the three months ended March 31, 2020 and 2019, the Company made interest payments of $125 thousand.

During the three months ended March 31, 2020 and 2019, the Company did not make principal payments for the CGF loan or the Revolver.

9. COMMITMENTS AND CONTINGENCIES

Litigation

Currently, we are not subject to any material legal proceedings. From time to time, we are named as a defendant in legal actions arising from our normal business activities. Although we cannot accurately predict the amount of our liability, if any, that could arise with respect to legal actions pending against us, we do not expect that any such liability will have a material adverse effect on our financial position, operating results and cash flows. We believe that we have obtained adequate insurance coverage, rights to indemnification, or where appropriate, have established appropriate reserves in connection with any such legal proceedings.

10. FAIR VALUE DISCLOSURES

The carrying amounts reported in the consolidated balance sheets for cash equivalents, accounts receivable, and accounts payable are reasonable estimates of their fair values based on their short maturities. The fair value of fixed and floating rate debt is based on unobservable market rates (Level 3 inputs). The fair value of the fixed and floating rate debt was estimated using a discounted cash flow analysis on the blended borrower rates currently available to the Company for loans with similar terms. The following table summarizes the carrying amount and the corresponding fair value of fixed and floating rate debt.

	March 31, 2020	December 31, 2019
Carrying amount	$ 12,492	$ 6,311
Fair value	$ 12,024	$ 6,136

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Investments in Real Estate Ventures at Fair Value

We report our two investments in real estate ventures at fair value. For such investments, we increase or decrease our investment each reporting period by the change in the fair value and we report these fair value adjustments in the Consolidated Statements of Operations.

For our investments in real estate ventures at fair value, we estimate the fair value using the level 3 Income Approach or a sales comparable approach to determine a fair value. Critical inputs to fair value estimates include various level 3 inputs such as valuations of the underlying real estate assets and borrowings, which incorporate investment-specific assumptions such as discount rates, capitalization rates, rental and expense growth rates, and asset-specific market borrowing rates. As of March 31, 2020 and December 31, 2019, investments in the real estate ventures at fair value was approximately $8.2 million and $8.4 million, respectively.

Non-Recurring Fair Value Measurements

The Company may also value its non-financial assets and liabilities, including items such as long-lived assets, at fair value on a non-recurring basis if it is determined that impairment has occurred. Such fair value measurements use significant unobservable inputs and are classified as Level 3.

11. RESTRICTED STOCK, STOCK OPTIONS AND OTHER STOCK PLANS

During the three months ended March 31, 2020, the Company issued no stock options and 630,352 restricted stock awards to employees. During the three months ended March 31, 2019, the Company issued 94,431 stock options and 57,788 restricted stock awards to employees.

Stock-based compensation expense associated with restricted stock and stock options is recognized based on the grant date fair value of the award over its vesting period. The following table reflects the statements of operations line items for stock-based compensation for the periods presented:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cost of sales - Real Estate Services	$ 22	$ 11
Expense - General and administrative	191	73
	$ 213	$ 84

Under net settlement procedures currently applicable to our outstanding restricted stock awards for employees, upon each settlement date and election by the employees, restricted stock awards are withheld to cover the required withholding tax, which is based on the value of the restricted stock award on the settlement date as determined by the closing price of our Class A common stock on the trading day immediately preceding the applicable settlement date. The remaining amounts are delivered to the recipient as shares of our Class A common stock.

As of March 31, 2020, the weighted-average remaining contractual term of unexercised stock options was 8 years. As of March 31, 2020, and December 31, 2019, there was $1.8 million and $0.6 million, respectively, of unrecognized compensation cost related to stock options and restricted stock awards.

The Company intends to issue new shares of its common stock upon vesting of restricted stock grants or the exercise of stock options.

12. INCOME (LOSS) PER SHARE

The weighted average shares and share equivalents used to calculate basic and diluted (loss) income from continuing operations for the three months ended March 13, 2020 and 2019, and discontinued operations per share for the three months ended March 31, 2019, are presented in the accompanying consolidated statements of operations. Restricted stock awards, stock options and warrants for the three months ended March 31, 2020 and 2019 are included in the diluted income (loss) per share calculation using the treasury stock method and average market prices during the periods, unless their inclusion would be anti-dilutive.

The following share equivalents have been excluded from the continuing operations dilutive share computation for the three months ended March 31, 2020 and 2019 as their inclusion would be anti-dilutive.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Restricted stock awards	174	—
Stock options	255	319
Warrants	726	620
	1,155	939

The following share equivalents have been excluded from the discontinued operations dilutive share computation for the three months ended March 31, 2019 as their inclusion would be anti-dilutive.

	Three Months Ended March 31, 2019
Restricted stock awards	76
Stock options	322
Warrants	657
	1,055

13. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Consolidated Real Estate Inventories in assets of discontinued operations

Included within the Company's assets of discontinued operations are real estate entities at December 31, 2018 that were determined to be VIEs. These entities have been established to own and operate real estate property and were deemed VIEs primarily based on the fact that the equity investment at risk is not sufficient to permit the entities to finance their activities without additional financial support. The Company determined that it was the primary beneficiary of these VIEs as a result of the Company's majority voting rights and complete operational control of these entities.

The Company evaluated Investors X and determined that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support and the Company was the primary beneficiary of the VIE as a result of its complete operational control of the activities that most significantly impact the economic performance and its obligation to absorb losses or receive benefits. As a result of the April 30, 2019 Master Transfer Agreement ("MTA"), the Company determined that Investors X was considered held for sale effective April 30, 2019 and Investors X activities were reclassified to discontinued operations in the accompanying Consolidated Financial Statements.

On July 23, 2019, the Investors X operating agreement was amended to clarify certain definitions resulting in Investors X no longer being considered a VIE of the Company. Therefore, the assets and liabilities of Investors X were deconsolidated effective July 23, 2019 in the Consolidated Balance Sheets of the Company.

14. RELATED PARTY TRANSACTIONS

Lease for Corporate Headquarters

The Company has a lease for its corporate headquarters from an affiliate wholly-owned by our CEO. Future minimum lease payments under this lease, which expires on September 30, 2020, are $277 thousand.

For each of the three months ended March 31, 2020 and 2019 total rental payments made were $142 thousand and $138 thousand, respectively.

Asset Management Agreement

On March 30, 2018, CDS Asset Management, L.C. ("CAM"), an entity wholly owned by the Company, entered into a master asset management agreement (the "AMA") with CDS. The effective date of this Agreement is January 2, 2018. Pursuant to the AMA, CDS has engaged CAM to manage and administer the CDS' commercial real estate portfolio and the day to-day operations of CDS and each property-owning subsidiary of CDS. Pursuant to the terms of the AMA, CAM will provide investment advisory, development and asset management services necessary to build out, stabilize and manage certain assets.

Pursuant to the AMA, CDS will pay CAM an annual cost-plus fee (the "Annual Fee") in an aggregate amount equal to the sum of (i) the employment expenses of personnel dedicated to providing services to the Comstock Real Estate Portfolio pursuant to the AMA, (ii) the costs and expenses of the Company related to maintaining the listing of its shares on a securities exchange and complying with regulatory and reporting obligations as a public company, and (iii) a fixed annual payment of $1,000,000.

2019 Amended Asset Management Agreement

On April 30, 2019, CAM entered into the 2019 AMA with CDS, which amends and restates in its entirety the asset management agreement between the parties dated March 30, 2018 with an effective date as of January 1, 2018. Pursuant to the 2019 AMA, CDS will engage CAM to manage and administer the Anchor Portfolio and the day to-day operations of CDS and each property-owning subsidiary of CDS (collectively, the "CDS Entities").

Pursuant to the 2019 AMA, the Company provides asset management services related to the build out, lease-up and stabilization, and management of the Anchor Portfolio. CDS pays the Company and its subsidiaries annual fees equal to the greater of either (i) an aggregate amount equal to the sum of (a) an asset management fee equal to 2.5% of revenues generated by properties included in the Anchor Portfolio; (b) a construction management fee equal to 4% of all costs associated with Anchor Portfolio projects in development; (c) a property management fee equal to 1% of the Anchor Portfolio revenues, (d) an acquisition fee equal to up to 0.5% of the purchase price of acquired assets; and (f) a disposition fee equal to 0.5% of the sales price of an asset on disposition; or (ii) an aggregate amount equal to the sum of (x) the employment expenses of personnel dedicated to providing services to the Anchor Portfolio pursuant to the 2019 AMA, (y) the costs and expenses of the Company related to maintaining the public listing of its shares and complying with related regulatory and reporting obligations, and (z) a fixed annual payment of $1,000,000.

In addition to the annual payment of the greater of either the Market Rate Fee or the Cost Plus Fee, the Company also is entitled on an annual basis to the following additional fees: (i) an incentive fee equal to 10% of the free cash flow of each of the real estate assets comprising the Anchor Portfolio after calculating a compounding preferred return of 8% on CDS invested capital (ii) an investment origination fee equal to 1% of raised capital, (iii) a leasing fee equal to $1.00/sf for new leases and $0.50/sf for renewals; and (iv) mutually agreeable loan origination fees related to the Anchor Portfolio.

The 2019 AMA will terminate on December 31, 2027 ("Initial Term"), an extension from the original termination date of December 31, 2022, and will automatically renew for successive additional one-year terms (each an "Extension Term") unless CDS delivers written notice of non-renewal of the 2019 AMA at least 180 days prior to the termination date of the Initial Term or any Extension Term. Twenty-four months after the effective date of the 2019 AMA, CDS is entitled to terminate the 2019 AMA without cause upon 180 days advance written notice to CAM. In the event of such a termination and in addition to the payment of any accrued annual fees due and payable as of the termination date under the 2019 AMA, CDS is required to pay a termination fee equal to (i) the Market Rate Fee or the Cost Plus Fee paid to CAM for the calendar year immediately preceding the termination , and (ii) a one-time payment of the Incentive Fee as if the CRE Portfolio were liquidated for fair market value as of the termination date; or the continued payment of the Incentive Fee as if a termination had not occurred.

Residential, Commercial and Parking Property Management Agreements

In December 2017 and January 2018, the Company entered into separate residential property management agreements with two properties owned by CDS Entities under which the Company receives fees to manage and operate the properties including tenant communications, leasing of apartment units, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight.

During the period of May through and including December 2019, the Company entered into separate commercial property and parking management agreements with several properties owned by CDS Entities under which the Company receives fees to manage and operate the office and retail portions of the properties, including tenant communications, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight.

These property management agreements are each for one (1) year initial terms with successive, automatic one (1) year renewal terms, unless sooner terminated. The Company generally receives base management fees under these agreements based upon a percentage of gross rental revenues for the portions of the buildings being managed in addition to reimbursement of specified expenses, including employment expenses of personnel employed by the Company in the management and operation of each property.

Construction Management Agreements

On January 1, 2019, the Company entered into a construction management agreement for two properties owned by CDS Entities under which the Company receives fees to provide certain construction management and supervision services, including construction supervision and management of the buildout of certain tenant premises. The Company receives a flat construction management fee for each engagement under a work authorization based upon the construction management or supervision fee set forth in the applicable tenant's lease, which fee is generally one percent (1%) to four percent (4%) of the total costs (or total hard costs) of construction of the tenant's improvements in its premises, or as otherwise agreed to by the parties.

Business Management Agreements

On April 30, 2019, CAM entered into a Business Management Agreement (the "Management Agreement") with Investors X, whereby CAM will provide Investors X with asset and professional services related to the wind down of the Company's divested homebuilding operations and the continuation of services related to the Company's divested land development activities. The aggregate fee payable to CAM from Investors X under the Management Agreement is $937,500, payable in fifteen quarterly installments of $62,500 each.

The Hartford Investment

On December 30, 2019 the Company made an investment related to the purchase of the Hartford, a stabilized commercial office building located at 3101 Wilson Boulevard in the Clarendon area of Arlington County, Virginia. The Company's initial investment related to the purchase of the Hartford is $1.2 million.

In conjunction with the investment, the Company entered into an operating agreement ("Original Operating Agreement") with Partners to form Comstock 3101 Wilson, LC (the "Hartford Owner"), to purchase the Hartford. Pursuant to the Original Operating Agreement, the Company holds a minority membership interest in the Hartford Owner and the remaining membership interests of the Hartford Owner is held by Partners, who is further the Manager of the Hartford Owner. At the closing of the acquisition of the Hartford, the Company received an acquisition fee of $500 thousand and is entitled to asset management, property management, construction management and leasing fees for its management of the Property pursuant to separate agreements between the Hartford Owner, or its affiliates, and the Company, or its affiliates. The Company is also entitled to an incentive fee related to the performance of the investment.

On February 7, 2020, the Company, Partners and DWF VI 3101 Wilson Member, LLC ("DWF"), an unaffiliated, third party, equity investor in the Hartford, entered into a limited liability company agreement (the "DWC Operating Agreement") to form DWC 3101 Wilson Venture, LLC ("DWC") to, among other things, acquire, own and hold all interests in the Hartford Owner. In furtherance thereof, on February 7, 2020, the Original Operating Agreement for the Hartford Owner was amended and restated (the "A&R Operating Agreement") to memorialize the Company's and Partners' assignment of 100% of its membership interests in the Hartford Owner to DWC. As a result thereof, DWC is the sole member of the Hartford Owner. The Company and Partners, respectively, hold minority membership interests in, and DWF holds the majority membership interest in, DWC. The Company's ownership interest in the Hartford remains 2.5%.

Private Placements and Promissory Notes

On March 19, 2020, the Company entered into a Revolving Capital Line of Credit Agreement (the "Loan Documents") with CDS, pursuant to which the Company secured a Ten Million Dollar ($10,000,000) capital line of credit (the "Revolver"). Under the terms of the Loan Documents, the Revolver provides for an initial variable interest rate of the WSJ Prime Rate plus one percent (1.00%) per annum on advances made under the Revolver, payable monthly in arrears. The five-year term facility allows for interim draws that carry a maturity date of twelve (12) months from the initial date of the disbursement unless a longer initial term is agreed to by CDS. On March 27, 2020 the company borrowed $5.5 million under the Revolver. On April 10, 2020, the capital provided to the Company by the Revolver was utilized to retire all of the Company's ten percent (10%) corporate indebtedness maturing in 2020 owed to Comstock Growth Fund, L.C.

See Note 8 to the consolidated financial statements for further description of the CGF Private Placement and the Revolver.

Revenues from Related Parties

The following table details the revenue earned from related parties.

	Three Months Ended March 31, 2020		2019	
Revenue by customer				
Related party	$	5,484	$	4,097
Commercial		1,482		785
Total Revenue by customer	$	6,966	$	4,882

15. UNCONSOLIDATED JOINT VENTURE

The Company accounts for its interest in its title insurance joint venture using the equity method of accounting and adjusts the carrying value for its proportionate share of earnings, losses and distributions. The investment in the unconsolidated joint venture was $14 thousand and $74 as of March 31, 2020 and 2019, respectively, and is included within 'Prepaid and other assets, net' in the accompanying Consolidated Balance Sheets. The Company's share of (loss) earnings for the three months ended March 31, 2020 and 2019, from this unconsolidated joint venture of $(3) thousand and $57 thousand, respectively, is included in 'Other income, net' in the accompanying Consolidated Statement of Operations. During the three months ended March 31, 2020 and 2019, the Company collected and recorded distributions of $108 thousand and $58 thousand, respectively, from this joint venture as a return on investment.

Summarized financial information for the unconsolidated joint venture is as follows:

	Three Months Ended March 31, 2020		2019	
Statement of Operations:				
Total net revenue	$	31	$	147
Total expenses		37		33
Net (loss)income	$	(6)	$	114
Comstock Holding Companies, Inc. share of net (loss)income	$	(3)	$	57

16. INCOME TAXES

For the three months ended March 31, 2020, the Company recognized deferred income tax expense of $1 thousand. For the three months ended March 31, 2019, the Company recognized no deferred income tax expense from continuing operations due to the valuation allowance and recognized a deferred income tax expense of $3 thousand from discontinued operations. The effective tax rate for the three months ended March 31, 2020 and 2019 is (5.12)% and (0.85)%, respectively.

The Company currently has approximately $145 million in federal and state NOLs. If unused, these NOLs will begin expiring in 2027. Under Code Section 382 ("Section 382") rules, if a change in ownership is triggered, the Company's NOL assets and possibly certain other deferred tax assets may be impaired.

The Company assesses uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainties in Income Taxes*. The Company has not recorded any accruals related to uncertain tax positions as of March 31, 2020 and 2019. We file U.S. and state income tax returns in jurisdictions with varying statutes of limitations. The 2016 through 2019 tax years remain subject to examination by federal and most state tax authorities.

17. SEGMENT DISCLOSURES

Subsequent to July 23, 2019 we operate our business through our two segments: Asset Management, and Real Estate Services.

In our Asset Management segment, we focus on providing management services to a wide range of real estate assets and businesses that include a variety of commercial real estate uses, including apartments, hotels, office buildings, commercial garages, leased lands, retail stores, mixed-use developments, and urban transit-oriented developments. The properties and businesses we currently manage are located primarily along the Washington, D.C. Metro Silver Line in Fairfax and Loudoun Counties, but we also manage projects in other jurisdictions within the states of Maryland and Virginia.

In our Real Estate Services segment, our experienced real estate services-based management team provides a wide range of real estate services in the areas of strategic corporate planning, capital markets, brokerage services, and environmental and design-based services. Our environmental services group provides consulting and engineering services, environmental studies, remediation services and provide site specific solutions for any project that may have an environmental impact, from environmental due diligence to site-specific assessments and remediation. The Real Estate Services segment operates in the Mid-Atlantic Region.

The following table includes the Company's two reportable segments of Asset Management and Real Estate Services, excluding discontinued operations, for the three months ended March 31, 2020 and 2019.

	Asset Management	Real Estate Services	Total
Three Months Ended March 31, 2020			
Gross revenue	$ 5,435	$ 1,531	$ 6,966
Gross profit (loss)	803	150	953
Net income (loss)	284	(296)	(12)
Total assets	19,661	3,129	22,790
Three Months Ended March 31, 2019			
Gross revenue	$ 4,154	$ 728	$ 4,882
Gross profit (loss)	487	234	721
Net income (loss)	385	(300)	85
Total assets	1,808	3,071	4,879

18. DISCONTINUED OPERATIONS

On April 30, 2019, the Company entered into a Master Transfer Agreement (the "MTA") with Comstock Development Services, LC ("CDS"), an entity wholly owned by Christopher Clemente, the Chief Executive Officer of the Company, and FR54, LC ("FR54"), an entity also controlled by Mr. Clemente, that sets forth certain transactions to complete the Company's previously announced exit from the homebuilding and land development business in favor of a migration to an asset management model. Refer to Note 13 – *Consolidation of Variable Interest Entities* for further discussion regarding the accounting related to discontinued operations.

The Company did not carry any assets or liabilities from discontinued operations on the Balance Sheet as of March 31, 2020 and December 31, 2019.

The operating results of the discontinued operations that are reflected on the consolidated statement of operations within the net income (loss) from discontinued operations are as follows:

	Three Months Ended March 31, 2020	2019
Revenues		
Revenue—homebuilding	$ —	$ 6,769
Total revenue	—	6,769
Expenses		
Cost of sales—homebuilding	—	6,722
Sales and marketing	—	114
General and administrative	—	1
Operating (loss)	—	(68)
Income tax expense	—	3
Net (loss) from discontinued operations	—	(71)
Net income attributable to non-controlling interests	—	300
Net (loss) attributable to Comstock Holding Companies, Inc.	$ —	$ (371)

19. SUBSEQUENT EVENTS

On March 27, 2020, President Trump signed into law the CARES Act which, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

On April 20, 2020, the Company received PPP loan proceeds of approximately $1.95 million. The PPP loan and accrued interest are forgivable after eight weeks so long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels in accordance with the Cares Act.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Company’s future adherence to the forgiveness criteria. The term of the Company’s PPP loan, if not forgiven, is two years. The annual interest rate on the Note is 1% and no payments of principal or interest are due during the six-month period beginning on the date of the Note. The Note remains subject to any new guidance and new requirements released by the Department of the Treasury, the latest such guidance being issued on May 13, 2020, including its safe harbor provision for loans under $2 million as described in FAQ 46.

We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Please see "Cautionary Notes Regarding Forward-looking Statements" for more information. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those discussed below and elsewhere in this report, particularly under the headings "Cautionary Notes Regarding Forward-looking Statements." References to dollar amounts are in thousands except per share data, or as otherwise noted.

Cautionary Notes Regarding Forward-looking Statements

This report includes forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of words such as "anticipate," "believe," "estimate," "may," "likely," "intend," "expect," "will," "should," "seeks" or other similar words or expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate industry, while other factors apply specifically to us. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation: general economic and market conditions, including interest rate levels; our ability to service our debt; inherent risks in investment in real estate; our ability to compete in the markets in which we operate; economic risks in the markets in which we operate, including actions related to government spending; delays in governmental approvals and/or land development activity at our projects; regulatory actions; our ability to maintain compliance with stock market listing rules and standards; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor or building materials; natural disasters; our ability to raise debt and equity capital and grow our operations on a profitable basis; and our continuing relationships with affiliates.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

At this time, we cannot foresee whether the outbreak of COVID-19 will be effectively contained, nor can we predict the severity and duration of its impact. If the outbreak of COVID-19 is not effectively and timely controlled, our business operations and financial condition may be materially and adversely affected as a result of the deteriorating market outlook for the segments and the markets in which we operate, the slowdown in regional and national economic growth, weakened liquidity and financial condition of our customers or other factors that we cannot foresee. Some of the uncertainties related to the Company's operations that are directly related to COVID-19 include, but are not limited to, the severity of the virus, the duration of the outbreak, governmental, business or other actions and their impacts on the Company and our clients, along with short and long term effects of consumer demand that may affect our clients financial position and consequently necessitate changes to our operations. As discussed in Note 14, the Company derives a substantial portion of its revenues from various related party entities associated with real estate properties. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment and cause our business to suffer in ways that we cannot predict at this time and that may materially and adversely impact our business, financial condition and results of operations. While we have not seen a significant impact to our results from COVID-19 to date, if the virus continues to cause significant negative impacts to economic conditions or consumer confidence, our revenues including our property management revenues, trade receivables, related party receivables, goodwill and our fair value investment in Investors X, results of operations, financial condition and liquidity could be adversely impacted.

Our actual results could differ materially from these projected or suggested by the forward-looking statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events, except as required by law.

We make available, free of charge, on our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after these forms are filed with, or furnished to, the SEC. The information on or accessible through our website, *www.comstockcompanies.com*, is not incorporated by reference into this Quarterly Report on Form 10-Q.

Overview

Comstock Holding Companies, Inc. ("CHCI" or "the Company") is a developer, operator, and asset manager of mixed-use and transit-oriented development properties in the greater Washington, D.C. metropolitan area, where we focus primarily on select high-growth urban and transitioning "sub-urban" markets. We provide a broad range of real estate asset management services, including development, construction management, leasing and property management services, to owners of real estate properties that we manage. We invest capital on behalf of our asset management clients and institutional real estate investors in office, retail, residential and mixed-use properties, generally retaining an economic interest for the Company and providing management services to those properties, enabling the Company to increase its assets under management ("AUM") in order to realize competitive advantages of scale and enhance our overall returns. The Company also provides additional fee-based real estate services, including corporate planning, capital markets, brokerage, title insurance, design, and environmental consulting and engineering services, to properties in the Company's managed portfolio and to other clients in the U.S. Mid-Atlantic Region.

As a vertically integrated real estate operating and investment company, we earn revenue from multiple sources, including fees generated from asset management services that we provide to our managed portfolio of real estate assets on behalf of our asset management clients, and fees from additional real estate related services, including environmental consulting and engineering services provided to our managed properties and unrelated third party clients in the MidAtlantic Region. In addition, the Company expects to generate revenue from co-investments with our partners in certain property acquisitions and from performance-based incentive compensation from certain assets in our managed portfolio. The Company can earn these incentive-based fees upon the occurrence of certain transaction-related events or when the performance of the subject properties meets defined performance metrics.

The services we provide pursuant to the asset management agreements covering our AUM properties vary by property, and include property management, development and construction management, leasing management, acquisition and disposition management, origination and negotiation of debt and equity facilities, risk management, and various other property-specific services. Substantially all of the properties included in our managed portfolio are covered by full-service asset management agreements encompassing substantially all aspects of development, construction, and operations management relating to the subject properties. A limited number of properties in our managed portfolio are covered by service-specific asset management contracts that focus our services on defined critical elements of operations, such as marketing, leasing, and construction management, where the property owner continues to manage other operating functions. The full-service asset management agreement for our Anchor Portfolio as defined below is a long-term contract with an original term of 10 years that provides for significant payments to Comstock in the case of early termination by the asset owner. The asset management agreement for the Hartford Building acquired in December 2019 as described below, the Company's initial co-investment asset, is medium term in duration, and the duration of co-investment asset management agreements generally are expected to align with the duration of the applicable co-investment business plan. The co-investment business plans are property specific and therefore vary in expected duration but are generally expected to be between four and seven years. Our limited-service asset management agreements generally are anticipated to be short term in nature and do not include material early termination penalties. Presently, there are only one co-investment management agreement and one limited-service management agreement in place in addition to the management agreements covering our Anchor Portfolio.

Anchoring the Company's asset management services platform is a long-term full service asset management agreement (the "2019 AMA") with an affiliate of the Company's Chief Executive Officer, Christopher Clemente, that encompasses the majority of the properties we currently manage, including two of the largest transit-oriented, mixed-use developments in the Washington, DC area: Reston Station, a nearly five million square foot transit-oriented, mixed-use development located in Reston, VA, and Loudoun Station, a nearly 2.5 million square foot transit-oriented, mixed-use development in Ashburn, VA, as well as other additional development assets, which together constitute our anchor portfolio (the "Anchor Portfolio").

The 2019 AMA provides the Company fee based revenue based on a general formula charging the greater of (i) the defined operating costs of the Company plus a base fee of $1,000,000 per annum and various supplemental fees, or (ii) market rate fees delineated in the 2019 AMA.

Reston Station - Strategically located mid-way between Tysons Corner and Dulles International Airport, Reston Station is among the largest mixed use, transit-oriented developments in the Washington, DC area. Located at the terminus of Phase I of Metro's Silver Line and encompassing nearly 40 acres spanning the Dulles Toll Road and surrounding Reston's first Metro Station, Reston Station is already home to more than 1,000 residents and numerous businesses, including multiple retail establishments and popular restaurants. With more than one million square feet of completed and stabilized buildings, approximately four million square feet of additional development in various stages of entitlement, development and construction, and a 3,500-space underground parking garage and bus transit facility adjacent to the Wiehle-Reston-East Metro Station, the Reston Station neighborhood is leading the urban transformation of the Dulles Corridor.

Loudoun Station - Located at the terminus station on Metro's Silver Line, minutes from Dulles International Airport, Loudoun Station represents Loudoun County's first (and currently its only) Metro-connected development. Loudoun Station has approximately 600,000 square feet of mixed-use development completed, including hundreds of rental apartments, approximately 125,000 square feet of retail, restaurants, and entertainment venues, 50,000 square feet of Class A office, and a 1,500+ space commuter parking garage. Approximately two million square feet of additional development is slated for Loudoun Station. Located adjacent to Metro's Ashburn Station, the Loudoun Station neighborhood represents Loudoun County's beginning transformation into a transit connected community with direct connectivity to Dulles International Airport, Reston, Tysons Corner and downtown Washington, DC.

Our Business Strategy

In early 2018, the Company transitioned our business strategy and operating platform from being focused on the development and sale of residential homes to our current fee-based services model focused on commercial and mixed-use real estate primarily in the greater Washington, D.C. region. We generate base fees, incentive fees and profit participation by providing a broad range of real estate asset management services, including development, construction management, leasing and property management services, as well as acquisition and disposition services, employing our substantial experience in entitling, designing, developing, and managing a diverse range of properties. While our Anchor Portfolio, concentrated primarily along the rapidly growing Dulles Corridor in Northern Virginia, provides a stable cost-plus fee structure foundation under the 2019 AMA, our business strategy includes expanding our total AUM by identifying high-quality office, retail, residential and mixed-use properties in the greater Washington, D.C. region and identifying institutional real estate investors that seek investment opportunities in such real estate assets while lacking the operational or local expertise needed to manage such properties. This approach enables the Company to generate earnings through the management of the Anchor Portfolio and provides the opportunity to increase earnings through the expansion of our managed portfolio of properties through additional acquisitions and related management agreements. Our acquisition strategy is currently focused on value-add, core, and core-plus opportunities and other opportunistic asset acquisitions. In addition to our asset management services, we provide a suite of real estate-related services to our managed real estate portfolio and to additional third-party clients, and we may seek to expand the services we offer through organic growth.

We believe that we have several strengths that distinguish our new business focus and strategy:

- *Revenue Base*. Our revenues are generated primarily from recurring asset management fees and additional real estate services fees. Our asset management agreements provide a highly visible and reliable source of revenue and position the Company to enhance bottom line results as the Company's Anchor Portfolio and other assets under management expand.
- *Management Services* – During recent years, we have made several changes to our management team as we refocused our operating platform from residential home building to commercial real estate and asset management. As a result of this effort, our current management team has significant experience managing large-scale portfolios of real estate assets, including rental apartments, office buildings, hotels, commercial garages, leased lands, retail properties, mixed-use developments, and transit-oriented developments.
- *Geographic Focus* - The properties included in our Anchor Portfolio that we currently manage are located primarily in the Dulles Corridor, which is the location of the Silver Line, the first new rail line added to Washington D.C.'s Metro rail system in almost 20 years, which will serve Arlington, Fairfax and Loudoun Counties in Virginia. Our property acquisition initiatives with institutional partners are focused on multiple high-growth areas throughout the Washington, D.C. region, and our first such acquisition, which closed in December 2019, is located in Arlington County. We also provide environmental consulting and engineering services throughout a wider region stretching from the Washington, D.C. region to the Philadelphia, Pennsylvania, and New Jersey regions.
- *Real Estate Services* – In addition to the asset management services we provide in connection with our assets under management, we also provide a variety of supplemental real estate services in the areas of strategic corporate planning, capital markets and financial consulting, commercial mortgage brokerage, title, design and environmental consulting and engineering services, and industrial hygiene services. Our environmental services group provides consulting and engineering services, environmental studies, remediation management services and site-specific solutions for properties that may require or benefit from environmental due diligence, site-specific assessments, and industrial hygiene services. Our real estate services business platform allows us to generate positive fee income from our highly qualified personnel and serves as a potential catalyst for joint venture and strategic acquisition opportunities.

- *Quality and Depth of Management* - We have a highly qualified and experienced management team with a broad base of deep expertise and a proven track record providing services to our clients. Our services platform leverages the diverse capabilities and relationships of our management team developed over more than thirty years.
- *Geographic Focus* - Unlike many of our competitors with a national or international presence, we focus our efforts primarily on the greater Washington, D.C. metropolitan market, one of the most compelling real estate markets in the United States, with a near-term focus on the transit-oriented areas surrounding or proximate to the new Silver Line on Washington, D.C.'s Metro. The Company believes its significant presence in the Dulles Corridor and its in-depth understanding of high-density, mixed-use developments that are encouraged in these high density transportation nodes give us unmatched insight into emerging trends that provide both short and long-term opportunities in these locales.
- *The Company's various business units work in concert to leverage the collective skill sets of our organization* - The talent and experience of our personnel allow workflow flexibility and a multitasking approach to managing various projects. We believe that our focus and our business network in the Washington, D.C. market provides us with a competitive advantage in sourcing and executing on investment opportunities. While the Company has previously developed numerous properties in multiple key markets throughout the southeastern United States, and our management team has experience managing large national portfolios, we believe the greater Washington, D.C. market provides compelling growth opportunities for our business.
- *Long Track Record* - The Company and its management team have been active in the metropolitan Washington, D.C. region since 1985 and have developed, acquired, and managed thousands of residential units and millions of square feet of mixed-use properties throughout the region and in other key markets in the United States.
- *Multiple Public-Private Partnerships* - Affiliates of the Company have been selected by multiple local governments (including Fairfax County, Loudoun County, and the Town of Herndon, Virginia) to develop and manage large-scale mixed-use and transit facility developments through public-private partnerships at a time when local jurisdictions are focused on public-private partnerships as a means of leveraging private sector capabilities to meet public infrastructure development needs.
- *Economic Drivers* - Significant growth trends in demand for cyber security and other technology services in the government sector, as well as in the private sector, have generated substantial growth and attracted to Northern Virginia large tech companies, such as Microsoft, Google, and Amazon. In 2018, Northern Virginia was selected by Amazon as the location for its highly publicized "HQ2" search for a location to develop its second headquarters, which it has said will create tens of thousands of new jobs over the next several years. The Northern Virginia market has for a number of years captured a majority of the new jobs created in the Washington, D.C. metropolitan area, including corporate relocations and expansions, as well as numerous start-ups. Further, Northern Virginia's significant data infrastructure, capable of serving the needs of the federal government and its defense and information contractors, has spurred the expansion and/or relocation of several federal government agencies, including the FBI, CIA, NSA, and the Customs and Border Patrol agency, to the Dulles Corridor. The Dulles Corridor has become known as the "Internet Capitol of the World", because of its tremendous network of data centers, primarily located in Loudoun County in the western portion of the Dulles Corridor. Loudoun County has experienced tremendous growth in data center development and has become the global leader in data center space while accounting for more than 40% of national data center space absorption in recent years.
- *Diverse Employment Base* - The diverse and well-educated employment base in the greater Washington, D.C. region, coupled with proximity to the federal government and the presence of well-established government contractors, is contributing to the attractiveness of the region to technology companies.
- *Metro's Silver Line* - Phase I of Metro's Silver Line opened in 2014, connecting Tysons Corner and Reston to Arlington, Virginia and downtown Washington, D.C. Phase II is scheduled to open in late 2020 or early 2021 and will extend service from the terminus of Phase I located in the center of the Company's Reston Station development to Herndon, Dulles International Airport, and Loudoun County, Virginia, terminating at the Company's Loudoun Station development.
- *Regional Land Use Plans* - Recent changes to Comprehensive Land Use Plans of Fairfax County and Loudoun County encourage high density and mixed-use development proximate to the new Silver Line Metro Stations, resulting in compelling growth opportunities for the Company and its managed portfolio.

- *Increased Demand for Transit-Oriented and Mixed-Use Developments* - Recent trends indicate commercial tenants are increasingly seeking to locate (or relocate) offices to urban, mixed-use developments in “sub-urban” markets, such as Northern Virginia’s Dulles Corridor, and have demonstrated willingness to pay premium rents for commercial space at the Metro-accessible sites, such as those that make up a significant portion of the Company’s portfolio of managed assets. Additionally, demand for housing in transit-oriented, mixed-use neighborhoods has increased steadily over the past decade while home ownership rates have decreased and demand for high quality rental housing has increased. The Company has been focused on these emerging trends for more than two decades and the Company, through the 2019 AMA, controls the development and asset management of a significant portfolio of high profile assets at the forefront of the urban transformation taking place in the Dulles Corridor. With a stabilized portfolio and development pipeline that include millions of square feet of mixed-use and transit-oriented properties located at key Metro stations in the Dulles Corridor, the Company is well positioned to capitalize on trends that we believe will shape the future commercial real estate landscape and provide opportunities for significant growth and attractive returns to the Company

Asset Management Services

2019 AMA

Effective January 1, 2019, the Company entered into an Amended and Restated Master Asset Management Agreement with Comstock Development Services, LC (“CDS”), an entity owned and controlled by the Company’s Chief Executive Officer, which provides the Company significant fees for services related to the development, marketing, and operations of the Anchor Portfolio of commercial and residential mixed-use real estate owned by CDS affiliates. The 2019 AMA covers two large-scale, transit-oriented, mixed-use developments in the Dulles Corridor: Reston Station and Loudoun Station, Virginia, as well as a mixed-use development asset located in Herndon, Virginia and other properties designated pursuant thereto from time to time. Separately, the Company also is party to fee-based management services arrangements with unrelated third parties, covering properties in Tysons Corner, Virginia and Rockville, Maryland.

Pursuant to the 2019 AMA, the Company provides asset management services related to the build out, lease-up and stabilization, and management of the Anchor Portfolio. CDS pays the Company and its subsidiaries annual fees equal to the greater of either (i) an aggregate amount equal to the sum of (a) an asset management fee equal to 2.5% of revenues generated by properties included in the Anchor Portfolio; (b) a construction management fee equal to 4% of all costs associated with Anchor Portfolio projects in development; (c) a property management fee equal to 1% of the Anchor Portfolio revenues, (d) an acquisition fee equal to up to 0.5% of the purchase price of acquired assets; and (f) a disposition fee equal to 0.5% of the sales price of an asset on disposition (collectively, the “Market Rate Fee”); or (ii) an aggregate amount equal to the sum of (x) the employment expenses of personnel dedicated to providing services to the Anchor Portfolio pursuant to the 2019 AMA, (y) the costs and expenses of the Company related to maintaining the public listing of its shares and complying with related regulator and reporting obligations, and (z) a fixed annual payment of $1,000,000 (collectively the “Cost Plus Fee”). The Company believes that the Cost-Plus Fee feature of the 2019 AMA provides a stable foundation of revenue to enable the Company to further expand its asset management business and AUM.

In addition to the annual payment of the greater of either the Market Rate Fee or the Cost Plus Fee, the Company also is entitled on an annual basis to the following additional fees: (i) an incentive fee equal to 10% of the free cash flow of each of the real estate assets comprising the Anchor Portfolio after calculating a compounding preferred return of 8% on CDS invested capital (the “Incentive Fee”); (ii) an investment origination fee equal to 1% of raised capital, (iii) a leasing fee equal to $1.00/sf for new leases and $0.50/sf for renewals; and (iv) mutually agreeable loan origination fees related to the Anchor Portfolio.

The 2019 AMA is a long-term agreement, with an initial term until December 31, 2027 (“Initial Term”), and will automatically renew for successive additional one-year terms (each, an “Extension Term”) unless CDS delivers written notice of non-renewal of the 2019 AMA at least 180 days prior to the termination date of the Initial Term or any Extension Term. For a period of twenty-four months after the April 30, 2019 effective date of the 2019 AMA, CDS is entitled to terminate the 2019 AMA without cause upon 180 days advance written notice to the Company. In the event of such a termination and in addition to the payment of any accrued annual fees due and payable as of the termination date under the 2019 AMA, in the event of any such termination, CDS is required to pay a termination fee to the Company equal to (i) the Market Rate Fee or the Cost Plus Fee paid to the Company for the calendar year immediately preceding the termination, and (ii) a one-time payment of the Incentive Fee as if the Anchor Portfolio were liquidated for fair market value as of the termination date, or at CDS’ election, the continued payment of the Incentive Fee as if a termination had not occurred.

Other Asset Management Agreements. The duration of our fee-based service agreements varies in nature. In addition to the long term nature of the 2019 AMA, our other asset management agreements for our co-investment opportunities are intended to cover the duration of the expected investment cycle of the portfolio property managed and are generally expected to last between four and seven years. However, these arrangements do not typically contain significant early-termination penalties. We also administer many various task-specific limited-service asset management agreements under short-term arrangements generally terminable at will.

Hartford Asset Management Agreement

On December 30, 2019, the Company made an investment related to the purchase of a stabilized commercial office building located at 3101 Wilson Boulevard in the Clarendon area of Arlington County, Virginia (the "Hartford Building"). The Company will retain a 2.5% equity interest in the asset at a cost of approximately $1.2 million. The Company has entered into management arrangements for the Hartford Building under which the Company will receive asset management, property management and construction management fees for the Company's management and operation of the property and certain incentive fees relating to the performance of the investment.

Residential, Commercial and Parking Property Management Agreements

In December 2017 and January 2018, the Company entered into separate residential property management agreements with two properties in our Anchor Portfolio under which the Company receives fees to manage and operate the properties including tenant communications, leasing of apartment units, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight.

During the period of May 2019 through and including March 2020, the Company entered into separate commercial property and parking management agreements with several properties in our Anchor Portfolio under which the Company receives fees to manage and operate the office, retail and parking portions of the properties, including tenant communications, rent collections, building maintenance and day-to-day operations, engagement and supervision of contractors and vendors providing services for the buildings, and budget preparation and oversight.

These property management agreements are each for one (1) year initial terms with successive, automatic one (1) year renewal terms, unless sooner terminated. The Company generally receives base management fees under these agreements based upon a percentage of gross rental revenues for the portions of the buildings being managed in addition to reimbursement of specified expenses, including employment expenses of personnel employed by the Company in the management and operation of each property.

Construction Management Agreements

As of March 31, 2020, the Company has entered into twelve (12) construction management agreements with properties in our Anchor Portfolio under which the Company receives fees to provide certain construction management and supervision services, including construction supervision and management of the buildout of certain tenant premises. The Company receives a flat construction management fee for each engagement under a work authorization based upon the construction management or supervision fee set forth in the applicable tenant's lease, which fee is generally one percent (1%) to four percent (4%) of the total costs (or total hard costs) of construction of the tenant's improvements in its premises, or as otherwise agreed to by the parties.

Real Estate Services

In addition to the asset management services that the Company provides related to the Anchor Portfolio and other managed assets, the Company's wholly owned subsidiaries, Comstock Real Estate Services and Comstock Environmental Services, LC ("Comstock Environmental") provide real estate-related services to our asset management clients and third-party customers. These services include environmental consulting and engineering services, industrial hygiene services, and other consulting services in the U.S. Mid-Atlantic Region.

Results of Operations

Three months ended March 31, 2020 compared to three months ended March 31, 2019

Revenue – asset management

Revenue from asset management for the three months ended March 31, 2020 and 2019 was $5.4 million and $4.2 million, respectively. Revenue increased primarily due to increased headcount and other costs that are reimbursable from CDS under the 2019 AMA and recognized as revenue along with growth in our property management business and other asset management fee streams including the BMA.

Revenue – real estate services

Revenue from real estate services for the three months ended March 31, 2020 and 2019 was $1.5 million and $0.7 million, respectively. The increase is primarily attributable to continued organic growth within our Comstock Environmental business.

Direct costs – asset management

Direct costs – asset management for the three months ended March 31, 2020 and 2019 was $4.6 million and $3.7 million, respectively. This increase of $0.9 million was primarily related to an increase in personnel expenses, primarily from headcount increases, as well as from the continued growth of our asset management operations.

Direct costs – real estate services

Direct costs – real estate services for the three months ended March 31, 2020 and 2019 was $1.4 million and $0.5 million, respectively. The increase of $0.9 million compared to the primarily relates to our expanding footprint in the real estate consulting and environmental study fields.

General and administrative

General and administrative expenses for the three months ended March 31, 2020 and 2019 was $598 thousand and $304 thousand, respectively. The increase of $294 thousand is primarily attributable to increased headcount and associated equity compensation and personnel costs, that are not reimbursable under the 2019 AMA, within our Asset Management and Real Estate Services segments.

Selling & Marketing

Selling & marketing expenses for the three months ended March 31, 2020 was $164 thousand. There were no selling & marketing expenses for the three months ended March 31, 2019. The increase is attributable to increased outreach programs by the Environmental reporting segment to grow the business.

Interest Expense

For the three months ended March 31, 2020 and 2019, the Company's interest expense was $164 thousand and $18 thousand, respectively. This is primarily driven by the MTA effective April 30, 2019. Prior to the MTA certain interest expense was capitalized to homebuilding projects and expensed when the projects were sold. After the MTA this interest expense is no longer capitalized into homebuilding projects.

Income taxes

For the three months ended March 31, 2020 and 2019 the Company did not recognize material income tax expense due to an NOL balance of $145 million and $147 million as of March 31, 2020 and 2019, respectively.

Liquidity and Capital Resources

We finance our Asset Management and Real Estate Services operations, capital expenditures, and business acquisitions with internally generated funds, borrowings from our credit facilities and long-term debt. Pursuant to the MTA, the Company transferred to CDS management of its Class A membership interests in Investors X, the entity owning the Company's residual homebuilding operations in exchange for residual cash flows estimated to be $8.5 million over the next three years. The associated debt obligations were also transferred to CDS. See Note 8 in the accompanying consolidated financial statements for more details on our debt and credit facilities.

On March 19, 2020, the Company entered into a Revolving Capital Line of Credit Agreement (the "Loan Documents") with CDS, pursuant to which the Company secured a Ten Million Dollar ($10,000,000) capital line of credit (the "Revolver"). Under the terms of the Loan Documents, the Revolver provides for an initial variable interest rate of the WSJ Prime Rate plus one percent (1.00%) per annum on advances made under the Revolver, payable monthly in arrears. The five-year term facility allows for interim draws that carry a maturity date of twelve (12) months from the initial date of the disbursement unless a longer initial term is agreed to by CDS. On March 27, 2020 the company borrowed $5.5 million under the Revolver. The $5.5 million borrowing has a maturity date of April 30, 2023. On April 10, 2020, the capital provided to the Company by the Revolver was utilized to retire all of the Company's ten percent (10%) corporate indebtedness maturing in 2020 owed to Comstock Growth Fund, L.C. See Note 19 – Subsequent events for more information

As of March 31, 2020, only the CGF Note is set to mature in 2020. On April 10, 2020, the Company retired the CGF Note. See Note 8 – Debt and Note 19 – Subsequent Events.

Cash Flow

We finance our Asset Management and Real Estate Services operations, capital expenditures, and business acquisitions with internally generated funds, borrowings from our credit facilities and long-term debt.

For the three months ended March 31, 2020, net cash used in operating activities was $1.9 million. Net cash used in operations activities was primarily related to the payment of accrued personnel costs during the three months ended March 31, 2020. For the three months ended March 31, 2019, net cash provided by operating activities was $3.4 million primarily related to $2.7 million provided by discontinued operations.

Net cash provided by (used in) investing activities attributable to continuing operations was immaterial for the three months ended March 31, 2020 and 2019.

Net cash provided by financing activities attributable to continuing operations was $5.4 million for the three months ended March 31, 2020. This was primarily attributable to proceeds under the Revolver of $5.5 million. Net cash used in financing activities was $3.4 million during the three months ended March 31, 2019. This was primarily attributable to $3.3 million used in discontinued operations.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates during the three months ended March 31, 2020 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Recently Issued Accounting Standards

See Note 1 - *Organization and Basis of Presentation* to the accompanying consolidated financial statements included in this Quarterly Report on Form 10-Q.

Off Balance Sheet Arrangements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2020. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2020 due to the material weakness described below.

Limitations on the Effectiveness of Controls

We do not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected

Changes in Internal Control over Financial Reporting

In the fourth quarter of 2019 and first quarter of 2020, we identified a material weakness in our internal controls over financial reporting involving the review and reconciliation of debt balances and amortization of related debt discounts.

To remediate the weakness described above, we are in the process of (i) expanding our technical accounting resources and (ii) implementing more detailed reviews of debt reconciliations including the amortization of related debt discounts. This remediation is expected to result in more thorough accuracy in evaluating and concluding on the accounting and periodic reporting and disclosure requirements for debt instruments and related debt discounts.

No other changes have occurred in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated by reference from Note 9 - *Commitments and Contingencies* to the accompanying consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to an exhibit to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 16, 2015).
3.2	Amended and Restated Bylaws (incorporated by reference to an Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed with the Commission on March 31, 2005).
3.3	Certificate of Elimination of the Series A Junior Participating Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on March 26, 2015 (incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on March 27, 2015).
3.4	Certificate of Designation of Series A Junior Participating Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on March 26, 2015 (incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on March 27, 2015).
3.5	Certificate of Designation of Series B Non-Convertible Preferred Stock of the Company filed with the Secretary of State of the State of Delaware on December 29, 2015 (incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K filed on January 4, 2016).
3.6	Certificate of Designation of Series C Non-Convertible Preferred Stock of Comstock Holding Companies, Inc., filed with the Secretary of the State of Delaware on March 22, 2017 (incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on March 28, 2017).
3.7	Certificate of Amendment of Certificate of Designation of Series C Non-Convertible Preferred Stock of Comstock Holding Companies, Inc. filed with the Secretary of State of the State of Delaware on February 15, 2019 (incorporated by reference to an exhibit to the Registrant's Current Report on Form 10-K filed with the Commission on March 29, 2019).
3.8	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Comstock Holding Companies, Inc. (incorporated by reference to an exhibit to the Registrant's Current Report on Form 10-K filed with the Commission on March 29, 2019).
4.1	Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1, as amended, initially filed with the Commission on August 13, 2004 (File No. 333-118193)).
10.29*	Ten Million ($10,000,000) Revolving Capital Line of Credit Agreement dated March 19, 2020, between Comstock Development Services, LC and Comstock Holding Companies, Inc.
10.30*	Promissory Note dated March 27, 2020, between Comstock Holding Companies, Inc. and Comstock Development Services, LC.
10.31*	Note dated April 16, 2020 between Comstock Holding Companies, Inc. and MainStreet Bank pursuant to the Paycheck Protection Program authorized under the Coronavirus Aid, Relief and Economic Security Act.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheet, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows and (iv) the Notes to the Consolidated Financial Statements.

* Filed herewith.

SIGNATURES

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

		COMSTOCK HOLDING COMPANIES, INC.
Date: May 28, 2020	By:	/s/ CHRISTOPHER CLEMENTE **Christopher Clemente** **Chairman and Chief Executive Officer** **(Principal Executive Officer)**
Date: May 28, 2020	By:	/s/ CHRISTOPHER GUTHRIE **Christopher Guthrie** **Chief Financial Officer** **(Principal Financial Officer and Principal Accounting Officer)**

Exhibit 10.29

TEN MILLION ($10,000,000) REVOLVING CAPITAL LINE OF CREDIT AGREEMENT

THIS REVOLVING CAPITAL LINE OF CREDIT AGREEMENT (the "Capital Line of Credit") is effective as of this 19th day of March, 2020 (the "Effective Date") by and between COMSTOCK DEVELOPMENT SERVICES, LC, a Virginia limited liability company ("Lender") and COMSTOCK HOLDING COMPANIES, INC., a Delaware Corporation ("Bonower"), each having a principal address of 1886 Metro Center Drive, Suite 400, Reston, Virginia 20190.

RECITALS

(A) The parties hereto wish to enter into this Capital Line of Credit in a maximum outstanding amount of Ten Million dollars ($10,000,000) to memorialize the practice of Lender periodically making related party te1m loans (each a "Loan") to Bonower for the benefit of its various affiliates and subsidiaries where the aggregate amount of funds made available by Lender to Borrower is made on a revolving and term basis; all such advances of funds to be made in accordance with the terms and conditions hereof (each such transaction also may be refened to as a "Disbursement").

(B) In conjunction with such Disbursements, the parties hereto find it proper, efficient and in the best interests of all parties to forego with the creation and tracking of individual notes or instruments of indebtedness, except as further described herein, and instead utilize the Capital Line of Credit to document and reflect that the outstanding principal balances and interest due pursuant to each and every Disbursement and Loan is properly accounted for and recorded separately as a loan receivable and loan payable on the respective books of the Lender and Borrower (the "Accounting Record").

(C) This Capital Line of Credit sets forth the terms and conditions under which Disbursements and Loans shall be made and repaid on a revolving basis. The first Disbursement to Borrower hereunder is being utilized to retire that certain indebtedness by and between Borrower and The Comstock Growth Fund, L.C. and will be specifically evidenced by a Note, hereafter defined, of an even date herewith.

(D) The proceeds of the Loan, are to be used by the Borrower for the purpose of funding the cash requirements of the Borrower or any of its subsidiaries or affiliated entities (a "Bonower Party") engaged in real estate development, asset management and real estate related services or for any other legal and related purpose as may be agreed to by the Borrower or the Lender, from time to time (each a "Purpose").

(E) To induce the Lender to make a Loan, the Borrower agrees to the te1ms and conditions in this Capital Line of Credit agreement.

WITNESSETH

In consideration of a Loan to the Borrower, the mutual covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. GENERAL CONDITIONS

1. Incorporation of Recitals. Each and every one of the Recitals stated above are hereby expressly incorporated herein by reference as if fully set forth in the body of this Capital Line of Credit agreement.

2. Compliance with Loan Documents. The Borrower agrees and covenants to comply with and perfonn all of the terms, covenants and conditions of this Capital Line of Credit agreement and any Note issued pursuant hereto.

3. Use of Proceeds. All Disbursements shall be used by the Borrower or designated Borrower Party for the specific Purpose stated herein or in a Note, subject to the requirements of the Lender as set forth herein.

4. Accounting Records. If and when requested, the Borrower shall promptly deliver to the Lender copies of such accounting records as the Lender deems reasonable in its sole discretion for the accurate documentation of each and every Disbursement to the Borrower or a designated Borrower Party pursuant to this Capital Line of Credit agreement.

5. Loan and Facility Tenn. Subject only to an accelerated maturity of the Capital Line of Credit agreement as described herein which will also accelerate the repayment of a Disbursement made pursuant hereto, Disbursements made hereunder shall mature and become fully due and payable twelve (12) months from the effective date of a Disbursement (the "Maturity Date"), provided however, the Maturity Date of all Disbursements hereunder shall be automatically extended in twelve (12) month intervals ("Extensions"), without any action on the part of the Borrower or Lender in the event Lender fails to notify Borrower of its intent to terminate this agreement at least thirty (30) days prior to the Maturity Date or any Extension hereunder. Notwithstanding the foregoing, if a Disbursement is reasonably expected by the parties to have a term in excess of twelve (12) months and/or have other pe1iinent terms and conditions that would benefit from memorializing a Disbursement, the parties may, but are not obligated to, enter into a separate note to evidence the same (each a "Note"). This Capital Line of Credit agreement shall remain in effect until March 19, 2025.

6. Interest Rate. Disbursements hereunder shall bear interest at the sum of (i) the Prime rate as reported in the *Wall Street Journal* (the "Prime Rate"), and (ii) one percent (1.00%). In order to account for any changes in the Prime Rate, the interest rate shall be adjusted monthly on the first Business Day of each month until the Loan is repaid in full, retroactive to the first calendar day of such month through and including the last calendar day of such month or as otherwise noted in the Accounting Record for the Borrower and Lender at the time a Disbursement is made or a reasonable time thereafter. The Accounting Records shall include any notes or annotations thereto and as applicable assist in the determination of the applicable interest rate.

7. Prepayment. This Loan and any Disbursement or Note made pursuant hereto, may be prepaid, in whole or in part, without penalty or premium.

II. DISBURSEMENTS

The Lender shall make Disbursements pursuant to a Loan or Note in accordance with this Capital Line of Credit and as requested by Bon-ower and approved by Lender, in its sole discretion, from time to time. Provided however, in no event may any Disbursement be made by the Lender or accepted by Bo1rnwer or Borrower Party that would violate either parties financial covenants pursuant to existing lending facilities in place with institutional lenders; and the Borrower must at all times remain in compliance with all of the terms and conditions made in connection with this Capital Line of Credit; and

Disbursements hereunder shall be unsecured, evidenced only by this Capital Line of Credit and the applicable Accounting Record, unless specifically evidenced by a Note. Further, the outstanding principal balances and interest due pursuant to each Disbursement shall be recorded separately as a loan receivable and loan payable on the books of the Bon-ower or Bon-ower Party and Lender. Lender does not intend to make any secured advances or disbursements to the Bon-ower under the Loan and does not intend for any Disbursements to be evidenced by agreements or instruments of security or indebtedness other than this Capital Line of Credit.

III. REQUIREMENTS FOR DISBURSEMENTS

The Lender agrees to make the Disbursements subject to the Bon-ower's compliance with all of the terms and conditions set forth in this Capital Line of Credit, including conditions precedent hereafter set forth. The Bon-ower specifically agrees: (i) to fully comply with each of the conditions precedent listed below in a manner deemed acceptable to the Lender, and (ii) that compliance with each and every one of those requirements shall be determined by the Lender, in Lender's sole discretion, just as if this sentence were incorporated into each requirement listed. Accordingly, the Bon-ower agrees:

1. That no default or event of default shall be committed or now existing under this Capital Line of Credit or any loan facility with any of Borrower or Borrower Party's institutional lenders;

2. As of the date of making any Disbursement, no Event of Default shall have occun-ed under this Capital Line of Credit;

3. The Borrower has made available to Lender such data, documents and other information as may be reasonably requested by Lender ("Disbursement Request") to make a dete1mination as to Bonower's Disbursement Request; with such determination being made by Lender in its sole discretion.

IV. EVENTS OF DEFAULT

Any one of the following events below shall constitute a breach of this Capital Line of Credit and be deemed to be an Event Of Default:

1. If any indebtedness due hereunder or any other indebtedness of the Bon-ower or its affiliates is not paid immediately when due;

2. If the B01rnwer or a Borrower Party fails generally to pay their debts when due; or if there is filed by Borrower or a Borrower Party a petition in bankruptcy under any of the provisions of the United States Bankrnptcy Act, as amended, or under any similar state or federal law, or a petition for the appointment of a receiver or trustee of the property ofBon-ower or a B01rnwer Patty; or ifB01rnwer or a Bon-ower Party makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudged insolvent by any comt of competent jurisdiction; or if there is filed against Borrower or a Borrower Party a petition in bankruptcy or for the appointment of a receiver which involuntary petition is not dismissed within sixty (60) days thereafter;

3. If any covenant or agreement herein is not fully and timely performed, observed or kept;

4. If the Borrower fails to comply with any of the conditions precedent to the obligation of Lender to make any Disbursement hereunder.

5. If the resignation or removal of Christopher Clemente as the Chief Executive Officer of the Borrower occurs unless consented to in writing by the Lender.

V. REMEDIES OF THE LENDER

Upon an Event of Default, the Lender shall send notice of the default to the Borrower, and the Borrower shall have ten (10) days for any monetary-related default, and thirty (30) days for any non-monetary default, from the date of mailing the notice, to cure said default (provided however, if the non-monetary default is not reasonably capable of being cured within said thi1ty (30) days, and Borrower is diligently pursuing said cure, Bon-ower shall have up to sixty (60) days from the date of notice to cure said non-monetary default), whereupon, if remaining uncured at the expiration thereof, the Lender shall immediately be entitled to all remedies as stated herein, in addition to in lieu of all other remedies provided to Lender under any Note, and under the law or rules of equity, and Lender may, at its election, but without any obligation to do so, without further notice, enjoy any or all of the rights, powers, privileges and remedies listed below, all at the sole cost and expense of the Borrower:

VI: REMEDIES

The Lender shall have any and all of the remedies listed below:

1. Terminate its commitment to make future Disbursements under the Loan and tenninate any Disbursement pending;

2. Subject to the notice and cure provisions, accelerate all amounts due hereunder;

3. Reduce any claim to judgment; and

4. Exercise any and all rights and remedies afforded by this Capital Line of Credit, any Notes issued pursuant hereto, and/or at law, equity or otherwise;

VII: MISCELLANEOUS

1. No Liability To Lender. Notwithstanding any waivers, approvals, consents, or judgments made by Lender pursuant hereto, the Borrower agrees that the Lender shall have no obligation, liability or responsibility whatsoever to Borrower or any other party as a result of Lender's actions pursuant to this Capital Line of Credit.

2. Indemnity. Except for willful misconduct, or gross negligence, Borrower, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged on behalf of the Borrower, and each of its past, present and future subsidiaries, successors and assigns (collectively, "Borrower's Parties") do hereby remise, release, acquit, satisfy and forever discharge each Lender and that Lender's respective past, present and future subsidiaries, divisions, affiliates, joint venturers, officers, directors, employees, agents, attorneys, representatives, participants, successors and assigns (collectively referred to as the "Entities") from any and all manner of action and actions, cause or causes of actions, suits, claims, unintentional torts, counterclaims, demands, damages, judgments, liabilities, contingent claims or contingent liabilities, debts, sums of money, attorneys fees, costs, accounts, covenants, contracts, controversies, obligations, agreements, promises, expenses, variances, trespasses, liens, and/or claims oflien of any nature whatsoever, whether at law or in equity, whether now accrned or hereafter maturing and whether known or unknown, which the Borrower now has or hereafter can, shall or may have by reason of any matter, cause or thing, from a date twelve (12) months prior to the effective date of this Capital Line of Credit until ten (10) years and one (1) day after the all amounts due under the Loan are paid back to the Lender in full, arising out of or in connection with: (A) all of the Lender's obligations, duties, approvals, and decisions made in good faith pursuant to the terms and conditions of this agreement (B) the implementation, procedures, collections, administration, or actions taken by the Lender in good faith in accordance with this agreement, (C) the remedies pursued by the Lender, and all actions in connection therewith taken by the Lender in good faith pursuant to this agreement in the Event of a Default, and (D) the actions, decisions or remedies not taken by the Lender in good faith under this agreement; and the Borrower's Parties hereby jointly and severally indemnify and hold each of the Entities harmless from same.

3. No Assignment. Neither this Capital Line of Credit, a Note issued pursuant hereto, nor the proceeds of a Disbursement shall be assigned by B01rnwer without the express written consent of Lender, and any attempted assignment without such written consent shall be void and shall constitute an Event of Default.

4. Notices. All notices required or contemplated hereunder shall be in writing and shall be deemed to have been given properly on the date delivered by electronic mail transmission so long as a copy is deposited for overnight delive1y with Federal Express or another comparable overnight express delivery service, addressed as follows:

As to Lender:

COMSTOCK DEVELOPMENT SERVICES, LC
1886 Metro Center Drive Suite 400

Reston, Virginia 20190
Attn: Christopher C. Clemente
e-mail: cclemente@comstockcompanies.com As to B01rnwer:
COMSTOCK HOLDING COMPANIES, INC.
1886 Metro Center Drive Suite 400
Reston, Virginia 20190 Attn: Christopher Guthrie
e-mail: cguthrie@comstockcompanies.com

(or to such other address as may be specified by notice given as required herein).

5. No Waiver Of Lender's Rights. Notwithstanding anything in this Capital Line of Credit to the contrary, the Lender may, in its sole discretion, defer or relinquish any requirements hereunder, including without limitation any condition to any Disbursement. However, no such deferral or relinquishment shall constitute a waiver of the Lender's right to invoke any of said requirements subsequently. Moreover, no delay, omission or acquiescence of the Lender to exercise any right, power or remedy accruing upon the happening of a Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Default. No delay or omission on the part of the Lender to exercise any rights or privileges herein, or any other option granted to the Lender hereunder in any one or more instances, shall constitute a waiver of any of such rights or privileges. Lender may make any Disbursement or parts of Disbursement after the occurrence of a Default without thereby waiving the right to demand payment of the Loan and without becoming liable to make any other or further Disbursements. No acceptance by the Lender of any partial payment on account of the Loan in the event of a Default shall constitute a waiver of any Default and all of Lender's rights and remedies shall remain continuously in full force and effect.

6. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy. Each and every remedy herein shall be cumulative, and shall be in addition to every other remedy existing at law or in equity or by statute. Every right, power and remedy given to the Lender herein shall be concurrent and may be pursued separately, successively or together against the Borrower and every right, power and remedy given in herein may be exercised from time to time as often as may be deemed expedient by the Lender.

7. Further Assurances. The Borrower or Borrower Party will, upon request of the Lender: (a) promptly correct any defect, error or omission in this agreement; (b) execute, acknowledge, deliver, procure, record or file such further documents and do such futiher acts deemed necessary, desirable or proper by Lender to carry out the purposes of this agreement; including but not limited to the entry into a Note to more formally evidence a Disbursement (c) execute and deliver any renewals or modifications as may be requested; (c) provide

such certificates, documents, reports, information, affidavits and other instruments and do such further acts deemed necessary, desirable or proper by Lender to comply with the requirements of any governmental authority having jurisdiction over the Lender.

8. Goveming Law. This agreement shall be governed by and construed according to the laws of the Commonwealth of Virginia.

9. Non-Merger. The covenants of the Bmrower set fmih herein and the tenns and provisions of this agreement shall survive the repayment of the Loan.

10. Severability. If any provision of this agreement, or the application thereof to any circumstance, is deemed to be unenforceable, the remainder of the agreement shall not be affected thereby and shall remain enforceable.

11. No Partnership. Nothing in this agreement shall be construed to make Bmrower a partner or a joint venturer or creating a principal-agent relationship or any other relationship except for that of "lender" and "borrower".

12. No Lender Control. The Borrower agrees that the Lender's rights and interests under this agreement and the administration of any Loan shall not be deemed to indicate that the Lender is in control of the business operations of the Borrower.

13. Counterpatis. This Capital Line of Credit may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

14. Written Agreement and Conflict. This agreement, and any Note issued pursuant hereto, constitutes the entire understanding and agreements between Bmrower and Lender with respect to the subject matter hereof. In the event of a conflict between this agreement and a Note, the terms of the Note shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK-SIGNATURES ON NEXT PAGE]

WITNESS the following signatures:

Lender: COMSTOCK DEVELOPMENT SERVICES, LC
a Virginia limited liability <;cc)l:111 any _;..:

By: ______________________
Christopher D. Clemente
Title: Manager

APPR
BY
LEGAL

Borrower: COMSTOCK HOLDING COMPANIES, INC.,
a Delaware corporation

By: ______________________
Christopher Guthrie
Title: Chief Financial Officer

Exhibit 10.30

PROMISSORY NOTE

$5,500,000.00 **March 27, 2020**

FOR VALUE RECEIVED, the undersigned, **COMSTOCK HOLDING COMPANIES,**

INC., a Delaware corporation (the **"Maker"),** promises to pay to the order of **COMSTOCK DEVELOPMENT SERVICES, LC,** a Virginia limited liability company (the **"Lender"),** at 1886 Metro Center Drive, Suite 400, Reston, Virginia 20190, or at such other place as the holder hereof may from time to time designate in writing, the principal sum of Five Million Five Hundred Thousand and No/100 Dollars ($5,500,000.00) (the **"Note"),** with interest on the unpaid principal balance at the rate and on the terms provided in this Note, including all renewals, extensions or modifications hereof. This Note was issued pursuant to that ce1iain revolving capital line of credit agreement in a maximum outstanding amount of Ten Million dollars ($10,000,000) (the "Capital Line of Credit") and the proceeds of this Note are being utilized to retire that certain Third Amended and Restated Promissory Note owed and payable to Comstock Growth Fund, L.C.

1. Interest. As of the date of this Note, the principal balance of this Note outstanding during any calendar month or pmiion thereof shall be charged at a variable rate of interest equal to the sum of (i) the Prime rate as repmied in the *Wall Street Journal* (the "Prime Rate"), and (ii) one percent (1.00%). In order to account for any changes in the Prime Rate, the interest rate shall be adjusted monthly on the first Business Day of each month until the Note is repaid in full, retroactive to the first calendar day of such month through and including the last calendar day of such month.

2. Payments/Maturity Date. Principal and interest payments shall be due and payable hereunder as follows:

A. This Note shall be due and payable in monthly payments in arrears of accrued interest only, commencing on April 30, 2020, and continuing on the last day of each month thereafter until fully paid. In any event, all principal and accrued interest, if any, shall be due and payable on April 30, 2023. (the "Maturity"). If any payment comes due on a day which is a not a Business Day, such payment shall be due on the next succeeding Business Day, together with interest accruing during such extension.

B. The Maker has borrowed the full amount referenced above as of the effective date of the Note. The proceeds of this Note were issued pursuant to that certain Capital Line of Credit by and between Maker and Lender made as of March 19, 2020 and are made expressly subject to its terms and conditions.

C. All payments of principal and/or interest hereon shall be payable in lawful money of the United States and in immediately available funds. All payments received hereon shall be applied, at the Lender's option, first to accrued interest, if any, then to principal, then to escrow items, if any, then to late charges, if any, then to attorney fees and then to principal. All payments hereunder shall be made without offset, demand, counterclaim, deduction, abatement, defense, or recoupment, each of which Maker hereby waives. If any payment received by Lender under this Note is rescinded, avoided or for any reason retumed by Lender because of any adverse claim or threatened action, the returned payment shall remain payable as an obligation of the Maker as though such payment had not been made.

D. Except for normal and recurring payments of principal and interest under this Note, the Note may be pre-paid, in whole or part, provided Maker provides Lender with 10- days' advance written notice that the maker intends to pay this Note in full.

3. Late Charges. In the event that any payment of interest is not actually received by the holder hereof within fifteen (15) days of the date such payment is due and payable hereunder, the Maker agrees to pay a late charge equal to four percent (4%) of the late payment.

4. Events of Default. An Event of Default under that ce1iain revolving capital line of credit agreement in a maximum outstanding amount of Ten Million dollars ($10,000,000) and/or the failure to pay any principal or interest payment at the times stated herein shall constitute an **Event of Default** hereunder: Upon any such Event of Default, the entire principal balance hereof, all accrued and unpaid interest thereon, and all other applicable fees, costs and charges, if any, shall at once become due and payable at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to the later exercise thereof or to exercise the same in the event of any subsequent Event of Default.

5. Default Interest. Notwithstanding the ent1y of any decree, order, judgment or other judicial action under, pursuant to, in connection with, or otherwise concerning this Note, upon the occurrence of an Event of Default of this Note (whether by acceleration, declaration, extension or otherwise), the Maker promises to pay to the Lender whenever demanded by the Lender interest on this Note and all other amounts then and thereafter due and payable hereunder at a per annum rate of interest (the **"Default Rate")** equal to the lesser of (i) five percent (5.0%) per annum in excess of the interest rate set forth in Section 1 above, or (ii) the highest rate allowable by law from the date of such Event of Default for so long as such Event of Default continues until payment in full of the unpaid principal balance of this Note, all accrued and unpaid interest thereon and any and all other amounts due or payable hereunder.

6. Waiver of Notice. Each party liable hereon in any capacity, whether as maker, endorser, surety, guarantor or otherwise, (i) waives presentment, demand, protest and notice of presentment, notice of protest and notice of dishonor of this debt and each and every other notice of any kind respecting this Note (except as otherwise expressly provided for herein), (ii) agrees that the holder hereof, at any time or times, without notice to it or its consent, may grant extensions of time, without limit as to the number or the aggregate period of such extensions, for the payment of any principal and/or interest due hereon, and (iii) to the extent not prohibited by law, waives the benefit of any law or rule of law intended for its advantage or protection as an obligor hereunder or providing for its release or discharge from liability hereon, in whole or in part, on account of any facts or circumstances other than full and complete payment of all amounts due hereunder.

7. Waiver of Jury Trial. **THE LENDER, THE MAKER AND ANY OTHER PARTY LIABLE HEREON IN ANY CAPACITY, WHETHER AS SURETY, GUARANTOR, OR OTHERWISE, EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THE LOAN EVIDENCED HEREBY AND/OR THE CONDUCT OF THE RELATIONSHIP BETWEEN THE LENDER, THE MAKER AND/OR ANY OTHER PARTY LIABLE HEREON IN ANY CAPACITY, WHETHER AS SURETY, GUARANTOR, OR OTHERWISE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER, AND MAKER HEREBY REPRESENTS THAT NO ORAL OR WRITTEN STATEMENTS HAVE BEEN MADE BY ANY PARTY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS STATED EFFECT. MAKER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED BY INDEPENDENT COUNSEL OF ITS CHOICE IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIYER WITH SUCH COUNSEL.**

8. Costs of Collection. The Maker promises to pay all third-party costs and expenses incurred in connection with collection hereof or in the protection or realization of any collateral now or hereafter given as security for the repayment hereof, including reasonable attorneys' fees, upon the occurrence of an Event of Default in the payment of the principal of this Note or interest hereon when due, whether at Maturity, as herein provided, or by reason of acceleration of Maturity under the tenns hereof, whether suit be brought or not.

9. Lender's Rights and Remedies. The failure of the Lender to exercise the option for acceleration of Maturity, foreclosing, or either, following any Event of Default as aforesaid or to exercise any other option granted to it hereunder, in any one or more instances, or the acceptance by the Lender of partial payments or partial performance, shall not constitute a waiver of any such Event of Default, but such options shall remain continuously in force. Acceleration of Maturity, once claimed hereunder by the Lender, may at its option be rescinded by written acknowledgment to that effect but the tender and acceptance of partial payment or partial perfonnance alone shall not in any way affect or rescind such acceleration of maturity. The rights, remedies and powers of the Lender, as provided in this Note, are cumulative and concurrent, and may be pursued singly, successively, or together against the Maker, and/or any security given at any time to secure the payment hereof, all at the sole discretion of the Lender.

10. Lawful Interest. Notwithstanding anything to the contrary contained herein, the effective rate of interest on the obligation evidenced by this Note shall not exceed the lawful maximum rate of interest permitted to be paid. Without limiting the generality of the foregoing, in the event the interest charged hereunder results in an effective rate of interest higher than that lawfully permitted to be paid, then such charges shall be reduced by the sum sufficient to result in an effective rate of interest permitted by law and any amount which would exceed the highest lawful rate already received and held by the Lender shall be applied to a reduction of principal and not to the payment of interest.

11. Partial Invalidity. In the event any one or more of the provisions contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

12. Amendment. This Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

13. Patriot Act Notice. To help fight the funding of ten-orism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For purposes of this section, account shall be understood to include loan accounts.

14. Business Purpose. The Maker warrants and represents that the loan evidenced hereby is being made for business or commercial purposes.

15. Governing Law. This Note shall be governed in all respects by the laws of the Commonwealth of Virginia and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The Maker hereby consents to be sued in an appropriate court in the Commonwealth of Virginia in any action to enforce the provisions of this Note. The Maker waives any objection to the venue of any action filed by the holder of this Note against the Maker in any court in the Commonwealth of Virginia and waives any claim of forum non conveniens or for transfer of any such action to any other court.

16. Limitation on Issuance of Debt. The Maker hereby agrees not to, without the prior written consent of the Lender, to issue any new corporate indebtedness of the Maker unless such indebtedness shall be expressly subordinate by its terms to the repayment of this Note; provided however, nothing herein shall limit the Maker from (i) providing its corporate guarantee for indebtedness related to its normal and recun-ing business lines from time to time, or (ii) making payments under its existing corporate indebtedness, or making any modifications thereto that may occur from time to time.

17. Notice. Any notice, demand or request under this Note shall be provided in writing and shall be delivered as follows:

To Lender:	Comstock Development Services, LC 1886 Metro Center Drive, Suite 400 Reston, Virginia 20190 Attn: Christopher Clemente
With a copy to:	Comstock Development Services, LC 1886 Metro Center Drive, Suite 400 Reston, Virginia 20190 Attn: General Counsel
To Maker:	Comstock Holding Companies, Inc. 1886 Metro Center Drive, Suite 410 Reston, Virginia 20190 Attn: Chief Financial Officer
With a copy to:	Comstock Holding Companies, Inc. 1886 Metro Center Drive, Suite 410 Reston, Virginia 20190 Attn: General Counsel

IN WITNESS WHEREOF, the undersigned has executed, sealed and delivered this Note effective as of the day and year first written above.

MAKER:

COMSTOCK HOLDING COMPANIES, INC.,
a Delaware cot ration

APPR'D BY LEGAL

By: ______________________________(Seal)
Name: Christopher Guthrie
Title: Chief Financial Officer

ACKNOWLEDGEMENT OF LENDER:

LENDER:

COMSTOCK DEVELOPMENT SERVICES, LC,
a Virginia limited liability company

By: ______________________________
Christopher Clemente
Manager

U.S. Small Business Administration

NOTE

SBA Loan #	4861957008
SBA Loan Name	Comstock Holding Companies, Inc.
Lender Loan #	6010033691
Date	April 16, 2020
Loan Amount	1,953,800.00
Interest Rate	1.00% Fixed Rate
Borrower	Comstock Holding Companies, Inc.
Lender	MainStreet Bank

1. **PROMISE TO PAY:** This Loan is being made by Lender to Borrower pursuant to the terms of the Paycheck Protection Program authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act ("Program"). In return for the Loan, Borrower promises to pay to the order of Lender the amount of $1,953,800.00 , interest on the unpaid principal balance, and all other amounts required by this Note.

2. **DEFINITIONS:**

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this Loan signed by Borrower. "SBA" means the Small Business Administration, an Agency of the United States of America.

3. **Payment Terms:** Borrower must make all payments at the place Lender designates.

The interest rate is fixed at 1.00% per annum. The note is interest-only for the initial six (6) month period. Interest will accrue during this period. No payments of principal or interest will be required to be made by the Borrower until the end of the six (6) month period.

Some, or all, of the principal and accrued interest may be forgiven by the SBA under the Paycheck Protection Program. The expected amount to be forgiven is equal to the amount the Borrower will expend on payroll costs, covered mortgage interest, covered rent, and covered utility payments due the eight-week period commencing immediately after the loan proceeds are disbursed. At least 75% of the expected forgiveness amount shall be for payroll costs, with the remaining 25% allocated to other covered expenses.

After such six-month deferral period and after taking into account any loan forgiveness applicable to the Loan pursuant to the Program, the balance of any remaining principal and accrued and unpaid interest will be due and payable-in-full at the end of the second year. After the initial six (6) month period, the remaining balance of principal and accrued and unpaid interest will fully amortize over the remaining eighteen (18) month period in an amount determined by Lender sufficient to repay the entire balance of principal and accrued and unpaid interest at the interest rate of 1.00% per annum.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fee, and will apply any remaining balance to reduce principal.

This Note will mature in two (2) years from the date of the Note, at which time a remaining unpaid principal and accrued interest and any other amounts will be due and payable.

The Borrower may prepay the Note in whole or in part at any time without penalty.

If a payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5.00% of the unpaid portion of the regularly scheduled payment.

4. **DEFAULT:** Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower:

A. Fails to do anything required by this Note and other Loan Documents;
B. Defaults on any other loan with Lender;
C. Does not disclose, or anyone acting on its behalf does not disclose, any material fact to Lender or SBA;
D. Makes, or anyone acting on its behalf makes, a materially false or misleading representation to Lender or SBA;
E. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower’s ability to pay this Note;
F. Fails to pay any taxes when due;
G. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
H. Has a receiver or liquidator appointed for any part of its business or property;
I. Makes an assignment for the benefit of creditors;
J. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower’s ability to pay this Note;
K. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender’s prior written consent;
L. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower’s ability to pay this Note; or
M. For any reason it is determined that the Borrower is not eligible to obtain this Loan under the Program or otherwise violates any term or requirement of the Program.

5. **LENDER'S RIGHTS IF THERE IS A DEFAULT:** Without notice or demand and without giving up any of its rights, upon an event of default by Borrower, Lender may:

A. Declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount;
B. Collect all amounts owing from any Borrower; or
C. File suit and obtain judgment.

Upon an event of default under Section 4(G), (H) or (I) the entire unpaid principal balance under this Note and all accrued unpaid interest shall become immediately due, without notice, declaration or other action by Lender, and then Borrower will pay that amount.

6. **LENDER'S GENERAL POWERS:** Without notice and without Borrower's consent, Lender may:

A. Incur expenses to collect amounts due under this Note and enforce the terms of this Note or any other Loan Document. Among other things, the expenses may include payments for reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
B. Release anyone obligated to pay this Note; and
C. Take any action necessary to collect amounts owing on this Note.

7. **WHEN FEDERAL LAW APPLIES:** When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. **SUCCESSORS AND ASSIGNS:** Under this Note, Borrower includes its successors, and Lender includes its successors and assigns.

9. **GENERAL PROVISIONS:**

A. All individuals and entities signing this Note are jointly and severally liable.
B. Borrower waives all suretyship defenses.
C. Borrower must sign all documents necessary at any time to comply with the Loan Documents.
D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
F. If any part of this Note is unenforceable, all other parts remain in effect.

G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; or did not obtain, perfect, or maintain a lien upon Collateral.

H. Borrower agrees to modify this Note if requested by Lender in order to comply with the Program requirements and as necessary to ensure this Note is guaranteed by the SBA under the Program. Further, Borrower agrees that if the SBA or the U.S. Department of Treasury issues a form note or other related loan documentation or otherwise specifies documentation requirements with respect to loans made pursuant to the Program it will immediately execute such note and related loan documentation in such form as required to comply with all Program requirements as requested by Lender. If Borrower refuses to sign any such documentation, it hereby appoints Lender as its attorney-in-fact to sign such documentation on its behalf and such documentation will be enforceable as if signed directly by Borrower.

I. Except as set forth in Section 7, this Note will be governed by the laws of the Commonwealth of Virginia.

10. Agreement to Conduct Electronic Transactions: The parties expressly agree that the transactions and interactions they have with one another in relation to this document may be conducted by electronic means. Without limiting the generality of the foregoing, the parties expressly agree that this document, and any other instruments, agreements, documents, and communications related to this document or related to the matters addressed in this document (each, inclusive of this document, a "Covered Document"), may be created, generated, sent, communicated, executed, signed, delivered, transmitted, received, retained, stored, authenticated, or otherwise processed, handled, or used by electronic means or in electronic form. In the event that any party hereto signs a Covered Document (including, without limitation, this document) electronically, such party: (a) expressly states that such party has signed such Covered Document in electronic form using an electronic signature, and that such party intends for such party's electronic signature to be such party's signature to such Covered Document, and that by making such electronic signature, such party intends to sign such Covered Document; (b) agrees to the terms of such Covered Document in all respects, just as if such party had signed a paper or other written or tangible version of such Covered Document using a pen or other tangible writing instrument; and (c) agrees that any such Covered Document will be valid for all legal purposes under all applicable law, including, without limitation and as applicable, under the Uniform Electronic Transactions Act as enacted in the state whose governing law governs such Covered Document, and under the Electronic Signatures in Global and National Commerce Act.

11. Borrower's Name(s) and Signature(s) The undersigned, being the authorized signer of the Borrower, do hereby certify to Lender the accuracy of the following:

1. The undersigned is the duly authorized signer of the Borrower;
2. The Borrower is duly organized and in good standing;
3. The undersigned is duly authorized, on behalf of the Borrower, to obtain the Loan from Lender.
4. The undersigned affirms and attests to the accuracy of all of the data provided for the purpose of approving this borrowing, including but not limited to the Borrower Application Form for the Paycheck Protection Program.

Prior to signing this Note, Borrower read and understood all the provisions of this Note. Borrower agrees to the terms of the Note.

Borrower acknowledges receipt of a completed copy of the Note.

This Note is given under seal and it is intended that this agreement is and shall constitute and have the effect of a sealed instrument according to law

If payment of the indebtedness evidenced by this Note, or any part thereof, shall not be made when due and at maturity, by acceleration or otherwise, the undersigned hereby authorize(s) and empower(s) any attorney of any Court of Record within the United States to appear for the undersigned in any Court, or before any Clerk thereof, and confess judgment against the undersigned either jointly or severally in favor of the holder of this Note for the amount then due thereon, with the interest thereon aforementioned and the cost of suit and attorney's fees of fifteen percent (15%), hereby waiving and releasing all errors and all rights of exemption, appeal, stay of execution, inquisition and extension upon any levy or real estate or personal property to which the undersigned may otherwise be entitled under the laws of any State or possession of the United States now in force or which may hereafter be passed. If this Note is referred to any attorney for collection, and payment is obtained without the entry of a judgment, then the undersigned shall pay to holder attorney's fees in the amount aforesaid. If there are more than one undersigned, their liability shall be joint and several, any use of the singular herein may also refer to the plural and vice versa, and the use of any gender shall be applicable to all genders. The Borrower shall pay to the Lender all costs and expenses (including reasonable attorneys' fees) of the Lender in connection with the Note and the other loan documents and the collection of all sums evidenced by it. The Borrower understands and agrees that upon an event of default, the Lender may incur costs of collection, including attorney's fees, after the date of any judgment that the Lender may obtain against the Borrower. The Borrower agrees to pay all of such costs and fees. The Borrower further agrees that the Borrower's obligation to pay such costs and fees, and the Lender's claim for such costs and fees, which are incurred by the Lender after the date of any judgment obtained by the Bank, shall survive the entry of, and shall not be merged into, any such judgment. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note

12. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

Comstock Holding Companies, Inc.

DocuSigned by:

31F324921FD043F...

By: Christopher Clemente
Its: CEO

Exhibit 31.1

**CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher Clemente, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2020

/s/ Christopher Clemente
Christopher Clemente
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Guthrie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Holding Companies, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2020

/s/ Christopher Guthrie
Christopher Guthrie
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Comstock Holding Companies, Inc. (the “Company”) for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of Christopher Clemente, Chairman and Chief Executive Officer of the Company, and Christopher Guthrie, Chief Financial Officer of the Company, certifies, to his best knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 28, 2020	/s/ Christopher Clemente Christopher Clemente Chairman and Chief Executive Officer
Date: May 28, 2020	/s/ Christopher Guthrie Christopher Guthrie Chief Financial Officer