

Comstock Homebuilding Companies, Inc.
Form 8-K
November 03, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act Of 1934

Date of Report (Date of earliest event reported): October 31, 2011

Comstock Homebuilding Companies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

1-32375
(Commission

File Number)

20-1164345
(IRS Employer

Identification No.)

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11465 SUNSET HILLS ROAD, FOURTH FLOOR

RESTON, VIRGINIA 20910

(Address of principal executive offices) (Zip Code)

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

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

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

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 31, 2011, Comstock Cascades II, L.C. (Cascades), an entity in which Comstock Homebuilding Companies, Inc. (the Company) holds a controlling interest, entered into a Contract of Sale Agreement (the Agreement), with CAPREIT Acquisition Corporation (Purchaser), a Maryland corporation, relating to the sale of Cascades 103-unit apartment project known as The Commons On Potomac Square Apartments located in Sterling, Loudoun County, Virginia (the Project). Pursuant to the Agreement, following the expiration of the due diligence period and subject to fulfillment or waiver of all conditions precedent to the Purchaser s obligation to complete the purchase, the Purchaser shall purchase the Project for \$19,750,000. The Company estimates that it will receive net proceeds of approximately \$6,000,000 (inclusive of escrow amounts discussed below) from the transaction after repayment of the existing loan from Cardinal Bank secured by the Project and the retirement of the non-controlling equity financing relating to the Project.

In accordance with the Agreement, Purchaser shall have a thirty (30) day due diligence period from the effective date of the Agreement, during which it time it may terminate the Agreement and receive a return of its initial \$250,000 deposit. Should the Purchaser move forward with the purchase of the Project subsequent to the expiration of the due diligence period, it shall be required to place in escrow an additional \$250,000 deposit. In accordance with the Agreement, settlement shall take place no later than December 29, 2011 or the full deposit made by the Purchaser shall be subject to forfeiture. At settlement, Cascades is required to place in escrow \$250,000 (the Warranty Escrow) to secure performance of certain post-closing warranty work and \$750,000 (the Claims Escrow) to secure Cascades indemnification and other obligations set forth in the Agreement. The Warranty Escrow shall be released to Cascades upon completion of the post-closing warranty work and the Claims Escrow shall be released to Cascades in three equal installments at six, eight and twelve months from the date of settlement provided that no claims have been made against Cascades by the Purchaser.

On October 28, 2011, the Company issued a press release announcing the execution of the Agreement. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

Exhibit

Number	Description
99.1	Press release by Comstock Homebuilding Companies, Inc., dated October 31, 2011

SIGNATURES

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

Date: November 3, 2011

COMSTOCK HOMEBUILDING COMPANIES, INC.

By: /s/ Christopher Clemente
Christopher Clemente,

Chief Executive Officer