

Comstock Homebuilding Reports Results for Three Months Ended March 31, 2010

RESTON, VA, May 14, 2010 (MARKETWIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company"), a prominent real estate development and home building firm in the Washington, D.C. area, announced a net loss for its first quarter ended March 31, 2010 of \$892,000, \$.05 per diluted share. Net income and diluted loss per share for the first quarter of 2010 decreased 66.3% and 64.3%, respectively, when compared to the first quarter of 2009. Gross revenues for the first quarter of 2010 increased 84.4% to \$9.1 million from \$4.9 million for the comparable 2009 quarter.

New orders, net of cancellations, in the first quarter of 2010 increased 50.0% to 18 units, when compared to 12 units in the first quarter of 2009. There was one cancellation in the first quarter of 2010 compared to zero in the first quarter of 2009. Settlements increased 100% to 16 units in the first quarter of 2010 as compared to 8 settlements during the comparable quarter in 2009.

The Company ended the first quarter of 2010 with a backlog of 5 homes sold but not settled, a decrease of 28.6% on a unit basis compared to the same period in 2009. The value of gross revenue applicable to the backlog units decreased 14.1% to \$1.9 million, when compared to the backlog at the end of the first quarter in 2009.

Homebuilding revenues for the three months ended March 31, 2010 totaled \$5.7 million, a 35.7% increase over the same period of 2009. Gross margins on homebuilding were zero in the first quarter of 2010, unchanged from the same period in 2009.

Other revenues for the three months ended March 31, 2010 totaled \$3.4 million, a 325% increase over the same period of 2009. Other revenue of \$2.8 million was generated in the first quarter of 2010 from the sale of land to other builders and rental income. Rental income of \$0.6 million was generated during the three months ended March 31, 2010 as compared to \$0.7 million in the same period of 2009. The decrease in revenue generated from rental operations was the result of the sale of certain rental inventory units since the first quarter of 2009.

During the first quarter of 2010, the Company recognized other income related to settlements with vendors on trade payables of \$0.8 million, as compared to \$0.3 million of other income related to settlements with vendors on trade payables in the same period of 2009.

As of March 31, 2010 the Company's total debts were \$37.9 million, representing a decrease of \$62.4 million, or 62.2% from the end of the first quarter of last year and a decrease of \$29.7 million, or 43.9% from December 31, 2009. In addition to the decrease of liabilities resulting from the restructuring of the Senior Note, the Company recorded an additional \$15.9 million decrease in Wachovia debt in connection with the deconsolidation of certain subsidiaries of which the Company is no longer the primary beneficiary.

Shareholder's equity as of March 31, 2010 increased to \$12.4 million, or \$0.69 per diluted share, from \$4.1 million, or \$0.23 per diluted share at December 31, 2009. The increase in shareholder's equity during the first quarter of 2010 was in large part driven by the restructuring of the Company's Senior Subordinated Note ("Senior Note"), as reported on February 17, 2010. As a result of the restructuring of the Senior Note the principal balance due was reduced to \$4.5 million. Prior to the restructuring, the carrying value of the Senior Note debt was \$12.7 million. As reported by the Company on December 31, 2009, the Senior Note was acquired by Stonehenge Funding, LC, ("Stonehenge") an entity wholly owned by Comstock's Chief Executive Officer, Christopher Clemente. Subsequent to the purchase of the Senior Note by Stonehenge, Gregory Benson, the Company's Chief Operating Officer and a member of the Board of Directors, purchased a participating interest in the Senior Note. In accordance with the rules of accounting applicable to the restructuring of debt held by insiders, the \$7.7 million gain on the transaction was treated as a capital contribution to the Company and is not included in the calculation of net income for the first quarter.

As previously reported, the Company has completed its Strategic Realignment Plan, reducing overall debt from a peak of approximately \$340 million in 2006 to approximately \$37.9 million as of March 31, 2010. Among the many benefits to the company of successfully implementing this strategy to stabilize its business is the accumulation of significant loss carry forward provision, which the Company believes will enhance future operating cashflow due to reduced tax liabilities associated with potential future profitability.

"We continue to focus on enhancing shareholder value and on positioning Comstock to capitalize on emerging opportunities in a stabilizing market," said Christopher Clemente, Comstock's Chairman and Chief Executive Officer. "We believe our Strategic Realignment Plan, implemented in the latter half of 2009, has greatly enhanced our ability to return Comstock to profitability on

a regular basis in the near future."

About Comstock Homebuilding Companies, Inc.

Comstock is a multi-faceted real estate development company engaged in the development of for-sale residential and mixed use products. Our substantial experience in building a diverse range of products including single-family homes, townhouses, mid-rise condominiums, high-rise condominiums and mixed-use (residential and commercial) developments has positioned Comstock as a prominent real estate developer and home builder in the Washington, D.C. market place. For more information please visit www.comstockhomebuilding.com.

Cautionary Statement

This release may contain "forward-looking" statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the Company's Form 10-K as filed with the Securities and Exchange Commission on March 31, 2009. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	March 31, 2010	December 31, 2009
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ASSETS		
Cash and cash equivalents	\$ 1,036	\$ 1,085
Restricted cash	3,277	3,249
Real estate held for development and sale	47,573	70,890
Property, plant and equipment, net	72	144
Other assets	1,816	1,963
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TOTAL ASSETS	\$ 53,774	\$ 77,331
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 3,459	\$ 5,579
Notes payable -- secured by real estate held for development and sale	28,456	50,530
Notes payable -- due to affiliates, unsecured	5,054	12,743
Notes payable -- unsecured	4,369	4,346
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TOTAL LIABILITIES	41,338	73,198
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Commitments and contingencies (Note 8)		
SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 15,901,940 and 15,608,438 issued and outstanding, respectively	159	156
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, 2,733,500 issued and outstanding	27	27
Additional paid-in capital	165,674	157,418
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(150,985)	(151,029)
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TOTAL EQUITY	12,436	4,133
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 53,774	\$ 77,331
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COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

Three Months Ended March 31,

	2010	2009
Revenues		
Revenue -- homebuilding	\$ 5,693	\$ 4,160
Revenue -- other	3,446	797
Total revenue	9,139	4,957
Expenses		
Cost of sales -- homebuilding	5,692	4,160
Cost of sales -- other	2,872	317
Selling, general and administrative	1,455	2,040
Interest, real estate taxes and indirect costs related to inactive projects	848	1,283
Operating loss	(1,728)	(2,843)
Other income, net	836	357
Loss from continuing operations before income taxes	(892)	(2,486)
Income taxes expense	--	1
Loss from continuing operations	(892)	(2,487)
Discontinued operations:		
Loss from discontinued operations, net of taxes	--	(158)
Net loss	\$ (892)	\$ (2,645)
Basic loss per share		
Continuing operations	\$ (0.05)	\$ (0.14)
Discontinued operations	0.00	(0.01)
Net loss per share	\$ (0.05)	\$ (0.15)
Diluted loss per share		
Continuing operations	\$ (0.05)	\$ (0.14)
Discontinued operations	0.00	(0.01)
Net loss per share	\$ (0.05)	\$ (0.15)
Basic weighted average shares outstanding	18,096	17,554
Diluted weighted average shares outstanding	18,096	17,554

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