

## **Comstock Homebuilding Companies, Inc. Reports Results for Three and Nine Months Ended September 30, 2010**

RESTON, VA -- (MARKET WIRE) -- 11/12/10 -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company"), a prominent real estate development and homebuilding firm in the Washington, D.C. area announced a net loss for its third quarter ended September 30, 2010 of \$(3.4) million or \$(0.18) per diluted share. This compares to net income of \$2.3 million or \$0.12 earnings per diluted share for the third quarter of 2009. Total revenue for the third quarter of 2010 was \$5.6 million compared to \$11.8 million for the comparable 2009 quarter.

For the nine months ended September 30, 2010, the Company reported a net loss of \$(6.2) million or \$(0.34) per diluted share. This compares to a net loss of \$(28.1) million or \$(1.60) per diluted share for the first nine months of 2009. Total revenue for the first nine months of 2010 was \$21.2 million and \$19.4 million for the comparable 2009 period.

As of September 30, 2010 the Company's total debt was \$30 million. Of this amount, approximately \$20 million is secured by real estate projects of the Company. Total debt balance has declined from \$67.6 million as of December 31, 2009 and from \$83.4 million at the end of the same period a year ago.

"The improvement to our balance sheet over the past year is the result of the implementation of our Strategic Realignment Plan," said Christopher Clemente, Comstock's Chairman and Chief Executive Officer. "As we focus on implementing the final stages of this plan we continue to monetize inventory, reduce debt, and pursue new opportunities in the Washington, D.C. market. We believe that the fundamental economic strength of the Washington, D.C. market provides opportunity to leverage our core multifaceted operating capabilities in for-sale residential, multifamily rental and general contracting services. We remain committed to taking the steps necessary to return Comstock to regular profitability as quickly as possible."

New orders, net of cancellations, in the third quarter of 2010 decreased 33% to 18 units, when compared to 27 units in the third quarter of 2009. There were zero cancellations in the third quarter of 2010 compared to 2 in the third quarter of 2009. New orders, net of cancellations, for the nine months ended September 30, 2010 decreased 12.5% to 49 units, when compared to 56 units for the nine months ended September 30, 2009. There was 1 cancellation during the nine months ended September 30, 2010 compared to 7 cancellations for the same period in 2009.

The number of units settled decreased 56.4% to 17 units in the third quarter of 2010 as compared to 39 settlements during the comparable quarter in 2009. The number of units settled decreased 3.8% to 51 units for the nine months ended September 30, 2010 as compared to 53 settlements during the first nine months of 2009.

The Company ended the third quarter of 2010 with 1 backlog unit sold but not settled, compared to a backlog of 6 units for the same period in 2009. The value of gross revenue applicable to the backlog units at the end of the third quarter in 2009 was \$230,000. Because unit sales in 2010 are being generated with completed inventory of units, the time between sale and settlement tends to be as little as thirty days, thereby generating low backlog at period ends.

Homebuilding revenues for the three months ended September 30, 2010 totaled \$5.2 million compared to \$11.1 million for the same period of 2009. Homebuilding revenues for the nine months ended September 30, 2010 totaled \$16.8 million compared to \$17.1 million for the same period of 2009.

Shareholders' equity as of September 30, 2010 increased to \$7.9 million, from \$4.1 million as of December 31, 2009 and from \$2.6 million at the end of the same period a year ago. The increase in shareholders' equity during the nine months ended September 30, 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 nine months ended September 30, 2010.

About Comstock Homebuilding Companies, Inc.

Comstock is a multi-faceted real estate development company engaged in the development of for-sale residential, multifamily

rental and general contracting services. 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 homebuilder in the Washington, D.C. market place. For more information please visit [www.comstockhomebuilding.com](http://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, 2010. 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)

	September 30, December 31,	
	2010	2009
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ASSETS		
Cash and cash equivalents	\$ 759	\$ 1,085
Restricted cash	3,093	3,249
Real estate held for development and sale	35,953	70,890
Property, plant and equipment, net	57	144
Other assets	1,862	1,963
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TOTAL ASSETS	\$ 41,724	\$ 77,331
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#### LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$	3,825	\$	5,579
Notes payable - secured by real estate held for development and sale		20,478		50,530
Notes payable - due to affiliates, unsecured		5,008		12,743
Notes payable - unsecured		4,493		4,346
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TOTAL LIABILITIES		33,804		73,198
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SHAREHOLDERS' EQUITY

Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 16,995,031 and 15,608,438 issued and outstanding, respectively		170		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		166,417		157,418
Treasury stock, at cost (391,400 Class A common stock)		(2,439)		(2,439)
Accumulated deficit		(156,255)		(151,029)
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TOTAL EQUITY		7,920		4,133
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TOTAL LIABILITIES AND SHAREHOLDERS'

EQUITY	\$	41,724	\$	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		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
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Revenues				
Revenue - homebuilding	\$ 5,153	\$ 11,116	\$ 16,766	\$ 17,053
Revenue - other	436	679	4,390	2,304
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Total revenue	5,589	11,795	21,156	19,357
Expenses				
Cost of sales -				
homebuilding	5,774	10,459	17,138	15,908
Cost of sales - other	382	508	3,666	1,458

Impairments and write-offs	1,548	--	1,548	15,351
Selling, general and administrative	1,341	1,095	4,202	4,984
Interest, real estate taxes and indirect costs related to inactive projects	143	421	1,812	3,015
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Operating loss	(3,599)	(688)	(7,210)	(21,359)
Gain on troubled debt restructuring	--	(2,803)	--	(2,803)
Other (income) loss, net	(171)	(86)	(1,047)	(358)
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(Loss) Income from continuing operations before income taxes	(3,428)	2,201	(6,163)	(18,198)
Income tax expense	--	--	--	--
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(Loss) Income from continuing operations	(3,428)	2,201	(6,163)	(18,198)
Discontinued operations:				
Income (loss) from discontinued operations, net of taxes	--	78	--	(9,910)
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Net (loss) income	\$ (3,428)	\$ 2,279	\$ (6,163)	\$ (28,108)
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Basic (loss) income per  
share

Continuing operations	\$ (0.18)	\$ 0.13	\$ (0.34)	\$ (1.04)
Discontinued operations	--	--	--	(0.56)
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Net (loss) income per share	\$ (0.18)	\$ 0.13	\$ (0.34)	\$ (1.60)
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Diluted (loss) income per  
share

Continuing operations	\$ (0.18)	\$ 0.12	\$ (0.34)	\$ (1.04)
Discontinued operations	--	--	--	(0.56)
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Net (loss) income per share	\$ (0.18)	\$ 0.12	\$ (0.34)	\$ (1.60)
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Basic weighted average

shares outstanding	18,567	17,618	18,299	17,575
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Diluted weighted average

shares outstanding	18,567	19,467	18,299	17,575
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Source: Comstock Homebuilding Companies, Inc.

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