

DEVELOPMENT AGREEMENT

This Development Agreement (the “**Agreement**”), dated and effective as of May 21, 2025, is made by and between New Chester Townhouses II of SC, LLC, a South Carolina limited liability company (the “**Company**”), and CAHEC Development, LLC, a North Carolina limited liability company (the “**Developer**”).

Recitals

The Company was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a residential project located in Chester, Chester County, South Carolina (the “**Project**”). The Company is operating by an Operating Agreement (the “**Operating Agreement**”).

The Company desires that the Developer provide certain services with respect to the development of the Project. Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment and Term.** The Company hereby appoints the Developer to render services in overseeing the development of the Project for the Company as herein contemplated and the Developer hereby accepts such appointment.

2. **Authority and Obligations.** Subject to the provisions of the Operating Agreement, the Developer shall have the authority and obligation to:

(a) Obtain construction financing, if required, on behalf of the Company in an amount sufficient to fund the construction and/or rehabilitation of the Project.

(b) Prepare or cause to be prepared such environmental and neighborhood impact studies or reports, engineering surveys, and plans and specifications as may be required in connection with the construction and/or rehabilitation of the Project.

(c) Prepare and submit to the Company for approval a construction budget and make recommendations to the Company regarding any necessary modifications thereto.

(d) Make available to the Company upon request copies of all contracts, option agreements, construction financing commitments, budgets, plans and specifications, or other items prepared or obtained.

(e) Obtain a construction contract (the “**Construction Contract**”) in an amount not to exceed the amount provided therefor pursuant to the Company financial projections from a reputable general contractor (the “**General Contractor**”), which may be an affiliate of Developer.

(f) Perform or cause to be performed, in a diligent and efficient manner, general administration and supervision of construction of the Project, including but not limited to the following:

(i) administration and supervision of the activities of the General Contractor and all other contractors, subcontractors, and others employed in connection with the construction of the Project;

(ii) preparation of construction schedules pursuant to which all phases of construction are to be completed on or before the Completion Date and supervision of the scheduling of construction in conformity with such construction schedules;

(iii) periodic inspection of construction in progress, including but not limited to inspection at completion for defects in construction and to assure compliance with the plans and specifications, and supervision of correction of any and all deficiencies noted pursuant to such inspections;

(iv) processing and payment of applications for progress payments made by the General Contractor, including verification of such applications against the progress of construction as indicated by the aforementioned periodic inspections; and

(v) analysis of requests for any and all change orders to or variations from the Projections and the plans and specifications and submission of such requests to the Company for approval.

(g) Perform, or cause to be performed, in a diligent and efficient manner, preparation of contracts, letter agreements, purchase orders, and similar documents as are necessary to complete timely the construction of the Project in accordance with the plans and specifications.

(h) Cause the Project to be completed on or before the Completion Date in a manner consistent with good workmanship, in compliance with the following:

(i) the plans and specifications;

(ii) all obligations of the Company under any documents executed by the Company under the construction loan documents; and

(iii) all municipal, state, and other governmental laws, ordinances, and regulations governing the construction of the Project and the use thereof for its intended purposes and all other requirements of law applicable to construction and/or rehabilitation of the Project.

(i) Maintain, or cause to be maintained, builders risk, contractor's liability, and worker's compensation insurance required by law or by the Investor Member with the Company named as an additional insured, the limits of such coverage to be reasonable under the circumstances, but no less than that required by construction lenders or applicable statutes.

(j) Keep or cause to be kept separate project accounts and cost records and prepare and furnish upon request financial and progress reports and statements with respect to construction of the Project.

(k) Make available to the Company upon request copies of all contracts and subcontracts.

(l) Deliver to the Company copies of all inspection reports and applications for payment given any lender providing a loan to the Company.

3. ***Developer Fee.***

For development services to be performed under this Agreement, the Company shall pay the Developer a fee equal to \$972,107.00 (the “***Developer Fee***”). The Developer Fee shall be paid as follows:

(a) 25% of the Developer Fee less the Deferred Developer Fee at such time as the obligations listed in Section 2(a)-(e) have been completed;

(b) 25% of the Developer Fee less the Deferred Developer Fee at such time when the rehabilitation of the Project is 100% complete;

(c) 35% of the Developer Fee less the Deferred Developer Fee at such time when the Project has reached stabilization;

(d) 15% of the Developer Fee less the Deferred Developer Fee at such time when the Project has received IRS form(s) 8609.

(e) In addition, to the extent that any portion of the Developer Fee is not paid (the “***Deferred Developer Fee***”), such amount shall be paid from cash flow of the Company to the extent available for payment of such fee pursuant to the Operating Agreement. The Deferred Developer Fee is estimated to be \$237,018.70. No interest shall be accrued on any such unpaid amounts. Any amounts of the Developer Fee that have not been paid in full on or before December 31, 2038, shall be paid no later than such date.

4. ***Operating Agreement.*** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Operating Agreement.

5. ***Burden and Benefit.*** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party.

6. ***Severability of Provisions.*** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

7. ***No Continuing Waiver.*** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party.

The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

8. ***Defined Terms.*** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Operating Agreement.

9. ***Governing Law.*** This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina, without regard to principles of conflicts of laws.

10. ***Binding Agreement.*** This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors, and assigns.

11. ***Headings.*** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

12. ***Terminology.*** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

13. ***Counterparts.*** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties have executed this Development Agreement as of the date first written above.


COMPANY

New Chester Townhouses II of SC, LLC
a South Carolina limited liability company

By: Chester II MM, LLC,
a South Carolina limited liability company
Its: Managing Member

By: CAHEC MM, LLC,
a North Carolina limited liability company
Its: Manager


By: CAHEC Properties Corporation
a North Carolina nonprofit corporation
Its: Manager

By: 
Name: George T. Baker
Title: Senior Vice President

DEVELOPER

CAHEC Development, LLC,
a North Carolina limited liability company

By: CAHEC Properties Corporation
a North Carolina nonprofit corporation
Its: Manager

By: 
Name: George T. Baker
Title: Senior Vice President