

TAB 7 – ENTITY
AGREEMENT

DEVELOPMENT

AGREEMENT

Kennedy Street Owner, LP
(a South Carolina limited partnership)

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DEVELOPMENT SERVICES AGREEMENT

DEVELOPMENT SERVICES AGREEMENT

THIS AGREEMENT is made as of May 16, 2025, by and among KENNEDY STREET OWNER, LP, a South Carolina limited partnership ("Owner"), SCG DEVELOPMENT SPE, LLC, a Delaware limited liability company ("SCG"), GOOD WALL KENNEDY, LLC, a South Carolina limited liability company ("Good Wall"), DAVIS AFFORDABLE HOUSING, LLC, a South Carolina limited liability company ("Davis"), and VILLA AFFORDABLE HOUSING, LLC, a South Carolina limited liability company ("Villa") (SCG, Good Wall, Davis and Villa are collectively referred to as "Developer").

A. Owner intends to develop and own the apartment complex to be known as Kennedy Street Apartments (the "Property"); and

B. Owner desires to engage Developer to oversee the development of the Property, and Owner and Developer desire to set forth the terms of such engagement in this Agreement.

NOW, THEREFORE, in consideration for the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Development Services.

(A) Owner hereby engages Developer to provide services in overseeing the development of the Property in accordance with the underlying plans and specifications and in compliance with all applicable laws, rules and regulations, and authorizes Developer to exercise such powers as may be reasonably necessary and appropriate in connection with the performance of such services. Developer shall perform services pursuant to the terms of this Agreement and shall use best efforts and due diligence in the performance of such services. Developer shall act as an independent contractor in the performance of such services and this Agreement shall not be deemed to create an employer-employee relationship, either express or implied, between Owner and Developer.

(B) Developer shall continue to perform or cause to be performed the following services with respect to the development of the Property:

(1) Assist in the acquisition of the improved portion of the Property and take all actions reasonably necessary in connection therewith, including the negotiation of the terms and conditions of such acquisition;

(2) Supervise and coordinate the activities of the contractors, attorneys and other professional consultants involved in the development of the Property;

(3) Negotiate and administer agreements with the contractors;

(4) Prepare cost, income and other budgets and financial projections for the development of the Property;

- (5) Negotiate on behalf of Owner all necessary agreements with public authorities and utility companies relating to access, traffic control, utility services and other matters affecting the construction of the Property;
- (6) Review and approve final plans and specifications relating to the development of the Property;
- (7) Review and approve the construction contract and the subcontract bids for the development of the Property;
- (8) Establish and administer field order and change order procedures;
- (9) Review, negotiate and administer all contractual documents relating to the development of the Property, including the review and approval of all progress payments before they are processed for payment;
- (10) Prepare and monitor performance schedules for development of the Property;
- (11) Periodically inspect work in progress and, if applicable, monitor the correction of any defects or deficiencies;
- (12) Recommend to Owner insurance coverage during the development of the Property;
- (13) Obtain such certificates, licenses, permits and approvals as are necessary for the development of the Property;
- (14) Maintain a central control file of all design, engineering and development and construction documents, if any, including contracts, plans and specifications for the Property;
- (15) Review and approve such bonds, if any, and/or evidences of insurance from the subcontractors as may be required by Owner;
- (16) Upon receipt of notice thereof, promptly notify Owner of violations of laws, regulations and/or statutes applicable to the Property, advise Owner of recommended actions to cure or contest such violations and, unless Owner elects to contest such violations, take such steps as are necessary to correct such violations and to otherwise assure that the Property is in compliance with all applicable laws, regulations and statutes using funds available to Owner;
- (17) Take all actions necessary to achieve the completion of the rehabilitation of the Property;

(18) Ensure that development of the Property is completed in compliance with all applicable loan documents; and

(19) Perform any other service that is reasonably necessary for the development of the Property in accordance with this Agreement.

(C) Except as otherwise provided for in this Agreement, Developer shall be responsible for all of its expenses incurred in connection with the performance of services under this Agreement, including, without limitation, the following:

(1) All wages, salaries and other remuneration paid to Developer employees, consultants, advisors and independent contractors, including, without limitation, unemployment insurance, social security, workers' compensation, pension benefits and disability benefits; and

(2) Developer general overhead and administrative expenses, including, without limitation, office rent, utilities and supplies.

(D) Developer shall perform its duties under this Agreement to the best such duties. Developer may delegate all or any of its duties under this Agreement to Affiliates who shall perform such delegated duties under the supervision of Developer.

2. Development Fee. Owner shall pay Developer a fee of \$1,200,000 (the "Development Fee") for its services under this Agreement. The Development Fee shall be deemed accrued and earned on a ratable basis throughout the development of the Property, and the entire Development Fee shall be treated as accrued and earned by the completion of the rehabilitation of the Property. The Development Fee shall be paid 37.5% to SCG, 25% to Good Wall, 25% to Davis, and 12.5% to Villa.

3. Reimbursement. Owner hereby unconditionally promises to reimburse Developer for any and all costs incurred by Developer on behalf of Owner in the development of the Property, whether incurred prior to or subsequent to the date of this Agreement. Owner agrees to cause such reimbursement in conjunction with the closing and funding of any construction loan or tax credit equity financing for the Property. Owner and Developer acknowledge and agree that the provisions of this section shall serve as the reimbursement agreement for purposes of the carryover allocation and cost certifications for the Property.

4. Term. This Agreement (other than the obligation to pay accrued Development Fees and the right of offset set forth below) shall terminate on the completion date of the development of the Property.

5. Miscellaneous.

(A) Amendments. This Agreement may not be modified, altered or amended except pursuant to a written instrument executed by all parties hereto.

(B) Assignment. This Agreement may not be assigned, in whole or in part, by any party hereto without the consent of the other parties hereto.

(C) Binding Agreement. This Agreement shall be binding on the parties hereto, and their authorized representatives, successors and assigns.

(D) Counterparts. This Agreement may be executed in counterparts and all counterparts shall be considered part of one Agreement binding on all parties hereto.

(E) Disputes. Any dispute, controversy or claim arising out of or in connection with this Agreement, or any breach or alleged breach thereof, shall be settled by binding arbitration in accordance with the applicable rules for commercial arbitration with expedited review of (and by an independent arbitrator selected by) the American Arbitration Association. The decision of the arbitrator shall be final and the costs of the parties to the arbitration, including reasonable attorneys' fees, shall be borne by the losing party in the manner determined by the arbitrator.

(F) Entire Agreement. This Agreement supersedes any prior agreement and contains the entire agreement of the parties hereto or their predecessors in interest with respect to the subject matter hereof.

(G) Governing Law. This Agreement, and the application or interpretation hereof, shall be governed by the laws of the State of South Carolina.

(H) Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(I) 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.

(J) Waiver. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance of this Agreement shall be construed as a consent or waiver to or of any subsequent breach or default in the performance by such other party of the same or any other obligations hereunder.

(K) Independent Contractor. The parties hereto do not intend to create a partnership or any similar association for any purpose. Developer shall be an independent contractor for all purposes.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Owner has caused this Agreement to be duly executed as of the day first written above.

OWNER:

KENNEDY STREET OWNER, LP,
South Carolina limited partnership

By Its General Partner:

KENNEDY STREET GP, LLC,
a South Carolina limited liability company

By:  _____

Name: Stephen Wilson

Title: Managing Member

IN WITNESS WHEREOF, SCG has caused this Agreement to be duly executed as of the day first written above.

SCG:

SCG DEVELOPMENT SPE, LLC,
a Delaware limited liability company

By: _____

Name: Stephen Wilson

Title: President

IN WITNESS WHEREOF, Good Wall has caused this Agreement to be duly executed as of the day first written above.

GOOD WALL:

GOOD WALL KENNEDY, LLC,
a South Carolina limited liability company

By: F. Bogue Wallin

Name: F. BOGUE WALLIN

Title: MANAGING MEMBER

IN WITNESS WHEREOF, DAVIS has caused this Agreement to be duly executed as of the day first written above.

DAVIS:

DAVIS AFFORDABLE HOUSING, LLC,
a South Carolina limited liability company

By: _____

Taylor B. Davis, Manager

IN WITNESS WHEREOF, Villa has caused this Agreement to be duly executed as of the day first written above.

VILLA:

**VILLA AFFORDABLE HOUSING, LLC,
a South Carolina limited liability company**

By: 

Robinson Villa, Manager

LIMITED PARTNERSHIP **AGREEMENT**

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE) **LIMITED PARTNERSHIP AGREEMENT OF**
)
) **KENNEDY STREET OWNER, LP**

THIS LIMITED PARTNERSHIP AGREEMENT is entered into as of May, 15, 2024, by and among KENNEDY STREET GP, LLC, a South Carolina limited liability company, as the general partner (the "General Partner") and SCG DEVELOPMENT SPE, LLC, a Delaware limited liability company (the "Limited Partner") (the General Partner and Limited Partner are hereinafter sometimes referred to collectively as the "Partners" and each of whom are hereinafter sometimes referred to singularly as a "Partner").

WITNESSETH:

WHEREAS, on February 12, 2024, pursuant to the filing of the Certificate (as defined below), the Partnership was formed; and

WHEREAS, the parties hereto desire to enter into this Agreement in order to more fully set forth the rights and obligations of the parties hereto with respect to the Partnership.

NOW THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Formation and Name of Limited Partnership.** The parties hereto hereby form a limited partnership pursuant to the provisions of the Uniform Limited Partnership Act of the State of South Carolina, as amended and set forth in S.C. Code Ann. §§ 33-42-10 through 33-42-2040 ("ULPA"). The name of the partnership shall be Kennedy Street Owner, LP (the "Partnership"). All rights, liabilities and obligations of the General Partner and Limited Partner, both as among themselves and as to persons not parties to this Agreement, shall be as provided in the ULPA, except as otherwise provided herein.

2. **Definitions.** For purposes of this Limited Partnership Agreement, the following terms shall have the following respective meanings:

2.1 "Act" means the South Carolina Uniform Limited Partnership Act.

2.2 "Agreement" means this Agreement of Limited Partnership, as it may be amended from time to time.

2.3 "Capital Account" means, with respect to any Partner, the Capital Account maintained for such Partner in accordance with the following provisions:

2.3.1 To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, such Partner's distributive share of Profits, and any

items in the nature of income or gain that are specifically allocated, and the amount of any Partnership liabilities that are assumed by such Partner or that are secured by any Partnership Property distributed to such Partner.

2.3.2 To each Partner's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Partnership Property distributed to such Partner pursuant to any provisions of this Agreement and such Partner's distributive share of Losses.

In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

In the event the Gross Asset Values of Partnership assets are adjusted pursuant to Section 2.7 hereof, the Capital Accounts of all Partners shall be simultaneously adjusted to reflect the aggregate net adjustment as if the Partnership recognized gain or loss equal to the amount of such aggregate net adjustment.

The foregoing provisions and the other provisions of this Agreement relating to the Capital Accounts are intended to comply with Treasury Regulation § 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Treasury Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Partner pursuant to Section 22 hereof upon the dissolution of the Partnership. The General Partner shall adjust the amounts debited or credited to Capital Accounts with respect to (a) any property contributed to the Partnership or distributed to the Partners, and (b) any liabilities that are secured by such contributed or distributed property or that are assumed by the Partnership or the Partners, in the event the General Partner shall determine such adjustments are necessary or appropriate pursuant to Treasury Regulation § 1.704-1(b)(2)(iv).

2.4 "Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any property contributed to the Partnership (net of liabilities securing such contributed property that the Partnership is considered to assume or take subject to under Code § 752) with respect to the interest in the Partnership held by such Partner.

2.5 "Certificate" means the certificate of limited partnership required by the Act to be filed with the South Carolina Secretary of State, as it may be amended from time to time.

2.6 "Code" means the Internal Revenue Code of 1986, as amended, or subsequent revenue laws.

2.7 "Gross Asset Value" means an asset's adjusted basis for federal income tax purposes, except as follows:

2.7.1 The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the General Partner provided that if the contributing partner is a General Partner, the determination of the fair market value of a contributed asset shall require the consent of a majority of the Limited Partners;

2.7.2 The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner, at the following times: (a) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership Property, unless all Partners receive simultaneous distributions of undivided interests in the distributed Property in proportion to their interest in the Partnership; and (c) the termination of the Partnership for federal income tax purposes pursuant to Code § 708(b)(1)(B);

2.7.3 The Gross Asset Value of any Partnership asset distributed to any Partner shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the General Partner, provided that, if the distributee is a General Partner, the determination of the fair market value of the distributed asset shall require the consent of a majority of the Limited Partners;

2.7.4 The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and Sections 2.8(v) and 9.8 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this Section to the extent the General Partner determine that an adjustment pursuant to Section 2.7.2 hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section; and

2.7.5 If the Gross Asset Value of an asset has been determined or adjusted pursuant to Section 2.7.1 or 2.7.2 hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

2.8 "Net Profits and Losses" shall mean the net profits and net losses of the Partnership as determined for federal income tax purposes in accordance with Code §705(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 705(a)(1) shall be included in taxable income or loss with the following adjustments):

(i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to Section 2.7.2 or Section 2.7.3 hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value; and

(v) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Partner's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses.

2.9 "Partnership Property" means all real and personal property acquired by the Partnership and any improvements thereto and includes both tangible and intangible property.

2.10 "Transfer" means the mortgage, pledge, hypothecation, transfer, sale, assignment, or other disposition of any part of all partnership interests in the Partnership, whether voluntarily, by operation of law or otherwise.

3. Principal Place of Business. The principal place of business of the Partnership shall be 120 E Kennedy Street, Spartanburg, SC 29306, or at such other place in the State of South Carolina as may be designated by the General Partner.

4. Purpose of Partnership. The purpose of the Partnership shall be to purchase, hold, own, invest in, lease, develop, sell and otherwise operate the apartment project commonly known as Kennedy Street Apartments located in Spartanburg, Spartanburg County, South Carolina and related personal property (the "Project"); to borrow money and issue evidences of indebtedness for the purpose of acquiring, improving, developing, and marketing the project and to secure such

evidences of indebtedness by assignments, pledges or other security interests, in furtherance of any and all objects of the business of the Partnership; and to do any and all other acts and things which may be necessary, incidental or convenient to carry out the business of the Partnership as contemplated by this Agreement, and any other legal business allowed.

5. Duration of Partnership. The Partnership shall commence on the date that the Certificate of Limited Partnership is duly filed, and shall continue thereafter until February 1, 2123, or unless sooner terminated and dissolved in accordance with the terms of this Agreement.

6. Partners. The names, addresses and designations of each of the Partners shall be as set forth in Exhibit A attached hereto, and as the same may be amended from time to time.

7. Contributions to Capital. Upon execution hereof, the Partners shall initially contribute to the Partnership their undivided interest in certain real and personal property more specifically described in Exhibit B. The initial capital contribution and percentage of profits and losses and capital of each Partner is as follows (said interest in profit and loss shall also represent the "Partnership Interest" of each Partner):

**INITIAL CAPITAL CONTRIBUTION
AND PERCENTAGE OF PROFITS AND
LOSSES AND CAPITAL OF EACH PARTNER**

<u>General Partner</u>	<u>Initial Capital Contribution</u>	<u>Percentage of Profits and Losses and Capitals</u>
Kennedy Street GP, LLC	\$0.01	0.01%
<u>Limited Partner</u>		
SCG Development SPE, LLC	\$99.99	99.99%

The Partners shall be assessed for additional capital contributions other than their capital contributions made pursuant to this Section 7 as determined necessary or advisable by the General Partner to carry out the purposes of the Partnership. The General Partner may make mandatory capital calls by giving notice to all the Partners of the amount each is required to contribute to the Partnership's capital (the "Capital Call"). Any additional capital shall be contributed by the Partners in the same ratio as each Partner's Partnership Interest bears to the total of all the Partnership Interests in the Partnership. If any Partner fails to make his required Capital Call within ten (10) days after notice of a mandatory capital call ("Defaulting Partner"), each Partner who has made his required Capital Call pursuant to this Section may make an additional contribution to capital equal to such Partner's proportionate share of the Defaulting Partner's required contribution. If any Partner fails to make any such additional Capital Call within ten (10) days after expiration of the original ten (10) day period, the other Partners may make further contributions in proportion to their Partnership Interest until either the entire amount of the Defaulting Partner's obligation is paid, or until no Partner wishes to make any additional Capital Call. The Partners shall have ten (10) days to make such additional contributions to capital. Any Partner that makes additional Capital Calls hereunder to the Partnership shall have his Partnership

Interest increased so that, when compared to all other Partner's Capital Calls, it is equal to a fraction, the numerator of which is the sum of such Partner's contribution to the capital of the Partnership and the denominator of which is the sum of all contributions to the capital of the Partnership made by all Partners. The Partnership Interest of the Defaulting Partner and each Partner that elects not to make an additional Capital Calls to the Partnership shall be reduced accordingly.

Separate Capital Accounts shall be maintained by the Partnership for each Partner. The Capital Account of each Partner shall be credited with his or her Capital Contributions and shall be appropriately adjusted to reflect each Partner's allocations of profits, gains, losses, deductions, the net fair market value of distributions made to the Partner and such other adjustments as required by this Agreement and as shall be required by Section 704(b) of the Code.

8. Allocations for Tax Purposes. The Partners agree that, for federal income tax purposes, the Partners' share of income, gain, losses, credits, and deductions with respect to the Partnership shall be as follows:

8.1 Allocation of Net Profit. The Partnership's Net Profit for each Fiscal Year shall be allocated to the Partners in the following manner and in the following order of priority:

8.2 To the Partners, in proportion to, and to the extent of, the amount by which zero exceeds the balances standing in their respective capital accounts as of the last day of such Fiscal Year; and then

8.3 To the Partners in proportion to their respective percentage profit and loss interests in the Partnership;

9. Allocation of Net Loss and Tax Credits. The Partnership's Net Loss, Tax Credits and flow-through items (such as charitable contributions) for each Fiscal Year shall be allocated to the Partners in the following manner and in the following order of priority:

9.1 To the Partner or Partners, in proportion to, and to the extent of their contribution of cash or other liquid assets to the Partnership for the payment of the expenses of the Partnership and Partnership property, including, but not limited to, real estate taxes, legal and accounting fees, land clearing expenses, etc., and then

9.2 To the Partners, in proportion to, and to the extent of, the positive balances, if any, standing in their respective capital accounts as of the last day of such Fiscal Year; and then

9.3 To the Partners in proportion to their respective percentage profit and loss interests in the Partnership.

9.4 Special Allocation of Tax Benefit. The Partners do hereby acknowledge and agree that each Partner's interest in the profits and losses of the Partnership is attributable solely to such Partner's contributions to the capital of the Partnership. In the

event, however, that any of the Partners are determined for income tax purposes to have received all or any part of such Partner's interest in the profits and losses of the Partnership (as distinguished from such Partner's interest in the capital of the Partnership) as compensation for services, and, as a result of such determination, is required to recognize compensation income for income tax purposes with respect to such interest in the Partnership, any corresponding income tax benefit inuring to the Partnership as a result of such determination, whether in the form of a deduction for compensation paid, a deduction for depreciation or amortization of any asset of the Partnership, a reduction in the gain required to be recognized by the Partnership upon a sale of any of its assets, or otherwise, shall be allocated for both financial accounting and income tax purposes solely to the Partner(s) required to recognize such compensation income in an amount to each such Partner equal to the amount which bears the same ratio to any such income tax benefit as the amount of such compensation income required to be recognized by such Partner bears to the total amount of such compensation income required to be recognized by all of such Partners.

9.5 Special Allocations: Qualified Income Offset. In the event any Partner unexpectedly receives any adjustment, allocation, or distribution described in Treasury Regulation §§ 1.704-1(b)(2)(ii)(d)(4), 1-704-1(b)(2)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partners in an amount and manner sufficient to eliminate the deficit balances in their Capital Accounts created by such adjustments, allocations or distributions as quickly as possible. Any special allocations of items of income or gain pursuant to this Section 9 shall be taken into account in computing subsequent allocations of Profits pursuant to this Section 9, so that the net amount of any items so allocated and the Profits, Losses and all other items allocated to each Partner pursuant to this Section 9 shall, to the extent possible, be equal to the net amount that would have been allocated to each such Partner pursuant to the provisions of Section 9 if such unexpected adjustments, allocations or distributions had not occurred.

9.6 Minimum Gain Chargeback. Notwithstanding any other provisions of this Agreement to the contrary, if there is a net decrease in Partnership "minimum gain" during the Partnership fiscal year, all Partners with deficit Capital Account balances at the end of such year will be allocated items of Partnership income and gain for such year in the amount and in the proportions needed to eliminate such deficits as quickly as possible. The "minimum gain chargeback" allocated in any taxable year of the Partnership shall consist first of gains recognized from the disposition of items of Partnership Property subject to one or more nonrecourse liabilities of the Partnership to the extent of the decrease in "minimum gain" attributable to the disposition of such items of Partnership Property, with the remainder of such "minimum gain chargeback" (if any) made up of a pro rata portion of the Partnership's other items of income and gain for that year. For purposes of this provision, the terms "minimum gain" and "minimum gain chargeback" shall have the same definition as contained in Treasury Regulation § 1.704-1(b)(4)(iv).

9.7 Tax-Allocations: Code § 704(c). In accordance with Code § 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted

basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value.

In the event the Gross Asset Value of any partnership asset is adjusted pursuant to Section 2 hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the Adjusted Basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code § 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any other provisions of this Agreement.

9.8 Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Partner in complete liquidation of his interest in the Partnership, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in accordance with their interests in the Partnership in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Partner to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

10. Control and Operation of Partnership and Compensation.

10.1 Management and Indemnification. The General Partner shall have the exclusive control and management of the day-to-day operations of the Partnership business. The initial General Partner is Kennedy Street Owner GP, LLC. The General Partner may delegate any or all of their powers, rights, and obligations hereunder, and may appoint, employ, contract or otherwise deal with any person for the transaction of the business of the Partnership, which person may, under the supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve. The Partnership shall indemnify and hold harmless the General Partner from any loss or liability incurred by the General Partner in connection with any act performed or omitted by them within the scope of the authority conferred upon them by this Agreement; provided, however, that any indemnity under this Paragraph shall be provided out of and be limited to the extent of the Partnership assets only, and no Limited Partner shall have any personal liability therefor. The General Partner shall not be liable to the Partnership or the Limited Partners for, or as the result of, any act, omission or error in judgment which was taken, omitted or made by it in the exercise of its judgment under this Agreement and which does not constitute bad faith, actual fraud or willful misconduct, including a knowing violation of the criminal law or any securities laws.

10.2 Removal of a General Partner. The General Partner may be removed by the bankruptcy of such General Partner and by the involuntary transfer of a Partnership interest pursuant to a court decree other than as provided under Section 13. The removal of a General Partner shall constitute a sale of such Partner's Partnership interest and such Partnership interest shall be paid for as provided in Section 12.

10.3 Compensation of General Partner. The General Partner may receive reasonable compensation for its services and be reimbursed for out of pocket expenses incurred on behalf of the Partnership and as further provided below.

10.4 Books and Records. The General Partner shall maintain or cause to be maintained complete and accurate records of all property owned or leased by the Partnership and complete and accurate books of account (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account available for inspection and audit by the Limited Partners or their duly authorized representative (at the expense of the Partnership) during regular business hours and at the principal office of the Partnership. Within 75 days after the end of each calendar year of the Partnership, the General Partner shall cause to be prepared and distributed to all Partners reasonable tax-recording information, in sufficient detail to enable such Partner to prepare his or her federal, state and local income tax returns. In addition, within 120 days after the end of such calendar year of the Partnership, the General Partner shall cause to be prepared and distributed to each Partner, a balance sheet, and a report of the receipts, disbursements, net profits and losses, and cash flow of the Partnership, and the share of the net profits and losses and cash flow of each Partner for such calendar year. Such balance sheet and report shall be prepared in accordance with the Partnership's tax basis accounting practices and shall be certified by the General Partner to be true and correct to the best of his knowledge and belief.

10.5 Taxable Year. The taxable year of the Partnership shall be a calendar year. The Partnership's books shall be kept according to the accrual method of accounting.

10.6 Bank Accounts. Funds of the Partnership may be deposited in such bank account or bank accounts as shall be designated by the General Partner.

10.7 Election of New General Partner. If at the time there is no General Partner of the Partnership due to death, resignation or withdrawal, the remaining Partners of the Partnership may by an affirmative vote of a majority of the Partners, elect from among themselves a new General Partner.

10.8 Voting. Except as otherwise expressly provided otherwise in the ULPA, the voting rights of each Partner in a particular matter shall be the same ratio as each Partner's Partnership Interest bears to the total of all the Partnership Interests in the Partnership.

11. Rights and Obligations of Limited Partners.

11.1 Rights to Participate in Management. The Limited Partners shall have no authority to conduct or control the Partnership business except as expressly provided herein and shall have no authority to bind the Partnership in any way. The Limited Partners shall not take part in or interfere in any manner with the conduct or control of the Partnership, except as to its right to participate in the following ways:

11.1.1 Being a contractor for or an agent or employee of the Partnership;

11.1.2 Consulting with and advising the General Partner with respect to the business of the Partnership;

11.1.3 Acting as surety for the Partnership or guaranteeing or assuming one or more specific obligations of the Partnership;

11.1.4 Taking any action required or permitted by law to bring or pursue a derivative action in the right of the Partnership;

11.1.5 Requesting or attending a meeting of Partners;

11.1.6 Proposing, approving, or disapproving by voting on a pro rata basis in connection with its partnership interest one or more of the following matters:

11.1.6.1 The dissolution and winding up of the Partnership;

11.1.6.2 The sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the Partnership;

11.1.6.3 The incurring of indebtedness by the Partnership other than in the ordinary course of its business;

11.1.6.4 A change in the nature of the business;

11.1.6.5 The admission or removal of an additional General Partner;

11.1.6.6 The admission or removal of a limited partner;

11.1.6.7 A transaction involving an actual or potential conflict of interest between the General Partner and the Partnership or the Limited Partners;

11.1.6.8 An amendment to this Limited Partnership Agreement or the Certificate of Limited Partnership;

11.1.7 Requesting that by a majority vote the partnership be dissolved pursuant to the death or dissolution of the General Partner.

11.1.8 Winding up the limited partnership pursuant to §33-42-1430 of the Act, or any successor section thereto;

11.1.9 Removing or assigning managerial responsibilities to a newly admitted General Partner pursuant to Section 10; or

11.1.10 Exercising any right or power permitted to limited partners under the Act and not specifically enumerated in this list.

12. Sale of Partnership Interests.

12.1 Sale. No Partner shall have the right nor be privileged to sell or otherwise transfer all or any portion of his or her Partnership interest without first offering that interest to the remaining Partners. Such remaining Partners shall have the option to Purchase not less than all of the interest of the transferring Partner offered for sale at the lesser of the price and upon the terms that such Partnership interest is offered to an outside party or at the appraised value of such Partnership interest less twenty (20%) percent. Such purchase shall be paid ten (10%) percent in cash upon purchase. The unpaid balance of the purchase price, if any, shall be paid with interest at the prime rate then in effect at Wells Fargo Bank, N.A. in one hundred and twenty (120) monthly installments, beginning three (3) months after such Partnership interest is transferred. The selling Partner shall give immediate notice in writing to the remaining Partners at the office of the Partnership of his or her intention to sell. The remaining Partners shall then have sixty (60) days to accept or reject in writing the offer to sell. If accepted, closing shall occur within ninety (90) days of such acceptance. A transfer, or attempt to transfer, of a Partnership interest other than as provided in this agreement, whether by voluntary or involuntary means, such as by bankruptcy, by death, or by judgment or other lien creditor, shall constitute an event of default and shall be treated as provided herein. This provision shall not apply to any transfer of a Partnership Interest by a Partner by death or inter vivos to or for the benefit of a "Family Member". The term "Family Member" shall mean such Partner's children, grandchildren, brothers, or sisters of the Partner, the children of any brother or sister of the Partner, or any trust established by the Partner for his or her benefit, or for the benefit of his or her children or grandchildren.

12.2 Preservation of Partnership. Notwithstanding the preceding provisions of this Paragraph 12, no sale or exchange of any partnership interest may be made if the sale or exchange would result in the termination of the Partnership under Section 708 of the Internal Revenue Code, or any successor section thereto. In addition, no sale or exchange of any partnership interest may be made if such a transaction will violate state securities laws, or jeopardize the Partnership's continued tax status as a partnership.

13. Withdrawal of a Partner. No Partner shall be allowed to withdraw from the Partnership.

14. Death of a Partner. Upon the death of any Partner, provided the Partner has not bequeathed his or her interest to a Family Member, the surviving Partners shall have the right either to purchase the interest of the decedent Partner in the Partnership on a pro rata basis, based

upon their percentage interest of profits and losses, or to continue the Partnership or to terminate the Partnership business. If the surviving Partners elect to purchase the deceased Partner's interest, they shall serve notice in writing of such election within two (2) months after the death of the decedent, upon the executor or administrator of the estate of the decedent, or, if at the time of such election no legal representative has been appointed, upon any one of the known legal heirs of the decedent at the last known address of such heir. Such Partnership interests shall be purchased by the surviving Partners on a pro rata basis based on each surviving Partner's percentage interest in the Partnership.

14.1 If the surviving Partners elect to purchase the interest of the decedent Partner in the Partnership, the purchase price shall be a mutually agreed upon value established by the surviving partners and the personal representative of the estate of the deceased Partner. If an agreed upon price cannot be reached within sixty (60) days after the time the surviving Partners have notified the estate of the deceased Partner of their decision to purchase the decedent's interest in the partnership, the purchase price shall be equal to the decedent's proportionate share of the appraised value of the Partnership. No allowance shall be made for goodwill and trade name, except as those assets have been reflected on the Partnership books immediately prior to the decedent's death; but the survivors shall nevertheless be entitled to use the trade name of the Partnership. The purchase price shall be paid ten (10%) percent in cash upon purchase. The unpaid balance of the purchase price, if any, shall be paid with interest at the prime rate then in effect at Wells Fargo Bank, N.A. in one hundred and twenty (120) monthly installments beginning six (6) months after the end of the calendar month in which the decedent's death occurred.

14.2

14.2.1 The death of any Partner shall not operate to dissolve the Partnership. The activities of the Partnership shall be continued by the surviving Partners or until dissolution pursuant to Section 22. The capital account of the deceased Partner shall not be subject to withdrawal by the legal representatives of a partner's estate until such expiration for the term of the Partnership, except with the approval of the surviving Partners.

14.2.2 The legal representatives of the deceased Partner's estate (or the heirs, if distribution from the estate has been made) shall be entitled to the deceased Partner's full share of the net income or net loss the same as if the deceased Partner had survived.

14.3 Divorce or Separation. Unless agreed to by the remaining Partners, the transfer of any Partnership interest pursuant to a court authorized separation agreement or divorce between a Partner or his or her spouse shall operate as to the same effect as if such Partner had died with the exception that any payment for a Partnership interest shall be made to such Partner as opposed to his or her legal representative.

15. Bankruptcy or Incompetency of Limited Partner. Upon the legal Incompetency or adjudication of bankruptcy, whether voluntary or involuntary, of a Limited Partner during the term fixed for the continuance of the Partnership, the Partnership shall not be dissolved nor shall its

business terminate, but instead the administrator or trustee or other legal representative of the incompetent or bankrupt Limited Partner shall succeed to the rights of such Limited Partner, subject to the provisions of this Agreement. A trustee or other legal representative for the incompetent or bankrupt Limited Partner may apply for admission to the Partnership as a substituted limited partner to the extent of the Limited Partnership interest of the incompetent or bankrupt limited partner and may, by approval of the General Partner in its sole discretion, be so admitted, upon compliance with the provisions of Section 16 below. If such successor in interest to the bankrupt Limited Partner is not admitted as a substituted limited partner, such successor in interest shall have only such right as an assignee of such interest would have if such assignee or assignees had not been admitted as a substitute limited partner.

16. Substitution of a Limited Partner. As a condition to the admission of any substituted limited partner, such person or entity so to be admitted shall execute and acknowledge such instruments, in form and substance reasonably satisfactory to the General Partner, as the General Partner may deem necessary or desirable to effect such admission and to confirm the agreement of the person or entity being admitted as such Limited Partner to be bound by all the covenants, terms and conditions of this Agreement as the same may have been amended. Such person to be so admitted as a substituted Limited Partner shall also pay all reasonable expenses in connection with the substituted Limited Partner's admission, including, but not limited to, the cost of the preparation and filing of any amendment to the Certificate of Limited Partnership, which the General Partner may deem necessary or desirable in connection with the admission of such person as a substituted Limited Partner.

17. Termination of Partnership. The Partnership shall be terminated and dissolved upon the earlier of the following events:

17.1 Upon the expiration of the term of Partnership as set forth in Section 5 above;

17.2 At any time when there shall be no General Partner and a new general partner shall not have been designated pursuant to the terms of this Agreement;

17.3 Upon the sale of all or substantially all the assets of the Partnership;

17.4 Upon the written consent of all Partners;

17.5 Upon the death of the General Partner, at the request of a majority of limited partners.

18. Appraised Value. When under the terms of this Agreement it becomes necessary to establish the fair market value of an interest in the Partnership, and if the parties hereto or their legal representatives cannot agree upon a value or agree upon one qualified appraiser to appraise the property, then the value shall be determined by appraisers in the following manner: As to the interest of any party hereto, that party shall name one appraiser; the other parties hereto shall name a second qualified appraiser and the two appraisers shall elect a third. The fair market value shall be the average value of the three values determined by the appraisals. The party objecting to the single qualified appraiser agreed upon by the remaining Partners shall bear the cost of the two

additional appraisals when it shall become necessary to obtain the additional appraisals under this paragraph.

19. Distribution of Assets. Any cash available for distribution from operations, cash from sales or refinancing and from working capital reserves shall be allocated for distribution to the Partners in the following priority:

19.1 First, to the Partners until they have received sums sufficient to attain Recoupment. "Recoupment" shall mean the point at which distributions of cash from sales or refinancing, working capital reserves and cash available for distribution from operations, to the Partners cumulatively equal one hundred (100%) percent of the amount of original invested cash or other liquid capital and any subsequent investments of cash or liquid capital of the Partners contributed to the Partnership for purposes of payment of the expenses of the Partnership referred to in Section 9.1, above. Payment of the Recoupment shall not bear any interest. For purposes of achieving Recoupment, invested capital shall not be reduced by tax loss allocations but only by actual distribution of cash or other property.

19.2 Thereafter, to and among the Partners in proportion to their respective Partnership interests in the Partnership.

20. Default. If any Partner shall fail or refuse to or to act as provided or required by the terms of this Agreement, such failure or refusal shall constitute a default.

21. Consequences of Default. If any default as provided herein shall not be cured by such defaulting Partner within ten (10) days after written notice, then the non-defaulting Partners shall have the following options, in addition to any other remedies provided at law or in equity, and such remedies shall be cumulative:

21.1 To terminate the Partnership and to demand a division of Partnership assets, in which event the Partnership assets and Partnership liabilities shall be borne in proportion to the then respective Partnership interest of each Partner; or

21.2 To advance to the Partnership any sums not paid by the defaulting Partner and to treat such sums so advanced as a loan to the defaulting Partner with interest from the date of such advance at the lesser of eighteen (18%) percent annually or the then maximum rate allowed by the usury laws of the State of South Carolina, principal and interest payable on demand; or

21.3 To buy out the interest of the defaulting Partner at the then fair market value of the Partnership interest of the defaulting Partner, as established under section 14 as provided herein, less fifteen (15%) percent and all costs associated with such transfer. If this option (c) be elected, then the amount to be paid shall be payable at the option of the non-defaulting Partners in cash or part in cash and part by note of the non-defaulting Partners, which note shall provide for simple interest at the lower of ten (10%) percent per annum or the prime rate then in effect at Wells Fargo Bank, N.A., with the note payable in one hundred and twenty (120) monthly installments from the date after notice of default.

22. Distribution of Assets on Dissolution. In the event of dissolution of the Partnership, for any reason, the Partners shall proceed with reasonable promptness to liquidate and terminate the investment activities conducted by the Partnership. The assets of the Partnership shall be used to pay debts and liabilities of the Partnership and shall thereafter be distributed to and among the Partners in accordance with their respective positive Capital Account balances.

23. Meetings of the Partners. Meetings of the Partners shall be held not less than ten days nor more than 30 days after receipt of written notice from any of the Partners.

24. Amendments. This Agreement may be amended and the observance of any terms or conditions of this Agreement may be amended only with the written approval of the Partners holding at least two-thirds (2/3) of the Partnership Interests; provided, however, that no such amendment may be made if such amendment would cause a breach of any agreement to which the Partnership is a party or if any such amendment would cause a breach of any Partnership obligation.

25. Notices. All notices, consents or other instruments hereunder shall be in writing and mailed by United States mail, postage prepaid, and shall be directed to the parties hereto at the last addresses of the parties furnished by them in writing to the Partnership, and to the Partnership at its principal office. The Partnership and/or any Partner shall have the right to designate a new address for receipt of notices by notice addressed to the Partners and/or the Partnership and mailed as aforesaid. Such notices shall be made a permanent part of the Partnership records.

26. Certificate of Limited Partnership. The General Partner shall execute the certificate required by the Act and if requested, all amendments or cancellations thereof whenever the same shall be required or appropriate,

27. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective next of kin, legatees, administrators, executors, legal representatives, nominees, successors and assigns.

28. Integration. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

29. Governing Law. This Agreement and the rights of all parties hereunder shall be construed in accordance with the laws of the State of South Carolina.

30. Severability. It is expressly understood and agreed that, to the extent permitted by applicable law, the provisions hereof are each several from the rest of this Agreement and shall be fully effective, operative and enforceable even though the remainder of any part of this Agreement shall be held to be invalid or unenforceable by a court of competent jurisdiction,

31. Counterparts. This Agreement may be executed in several counterparts, each of which shall be considered an original when executed by the General Partner and the Limited Partners.

IN WITNESS WHEREOF, General Partner has executed this Agreement as of the date first set forth above.

GENERAL PARTNER:

KENNEDY STREET GP, LLC,
South Carolina limited liability company

By: 

Name: Stephen Wilson

Title: president

IN WITNESS WHEREOF, Limited Partner has executed this Agreement as of the date first set forth above.

LIMITED PARTNER:

SCG DEVELOPMENT SPE, LLC,
a Delaware limited liability company

By: 

Name: Stephen Wilson

Title: President

**EXHIBIT A
TO
LIMITED PARTNERSHIP AGREEMENT
OF KENNEDY STREET OWNER, LP**

(Name & Address of each Partner)

GENERAL PARTNER:

KENNEDY STREET GP, LLC
160 E Kennedy Street
Spartanburg, SC 29306

LIMITED PARTNER:

SCG DEVELOPMENT SPE, LLC




EXHIBIT B
TO
LIMITED PARTNERSHIP AGREEMENT
OF KENNEDY STREET OWNER, LP

(Description of Initial Capital Contribution of each Partner)

GENERAL PARTNER:

INITIAL CAPITAL CONTRIBUTION

KENNEDY STREET GP, LLC

See Section 7 of Agreement

LIMITED PARTNER:

INITIAL CAPITAL CONTRIBUTION

SCG DEVELOPMENT SPE, LLC

See Section 7 of Agreement

GP OPERATING

AGREEMENT

**OPERATING AGREEMENT
OF
KENNEDY STREET GP, LLC
a South Carolina limited liability company**

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED, OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

**OPERATING AGREEMENT
OF
KENNEDY STREET GP, LLC**

This **OPERATING AGREEMENT** (this "Agreement") of **KENNEDY STREET GP, LLC**, a South Carolina limited liability company (the "Company"), is entered into and executed by and among **SCG DEVELOPMENT SPE, LLC**, a Delaware limited liability company (the "SCG Managing Member"), **GOOD WALL KENNEDY, LLC**, a South Carolina limited liability company (the "Good Wall Managing Member"), **DAVIS AFFORDABLE HOUSING, LLC**, a South Carolina limited liability company (the "Davis Managing Member") and **VILLA AFFORDABLE HOUSING, LLC**, a South Carolina limited liability company (the "Villa Managing Member"), as of May 8, 2025, pursuant to the provisions of the South Carolina Limited Liability Company Act (as amended from time to time, the "Act"). This Agreement supersedes any prior oral or written understanding in regard to the operation of the Company.

RECITALS

WHEREAS, on February 6, 2024, pursuant to the filing of the Articles (as defined below), the Company was formed pursuant to the Act.

WHEREAS, in connection with the foregoing, the Members desire to enter into this Agreement and more fully set forth the rights and obligations of the Members with respect to the Company.

NOW THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**ARTICLE I
DEFINITIONS**

Capitalized terms used in this Agreement shall have the meanings set forth or referred to below.

Act. The meaning set forth in the introductory paragraph.

Agreement. The meaning set forth in the introductory paragraph.

Articles. The meaning set forth in Section 2.6.

Capital Event. The borrowing of any funds by the Company; the refinancing of any existing or new financing; or the sale, exchange, or other disposition (whether voluntary or involuntary) of all or any portion of the Company or any interest therein.

Capital Proceeds. The consideration resulting from a Capital Event with respect to the Company, less the sum of (a) any expenses incurred in connection with such Capital Event, (b) any portion of such proceeds applied toward the payment of any indebtedness being refinanced or secured by or relating to the Company and (c) any portion of the proceeds reserved for payment of expenses

and/or working capital approved by the Members.

Company. The meaning set forth in the introductory paragraph.

Davis Managing Member. The meaning set forth in the introductory paragraph.

Good Wall Managing Member. The meaning set forth in the introductory paragraph.

Indemnatee. The meaning set forth in Section 3.4(a).

Liquidating Events. The meaning set forth in Section 5.1.

Members. The meaning set forth in the Recitals.

Percentage Interests. The percentage interest assigned to each Member as set forth on the Exhibit A attached hereto, as such may be amended from time to time after the date hereof.

Proceeding. The meaning set forth in Section 3.4(a).

Operating Cash Flow. With respect to any period, the amount by which the gross cash receipts, other than capital contributions, in such period exceed the sum of the following (to the extent not paid from Capital Proceeds): (a) all principal and interest payments on any indebtedness of the Company, and all other sums paid to such lenders in such period; (b) all cash expenditures made in such period incident to the operation of the Company business; and (c) working capital and other reserves for operation of the Company business approved by the Members.

Required Approval Percentage. The meaning set forth in Section 3.1.

SCG Managing Member. The meaning set forth in the introductory paragraph.

Villa Managing Member. The meaning set forth in the introductory paragraph.

ARTICLE II THE COMPANY

Section 2.1 Organization. The Company has been formed as a limited liability company pursuant to the provisions of the Act. The Members shall be deemed admitted as members of the Company upon their execution of this Agreement.

Section 2.2 Company Name. All business of the Company shall be conducted in such name or such other name as the Members shall determine. The Company shall hold all of its property in the name of the Company and not in the name of either of the Members.

Section 2.3 Purpose. The purpose and business of the Company is to engage in any lawful business permitted by the Act or the laws of any jurisdiction in which the Company may do

business, and to do any and all acts and things which may be necessary or incidental to the foregoing, the promotion or conduct of the business of the Company.

Section 2.4 Powers. The Company shall possess and may exercise all the powers and privileges granted by the Act, all other applicable law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion and attainment of the business, purposes or activities of the Company.

Section 2.5 Principal Place of Business. The principal place of business of the Company shall be at 325 Rocky Slope Road, Suite 301, Greenville, SC 29607, or in such other location as may be designated by the Members from time to time.

Section 2.6 Term. The term of the Company shall be perpetual unless and until the Company is dissolved by the Members or as set forth herein. The existence of the Company shall continue until the cancellation of the Articles of Organization of the Company (the "Articles") in the manner required by the Act.

Section 2.7 Filings; Agent for Service of Process.

(a) The Articles have been filed in the office of the Secretary of State of the State of South Carolina in accordance with the provisions of the Act. The Members shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company under the laws of the State of South Carolina. The Members shall execute and file amendments to the Articles whenever required by the Act.

(b) The Members shall execute and file such forms or certificates and may take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company under the laws of any other states or jurisdictions in which the Company engages in business.

(c) The initial registered agent for service of process on the Company in the State of South Carolina, and the address of such registered agent, shall be the agent for service of process set forth in the Articles. The Members may change the registered agent and appoint successor registered agents.

(d) Upon the dissolution and completion of winding up of the Company, the Members (or, in the event there are no remaining Members, the Person responsible for winding up and dissolution of the Company pursuant to Article V hereof) shall promptly execute and file a certificate of cancellation of the Articles in accordance with the Act and such other documents as may be required by the laws of any other states or jurisdictions in which the Company has registered to transact business or otherwise filed articles.

ARTICLE III MANAGEMENT AND MEMBERSHIP

Section 3.1 Management. The business and affairs of the Company shall be managed by the Members. The Members shall have the power and authority to manage, to direct the management,

business and affairs of and to make all decisions to be made by or on behalf of the Company except as set forth in this Agreement. Only the Members shall have the power to manage and direct the Company. The Members shall have full power and authority to do all things deemed reasonably necessary or desirable to conduct the business of the Company. All decisions of the Company shall require the unanimous approval of the Members. Approval by, consent of or action taken by the Members in accordance with this Agreement shall constitute approval or action by the Company and shall be binding on the Company. Any Person dealing with the Company shall be entitled to rely on a certificate or any writing signed by the Members as a duly authorized action on behalf of the Company unless some other approval is otherwise specifically required hereunder. For purposes of this Agreement, "Person" shall mean any natural person, partnership, limited partnership, corporation, limited liability company or partnership, association, joint stock company, trust, joint venture, unincorporated organization, or the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

Section 3.2 Books and Records. The Members shall keep proper and usual books and records pertaining to the business of the Company. The books and records of the Company shall be kept at the principal office of the Company or at such other places, within or without the State of South Carolina, as the Members shall from time to time determine.

Section 3.3 Limited Liability.

(a) Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be personally obligated for any such debt, obligation or liability of the Company solely by reason of being a Member of the Company.

(b) To the extent that at law or in equity, the Members may have duties (including fiduciary duties) and liabilities to the Company, such duties and liabilities may be restricted by provisions of this Agreement. No Member shall be liable to the Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Member in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Member by this Agreement.

(c) The Members shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to the matters such Member reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to any Member might properly be paid.

(d) Any repeal or modification of this Section 3.3 shall not adversely affect any right or protection of the Members existing prior to such repeal or modification.

Section 3.4 Indemnification.

(a) Right to Indemnification. Each Person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that it, he or she, as the case may be, is or was a Member of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another Person (hereinafter an "Indemnatee"), shall be indemnified and held harmless by the Company to the fullest extent authorized by the Act or any other applicable law as currently or hereafter in effect, against all expenses, liabilities and losses (including, without limitation, reasonable attorneys' fees, judgments, fines and amounts paid in settlement) incurred or suffered by such Indemnatee in connection therewith and such indemnification shall continue as to an Indemnatee who has ceased to be a Member, director, officer, employee or agent and shall inure to the benefit of the Indemnatee's heirs, executors and administrators; provided that the Company shall not be responsible for any judgments, fines, amounts paid in settlement or expenses that are the result of such Indemnatee's failure to meet the applicable standard of conduct set forth in the Act or any other applicable law; provided, further, that, except as provided in Section 3.4(b) below with respect to Proceedings to enforce rights to indemnification, the Company shall indemnify any such Indemnatee in connection with a Proceeding (or part thereof) initiated by such Indemnatee only if such Proceeding (or part thereof) was authorized by the Member and such Indemnatee executes a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such Indemnatee is not entitled to be indemnified under this Section 3.4(a) or otherwise. The right to indemnification conferred in this Section 3.4(a) shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such Proceeding in advance of its final disposition.

(b) Right of Indemnatee to Bring Suit. If a claim under Section 3.4(a) above is not paid in full by the Company within sixty (60) days after a written claim has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be thirty (30) days, the Indemnatee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnatee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnatee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnatee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, the Indemnatee has not met the applicable standard of conduct set forth in the Act or any other applicable law as currently or hereafter in effect. The failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the Indemnatee is proper in the circumstances because the Indemnatee has met the applicable standard of conduct set forth in the Act or any other applicable law as currently or hereafter in effect, nor an actual determination by the Company (including the Members or independent legal counsel) that the Indemnatee has not met such applicable standard of conduct, shall create a presumption that the

Indemnatee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnatee, be a defense to such suit. In any suit brought by the Indemnatee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnatee is not entitled to be indemnified, or to such advancement of expenses, under this Section 3.4 or otherwise shall be on the Company.

(c) Insurance. The Company may purchase and maintain insurance on its own behalf or on behalf of any Person who is or was a Member, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another Person against any expense, liability or loss asserted against him or it in any such capacity, or arising out of his or its status as such, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under the Act or any other applicable law as currently or hereafter in effect.

(d) Indemnification of Employees and Agents. The Company may, to the extent authorized at any time from time to time by the Members, grant rights to indemnification and the advancement of expenses to any employee or agent of the Company to the fullest extent of the provisions of this Section 3.4 with respect to the indemnification and advancement of expenses of the Members.

Section 3.5 Transfer of Interest. Each Member may transfer or assign all or a portion of its interest in the Company with the prior written consent of the other Members. Upon a transfer of a Member's entire interest in the Company, such transferee or assignee shall become a "Member" for all purposes of this Agreement.

ARTICLE IV FISCAL MATTERS

Section 4.1 Deposits. All funds of the Company shall be deposited in an account or accounts in such banks, trust companies or other depositories as the Members may from time to time select.

Section 4.2 Financial Records. All financial records shall be maintained and reported using generally accepted accounting principles, consistently applied.

Section 4.3 Fiscal Year. The fiscal year of the Company shall begin on the first day of January and end on the last day of December each year, unless otherwise determined by the Members.

Section 4.4 Agreements, Consents, Checks, Etc. All agreements, consents, checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Company shall be signed by either of the Members as agreed to by the Members.

Section 4.5 Transactions with the Member. Except as provided in the Act and subject to the written consent of all Members, each Member may lend money to, borrow money from, act as

surety, guarantor or endorser for, guarantee or assume one or more obligations of, provide collateral for, and transact other business with the Company, all on an arm's-length basis, and has the same rights and obligations with respect to any such matter as a Person who is not a Member.

Section 4.6 Contributions. The Members shall make contributions to the capital of the Company in the total amounts set forth on the Exhibit A attached hereto. The Members shall have the right to update and amend Exhibit A, from time to time, to properly reflect the contributions of the Members. Except as expressly provided herein, no Member shall be obligated to make any additional contributions to the capital of the Company.

Section 4.7 Allocations of Profits and Losses. All profits, losses, deductions, credits and allowances shall be allocated to the Members pursuant to their respective Percentage Interests set forth on the Exhibit A attached hereto at the time of such allocations. The provisions of this Section 4.7 are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

Section 4.8 Distributions.

(a) Distribution of Operating Cash Flow. Operating Cash Flow, if any, shall be applied and distributed to the Members, pro rata, in proportion to their respective Percentage Interests set forth on Exhibit A attached hereto, at such times and in such amounts as determined by the Members from time to time in accordance with this Agreement.

(b) Distribution of Capital Proceeds. Capital Proceeds, if any, shall be applied and distributed in the following order of priority:

(i) First, to the Members, until their capital contribution balances set forth on Exhibit A as of the date hereof have been reduced to zero; and

(ii) Second and thereafter, to the Members pro rata, in proportion to their respective Percentage Interests set forth on Exhibit A attached hereto, at such times and in such amounts as determined by the Members from time to time in accordance with this Agreement.

Section 4.9 Tax Returns. The Company shall prepare and timely file all federal, state and local tax returns required to be filed by the Company, including information returns required to be filed and shall provide the Members with information to enable them to prepare their tax returns, including specifically, but without limitation, Form K-1 and any successor form thereto as soon as reasonably practicable following the close of each fiscal year. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall bear the costs of the preparation and filing of its returns.

ARTICLE V LIQUIDATION

Section 5.1 Liquidating Events. The Company shall dissolve and commence winding up and liquidation only upon the first to occur of any of the following ("Liquidating Events"):

- (a) written consent of the Required Approval Percentage of the Members;
- (b) the sale of all or substantially all of the property of the Company;
- (c) the entry of a decree of judicial dissolution pursuant to the Act.

Section 5.2 Winding Up. Upon the occurrence of a Liquidating Event, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Members. The Members shall not take any action which is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. The Members shall be responsible for overseeing the winding up and dissolution of the Company and shall take full account of the Company's assets and liabilities. The property of the Company shall be liquidated as promptly as is consistent with obtaining the fair value thereof (but in no event later than the end of the Company taxable year in which the Liquidating Event occurs, or if later within ninety (90) days after such Liquidating Event), and the proceeds therefrom, to the extent sufficient, shall be applied and distributed, subject to any reasonable reserves maintained for contingent, conditional or unmatured obligations of the Company, in the following order:

- (a) First, to the Members, until their capital contribution balances set forth on Exhibit A as of the date hereof have been reduced to zero;
- (b) second, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the Company's debts and liabilities to creditors other than the Members;
- (c) third, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the Company's debts and liabilities to the Members; and
- (d) the balance, if any, to the Members, pro rata, in proportion to their respective Percentage Interests.

Section 5.3 Member's Bankruptcy. No Member shall cease to be a Member solely as a result of the occurrence of any of the following, and upon the occurrence of any such event, the business of the Company shall continue without dissolution:

- (a) such Member makes an assignment for the benefit of creditors;
- (b) such Member files a voluntary petition in bankruptcy;
- (c) such Member is adjudged as bankrupt or insolvent, or has entered against it an order of relief, in any bankruptcy or insolvency proceeding;
- (d) such Member files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any

statute, law or regulation;

(e) such Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature;

(f) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of such Member or of all or any substantial part of such Member's properties;

(g) any proceeding against such Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation is not dismissed; or

(h) appointment of a trustee, receiver or liquidator of such Member.

ARTICLE VI MISCELLANEOUS

Section 6.1 Notices. All notices and other communications provided for hereunder shall be dated and in writing and shall be deemed to have been given (i) when delivered, if delivered personally, sent by confirmed telecopy or sent by registered or certified mail, return receipt requested, postage prepaid, (ii) on the next business day if sent by overnight courier and (iii) when received if delivered otherwise.

Section 6.2 Amendments. This Agreement may be altered, amended or repealed, or a new Agreement may be adopted, upon the written consent of the Members.

Section 6.3 Merger and Conversion. The Company may be merged, consolidated or converted with or into any other entity upon the consent of the Members.

Section 6.4 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and its respective heirs, legatees, legal representatives, successors, transferees and assigns.

Section 6.5 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforced by any creditor of the Company or any Member.

Section 6.6 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section 6.7 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

Section 6.8 Variation of Pronouns. All pronouns and any variations thereof shall be

deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

Section 6.9 Governing Law. The laws of the State of South Carolina shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Member, without regard to the principles of conflicts of laws.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the Members had signed a single document. All of the counterparts shall be construed together and shall constitute one agreement.

[signature pages follow]

IN WITNESS WHEREOF, the Davis Managing Member has executed this Operating Agreement as of the day first above set forth.

DAVIS AFFORDABLE HOUSING, LLC,
a South Carolina limited liability company

By: _____

Taylor B. Davis, Manager


IN WITNESS WHEREOF, the Good Wall Managing Member has executed this Operating Agreement as of the day first above set forth.

GOOD WALL KENNEDY, LLC,
a South Carolina limited liability company

By: F. Bogue Wall
Name: F. Bogue Wall
Title: MANAGING MEMBER

IN WITNESS WHEREOF, the SCG Managing Member has executed this Operating Agreement as of the day first above set forth.

SCG DEVELOPMENT SPE, LLC,
a Delaware limited liability company

By: 
Name: Stephen A. Wilson
Title: President

IN WITNESS WHEREOF, the Villa Managing Member has executed this Operating Agreement as of the day first above set forth.

VILLA AFFORDABLE HOUSING, LLC,
a South Carolina limited liability company

By: 
Robinson Villa, Manager

EXHIBIT A

<u>NAME AND ADDRESS</u>	<u>CONTRIBUTION</u>	<u>PERCENTAGE INTEREST</u>
SCG Development SPE, LLC 8245 Boone Blvd., Suite 640 Vienna, VA 22180	\$375.00	37.5%
Davis Affordable Housing, LLC 325 Rocky Slope Road, Suite 301 Greenville, SC 29607	\$250.00	25.00%
Good Wall Kennedy, LLC [NEED ADDRESS]	\$250.00	25%
Villa Affordable Housing, LLC [NEED ADDRESS]	\$125.00	12.5%
Total	\$1,000.00	100%

ORGANIZATIONAL

CHART

