

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into effective as of the [ ] day of June, 2025, by and between Palms on Ashley River Developer LLC, a Delaware limited liability company (the “Developer”) whose address is 401 Wilshire Blvd, 11th Floor, Santa Monica, CA 90401, and Palms on Ashley River Preservation LP, a South Carolina limited partnership (the “Partnership”) whose address is 401 Wilshire Blvd, 11th Floor, Santa Monica, CA 90401.

### WITNESSETH:

WHEREAS, the Partnership has been formed for the purposes, inter alia, of acquiring, financing, owning, constructing, developing, maintaining, improving, operating, leasing and selling or otherwise disposing of certain real property together with all improvements, furnishings, equipment and personal property to be located thereon (together, the land and improvements are known as Palms on Ashley River, Summerville, South Carolina and will be collectively referred to as the “Project”), which Project is intended to be rented and managed in order that it will qualify for the Low-Income Housing Tax Credits (the “LIHTC”) provided in Section 42 of the Internal Revenue Code of 1986, as amended);

WHEREAS, in order to effectuate the purposes for which it has been formed, the Partnership has engaged the services of the Developer with respect to overseeing the development of the Project for the Partnership; and

WHEREAS, the parties desire to enter into this Agreement that amends and restates in total any and all prior agreements and sets forth the obligations of, and the services to be performed by, the Developer and the compensation for such services.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and 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:

(a) **Obligations of the Developer.** The Developer shall have the following duties, to the extent they have not already been performed:

(i) to assist, advise and consult on the selection of and provide coordination and supervision of the architect and engineer in connection with the preparation of and any changes to the site plan for the Project and the renderings, drawings and specifications for construction of Improvements;

(ii) to be cognizant of and advise the Partnership with respect to any and all rules or regulations, city ordinances, including health and fire safety regulations, or any other requirements of law or governmental authorities applicable to the development and construction of the Improvements and to coordinate the services of professionals in connection therewith;

(iii) to assist, coordinate and supervise the obtaining of all necessary building permits and approvals for and in connection with the development and construction of the Project;

(iv) to consult, advise and assist in preparing a development and construction budget and pro forma cash flow projections and coordinating professionals in connection therewith;

(v) to cooperate and coordinate with the construction contractors appointed by the Partnership;

(vi) to otherwise use commercially reasonable best efforts to coordinate, supervise and cause the development and construction of the Project on a timely basis and within the contemplated budget;

(vii) to record the progress on all of the foregoing, and, as requested, submit written progress reports to the Partnership;

(viii) to identify land for the Project and to place such land under a land purchase contract or option so that upon award of LIHTC the Partnership can purchase said land; and

(ix) to maintain or cause to be maintained at its sole cost and expense all off-site office and accounting facilities and equipment necessary to adequately perform all functions of Developer specified herein.

The Developer may retain the services of independent consultants, provided the Partnership shall have no responsibility to such independent parties.

(b) **Development Fee.** In consideration of the performance by the Developer of the development services described herein, the Partnership shall pay to the Developer a development fee (the "Development Fee") in the amount set forth on Exhibit A attached hereto. The Partnership and the Developer acknowledge that specific portions of the Development Fee shall be earned by Developer as certain benchmarks are satisfied as more particularly described on Exhibit A, but in any event all of the Development Fee shall be earned upon the receipt by the Partnership of the temporary certificate of occupancy (or the local equivalent) for the last building in the Project. Developer shall not be compensated for, and no portion of the Development Fee shall apply to, services in connection with the development of nonresidential improvements, or the organization or syndication of the Partnership, it being the understanding between the parties hereto that all such listed activities and services are the exclusive responsibility of the Partnership, the General Partner and/or consultants or others engaged by the Partnership.

(c) **Termination of Duties and Responsibilities of Developer.** The Developer shall have no further duties or obligations hereunder after receipt of a final certificate of occupancy (or the local equivalent) for the last building in the Project and completion of all punch list items. The Developer's duties, responsibilities and rights hereunder shall not be terminated by the Partnership except for "cause" as finally determined by a court of competent jurisdiction. For purposes hereof, "cause" shall mean fraud, dishonesty, reckless disregard for customary practices and intentional misconduct after at least 30 days' prior notice and opportunity to cure.

(d) **Miscellaneous.**

(i) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by any of the parties hereto

without the written consent of the other party, except that the Developer may assign its rights but not its duties under this Agreement.

(ii) The descriptive paragraph headings of this Agreement are inserted for convenience only and are not intended to and shall not be construed to limit, enlarge, or affect the scope or intent of this Agreement nor the meaning of any provision hereof.

(iii) This Agreement and the rights and obligations of the parties hereto shall be governed and construed and enforced in accordance with the laws of the State of South Carolina.

(iv) This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

(v) This Agreement shall not be amended or modified in any respect without the prior written consent of each party hereto.

(vi) No party hereto shall file or attempt to file this Agreement of record.

(vii) This Agreement and the obligations of the Developer hereunder are solely for the benefit of the Partnership and its Partners and no benefits to third parties are intended.

(viii) In the event any provision hereof is deemed to be unenforceable or against public policy, then such provision shall be deemed omitted from this Agreement and to the extent possible such provision shall be replaced with an enforceable provision which corresponds with the spirit of the omitted provision, and no other provision of this Agreement shall be affected by such omission or unenforceability.

(ix) The parties agree that the prevailing party in any action or dispute involving litigation concerning the subject matter hereof, shall be entitled to attorneys' fees and court costs.

(x) 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.

(xi) All capitalized terms herein shall have the same meanings as set forth in the Partnership Agreement, except as otherwise expressly set forth herein.

(e) **Notice.** Any notice required to be given hereunder shall be in writing and mailed by certified mail, postage prepaid, or hand delivered with receipt of service simultaneously to all parties at the addresses set forth above. Each party shall have the right to change its address for the receipt of notices, upon the giving of proper notice to all other parties hereto. Whenever a period of time is to be computed from the date of receipt of an item of certified mail, such period shall be computed from the fifth day following the date of mailing if delivery of the certified mail item is refused by the party to whom it was directed.

(f) **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.

(g) **Responsibilities of the Partnership.** In order for the Developer to perform duties described herein, the Partnership shall:

(i) provide full information regarding its requirements for the Project;

(ii) designate a representative who shall be fully acquainted with the scope of the work and has authority to render decisions promptly and furnish information expeditiously; and


(iii) if the Partnership becomes aware of any fault or defect in the Project or nonconformance with any contract or other documents, it shall give prompt written notice thereof to the Developer.

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

IN WITNESS WHEREOF, the parties have executed this Development Agreement on the date and year first above written.

**DEVELOPER:**

**PALMS ON ASHLEY RIVER DEVELOPER LLC,**  
a Delaware limited liability company

By:   
Name: Russell Condas  
Title: Vice President

**PARTNERSHIP:**

**PALMS ON ASHLEY RIVER PRESERVATION LP,**  
a South Carolina limited partnership

By: Palms Preservation GP LLC,  
a Delaware limited liability company,  
its general partner


By:   
Name: Russell Condas  
Title: Vice President

EXHIBIT A  
FEE SCHEDULE

Total Development Fee:     \$3,630,000

Earned in accordance with the following schedule:

1. 15% upon completion of the following planning phase services:

- (a) Conduct a preliminary market study.
- (b) Negotiate with, select, and hire a housing marketing analyst to conduct an independent market study for the proposed development, if required by the Partnership.
- (c) Determine the number of units in the Project and their size.
- (d) Determine the appropriate unit mix and amenities.
- (e) Identify potential sources of construction financing.
- (f) Analyze the competitiveness of the Project against others in the market area.
- (g) Make preliminary estimates of Project costs and determine Project feasibility.
- (h) Prepare and submit to the Partnership all information and documentation necessary to obtain a reservation for LIHTC to the extent related to the services otherwise provided pursuant to this Agreement including, without limitation, information and documentation related to Project description, Project costs, unit mix, amenities, construction financing and developer experience.
- (i) Identify land for the Project and to place such land under a land purchase contract or option so that upon award of LIHTC the Partnership can purchase said land.

2. 15% of the balance upon completion of the following pre-construction phase services:

- (a) Prepare or obtain an environmental impact assessment of the proposed development.
- (b) If appropriate, prepare pre-qualification criteria for bidders interested in the Project, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods.
- (c) Assist the Partnership in dealing with local organizations, adjoining landowners and other parties interested in the development of the Project.

- (d) Secure all necessary land use approvals.
  - (e) Select the architect (“Architect”) and other professional advisors.
  - (f) Negotiate and cause to be executed in the name of the Partnership, agreements for architectural, engineering, testing or consulting services for the Project.
  - (g) Negotiate and determine the terms of construction financing.
  - (h) Prepare a preliminary critical path schedule.
3. 10% upon completion of the following plans and specifications phase services:
- (a) Coordinate the preparation of the plans and specifications and recommend alternative solutions whenever design details affect construction feasibility or schedules.
  - (b) Ensure that the plans and specifications are in compliance with all applicable codes, laws, ordinances, rules and regulations.
  - (c) In collaboration with the Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples.
  - (d) Close construction loan and issue notice to proceed.
4. 30% upon attaining 50% completed construction.
5. 30% upon issuance of final certificates of occupancy or the local equivalent.

Payable in accordance with the following schedule:

- 1. \$502,914 upon receipt by the Partnership of its first equity installment from its investment limited partner at closing.
- 2. \$245,761 upon receipt by the Partnership of its second equity installment from its investment limited partner at construction completion.
- 3. \$1,262,980 upon receipt by the Partnership the post-completion equity installments.
- 4. Any remaining unpaid balance to be paid out of net cash flow as provided in a partnership’s amended and restated agreement of limited partnership to be drafted allowing entrance into the Partnership for its investment limited partner. Any outstanding balance remaining unpaid, after issuance of IRS form 8609, shall accrue interest at the rate of two percent (2%) per annum.

