

**OPERATING
AGREEMENT OF
82 CANAL STREET LOFTS DEVELOPER, LLC**

THIS OPERATING AGREEMENT (this “*Agreement*”) of 82 CANAL STREET LOFTS DEVELOPER, LLC, a South Carolina limited liability company (the “*Company*”), is made and entered into as of the 26th day of June, 2025 by and among the Company, PASCA DEVELOPER LLC, a North Carolina limited liability company (“*Pasca*”), TBA APARTMENTS LLC, a South Carolina limited liability company (“*TBA*”), MAH DEVELOPMENTS LLC, a Kentucky limited liability company (“*MAH*”) and JAMES SARI, an individual resident of the Commonwealth of Kentucky (the “*Manager*”). (Pasca, TBA and MAH are collectively referred to as the “*Members*”). The Company was formed pursuant to the provisions of the South Carolina Limited Liability Company Act (the “*Act*”) in connection with the filing of Articles of Organization (the “*Articles*”) in the Office of the South Carolina Secretary of State for the purpose of the formation of the Company.

1. **Principal Place of Business.** The principal place of business of the Company and the place where the books and records of the Company shall be maintained as the Manager shall designate.

2. **Term.** The term of the Company commenced as of the date the Articles were filed with the South Carolina Secretary of State, and shall be perpetual, unless the Company is dissolved by law or in accordance with the provisions of this Agreement.

3. **Registered Agent and Office.** The Company’s initial registered agent shall be Todd C. Brockmann, and the Company’s registered office in the State of South Carolina shall be the then-current office of the registered agent. The initial registered office of the Company is currently located at 9729 Harrisburg Road, Indian Land, South Carolina 29707. The Manager may change the registered office or registered agent by filing the address of the new registered agent’s office and/or the name of the new registered agent with the Secretary of State of the State of South Carolina pursuant to the Act. The Manager shall promptly notify the Members in writing of any change in the registered office and name of any successor registered agent.

4. **Purpose of the Company.** The purpose of the Company shall be to engage in all activities necessary, customary, convenient or incident to participating, directly or indirectly, in the activity of housing development, including but not limited to forming limited liability companies in which it serves as manager or managing member of special purpose entities.

5. **Management of the Company.** The Company shall be managed by the Manager. The initial Manager is James Sari. Subject to the limitations set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the Company, its investments and properties, to make all decisions regarding those matters, and to perform any and all other acts or activities customary or incident to the management of the Company, including, but not limited to, the power:

(a) to approve all investments and loans made by the Company and the terms and conditions on which the same are made;

(b) to enter into, make and perform on behalf of the Company or its subsidiaries any and all agreements, contracts and other undertakings, to the extent consistent with the other provisions of this Agreement and in furtherance of the purposes of the Company; and

(c) to execute agreements on behalf of the Company in its capacity as manager, managing member, or general partner, as the case may be, of any of the Company's subsidiaries.

6. No Exclusive Duty to the Company. The management of the Company shall not be the sole and exclusive function of the Manager, and each of the Manager and any other Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the other Members or to the income or proceeds derived therefrom. No Member shall incur any liability to or on behalf of the Company that results from his or her engagement in any other business, investment or venture.

7. Capital Contributions; Percentage Interest; and Liability of Members.

(a) Capital Contributions and Percentage Interest. In consideration for the membership interests (the “*Membership Interests*”) in the Company provided pursuant to this Agreement, the Members will contribute to the capital of the Company (the “*Capital Contribution*”) as set forth on Exhibit A hereto. Additional capital contributions may be made by any Member if the Members deem such a contribution to be necessary or desirable. Each Member shall have the Membership Interest set forth opposite such Member's name on Exhibit A attached hereto.

(b) Liability of Members. The liability of each Member for the losses, debts and obligations of the Company shall be limited to such Member's capital contributions; provided, however, that under applicable law, the Members may, under certain circumstances, be liable to the Company to the extent of previous distributions made to the Members in the event that the Company does not have sufficient assets to discharge its liabilities. In no event shall any Member, in its capacity as a Member, be personally liable for any liabilities or obligations of the Company to restore any negative balance in such Member's Capital Account as further set forth in Section 7(c) hereto.

(c) Capital Accounts. A separate Capital Account shall be maintained and adjusted for each Member (“*Capital Account*”). There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and each Member's distributive share of the profits of the Company; and there shall be charged against each Member's Capital Account the amount of all cash distributions to such Member, the fair market value of any property distributed to such Member (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Company Property distributed to such Member, and such Member's distributive share of the losses of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations and Guidance thereunder.

(d) Minimum Gain Provisions.

(i) Notwithstanding any other provision of this Agreement, no allocation of loss or deduction (or item thereof) shall be made by the Company to a Member if such allocation would cause the sum of the deficit Capital Account balances of the Member or Members otherwise receiving such allocation (excluding the portion of such deficit balances that must be restored (or which the Member is deemed to have to restore) to the Company under this Agreement, if any) to exceed the Members' share of "Minimum Gain" and "Nonrecourse Debt Minimum Gain" (as defined in the Treasury Regulations), both determined at the end of the Company taxable year to which the allocation relates.

(ii) Notwithstanding any other provision of this Agreement, if there is a net decrease in Minimum Gain or in Nonrecourse Debt Minimum Gain during a LLC taxable year, items of income and gain for such year (and if necessary, for future years) shall be allocated to each Member in an amount equal to the Member's share of the net decrease in Minimum Gain or Nonrecourse Debt Minimum Gain, as applicable.

(iii) If any Member unexpectedly receives any adjustments, allocations or distributions described in Treas. Reg. §§1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate (to the extent required by the Regulations under Code Section 704(b)) the deficit balance in each such Member's Capital Account as quickly as possible, provided that an allocation pursuant to this Section 7(d)(iii) shall be made if and only to the extent that such Member would have a deficit Capital Account after all other allocations provided for in this Section 7 have been tentatively made as if this Section 7(d)(iii) were not in the Agreement.

(iv) In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (A) the amount that such Member must restore to the Company upon liquidation, if any, and (B) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. §1.704-2(g) and §1.704-2(i)(5), such Member shall be specially allocated items of LLC income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7(d)(iv) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 7 have been tentatively made as if this Section 7(d)(iv) and Section 7(d)(iii) hereof were not in this Agreement.

8. Return of Contributions. Subject to applicable law, the contribution of the Members shall be returned to the Members only upon the termination and liquidation of the Company.

9. Profits, Losses and Distributions.

(a) Allocation of Profits, Losses, Credits and Cash Distributions.

(i) Net cash flow available after payment of all fees and reserves deemed necessary or appropriate by the Managing Member shall be payable no less than annually but no more than monthly to each Member in proportion to the Member's respective Percentage Interests.

(ii) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any person who, during such year, is admitted as an Additional Member

(as hereafter defined) the share of all profits and losses allocated to, and of all net cash flow distributed to, all Members that is attributable to the Interest, sold, assigned or transferred, shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods in such year on and after, the first day of the month during which such person is admitted as an Additional Member.

(b) Distribution of Proceeds from Refinancing, Sale and Liquidation of LLC Property. The proceeds resulting from the liquidation of the Company assets and the net proceeds resulting from the sale of all or substantially all of the property of the Company or refinancing of any mortgage loan, as the case may be, shall be distributed and applied in the following order of priority:

(i) To the payment of all matured debts and liabilities of the Company (including all expenses of the Company incident to any such sale or refinancing), excluding (A) debts and liabilities of the Company to Members or any “*Affiliates*” (as hereinafter defined). The term “*Affiliate*” means when used with reference to a specified person: (A) any person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified person, including by means of a non-member manager; (B) any person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified person or of which the specified person is an officer, partner or trustee, or with respect to which the specified person serves in a similar capacity; (C) any person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified person, or of which the specified person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified person has a substantial beneficial interest (10% or more); and (E) any relative living in the same household or spouse of the specified person;

(ii) To the payment of any debts and liabilities of the Company (including unpaid fees) owed to the Members or any Affiliates;

(iii) To the setting up of any reserves reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(iv) Thereafter, the balance, if any, to the Members in accordance with their Membership Interests as shown in Exhibit A attached hereto.

10. Admission of Additional Members. From the date of the formation of the Company, any person acceptable to all existing Members may be admitted to the Company (“*Additional Member*”) either by issuance by the Company of additional Membership Interests or as the transferee of a Member’s Membership Interest or any portion thereof, upon the affirmative vote or written consent of the Members holding 100% of the Percentage Interests exclusive, in each case, of the Member whose interest is being transferred and subject to the terms and conditions of this Agreement. In no event may any person obtaining an interest in the Company by assignment, transfer, pledge or other means from an existing Member be admitted as a successor Member without the affirmative vote or written consent of the Members holding 100% of the Percentage Interests exclusive, in each case, of the Member whose interest is being transferred. No person may be admitted to the Company unless that person executes and delivers to the Company the following: (a) an instrument pursuant to which such transferee agrees to be bound by the terms of this Agreement in a form satisfactory to the Company’s counsel and (b) such

additional instruments and documents as shall be reasonably required by the Manager including, without limitation, opinions of counsel satisfactory to the Manager and signature of such transferee's spouse consenting to the terms of this Agreement.

11. Books and Records; Bank Accounts.

(a) The Manager shall cause the Company to keep books of account with respect to the operations of the Company. Such books shall be maintained at the principal place of business of the Company.

(b) Such books shall be maintained on the accrual basis in accordance with GAAP, and shall be closed and balanced as of December 31 in each year. The same method of accounting shall be used for both LLC accounting and tax purposes. The fiscal year of the Company shall be the calendar year.

(c) The Company shall keep as part of its records the following:

(i) a current list of the full name and last known business address of each Member;

(ii) copies of records that would enable a Member to determine the capital values and the voting rights of the Members;

(iii) a copy of the Articles and any restatements thereof and/or amendments thereto;

(iv) copies of the Company's federal, state and local income tax returns and reports, if any, for the five (5) most recent years;

(v) a copy of this Agreement and any amendments thereto; and

(vi) any written records of proceedings of the Members.

12. Indemnity. Except as limited by the Act and other applicable law, each Member shall be entitled to indemnity from the Company for any liability incurred and/or for any act performed by such Member within the scope of the authority conferred upon the Member by this Agreement, and/or for any act omitted to be performed, except for (a) such Member's fraud, gross negligence or willful misconduct, (b) any breach of such Member's duty of loyalty to the Company and/or the remaining Members, and (c) a transaction from which the Member seeking indemnification derived improper personal benefit. Such indemnification shall include all reasonable expenses incurred, including reasonable legal and other professional fees and expenses.

13. Voting Rights of Members. The Members shall be entitled to vote in accordance with each Member's Percentage Interest. The affirmative vote of Members holding EIGHTY PERCENT (80%) of the Percentage Interests who are entitled to vote shall be required to approve the following matters:

(a) Dissolution and winding up of the Company;

(b) The sale, exchange, lease, mortgage, pledge or other transfer of all or

substantially all of the assets of the Company;

(c) The merger or consolidation of the Company with another person, partnership, limited partnership, domestic or foreign limited liability company, trust, estate, association or corporation;

(d) An amendment to the Articles or this Agreement; and

(e) Any restatement of the Articles which includes an additional amendment.

Any action required or permitted to be taken by vote of the Members may be taken without a meeting upon the unanimous written consent of all the Members entitled to vote thereon.

14. Miscellaneous.

(a) Heirs, Successors and Assigns. Subject to the restrictions on transfers set forth herein, this Agreement, and each and every provision hereof, shall be binding upon and shall inure to the benefit of each Member, its successors, successors-in-title, heirs and assigns, and each and every successor-in-interest to each of the Members, whether such successor acquires such interest by way of gift, purchase, foreclosure or any other method, and shall hold such interest subject to all of the terms and provisions of this Agreement. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of any Member, or any creditor of the Company.

(b) Governing Law. This Agreement and the rights and obligations of the Members shall be governed by, construed and enforced in accordance with the laws of the State of South Carolina without regard to choice of law principles.

(c) Notices. Unless otherwise specified herein, all notices, demands requests or other communications which may be or are required to be given to, served upon or sent by a Member or the Company pursuant to this Agreement shall be in writing and shall be deemed given or sent (i) two (2) business days after deposit, as registered or certified mail, postage and fees prepaid, in the United States mails or (ii) one (1) business day after deposit with Federal Express, United Parcel Service, DHL WorldWide Express, or Airborne Express, for overnight delivery, charges prepaid or charged to the sender's account, or (iii) upon receipt of electronic confirmation of successful transmission by e-mail (with a copy thereof sent via one of the methods of delivery set forth in clauses (i) or (ii) hereof); delivered or addressed as follows:

- To the Company, by notice sent to the Manager at its address specified in **Exhibit A**;
- To the Manager, by notice sent to the Manager at the address specified in **Exhibit A**;
- To the Pasca, by notice sent to the Manager at the address specified in **Exhibit A**;
- To the TBA, by notice sent to the Manager at the address specified in **Exhibit A**;

- To the MAH, by notice sent to the Manager at the address specified in Exhibit A; and

Any Member may change its address for notice purposes by giving written notice of such change (in accordance with the foregoing provisions) to all other Members and to the Company, and upon receipt of any such notice, the Manager shall cause the records of the Company affairs maintained by the Manager to be updated to reflect such change of address.

(d) Entire Agreement. This Agreement, together with the Articles, shall constitute the sole and exclusive statements of the terms of governance of the Company, and supersedes all prior agreements and understandings pertaining thereto.

(e) Partial Invalidity. Any provision of the Act or other applicable law that is contrary to, or supersedes any provisions of this Agreement shall not affect the validity of the balance of this Agreement, and the remaining provisions shall be enforced as if the invalid provisions were deleted.

(f) Rights and Remedies Cumulative. The rights and remedies provided under this Agreement are cumulative and the use of any one right or remedy by any Member shall not preclude or waive the right to use any or all other rights or remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopy or in electronic (i.e., "pdf") format shall be effective as a delivery of an original, and execution by use of an electronic signature or digital signature shall be valid for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of Company, Manager and the Members has signed and sworn to this Operating Agreement as of the date first above written.

COMPANY:

82 CANAL STREET LOFTS DEVELOPER, LLC,
a South Carolina limited liability company

By: Jim Sari
James Sari, Manager

MANAGER:

Jim Sari
James Sari, Manager

TBA:

TBA APARTMENTS LLC,
a South Carolina limited liability company

By: Tradd C. Bruce
Tradd C. Bruce, Manager

MAH:

MAH Developments LLC,
a Kentucky limited liability company

By: Caryn Ann Winter
Caryn Ann Winter, Manager

PASCA:

PASCA DEVELOPER LLC,
a North Carolina limited liability company

By: Jim Sari
James Sari, Manager

EXHIBIT A
Capital Contribution and Percentage Interest; Notice Addresses

<u>Member</u>	<u>Capital Contribution</u>	<u>Percentage Interest</u>
Pasca Developer LLC c/o James Sari 10401 Covered Bridge Road Prospect, KY 40059 E-mail: jim@sariandcompany.biz	\$300.00	30.00%
TBA Apartments LLC c/o Tradd Bruce 441 N. Duncan By-Pass, Suite 19 Union, South Carolina 29379 E-mail: tbaunion@bellsouth.net	\$350.00	35.00%
MAH Developments LLC c/o Caryn Winter 10401 Covered Bridge Road Prospect, Kentucky 40059 E-mail: winter@oracledesign.net	\$350.00	35.00%