

## LOT PURCHASE AGREEMENT

**THIS LOT PURCHASE AGREEMENT** (this "Agreement") is between **SDH RALEIGH LLC**, a Georgia limited liability company ("**Purchaser**") and **HARRINGTON PROPERTIES OF NC, LLC** a North Carolina limited liability company ("**Seller**"). As used herein, the term "Effective Date" means the later of the dates that this Agreement is signed by Purchaser or Seller.

### WITNESSETH:

**WHEREAS**, Seller is the fee simple owner of the Real Property legally described in Exhibit A;

**WHEREAS**, Seller desires to fully finish, improve, develop, and duly and properly subdivide a community containing approximately 69 total residential building lots ("Subdivision") on the Real Property;

**WHEREAS**, Seller desires to sell sixty-nine (69) fully developed residential building lots in the Subdivision depicted on the preliminary plat attached hereto as Exhibit B (each a "Lot" and collectively the "Lots") to Purchaser and Purchaser desires to purchase the Lots, all upon the terms and conditions set forth herein; and

**WHEREAS**, Seller desires to sell the Lots and Purchaser desires to purchase the Lots, all upon the terms and conditions set forth herein.

**NOW THEREFORE**, for and in consideration of Ten and No/100 Dollars (\$10.00), the foregoing premises, which are incorporated by reference, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Terms and Definitions.** The terms listed below shall have the respective meaning given to them as set forth adjacent to each term.

a. "**Additional Earnest Money**" shall mean the sum of Five Hundred Seventy Eight Thousand and No/100 Dollars (\$578,000.00).

b. "**Approvals**" shall mean all governmental approvals and the expiration of all appeal periods without the filing of any appeal or if an appeal is filed the resolution of the appeal in a manner that is favorable to Purchaser and Seller, including but not limited to those approvals required to be issued by the Governing Jurisdictions necessary to (i) obtain site plan approval, construction drawing approval, water plan approval (including utility connections), NPDES permit approval, Army Corps of Engineers permit approval, construction plan approval authorizing the development of the Lots and other development plans for the development and subdivision improvements consistent with the Intended Use, both on-site and off-site, and (ii) establish the right to connect to and receive public water service for the Lots.

c. "**Approval Deadline**" shall mean on or before November 30, 2022.

d. "**Earnest Money**" shall mean the Initial Earnest Money and the Additional Earnest Money).

e. "**Escrow Agent**" shall mean Investors Title Insurance Company.

f. "**Escrow Agent Notice Address**" shall be as follows:

Attn: Gina Webster  
Address: Investors Title Insurance Company  
121 North Columbia St.  
Chapel Hill, NC 27514  
Fax: 877-711-3185  
Email: CommercialEscrow@invtitle.com

g. **“Governing Jurisdictions”** shall mean each local, state or federal governmental entity with jurisdiction over the Real Property, including but not limited to Harnett County, North Carolina, the United States of America and the divisions and departments of each.

h. **“Initial Closing”** shall occur on a date selected by Purchaser on or before the date which is twenty (20) days following the Initial Lot Completion Deadline, but not later than August 30, 2023 (the **“Initial Lot Closing Date”**). Purchaser shall purchase thirty five (35) Lots from Seller at the Initial Closing (which Lots shall be designated by Purchaser not less than seven (7) days prior to the Initial Closing).

i. **“Initial Earnest Money”** shall mean the sum of Ten Thousand and No/100 Dollars (\$10,000.00).

j. **“Initial Lot Completion Deadline”** shall mean on or before June 9, 2023.

k. **“Inspection Period”** shall commence on the Effective Date and expire at 11:59 p.m. Eastern Time on the seventy-fifth (75<sup>th</sup>) day thereafter.

l. **“Intended Use”** shall mean the purpose for which the Lots are being purchased and sold, which is to allow Purchaser to build on the Lots such that each Lot will have septic designs to accommodate a minimum of 3 bedroom homes with conventional septic systems with an area that will accommodate a 60' x 72' building envelope on each Lot (or the Minimum Building Envelope for those lots with a smaller approved envelope) measured from the front building setback line, exclusive of setbacks, buffers, easements and septic designs/systems/fields ..

m. **“Lot Takedown Schedule”** shall be as described on **Exhibit F** attached hereto and incorporated herein by reference.

n. **“Minimum Building Envelope”** shall mean equal to 60 ft. x 61 ft. per Lot for Lots 48, 50, 52, 60, 64, and 68; 60 ft. x 58 ft. for Lot 49; and 60 ft. x 72 ft. per Lot for all other Lots; all measured from the front building setback line, exclusive of setbacks, buffers, easements and septic designs/systems/fields.

o. **“Purchase Price”** per Lot shall be as described on **Exhibit F** (Lot Takedown Schedule) attached hereto and incorporated herein by reference.

p. "Purchaser's Notice Address" shall be as follows:

Attn: Joel M. Geniesse  
Address: 2520 Reliance Ave  
Apex, NC 27539  
Email: JGeniesse@smithdouglas.com

With copy to:

Attn: Nicole Swartz  
Address: Smith Douglas Holdings, LLC  
110 Village Trail, Suite 215  
Woodstock, GA 30188  
Email: [nswartz@smithdouglas.com](mailto:nswartz@smithdouglas.com)

With copy to:

Nexsen Pruet, PLLC  
Attn: Keith D. Burns  
4141 Parklake Ave.  
Suite 200  
Raleigh, NC 27612  
E-Mail: [kburns@nexsenpruet.com](mailto:kburns@nexsenpruet.com)

q. "Real Property" shall mean those certain parcels of real property located in Harnett County, North Carolina (being Parcel ID numbers 139681 0024, 139681 0024.01 and 139681 0024.02), as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with all improvements situated thereon, all right, title, and interest of Seller in and to any land lying in the bed of any existing dedicated street, road, or alley adjoining thereto, any ground rights in any street to be dedicated, all strips and gores adjoining thereto, and all water and mineral rights and all other rights, ways, easements, privileges, and appurtenances thereunto belonging, but excluding any above ground storage tanks, underground storage tanks, drums, containers, refuse, trash, or debris located on, in, or under the land identified above. Prior to expiration of the Inspection Period, Purchaser and Seller shall agreed upon the location and specific lot numbers of the Lots to be purchased by Purchaser and enter into an amendment to this Agreement regarding the same.

r. "Seller's Notice Address" shall be as follows:

Attn: Brandon Harrington  
Address: 2659 San Lee Drive  
Sanford, NC 27330  
Telephone: 919-770-5969  
Email: Brandon@harringtonpropertiesofnc.com

With copy to:

Attn: Drew Lucas  
Address: 1410 Elm Street  
Sanford, NC 27330  
Telephone: 919-776-4131  
Fax: 919-774-8943  
Email: Drew@SanfordLawGroup.com

s. "Title Company" shall mean Ridgeland Title LLC.

2. **Agreement to Sell and Purchase.** Seller agrees to sell, and Purchaser agrees to purchase the Lots on the terms and conditions set forth in this Agreement.

3. **Purchase Price and Deposit.**

a. The Purchase Price shall be payable at each Closing of the purchase of a Lot by delivery of immediately available funds, and subject to adjustments, prorations and credits as herein provided in this Agreement.

b. Purchaser shall deposit the Initial Earnest Money with Escrow Agent within ten (10) business days of the Effective Date. If the Inspection Period expires and Purchaser has not terminated this Agreement, Purchaser shall deliver to Escrow Agent, no later than five (5) business days after such expiration, the Additional Earnest Money. Escrow Agent shall hold the Earnest Money pursuant to **Exhibit C** attached hereto and incorporated herein by reference ("**Escrow Conditions**").

c. After Purchaser delivers its Notice of Suitability to Seller, expiration of the Election Period, so long as the Approvals and the obligations and conditions regarding the Note, Deed of Trust and Intercreditor Agreement described below have been met, Purchaser shall direct Escrow Agent to release the Earnest Money to Seller. Before funds are released to Seller, Purchaser shall have received at Seller's expense an updated title examination of the Property and an ALTA form loan title insurance commitment, pursuant to which the Title Company will issue a loan policy of title insurance in favor of Purchaser in the amount of the Earnest Money, insuring that the Deed of Trust will be in second priority, on the date and time of recording of the Deed of Trust, along with any documentation reasonably requested by Title Company to issue said policy and Seller must have executed and delivered to Purchaser a promissory note securing Seller's obligation to refund the Earnest Money as provided in this Agreement in a form to be agreed upon by Seller and Purchaser prior to expiration of the Inspection Period ("**Note**") and a recordable first priority Deed of Trust encumbering the Real Property in a form to be agreed upon by Seller and Purchaser prior to expiration of the Inspection Period ("**Deed of Trust**"), which Deed of Trust shall secure Seller's obligations under the Note, and if Seller has financed the acquisition of, and will finance the development of, the Lots with a Development Loan, and an intercreditor agreement between Lender (defined below), Seller and Purchaser in a form to be agreed upon by Seller, Lender and Purchaser prior to expiration of the

Inspection Period ("**Intercreditor Agreement**"). The Intercreditor Agreement shall (a) provide that Lender shall give prompt written notice to Purchaser of any event of default under the Development Loan, (b) provide Purchaser with the right, but not the obligation, to cure any such default, (c) set forth a release price for each Lot (the "**Release Price**"), (d) provide that Lender will release each Lot upon payment of the Release Price, regardless of whether or not the Development Loan is in default, (e) provide that Purchaser may acquire the Development Loan for the amounts due thereunder, less any late fees, attorneys' fees, penalty fees or any other fees due to Lender in connection with Seller's default thereunder, and (f) provide that if Lender forecloses under the Development Loan, or otherwise acquires title to any portion of the Real Property, Lender shall abide by this Agreement. If Seller obtains a Development Loan, in accordance with the Intercreditor Agreement the Deed of Trust shall be a second priority deed of trust subordinate to no monetary encumbrances except ad valorem real property taxes not yet delinquent and the first-in-priority deed of trust, if any, securing Seller's debt to the lender ("**Lender**") providing the acquisition and/or development loan for the Lots ("**Development Loan**"). Seller covenants that the aforesaid first-in-priority deed of trust to secure debt shall secure only the Development Loan, that the original principal amount of the Development Loan shall not exceed Three Hundred Twenty Thousand and No/100 Dollars (\$320,000.00) and that the proceeds of the Development Loan and the Earnest Money released to Seller shall be used exclusively for the acquisition and/or development of the Lots. Seller shall pay for an ALTA Loan title policy insuring the Deed of Trust in the amount of the Earnest Money and all recording fees and taxes associated with the Deed of Trust and Intercreditor Agreement.

d. Unless otherwise provided in this Agreement, at the Closing of each Lot the Earnest Money shall, in Purchaser's sole discretion, be either (i) applied to the Purchase Price at a rate per Lot equal to the amount of the Earnest Money as of the Initial Closing divided by the number of Lots with all unused portions of the Earnest Money being returned or credited to the purchase of the last Lot or (ii) returned to Purchaser at the same rate.

#### 4. **Inspection of Real Property.**

a. **Inspection Period.** Purchaser and its agents, consultants and contractors shall during the Inspection Period have the option to enter upon the Real Property and to inspect and perform such tests and studies deemed necessary or appropriate by Purchaser including without limitation, surveys (topographic and boundary, including ALTA requirements), soil studies, environmental and hazardous waste studies (Phase I or otherwise), wetlands, environmental and stream buffer studies and determinations (including environmental regulatory agency review and permitting/approvals with the appropriate regulatory agencies, market studies and other due diligence and design investigation and testing. Seller grants to Purchaser, its agents, consultants and contractors, a non-exclusive license to enter upon the Real Property to conduct such tests and studies. Seller shall cooperate with all parties performing such inspections. Purchaser shall indemnify and hold Seller harmless against all claims of mechanics liens on the Real Property arising solely from Purchaser's inspection of the Real Property, which obligation shall survive Closing or any termination of this Agreement.

b. **Right to Terminate.** Purchaser may, prior to the expiration of the Inspection Period, terminate this Agreement, for any reason or no reason, without penalty by giving written notice to Seller, whereupon this Agreement shall be deemed terminated and shall be null and void without recourse to either party hereto, except for those obligations which expressly survive the termination of this Agreement.

5. **Title and Survey.**

a. During the Inspection Period, Purchaser may cause the Title Company to deliver to Purchaser a standard owner's preliminary title commitment ("**Title Commitment**") which shall describe the Real Property, list Purchaser as the prospective named insured, show the policy amount in the amount of the Purchase Price, contain the commitment of the Title Company to insure Purchaser's fee simple interest in the Lots at the Closings, have a date subsequent to the Effective Date, and show that title to the Real Property and the Lots is good and marketable and insurable subject to no liens, encumbrances, exceptions or qualifications which would preclude Purchaser, in its sole discretion, from constructing and developing the Lots for the Intended Use.

b. Purchaser shall have until the expiration of the Inspection Period in which to examine the Title Commitment and any survey of the Real Property it obtains and make its written objections ("**Title Objections**") to any matters, requirements and/or exceptions contained in the Title Commitment or shown on a survey which are not caused by Purchaser and which render title unmarketable or, in its sole discretion, are unacceptable to Purchaser or that preclude development of the Lots or construction of the Intended Use by providing written notice to Seller setting forth the Title Objections ("**Objection Letter**"); except that Purchaser shall not be required to object to any Required Cure Items, it being understood and agreed that Seller is required to satisfy such Required Cure Items. If Purchaser fails to provide the Objection Letter to Seller within such time period, then, for all purposes of this Agreement, Purchaser shall be deemed to have accepted title in the condition described in the Title Commitment. Any title exceptions affecting the Real Property or any Lots as of the effective date of the Title Commitment which are not objected to within such time period shall be deemed to be acceptable to Purchaser and permitted exceptions under this Agreement ("**Permitted Exceptions**"). Notwithstanding the foregoing, items not readily discoverable by Purchaser (such as unrecorded easements or mis-indexed items) shall not be considered Permitted Exceptions, nor shall encumbrances created by or consented to by Seller between the Effective Date and the Closings unless approved in writing by Purchaser.

c. If Purchaser timely notifies Seller of any Title Objections, then within five (5) business days after receipt by Seller of the Objection Letter ("**Response Period**"), Seller shall deliver written notice to Purchaser advising Purchaser whether or not Seller will cure all or any of the Title Objections set forth in the Objection Letter ("**Response Notice**"). Seller's failure to deliver the Response Notice to Purchaser within the Response Period shall be conclusively deemed to constitute an election by Seller to cure the Title Objections. If Seller elects not to cure any Title Objections, then within ten (10) business days after the expiration of the Response Period ("**Election Period**"), Purchaser shall deliver written notice to Seller ("**Election Notice**") electing to either (i) terminate this Agreement, in which event the parties hereto shall have no further rights or obligations hereunder except for those rights and obligations which specifically survive termination hereunder and the Earnest Money shall be returned to Purchaser, or (ii) waive all the Title Objections which Seller has elected not to cure, in which event such waived Title Objections shall be deemed to be Permitted Exceptions under this Agreement. Purchaser's failure to deliver the Election Notice within the Election Period shall be conclusively deemed to constitute Purchaser's election to terminate this Agreement pursuant to clause (i) above. If Seller elects pursuant to the Response Notice (or is deemed to have elected) to attempt to cure any Title Objections, then Seller agrees to cure such Title Objections no later than twenty (20) days prior to the Initial Closing, or if Seller does not deliver a Response Notice, thirty (30) days after the expiration of the Response Period ("**Cure Period**"). If Seller is unable to cure such Title Objections on or before the expiration of the Cure Period, then within ten (10) business days after the expiration of the Cure Period (the "**Failed Cure Election Period**") Purchaser shall, as Purchaser's sole and exclusive remedy for Seller's failure to cure the Title Objections during the Cure Period, deliver written notice to Seller (the "**Failed Cure Notice**") electing to either (y) terminate this

Agreement, in which event the parties hereto shall have no further rights or obligations hereunder except for those rights and obligations which specifically survive termination hereunder and the Earnest Money shall be returned to Purchaser, or (z) waive all the Title Objections which Seller has failed to cure, in which event such waived Title Objections shall be deemed to be Permitted Exceptions under this Agreement. Purchaser's failure to deliver the Failed Cure Notice within the Failed Cure Election Period shall be conclusively deemed to constitute Purchaser's election to terminate this Agreement pursuant to clause (z) above.

d. Notwithstanding anything to the contrary contained herein, Seller shall, on or before the Closing date: (i) satisfy, discharge or bond over liens securing any debt, encumbrances or other monetary items created by any Seller which can be satisfied by the payment of an ascertainable sum; (ii) deliver such documentation as may be required by the Title Company to delete the preprinted exceptions with regard to gap, party in possession, and mechanics' liens and other items listed in Schedule B-I of the Title Commitment; (iii) deliver evidence of good standing of Seller, together with such other evidence regarding the authority of Seller as the Title Company may reasonably require for Seller to transfer good and marketable title to each Lot (collectively, the "**Required Cure Items**").

e. Purchaser shall have the right to update its title examination prior to Closing on each Lot. In the event that any matter shall be recorded against any Lot between the date of the Title Commitment and the applicable Closing date, or evidenced in an update to the tax and lien search, which is not contained in the Title Commitment ("**New Matter**"), then each such New Matter, unless it is due to an act or omission of Purchaser in connection with the terms of this Agreement, shall be deemed to be objectionable to Purchaser and shall be removed by Seller promptly upon Purchaser's request, but in all events, prior to the applicable Closing date. In the event such New Matters are not removed, Purchaser shall have the rights and remedies which may be available to Purchaser, at law, at equity and under the terms of this Agreement or extend the applicable Closings to a date until such matters are removed.

6. **Conditions to Closing.** Purchaser's obligation under this Agreement to close on the purchase of the Lots is conditioned upon satisfaction of each of the following conditions precedent in favor of Purchaser occurring prior to each Closing (collectively, the "**Conditions to Closing**" and each a "**Condition to Closing**"):

a. Seller shall be capable of and prepared to deliver good and marketable fee simple title to the Lots subject only to the Permitted Exceptions;

b. The Title Company shall be unconditionally prepared to issue a standard ALTA owner's form title insurance policy insuring good and marketable fee simple title to the Lot(s) subject only to the Permitted Exceptions with an insured value not less than the Purchase Price at standard premium rates and with such title endorsements as required by Purchaser;

c. All of Seller's representations and warranties contained in this Agreement shall be and remain true and correct, and each of Seller's covenants must be complete and fully performed in all material respects, as of the Effective Date and through Closing;

d. The Lots to be purchased at each Closing must meet the Development Requirements;

e. Seller has completed construction and installation of the roads, detention ponds, entrance monument and signage, mail kiosk/CBU area and parking, streetlights, open space amenity walking path and parking lot for the Subdivision;

f. Seller, at its sole cost and expense, has completed the installation of underground utility facilities including electrical, high speed internet, phone, and cable-television, and said utilities shall be available at the boundary lines of each Lot for use immediately upon Closing, subject only to Purchaser's payment of standard connection fees. Seller shall not enter into any agreement with any utility provider pertaining to the Lots without prior written approval from Purchaser;

g. The Lots to be purchased at each Closing must be fully entitled, and there shall be no development preconditions to the issuance of building permits for the construction of single-family residences on the Lots to be purchased or preconditions to the issuance of certificates of occupancy for single-family residences, other than construction of such residences in accordance with applicable building permits and codes of the Governing Jurisdiction;

h. No portion of a Lot is located within a flood plain, flood prone area, buffer wetlands, jurisdictional waters or special flood hazard area as indicated by any map or plat issued or controlled by the Federal Emergency Management Agency, the Federal Insurance Administration, or any other federal, state, or local agency;

i. The Real Property shall have been subdivided into the Lots pursuant to a duly recorded subdivision plat, substantially in accordance with the preliminary plat attached hereto as **Exhibit B**, and any changes thereto must have been approved in advance by Purchaser;

j. There shall have occurred no material adverse change in the physical, financial, or legal condition of the Real Property from the condition existing prior to the expiration of the Inspection Period;

k. There must not exist any moratorium on the issuance of development and building permits, utility connection permits, sewer/septic permits, certificates of occupancy or other permits required for the construction and occupancy of the residential homes Purchaser intends to build on the Lots which will feature designs consistent with the Intended Use;

l. Purchaser's house plans, landscape plans and any plans related to the foregoing must have been unconditionally approved by the Governing Jurisdictions, the HOA, and any other homeowner's association, person or entity with architectural or similar control over the Lots;

m. No action or proceeding shall have been commenced by or against Seller under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors, and no attachment, execution, lien, or levy shall have attached to or been issued with respect to Seller's interest in the Real Property or any portion thereof;

n. All lessees, tenants, and occupants of the Real Property, if any, must have vacated the Real Property so that sole and exclusive possession of the Lots can be provided to Purchaser at Closing;

o. At least two (2) business days prior to each Closing, Purchaser must have received the building permits, utility connection permits, septic permits for conventional septic systems on each Lot, and any other permits required for the construction of the homes Purchaser intends to construct on the Lots that are the subject of the Closing so that Purchaser may begin construction immediately after Closing and immediately upon completion of construction of a home in accordance with applicable building codes Purchaser must be entitled to a certificate of occupancy and any other permits, if any, required for the occupancy of the homes Purchaser has built on the Lots, all of which permits must authorize the Intended Use;



p. The Real Property shall be subject to the duly recorded Approved Declaration, and Seller shall hold all declarant's right under the Approved Declaration; and

q. Purchaser shall have received approval from Purchaser's Land Committee.

If any of the Conditions to Closing are not satisfied as of the date for the Closing of a Lot impacted by such failed Condition to Closing, Purchaser may elect by giving written notice to Seller to: (i) waive the Condition to Closing; (ii) extend the date of the Closing by an amount of time necessary for the Condition of Closing to be satisfied for up to four (4) periods of 120 days each; (iii) terminate this Agreement as to the impacted Lot(s) and receive a refund of the Earnest Money in an amount equal to the number of impacted Lots as to which the termination applies multiplied by a fraction, the numerator of which is the total number of Lots (including those that are the subject of the termination) and the denominator of which is the Earnest Money contemplated by this Agreement; or (iv) terminate this Agreement, whereupon Purchaser shall receive a full refund of all the Earnest Money, Seller shall immediately reimburse Purchaser for all of Purchaser's out of pocket costs associated with this Agreement and Purchaser's due diligence, and thereafter neither party shall have any further obligations hereunder, except as otherwise provided herein. If the failure of a condition arises from a default by Seller, Purchaser may elect to pursue any available remedy.

If Purchaser elects to extend the Closing pursuant to (ii) above, such election shall not limit Purchaser's election options at any subsequent Closing.

7. **Closing and Possession.** Subject to the Conditions to Closing set forth in Section 6 above, the consummation of the purchase of the Lot(s) as set forth herein (each, a "**Closing**", and collectively, the "**Closings**") shall take place at the office of Purchaser's attorney ("**Settlement Agent**") and in accordance with the following stipulations:

a. Closing on the Initial Lots shall occur on the Initial Closing Date. Thereafter, Purchaser shall commence closings consistent with the Lot Takedown Schedule.

b. Purchaser may, in its sole discretion, close Lots in excess of the number required to be closed according to this Agreement and Seller shall deliver Lots to Purchaser at the pace Purchaser requests.

c. At each Closing, Seller shall deliver exclusive possession of the Lot(s) and shall execute, acknowledge, and deliver to Purchaser the following closing documents for each Lot to be purchased:

- i. A special warranty deed in recordable form and satisfactory to Purchaser and the Title Company ("**Deed**") conveying insurable, indefeasible fee simple and marketable title to each Lot to Purchaser, subject only to the Permitted Exceptions;
- ii. A Foreign Investment in Real Property Tax Act ("**FIRPTA**") certification in conformance with the requirements of FIRPTA;
- iii. All consents that may be required from any third person or entity in connection with the sale of each Lot or the satisfaction of any Condition to Closing;
- iv. Such organizational and authorizing documents as shall be reasonably required to evidence Seller's authority to consummate the transactions contemplated by this Agreement;
- v. An affidavit reaffirming all of Seller's representations and warranties made herein, effective as of the Closing date;

- vi. A signed counterpart of an assignment and assumption of Seller Diligence Items, in form reasonably acceptable to Purchaser;
- vii. Lien releases, affidavits, and other documents reasonably satisfactory to the Title Company, indemnifying the Title Company and Purchaser from all liability and expense, including attorneys' fees, that the Title Company and Purchaser may incur in connection with unfiled mechanics' liens for any work completed or materials furnished at or about the Real Property prior to Closing;
- viii. Affidavits and other documents required to satisfy the Schedule B-I requirements in the Title Commitment, including, without limitation, any affidavits necessary to verify whether state tax withholding is required; and
- ix. Such other documents or instruments as may be required by other provisions of this Agreement or reasonably required by Purchaser or the Title Company to effectuate the Closing.

**8. Closing Costs and Prorations.** Seller shall pay all transfer taxes, the cost of satisfying any liens on the Real Property or curing any Title Objections that Seller is required or elects to cure, Seller's attorneys' fees and all expenses incurred by Seller related to Closing. Purchaser shall pay Purchaser's attorneys' fees, the cost of any title search, survey, title insurance (including but not limited to the cost for preparation and issuance of owner's and lender's title policies and any endorsements requested by Purchaser), and recording costs for the Deed and any deed of trust or mortgage, as the case may be. The fees for the Escrow Agent shall be borne solely by the Purchaser. Ad valorem taxes on the Lots for the tax year of each Closing shall be prorated between Seller and Purchaser as of Closing based on the latest assessment available. Should such proration be inaccurate based on the actual ad valorem tax bill when received, either party may demand, and shall receive, a payment from the other correcting such apportionment. If the Lots being closed are not separately assessed for tax purposes but are part of an acreage tract for such purposes, the per-Lot tax valuation of the Lots being closed shall be determined by prorating the most recent tax bill by acreage before prorating by date. Seller shall be solely responsible for any deferred taxes or rollback taxes, for taxes applicable to years prior to the year in which each Closing occurs, and for late payment fees or other penalties, if any. This Section shall survive the Closings.

**9. Condemnation and Casualty.** The risk of casualty, condemnation or eminent domain shall be borne by Seller until the Closings. In the event of any negotiations with any authority regarding the payment of any awards or other sums or regarding any settlement on account of any damaging, taking or acquiring through condemnation or eminent domain, Seller shall inform Purchaser of all such negotiations of which Seller has notice and will permit Purchaser to take part therein. If prior to Closing, all or any portion of the Real Property is condemned or taken, or threatened to be condemned or taken, by any authority, or any portion of the Real Property suffers a casualty loss, Seller shall give Purchaser immediate notice thereof with a complete description of all relevant information and complete copies of all relevant documentation. Within thirty (30) days after such notice, Purchaser may elect to either (i) terminate this Agreement; (ii) terminate this Agreement with respect to the impacted Lot(s); or (iii) proceed toward Closing, provided that (y) the Purchase Price shall be reduced by the total of any awards, settlement proceeds or other proceeds received by Seller prior to Closing that occurs after the date on which the proceeds are determined with respect to any damage or taking (or if proceeds are not determined before the final Closing, no reduction will be applied, but the following subsection (z) shall apply), and (z) Seller shall assign to Purchaser all rights of Seller in and to any future awards, settlement proceeds or other proceeds that are payable on or after the Closing.

**10. Seller's Representations and Warranties.** Seller represents and warrants to Purchaser that, as of the Effective Date and as of each Closing, that:

a. Seller has good and marketable fee simple title to the Real Property, free and clear of all liens, encumbrances and other matters (other than the Permitted Exceptions); there are no parties other than Seller with any interest in the Real Property (e.g., marital, homestead, option, right of first refusal, leasehold, license, or otherwise); and Seller is in sole and exclusive possession of the Real Property and no person or entity claims any right of possession to all or any portion thereof;

b. Seller is a limited liability company, duly organized, validly existing, and in good standing under the laws of North Carolina and is duly authorized to conduct business in the Governing Jurisdiction;

c. Seller has (i) full authority to execute this Agreement and convey the Lots to Purchaser and execute and deliver the Deed and such other documents, instruments, affidavits and certificates as are necessary or desirable to effectuate the sale of the Lots; (ii) been duly authorized and empowered to enter into this Agreement and to perform fully its obligations hereunder, such obligations constitute the valid and binding obligations of Seller, enforceable in accordance with their terms; (iii) no further consents or signatures of any other person, entity, public body, or court are required in connection with this Agreement and the performance of all obligations hereunder; and (iv) the execution and delivery of this Agreement and the consummation of this transaction will not result in a breach of any of the terms of, or constitute a default under, any (a) indenture, contract or instrument to which Seller is a party or by which Seller or the Real Property is bound, or (b) law, order, ruling, ordinance, rule or regulation with respect to Seller or the Real Property or the use or construction thereof;

d. No commitments have been made to any governmental authority, utility company, school board, church, religious body, homeowner's association, or other organization, group, or individual that would impose an obligation upon Purchaser to construct any improvements, to make any contribution of money, to dedicate any land or to maintain any land or improvements; all assessments against the Real Property or any Lots are shown in the official records of the Governing Jurisdiction; no site or area improvements have been constructed or installed by any public authority, the cost of which may be assessed in whole or in part against any part of the Real Property; the Real Property is not subject to the imposition of impact or development fees, or if it is subject to any impact fee, Seller has paid or prior to the first Closing will have paid, such fee; and Seller has not been notified of any possible future improvements that might create an assessment against any part of the Real Property;

e. There is no pending, or to the best of Seller's knowledge, any threatened taking or condemnation of the Real Property or any portion thereof, or any action, litigation or proceeding by any organization, person or governmental agency affecting the Real Property or Seller;

f. Seller has received no written notice of and, to the best of Seller's knowledge, there are no uncured violation of any law, regulation, ordinance, order or judgment with respect to Seller or affecting the Real Property or the use or construction thereof;

g. During the time Seller has owned the Real Property, and to the best of Seller's knowledge with regard to the time prior to Seller's ownership of the Real Property: (i) none of the Real Property has been excavated; (ii) no landfill was deposited on or taken from the Real Property; (iii) no construction or other debris (including, without limitation, organic materials, strippings, rocks, stumps or concrete) has been buried upon the Real Property; (iv) the Real Property has not contained a bury or borrow pit; and (v) the Real Property has not contained a cattle-dipping vat;

h. There is not pending, or, to the best of Seller's knowledge, any threatened, except as contemplated by this Agreement, reclassification of any or all of the Real Property for local zoning purposes;

i. There is no litigation, arbitration, or proceeding pending, or to the best of Seller's knowledge, threatened, before any court or administrative agency that relates to or affects the Real Property, the Lots, Seller's performance hereunder, or Purchaser's Intended Use of the Lots, or which will result in a lien, charge, encumbrance, or judgment against any part of or any interest in the Real Property;

j. There are no existing, pending or alleged restrictions to the development of the Real Property or the Intended Use;

k. The Real Property has not been, and is not being, assessed or taxed under any agricultural, forest, special use, open space, "Greenbelt", "Conservation Use", "Current Use", "Green Acres" or similar valuation or program, and if the Real Property has been or is now being so assessed or taxed, then Seller shall pay all applicable taxes associated with the change in use contemplated by Purchaser as and when such taxes are assessed;

l. Seller has filed all federal, state and local tax returns as required by law with respect to Seller and the Real Property;

m. The Real Property has, and the Lot(s) at each Closing will have, full and free access to and from publicly dedicated and accepted streets and/or roads;

n. The Lots will comply with all legal requirements for, and be usable as lots upon which a single-family residence can be constructed and used for residential purposes without extraordinary expense for footings, foundation, slab, water and sewer. No portion of a Lot is or shall be located within a flood plain, flood prone area, buffer wetlands, jurisdictional waters or special flood hazard area as indicated by any map or plat issued or controlled by Federal Emergency Management Authority, the Federal Insurance Administration, or any other Governing Jurisdiction. There are no wetlands or state jurisdictional waters located upon any Lot;

o. There are no attachments, executions, assignments for the benefit of creditors or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor relief laws or any other litigation contemplated by or pending or, to the best of Seller's knowledge, threatened against Seller or the Real Property;

p. To the best of Seller's knowledge, the Real Property contains no threatened or endangered species or endangered or protected habitats as defined by applicable Governing Jurisdictions;

q. There are no signs, billboards or leases for the same located on the Real Property or promised in connection with the Real Property;

r. There are no cemeteries, grave sites or burial sites located on or immediately adjacent to the Real Property;

s. To the best of Seller's knowledge, there are no known geological formations or conditions that might affect the use or development of the Real Property;

t. To the best of Seller's knowledge, there are no historically or archeologically significant artifacts located on or immediately adjacent to the Real Property that might affect the use or development of the Real Property or any Lots that would require any type of preservation, excavation or mitigation; and

u. The information and materials furnished and to be furnished to Purchaser, including without limitation the Seller Diligence Items, and Seller's representations and warranties made herein or in connection herewith, are true, complete and accurate and do not omit to include any material information necessary to make the same true or not misleading;

#### 11. Seller's Covenants.

a. **Delivery of Information.** Within five (5) days after the Effective Date, Seller shall deliver a written notice to Purchaser that either attaches the Seller Diligence Items or affirms that Seller does not have one or more of such items in its possession or control. Without limiting Purchaser's remedies under Section 13 of this Agreement, the failure of Seller to deliver the Seller Diligence Items (or provide notice to Purchaser that Seller does not have same) within five (5) days after the Effective Date shall automatically extend the Inspection Period one day for each day delivery of such items or notice is delayed. The "**Seller Diligence Items**" shall include without limitation: (i) surveys; (ii) title reports, commitments and policies; (iii) zoning documents and applications; (iv) existing, proposed, or draft site plans, plats, and development/improvement plans (including, without limitation, any approved master development site plan, off-site improvements plans, and final plat); (v) the preliminary construction drawings for the development of the Real Property, together with CAD files providing all information shown on the construction drawings; (vi) reports, documents and surveys regarding rock tests and other soil conditions; (vii) environmental studies; (viii) threatened and endangered species reports; (ix) wetland delineation studies; (x) other reports, studies and other materials that pertain to environmental hazards, wetlands, flood studies or any aspect of the physical or environmental condition of the Real Property and the property in the vicinity of the Real Property; and (xi) proposed or existing leases, licenses, easements and agreements affecting the Real Property. If this Agreement is terminated prior to the Closing, Purchaser shall promptly return the Seller Diligence Items to Seller.

b. **Governing Documents.** Within sixty (60) days after the Effective Date, Purchaser shall deliver to Seller a proposed draft of the Declaration of Covenants, Conditions and Restrictions (the "**Declaration**") for the Real Property and related governing documents for review and comment by Seller. Purchaser and Seller shall work together in good faith to agree upon the final form and substance of the Declaration and related governing documents during the Inspection Period. The Declaration shall require the formation of a mandatory property owners' association (the "**HOA**") and contain provisions customary in a single-family residential planned unit development, including architectural control provisions applicable to the Lots by an architectural control committee (the "**ACC**"), assessment provisions applicable to the Lots, use restrictions applicable to the Lots, easements over, across, under and through the Lots and common areas, and dispute resolution provisions. Seller shall record the Declaration in the form approved by Purchaser (the "**Approved Declaration**") on or before the Initial Lot Completion Deadline. Among the provisions to be incorporated in the Approved Declaration are the following:

- i. Seller shall be the original "Declarant" and Purchaser shall be designated as the "Approved Builder" and shall have all rights of Declarant concerning easements, easement areas, property for construction and as further agreed between the parties;
- ii. Purchaser shall be a member of the ACC until such time as all Lots have been improved with single-family residences by Purchaser and sold to third parties for use as homes;
- iii. All votes of the ACC shall be unanimous;

- iv. Seller, at its sole cost and expense, shall subsidize and pay when due all costs of the HOA, until such time as control of the HOA is turned over to the residents in accordance with the terms to be set forth in the Approved Declaration;
- v. Control of the HOA shall not be turned over to the residents until all Lots have been developed by Purchaser as single-family residences and sold to third parties to be used as residential homes; and
- vi. Seller shall cause the common areas to be deeded either to the HOA or the appropriate Governing Jurisdiction, when and as may be required by the Declaration, or such Governing Jurisdiction, or when requested by Purchaser, with good and marketable fee simple title, free and clear of all agreements, easements, covenants, restrictions, liens, and encumbrances of any kind, except for those expressly permitted by the Declaration. If Seller does not transfer responsibility to one of the Governing Jurisdictions, Seller shall cause the HOA to be responsible for the maintenance and liability of all storm water management facilities on the Real Property, provided, however, that such transfer must be accompanied by certification from a civil engineer that each water management facility has been constructed in accordance with the plans and prevailing industry practices, is functioning as designed and in the manner required to serve the intended function, and is not in need of immediate maintenance and that provides a projected maintenance budget; must be accompanied by all permits and inspection reports related to such facility, and a cash payment in an amount required to fund any bonding requirement imposed by any of the Governing Jurisdictions plus the amount required for maintenance during the three (3) year(s) following transfer.

c. Approvals. Seller shall at its sole cost and expense obtain the Approvals for the Real Property and the Lots on or before the Approval Deadline. Seller shall be deemed to have obtained an Approval when it is duly issued by the approving agency and all applicable appeal periods, if any, have run without an appeal having been filed. If an appeal has been filed with respect to an Approval, the Approval shall not be deemed obtained until the appeal has been dismissed with finality. Seller shall have the right to appeal the denial of any application for approval and to defend any appeal filed by a third-party. The Approvals may be subject to only such conditions as Purchaser in its commercially reasonable discretion deems acceptable. In the event Seller fails to obtain all the Approvals by the Approvals Deadline, Purchaser may elect to either (i) extend the Approval Deadline for a reasonable period of time (not to exceed 120 days) to permit Seller to obtain any outstanding Approvals, or (ii) terminate this Agreement and receive a full refund of all Earnest Money and neither party shall have any further obligations to the other party thereunder, except as otherwise provided herein. If Purchaser elects to extend the Approval Deadline and Seller fails to obtain all the Approvals by the Approval Deadline as extended by Purchaser, then Purchaser may elect either to terminate the Agreement as provided in the preceding sentence or to waive any Approval that has not been obtained and proceed to Closing.

d. Lot Development. Seller shall develop the Lots for the Intended Use and in accordance with the Development Standards set forth on Exhibit D attached hereto and incorporated herein (collectively the "Development Requirements"). No later than five (5) days from the Effective Date, Seller shall deliver to Purchaser a site plan prepared for submission to Harnett County, a construction plans, monumentation, landscape plan, preliminary engineering plans, a utilities plan (including the location and elevation of septic fields), and a grading plan (collectively the "Final Project Plans"). The "Plan Review Period" shall begin when Seller delivers to Purchaser complete copies of the plans for which it is responsible and will terminate five (5) days thereafter. Seller and Purchaser shall work to reach an agreement on the Final Project Plans during the Plan Review Period. If Purchaser reasonably determines that the Final Project Plans are not acceptable, or the parties are

unable to reach an agreement on the matters described above during the Plan Review Period, either party may terminate this Agreement by written notice delivered to the other party prior to the expiration of the Plan Review Period, whereupon this Agreement shall be deemed terminated and shall be null and void without recourse to either party hereto, except for those obligations which expressly survive the termination of this Agreement, and Escrow Agent shall return the Earnest Money to Purchaser. Within five (5) business days after the expiration of the Inspection Period, Purchaser shall identify the initial Lots which Purchaser desires to purchase ("**Initial Lots**"). Seller shall complete the development of the Initial Lots in accordance with the Development Requirements and provide Purchaser with a written notice ("**Completion Notice**") on or before the Initial Lot Completion Deadline. Upon the delivery of the Completion Notice and prior to the Initial Closing Date, Purchaser may inspect the Initial Lots and complete the "**Lot Inspection Report**" as depicted on **Exhibit E** attached hereto and incorporated herein. In the event any or all of the Initial Lots inspected by Purchaser do not comply with the Development Standards in Purchaser's sole discretion, Purchaser shall notify Seller of the same with a written notice ("**Deficiency Notice**"). Seller shall remedy any deficiencies identified in the Deficiency Notice prior to the Initial Closing Date. Thereafter, at least thirty (30) days prior to applicable Closing date in the Lot Takedown Schedule, Seller shall (i) complete the development of the applicable Lots in accordance with the Development Requirements and (ii) deliver a Completion Notice with respect to such Lots to Purchaser. Upon the delivery of the Completion Notice and prior to the applicable Closing date, Purchaser may inspect the Lots and complete the Lot Inspection Report with respect to each applicable Lot. In the event any or all of the Lots inspected by Purchaser do not comply with the Development Standards in Purchaser's sole discretion, Purchaser shall deliver a Deficiency Notice to Seller, and Seller shall remedy any deficiencies identified in the Deficiency Notice prior to the Final Closing Date.

e. **Maintenance of Infrastructure.** Seller shall maintain all elements of the Development Work (defined in **Exhibit D**), including, but not limited to the water lines, stormwater lines, sediment basins and ponds, all permits obtained by Seller, common areas and streets and all related structures constructed or installed by Seller until such time as the structure has been dedicated to, and accepted by, the applicable Governing Jurisdiction. Seller shall cause such dedication and acceptance to occur no later than ninety (90) days after the Initial Closing. Such maintenance responsibility shall include, but not be limited to, the installation, repair, and replacement of each such structure in accordance with the design, construction and maintenance standards of the applicable Governing Jurisdiction, stabilization of all common areas, conversion and clean-up of all sediment basins and permanent ponds, close-out of the Subdivision's Erosion Control Permit pursuant to all requirements of the North Carolina Department of Environmental Quality. Seller may delegate responsibility for maintenance of stormwater control devices to the HOA only after: (i) delivering to the HOA an operations and maintenance manual for each stormwater control device that is the subject of the transfer; (ii) an engineer certifies to the HOA and to Purchaser that each stormwater control device that is the subject of the transfer has been constructed in accordance with plans that have received all necessary approvals and is functioning properly, (iii) the devices, as constructed, have received approvals, if any, required by governmental authorities, and (iv) the devices have received any routine or preventative maintenance that is needed at the time of transfer. If Purchaser damages any element of the Development Work, Purchaser shall repair such damage within a reasonable time after written demand from Seller.

f. **Preservation of Real Property/Notices.** From and after the Effective Date through the final Closing, Seller shall (i) with the exception of such liens securing the Real Property for the purpose of financing Seller's development of the Real Property which Seller will cause to be released at or prior to Closing of such Lot, not voluntarily convey or encumber any portion of the Real Property or any rights therein, nor enter into any conveyance, security document, option, right of first refusal, easement, lease or other agreement granting to any person or entity any rights with respect to the Real

Property, or any interest therein, nor willingly permit the creation of any lien or encumbrance affecting title to the Lots; (ii) operate and maintain the Real Property in a good and workmanlike manner at least as well as Seller has operated and maintained it prior to the Effective Date, but in no event less than is commercially reasonable, as determined by Purchaser; (iii) notify Purchaser in writing immediately if any representation or warranty becomes untrue or misleading in light of information obtained by Seller after the Effective Date, including without limitation, within three (3) business days after Seller's receipt thereof, give notice to Purchaser of any litigation, arbitration or administrative proceeding concerning or affecting the Real Property, together with copies of all relevant documents; (iv) comply with all requirements of all laws, orders, rulings, ordinances, rules, orders and regulations of any governmental authority having jurisdiction over Seller or the Real Property or the use or construction thereof; (v) maintain, at its expense, insurance policies providing coverages in at least the amounts and against the risks covered by the insurance policies maintained by Seller as of the Effective Date; (vi) pay all amounts due and otherwise discharge all obligations to, its lenders, taxing authorities, and any other person with a lien on the Real Property or with the right to impose a lien on the Real Property following a default by Seller; (vii) maintain the Real Property, including all Lots not yet purchased by Purchaser, free of trash, garbage, refuse and construction debris and shall mow routinely so as to maintain a neat appearance the portion of the Real Property which has not yet been purchased by Purchaser and which is within twenty-five (25) feet of any road or street; (viii) allow Purchaser to place, install and/or construct and maintain a temporary construction office in a location on the Real Property mutually agreeable to Purchaser and Seller at no additional charge to Purchaser; (ix) not install or construct any dwelling, building, fence, wall, outbuilding or any other structure or improvements on the Real Property or any Lot until the complete construction plans for such structures or improvements are approved in writing by Purchaser; (x) not allow or cause any action to be taken that will cause any of Seller's representations or warranties to be untrue or incorrect at Closing, or fail to take any action that may be required to keep such representations and warranties true and correct at Closing.

g. Cooperation. For so long as Seller owns any Lots, Seller shall cooperate with Purchaser in the development of the Real Property and the Lots, specifically including, but not limited to, upon request by Purchaser, consenting to all modifications and amendments to the Approved Declaration

h. Indemnity. Seller shall, and hereby does, indemnify and hold Purchaser harmless from and against any and all liabilities, losses, costs, damages and expenses (including attorneys' fees and expenses and costs of litigation) incurred by Purchaser in any way related to, arising from or regarding (i) the breach of any of Seller's representations or warranties, (ii), the failure of Seller to discharge any covenant imposed on Seller by this Agreement; (iii) the Development Work; (iv) the Approved Declaration or the HOA, including, without limitation, those raised by, involving or effecting the Real Property's residents or any other third parties or Governing Jurisdictions, which indemnity obligation shall survive all Closings or any termination of this Agreement, but excluding any such matters proximately resulting from the acts or omissions of Purchaser or anyone acting by, through or on behalf of Purchaser.

i. Intentionally Omitted.

j. Approvals and Lot Development Schedules. No later than five (5) business days after the Effective Date, Seller shall provide Purchaser with an estimated schedule and timeline for Seller obtaining each of the Approvals and commencement, milestones and completion of all the Development Requirements ("Approvals & Development Schedule"). Without limiting Purchaser's remedies under Section 13 of this Agreement, the failure of Seller to deliver the Approvals & Development Schedule within five (5) days after the Effective Date shall automatically extend the Inspection Period one day for each day delivery of such items or notice is delayed.



12. **Brokerage.** Except as expressly provided herein, Purchaser and Seller agree to indemnify and hold each other harmless from any and all claims of brokers, consultants or real estate agents by, through or under the indemnifying party for fees or commissions arising out of the sale of the Real Property to Purchaser. Purchaser and Seller represent and warrant to each other that they have not employed nor engaged any brokers, consultants or real estate agents to be involved in this transaction. The provisions of this Section 12 shall survive Closing or termination of this Agreement.

13. **Default.**

a. **Purchaser's Default.** If Purchaser defaults in its obligation to purchase the Lots beyond any applicable notice and cure period, Seller's sole and exclusive remedy shall be to terminate this Agreement, whereupon Seller shall receive payment of the Earnest Money as Seller's full liquidated damages as a result of such default. The parties hereby agree that (i) ascertaining the actual damages in the event of such a default is difficult; (ii) it is impossible more precisely to estimate the damages to be suffered by Seller upon Purchaser's default; (iii) such payment of the Earnest Money is intended not as a penalty, but as full liquidated damages; and (iv) the amount of the Earnest Money constitutes a good faith estimate of the potential damages arising therefrom. In no event shall Seller be entitled to pursue any claim whatsoever against Purchaser, under law, in equity, or otherwise, except for its pursuit of Seller's sole and exclusive remedy described above.

b. **Seller's Default.** If Seller defaults in the performance of any covenant or obligation contained in this Agreement beyond any applicable notice and cure period, all Earnest Money shall be refunded to Purchaser, without prejudice to any other legal or equitable right or remedy Purchaser may have against Seller, and Purchaser may terminate this Agreement and/or pursue any such right or remedy, including the right of specific performance. Notwithstanding the foregoing, if Seller shall fail or refuse to perform any of its obligations hereunder and this Agreement is terminated by Purchaser, Seller shall upon demand reimburse Purchaser for any and all actual costs and expenses incurred by Purchaser in connection with the negotiation and execution of this Agreement and Purchaser's due diligence inspections of the Real Property (including but not limited to reasonable attorney's fees and expenses actually incurred) and which reimbursement obligation shall survive termination of this Agreement. In addition, if Seller fails to perform any of its obligations under this Agreement beyond any applicable notice and cure period then, in addition to its other rights hereunder, Purchaser may perform any such work on Seller's behalf, and Seller shall be deemed to have contracted with Purchaser to perform such work. Upon completion of any such work, Purchaser shall submit an invoice to Seller for the costs incurred by Purchaser in performing such work and Seller shall pay such invoice within ten (10) calendar days following its receipt from Purchaser. If Seller fails to pay such invoice within such ten-day period, then Purchaser shall be entitled to a credit against the Purchase Price of the Lots in the amount of such costs. Without limiting the generality of the foregoing, if Seller's failure causes any Governing Jurisdiction to withhold from Purchaser a building permit or final certificate of occupancy with respect to any Lot, for each day such permit or certificate is withheld, Seller shall pay to Purchaser an amount equal to the product of five hundredths of one per cent (0.05%) times Purchaser's cost of acquiring the Lot and the cost of all construction on the Lot.

c. **Notice and Cure Rights.** In the event of a default under any covenant contained in this Agreement, the non-defaulting party shall give the defaulting party notice of such default, specifying in reasonable detail the nature of the default, and the defaulting party shall have fifteen (15) days in which to cure said default.

14. **Defective Lot.** If Purchaser discovers that a Lot is a Defective and if Purchaser cannot repair the defective Lot for less than \$2,000.00 or if the Lot defect(s) increase cost of construction above standard costs by more than \$2,000.00 (in each case as determined by Purchaser), then within five (5) business days after

Purchaser delivers notice of such condition to Seller, Seller shall elect and perform one of the following cures: (a) repair the Defective Lot, (b) instruct the Purchaser to repair the Defective Lot (or incur the additional building expense) at Seller's cost with Seller being obligated to deliver payment to Purchaser within five (5) business days after the presentation by Purchaser to Seller of the invoice for such work; or (c) repurchase the Lot at the same price paid by Purchaser, plus Purchaser's reasonable closing costs and costs for construction on the Lot, in which event Purchaser shall reconvey said Lot to Seller by special warranty deed without liens, easements, or restrictions other than the Permitted Exceptions. Seller shall complete the cure it elects within thirty (30) days after its election. As used herein a "**Defective Lot**" is any Lot that has soil (whether naturally occurring or occurring as a result of activities on the site of persons other than Purchaser) within the Minimum Building Envelope that is unsuitably soft for construction of a slab on grade foundation using Purchaser's customary building practices or a Lot that has rock that requires blasting in the Minimum Building Envelope or in the areas through which utility lines must be installed. This Section shall survive the Closings.

15. **Notices.** All notices and other communications required or provided to be sent by either party shall be in writing and shall be sent by: (a) hand delivery, in which case notice shall be deemed given upon receipt or refusal to accept delivery; (b) registered or certified mail, postage prepaid, return receipt requested, in which case notice shall be deemed delivered two (2) business days after being deposited in the United States Mail; (c) reputable, national overnight delivery service (e.g., Federal Express, DHL, UPS), in which case notice shall be deemed given one business day after being deposited with such carrier for overnight delivery; or (d) electronic transmission (electronic mail or other similar device), in which case notice shall be deemed delivered upon transmission of such notice, provided that an original of such notice is also sent contemporaneously with the electronic transmission to the intended addressee by means described in clauses (a), (b) or (c) above. All notices shall be addressed to Purchaser via the Purchaser Notice Address, to Seller via the Seller Notice address, and to Escrow Agent via the Escrow Agent Notice Address as defined in Section 1 above. Any address or name specified above may be changed by notice given to the addressee by the other party in accordance with this Section 15 by giving at least ten (10) days prior written notice thereof. The inability to deliver a notice because of a changed address of which no notice was given or any rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any telephone numbers set forth above are provided for convenience only and shall not alter the manner of giving notice set forth in this Section 15. Notices received on a day that is not a business day shall be deemed received on the next business day, and any email or other electronic transmission received after 5:00 p.m. Eastern Time shall be deemed received on the next business day. Any notice to be given by any party hereto may be given by the counsel for such party.

16. **Signage.** Purchaser shall have the right to locate marketing and directional signage at the Real Property entrance and other such locations throughout the Real Property at any time after the contract has been signed by all parties. Seller acknowledges the importance to Purchaser of protecting its brand, including trademarks, service marks and other images. All printed and electronic materials, advertising copy, scripts, billboards and monument and other signage (collectively, "**Marketing Materials**") developed and/or used by Purchaser may (but shall not be required to) utilize Purchaser's then-standard or specially-designed trademarks, service marks and designs, including colors, fonts and other design characteristics, or such other design characteristics as Purchaser shall desire. Nothing contained in this Agreement or in any course of dealing shall grant Seller the right to use any Marketing Materials.

17. **Insurance.** Seller shall maintain at all times during the term of this Agreement, commercial general liability insurance policy ("**CGL**") and commercial umbrella insurance with a limit of not less than \$2,000,000 per occurrence with commercially reasonable deductibles. If such CGL insurance contains a general aggregate limit, such limit shall apply separately to the Agreement and the matters contemplated therein. CGL insurance shall be written on the ISO commercial general liability occurrence form and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and liability assumed under an insured contract (including tort liability of another assumed in

a business contract). There shall be no endorsements or modifications of the CGL limiting the scope of coverage for liability arising from pollution, collapse, underground property damage or work performed by subcontractors. Purchaser shall be included as an additional insured under the CGL and under the commercial umbrella, if any, using the current ISO additional insured endorsements. Seller waives all rights against Purchaser and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Seller's CGL or commercial umbrella liability insurance maintained or required to be maintained by Seller. Seller shall maintain workers' compensation required by law and employer's liability insurance with commercially reasonable limits.

**18. Standard Provisions.**

a. This Agreement shall be interpreted in accordance with the laws of the state in which the Real Property is located.

b. Time is of the essence for any actions to be taken pursuant to this Agreement.

c. This Agreement constitutes the sole and entire agreement of the parties and is binding upon and shall inure to the benefit of Seller and Purchaser, their respective heirs, successors, legal representatives and permitted assigns. The rights and obligations of Purchaser under this Agreement may be assigned by Purchaser to any entity. The rights and obligations of Seller under this Agreement may not be assigned. If Seller consists of more than one person or entity (i) each reference to Seller herein shall be deemed to refer to each person or entity constituting Seller, both individually and in the aggregate, and (ii) each person or entity constituting Seller shall be jointly and severally liable for all liabilities and obligations of Seller hereunder. All prior discussions, negotiations and agreements are merged herein and have no further force or effect. This Agreement may not be modified or amended except by an agreement in writing signed by Purchaser and Seller. This Agreement may be executed in separate counterparts, and such counterparts shall constitute one and the same document. Further electronic signatures shall be as binding as originals, and signatures transmitted by electronic means shall be deemed originals and shall be binding upon the Purchaser and Seller.

d. All representations and warranties contained in this Agreement or given in connection herewith, together with all covenants expressly surviving Closing, shall survive Closing and delivery of the Deed and other documents delivered at Closing and shall not be merged with delivery thereof. The Closing attorney is directed to provide contract survival language in the Closing documentation, but failure to include such language shall not obviate such survival.

e. As used herein, the term "business day" shall mean a day that is not a Saturday, Sunday, or legal holiday. In the event the date for the performance of any covenant or obligation under this Agreement shall fall on a day that is not a business day, the date for performance thereof shall be extended to the next business day. Similarly, in the event the day for the performance of any covenant or obligation under this Agreement involving Escrow Agent shall fall on a business day on which Escrow Agent is closed for business to the public, the date for performance thereof shall be extended to the next business day on which Escrow Agent is open for business to the public. In the event the date for the performance of any covenant or obligation under this Agreement involving Settlement Agent shall fall on a business day on which Settlement Agent is closed for business to the public, the date for performance thereof shall be extended to the next business day on which Settlement Agent is open for business to the public. Unless otherwise specified, in computing any period of time described herein, the day of the act, event, notice, or default after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such day is not a business day.

f. Any approval or determination given, withheld or made by Purchaser under this Agreement shall be in Purchaser's sole and absolute discretion, and any approval hereunder shall only be effective if Purchaser gives Seller notice of such approval or determination prior to the approved action being taken.

g. If any provision of this Agreement shall be declared invalid or unenforceable by laws applicable thereto, or unenforceable as to certain parties, then the performance of such provision shall be excused by the parties hereto and the remaining provisions of this Agreement shall remain in full force and effect.

h. The titles, captions and Section headings are inserted for convenience only and are in no way intended to interpret, define or limit the scope or content of this Agreement or any provision hereof. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

i. Any controversy or claim arising out of or related to this Agreement, the Real Property, the Lots, or any of them, including, but not limited to, those arising out of or arising from an alleged breach of contract and any claim based on or arising from an alleged tort, shall be determined by binding arbitration in accordance with the rules of practice and procedure for arbitration of commercial disputes of the American Arbitration Association ("**AAA**"), and the additional rules set forth below. If any inconsistency, the additional rules set forth below shall control. The claimant shall submit a demand for arbitration by giving written notice to all other parties stating plainly and concisely the nature of the claim, the remedy sought and claimant's demand for arbitration ("**Arbitration Notice**"). The parties to the arbitration shall work to select a mutually acceptable arbitrator, who must be an attorney licensed to practice law in the state in which the Real Property is located with not less than five (5) years' experience in the area of real estate development. If the parties have not selected an arbitrator within thirty (30) days after the date of the Arbitration Notice, any party may notify the AAA, which shall appoint the arbitrator that meets the qualifications set forth above. The arbitrator selected by the parties or appointed by the AAA shall, immediately following such selection or appointment, disclose in writing to all parties any circumstance likely to affect, or that could reasonably be perceived as affecting impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("**Bias Disclosure**"). If any party objects to the service of the arbitrator after receipt of the Bias Disclosure, such arbitrator shall be replaced in the same manner in which that arbitrator was selected. The arbitrator shall fix the date, time and place for the hearing; provided that the hearing must be commenced within ninety (90) days after the demand for arbitration. The arbitrator may, only upon a showing of cause, extend the commencement of such hearing for up to an additional sixty (60) days. The hearing shall be conducted within the county in which the Real Property is located, unless otherwise agreed by the parties. The award shall be rendered immediately following the close of the hearing, if possible, and no later than fourteen (14) days from the close of the hearing, unless otherwise agreed by the parties. The award shall be in writing, and shall be signed by the arbitrator. The arbitrator's award will be final and binding on the parties. The prevailing party shall be entitled to recover all of its costs and expenses, including attorneys' fees, incurred in connection with the recovery of such relief. Provided, however, that such expenses, other than attorneys' fees, recovered under this subsection shall be recovered only if and to the extent reasonably incurred; attorneys' fees shall be recoverable only to the extent that such fees are charged in good faith for services actually rendered at the rates customarily charged by the lawyers rendering such services in conformity with their standard billing practices and all applicable ethical codes. The party against whom the award is entered shall pay the arbitrator's fee, facilities fees, and all other costs associated with the arbitration. Any party to this Agreement may bring an action, including a summary or expedited proceeding, in any court having proper jurisdiction over such action to (1) obtain immediate injunctive relief, (2) support the filing of a notice of lis pendens, (3) compel arbitration of any controversy or claim to which this Agreement

applies, or (4) to enforce any arbitration award or for the entry or enforcement of a judgment based on such award.

j. Any failure or delay of Purchaser or Seller to enforce any term of this Agreement shall not constitute a waiver of such term, it being explicitly agreed that such a waiver must be in writing and given pursuant to Section 15. Any such waiver by Purchaser or Seller shall not be deemed to be a waiver of any other breach or of a subsequent breach of the same or any other term.

k. Upon the termination of this Agreement pursuant to its terms, the Earnest Money shall be (i) refunded to Purchaser (less \$100.00, which shall be paid to Seller as independent contract consideration), or (ii) paid to Seller if required under the "Purchaser's Default" Section. In either case Purchaser and Seller shall thereafter have no further rights, obligations or liabilities hereunder other than those expressly surviving termination.

l. In the event of any litigation or arbitration between Purchaser and Seller regarding this Agreement, the losing party shall promptly pay the prevailing party's attorneys' fees and expenses and costs of litigation. As used herein, the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise, settlement or judgment. If the party which commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.

m. Seller and Purchaser hereby certify to the other that (i) it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order of the United States Treasury Department as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity, or nation.

#### 19. Environmental Matters/Hazardous Substances.

a. Definition of Hazardous Substances. "**Hazardous Substances**" shall mean and include those elements or compounds which are contained in the list of hazardous substances adopted by the United States Environmental Protection Agency ("**EPA**") and the list of toxic pollutants designated by Congress or the EPA or defined by any other statute, law, ordinance, code, rule, regulation, order or decree of any Governing Jurisdiction regulating, relating to or imposing liability (including strict liability) or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or any time hereinafter may be in effect.

b. Representations, Warranties and Covenants. Seller hereby represents, warrants and covenants to Purchaser as follows (all of which shall survive Closing and any investigation or knowledge of Purchaser prior to Closing):

- i. To Seller's knowledge: (A) neither Seller nor any third party, has used, generated, manufactured, stored or disposed of any Hazardous Substance in, at, on, under or about the Real Property or transported any Hazardous Substance to or from the Real Property; (B) the Real Property is not in violation, nor has been or is currently under investigation for violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene, worker health and safety, or to the environmental conditions in, at, on, under or about the Real Property including, but not limited to, soil and groundwater conditions; (C) the Real Property has not been subject to, and is not within 2,000 feet of, a deposit of any Hazardous Substance;

(D) there has been no discharge, migration or release of any Hazardous Substance from, into, on, under or about the Real Property; and (E) there is not now, nor has there ever been on or in the Real Property underground storage tanks or surface or below-grade impoundments, any asbestos-containing materials or any polychlorinated biphenyls used in hydraulic oils, electrical transformers or other equipment.

- ii. Effective as of Closing, Seller assigns to Purchaser as of Closing all claims, counterclaims, defenses or actions, whether at common law or pursuant to any other applicable federal or state or other laws which Seller may have against any third parties relating to the existence of any Hazardous Substance in, at, on, under or about the Real Property or any of the Lots.
- iii. Seller shall defend (using counsel acceptable to Purchaser), indemnify and hold harmless Purchaser and Purchaser's officers, directors, employees, agents, shareholders, members, managers, attorneys and their respective representatives and successors in interest (collectively, the "**Indemnitee**") from any liability, loss, cost, damage or expense, including, without limitation, court costs, expert witness fees and attorneys' fees, that Indemnitee may suffer or incur as a result of any claim, demand, action, cost or judgment made or obtained by any individual, partnership, corporation, entity, governmental agency or person which arises out of or results from the breach of Seller's representation in this Section 19.

20. **Memorandum of Agreement.** Upon the request of Purchaser, Seller and Purchaser shall execute a memorandum of this Agreement, in a form reasonably acceptable to Purchaser, which may be recorded in the applicable land records.

21. **Exhibits.** The following exhibits are attached hereto and made a part hereof:

<u>Exhibit</u>	<u>Description</u>
Exhibit A	Legal Description
Exhibit B	Preliminary Plat
Exhibit C	Escrow Agreement
Exhibit D	Development Standards
Exhibit E	Lot Inspection Report
Exhibit F	Lot Takedown Schedule

22. **Tax-Deferred Exchange.** In the event Seller wishes to effect a tax-deferred exchange in connection with the conveyance of the Lots, the parties agree to cooperate in effecting such exchange; provided however, that Seller will be responsible for all additional costs associated with such exchange, and provided further, that Purchaser shall not assume any responsibility with respect to such tax-deferred exchange. The Parties shall execute such additional documents, including assignment of this Agreement, in connection therewith at no cost to the Purchaser, as shall be required to give effect to this provision.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have set their respective hands and affixed their seals the day and year indicated.

**Seller:**

HARRINGTON PROPERTIES OF NC, LLC.,  
a North Carolina limited liability company

By: Brandon Harrington (Seal)  
Brandon Harrington  
Member/Manager

Date: 12/6, 2022

By: Christopher Harrington (Seal)  
Christopher Harrington,  
Member/Manager

Date: 12-6, 2022

**Purchaser:**

SDH RALEIGH LLC,  
a Georgia limited liability company

By: Joel Geniesse (Seal)  
Joel Geniesse, President

Date: 12/14, 2022

Exhibit A  
Legal Description of Real Property

Tract 1:

BEING ALL OF TRACT 1, containing 25.92 acres, more or less, as shown on the survey entitled, "Boundary Survey for: (Owners) William D. Harrington Jr. Trust & James K. Harrington Trustee", by Mitchell W. Cole, PLS, dated November 9, 2021, revised December 18, 2021, and recorded in Plat cabinet 2021, Page 617, Harnett County Registry.

Parcel # 139681 - 0024 - 01

Tract 2:

BEING ALL OF TRACT 2, containing 47.49 acres, more or less, as shown on the survey entitled, "Boundary Survey for: (Owners) William D. Harrington Jr. Trust & James K. Harrington Trustee", by Mitchell W. Cole, PLS, dated November 9, 2021, revised December 18, 2021, and recorded in Plat cabinet 2021, Page 617, Harnett County Registry.

Parcel # 139681 - 0024

Tract 3:

BEING ALL OF TRACT 3, containing 4.0 acres, more or less, as shown on the survey entitled, "Boundary Survey for: (Owners) William D. Harrington Jr. Trust & James K. Harrington Trustee", by Mitchell W. Cole, PLS, dated November 9, 2021, revised December 18, 2021, and recorded in Plat cabinet 2021, Page 617, Harnett County Registry.

Parcel # 139681 - 0024



Exhibit B -Preliminary Plat

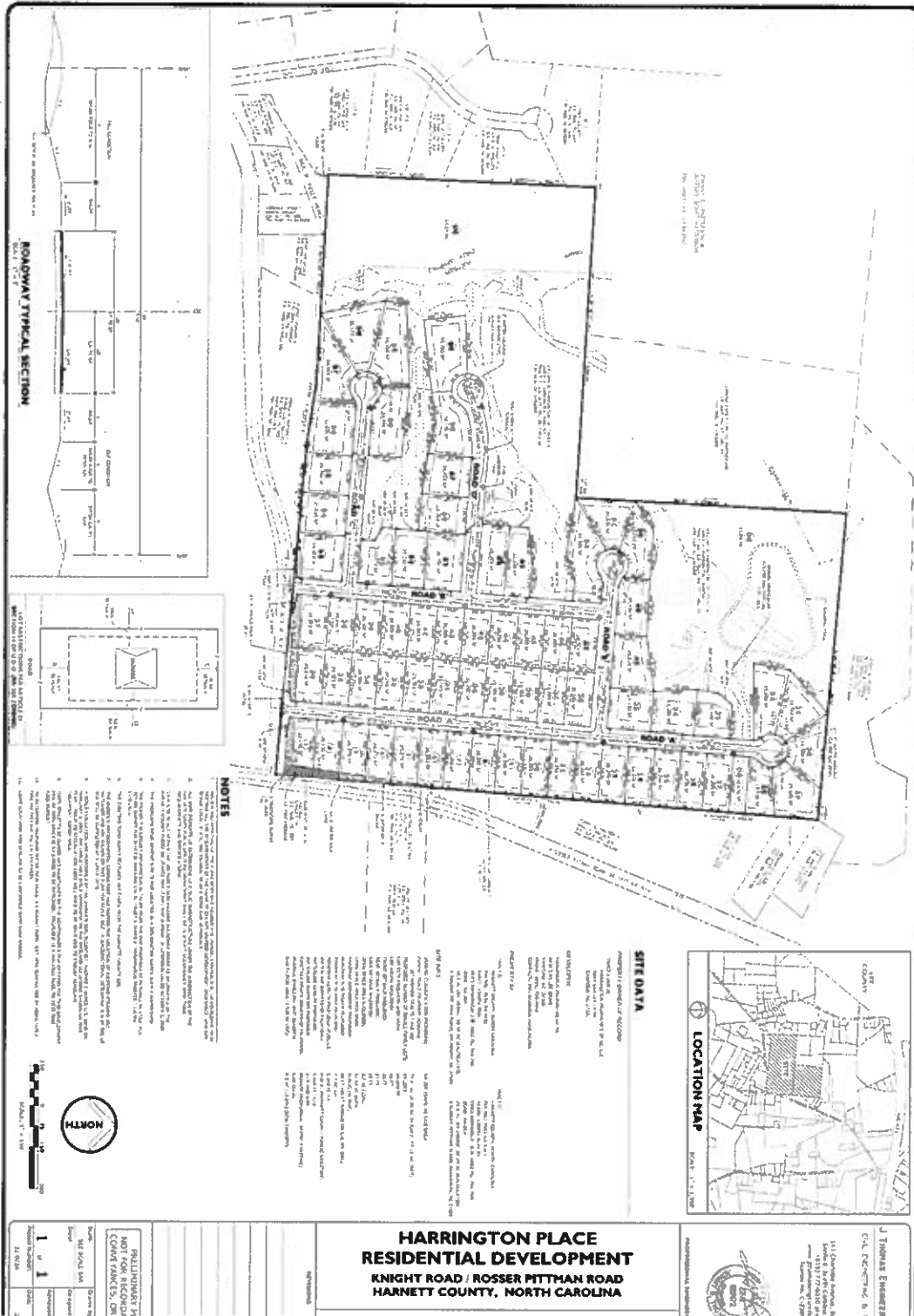


Exhibit C  
**ESCROW AGREEMENT**

THIS ESCROW AGREEMENT ("**Agreement**"), is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022 by and among HARRINGTON PROPERTIES of NC, LLC., a North Carolina limited liability company, having as mailing address: 2659 San Lee Drive, Sanford, NC 27330, ("**Seller**"); SDH RALEIGH LLC, a Georgia limited liability company, having as a mailing address: 2520 Reliance Ave., Apex, NC 27539 ("**Purchaser**"); and INVESTORS TITLE INSURANCE COMPANY, a North Carolina corporation, having as a mailing address: 121 North Columbia St., Chapel Hill, NC 27514, Attention: Gina Webster ("**Escrow Agent**").

WITNESETH

WHEREAS, Seller and Purchaser have entered into that certain Lot Purchase Agreement having an Effective Date of \_\_\_\_\_, 2022 ("**Sales Contract**"), as to certain unimproved real property (the "**Real Property**") situated in Harnett County, in the State of North Carolina; and,

WHEREAS, Purchaser and Seller have appointed Escrow Agent to hold earnest money, which earnest money will be held in accordance with the terms of this Agreement and the Sales Contract.

NOW, THEREFORE, in furtherance of the transaction contemplated hereby and for and in consideration of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) cash paid in hand to Escrow Agent by Purchaser and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Seller and Purchaser hereby designate, constitute and appoint Investors Title Insurance Company as the "**Escrow Agent**" under this Agreement to hold earnest money in the amount of FIVE HUNDRED EIGHTY-EIGHT THOUSAND AND NO/100 DOLLARS (\$588,000.00), and Escrow Agent accepts such designation and appointment and agrees to act in accordance with the terms of this Agreement and the Sales Contract. It is hereby expressly understood and agreed that if a conflict should arise as between the terms of this Agreement and those of the Sales Contract, the terms of this Agreement shall control. Seller and Purchaser agree (a) that Escrow Agent shall be a stakeholder only and not liable for any losses, costs or damages it may incur in performing its responsibilities hereunder unless such losses, costs, or damages shall arise out of the willful default or gross negligence of Escrow Agent or its agents, (b) that no releases or disbursements shall be made hereunder except in accordance with the terms of the Sales Contract and upon consistent written instructions from both Seller and Purchaser or their successors or assigns; and (c) in the event of a dispute hereunder between Seller and Purchaser (or their successors or assigns), Escrow Agent shall have the right, exercisable in its sole discretion, to be discharged by tendering unto the registry or custody of any court of competent jurisdiction, the closing documents and funds held by Escrow Agent, together with any such legal pleadings as it deems appropriate. Seller and Purchaser shall indemnify, save, and hold harmless Escrow Agent for all of its expenses, costs and, reasonable attorneys' fees incurred in connection with said interpleader action.

2. In accordance with the terms of the Sales Contract and upon receipt of consistent written instructions from both Seller and Purchaser, or their respective counsel, Escrow Agent shall disburse the funds held in escrow in accordance with the Sales Contract and the written instructions signed by both Purchaser and Seller, or their respective counsel. Said written instructions may be given in duplicate counterparts and by facsimile or electronic mail. Escrow Agent shall have the right to deduct Escrow Agent's unpaid fee and any costs Escrow Agent has incurred for overnight delivery charges or wire transfer fees from the funds held prior to disbursement.

3. All checks, money orders, or drafts deposited with Escrow Agent under this Agreement will be processed for collection in the normal course of business. Escrow Agent will not commingle funds received by it in escrow with funds of others and shall deposit such funds in a separate escrow account with a federally insured Bank. Escrow Agent shall not be liable for any loss caused by the failure, suspension, bankruptcy, or dissolution of any such investment vehicle or fund.
4. Escrow Agent shall not be liable for any loss or damage resulting from the following:
  - (i) Any default, error, action, or omission of any other party.
  - (ii) The expiration of any time limit unless such time limit was known to Escrow Agent and such loss is solely caused by failure of Escrow Agent to proceed in its ordinary course of business.
  - (iii) Any loss or impairment of funds while on deposit with a federally insured Bank resulting from failure, insolvency, or suspension of such institution.
  - (iv) Escrow Agent complying with any writ, order, judgment, or decree of any court whether issued with or without jurisdiction and whether or not subsequently vacated, modified, set aside, or reversed.
5. Escrow Agent shall be entitled to rely upon the instructions and other matters covered thereby, and shall not be required to investigate the authority of the person executing and delivering such instructions, or otherwise verify the accuracy of the statements of information presented therein.
6. The terms and provisions of this Agreement are for the benefit of Seller, Purchaser, and Escrow Agent and their respective successors and assigns only. Nothing contained herein shall be deemed or construed to inure to the benefit of any other person or party, it being the express intent of Seller, Purchaser and, Escrow Agent that no such person or party shall be entitled to any of the benefits hereof, except as herein expressly provided.
7. Time is of the essence of this Agreement.
8. This Agreement is intended as a contract under the laws of the North Carolina and shall be governed thereby and construed in accordance therewith.
9. This Agreement may be executed by facsimile signatures, which for all purposes shall be deemed to constitute originals. This Agreement may be executed in counterparts, all of which when taken together shall be deemed one original.
10. Any interest earned on the funds held in escrow shall accrue to the benefit of Purchaser, whose tax identification number is 81-1053624, and said beneficiary authorizes Escrow Agent to sign any necessary signature cards on its behalf.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the day,  
month and year first above written.

SELLER:

HARRINGTON PROPERITES OF NC, LLC.,  
a North Carolina limited liability company

By: Brandon Harrington  
Brandon Harrington, Member/Manager

Date Signed: 12/6, 2022

By: Christopher Harrington  
Christopher Harrington, Member/Manager

Date Signed: 12-6, 2022

PURCHASER:

SDH RALEIGH LLC,  
a Georgia limited liability company

By: [Signature]  
Voel Geniesse, President

Date Signed: \_\_\_\_\_, 2022

ESCROW AGENT:

INVESTORS TITLE INSURANCE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_, 2022

Exhibit D  
Development Specifications

Page 1 of 2  
Development Specifications  
(80 Foot Lots – Septic Community)

1. All streets and utilities including storm sewers and retention/detention shall be completed to County/City standards and dedicated to the County/City.
2. The required street improvements include clearing, grading, storm sewer, water, curbing (if applicable), paving, underground power, telephone, cable TV, and natural gas (if available).
3. Building Pad size shall be 60' x 72' (except as provided for in Section 1.n. of the Agreement) and such dimensions shall be net of easements and setbacks. Seller is to provide Suitable Soils Map identifying location of soils on all lots, outside of proposed temporary sediment basins, confirming adequate soils available for standard septic fields on each proposed lot.
4. On cul-de-sac lots, minimum frontage as measured at the curb shall be 20 feet, net of any drainage swales and easements.
5. Drainage swales and easements shall be located so that they do not interfere with the drive for that lot.
6. Street grade shall not exceed 6%.
7. All debris must be burned or hauled off. No burying or creation of berms shall be allowed on the lots or right of way without express written permission with the details as to the location, depth, cover etc. are agreed upon.
8. Developer shall handle any replanting requirements by coordinating the time of the replanting with the Purchaser so as not to hold up the issuance of any certificate of occupancy.
9. All slopes within lots in the community shall be graded to plan and not to exceed 4:1 horizontal to vertical and shall be walked in by dozer. Lips at top of slopes will be required as well as slope drains to protect the slopes. All open ditches and swales shall have a minimum grade of 2% to ensure positive drainage.
10. Lot frontage right-of-way grades shall be completed prior to installation of underground electrical systems so that no grade shall exceed 4:1 slope from the edge of pavement to the lot front setback line.
11. Seller shall be responsible for grassing and maintaining all disturbed acreage in the development. Type of grass and method of planting shall conform to the municipality soil erosion control manual. In the event there is no soil erosion control manual, the Seller shall determine the grassing specifications based on type and size of slopes, orientation of slopes and time of year.
12. If rock is encountered within the house pad on any lot in the development, Seller shall remove said rock to a depth of not less than 2 feet below the finished grade. If rock is encountered in any areas where Purchaser will run utilities or underground services, Seller shall excavate the rock to a depth not less than 2 feet below the desired elevation of said utility or service. In both instances clean fill shall be brought in and compacted to the specified finished grade.
13. All temporary sediment basins shall be filled and compacted to 95% of standard proctor where basins are located within the Building Pad (60' x 72') and driveway area, when allowed by the governing authority. Seller to provide Purchaser with a soil engineer's letter certifying compaction on each lot, where applicable, prior to the Closing on that lot.
14. There will be no basement lots without Purchaser's approval.
15. Seller is responsible for installing all drainage areas according to government specifications, including, if necessary, clearing and cutting swales to flow water. Exceptions to be approved. All drainage and other type easements must comply with (HUD) FHA & VA guidelines.
16. All streetlights, if any, to be placed by a plan approved by Purchaser. It is understood that Harnett County requires lights per 300' and Duke Energy will be providing the lighting design and installation of streetlights.

Page 2 of 2  
Development Specifications  
(80 Foot Lots – Septic Community)

17. Seller will develop the Subdivision so that it meets all applicable governmental regulations and the requirements of this Agreement. Seller, at its sole cost and expense (including furnishing any required maintenance bond or deposit) shall timely cause all roads, storm sewer facilities, water lines and drainage easements in the Subdivision to be dedicated to the applicable governmental authority prior to closing of the first Lot, and thereafter timely accepted by that authority.
18. Seller shall install all water lines, including laterals and water meter boxes, at its expense and shall furnish Purchaser with as-built water layouts. The water meter box shall not be more than 5' horizontally from the side property line and 1' from the front of the property line and outside of the driveway. Seller agrees to reimburse Purchaser for all expenses incurred by Purchaser to locate water laterals and water meter boxes not properly located.
19. The corners of all Lots shall be staked and flagged and pins shall be placed at all corners prior to closing.
20. Seller will develop the Subdivision without any permanent retention ponds that unduly affect the value of any of the Lots, however, if such permanent retention pond(s) exists, Seller shall install and maintain the same per County rules and regulations. All permanent retention ponds to be approved by Purchaser prior to final engineering.
21. Seller is responsible for the silt fencing that relates to the development of the Subdivision but not home construction. Should the Seller or his grading contractor deliver completed pads to the Purchaser then the Seller or their grading contractor shall install silt fence along any and all downhill sides.
22. Prior to closing, Seller shall install all surface drainage and swales to ensure that there shall be no standing water 24 hours after a rain and there shall be a minimum 2% fall in the drainage swale. All drainage shall comply with all state and local codes and requirements.
23. Seller shall cause each Lot to be served by underground electricity, telephone, cable TV and gas (if available). In the event the Lots are not timely delivered, or in the event Purchaser elects (at its sole discretion) to close on Lots prior to the installation of utilities, Seller agrees to reimburse Purchaser the cost of rental generators until same are installed and operational. Prior to the Initial Closing, Seller shall supply Purchaser with letters confirming the availability of electric, telephone and internet services for each Lot within the subdivision, which services will be installed upon request.
24. Seller shall install street signs in accordance with applicable governing body requirements.
25. Seller will comply with all applicable laws, ordinances, regulations and restrictions relating to the development of the Lots.
26. Prior to completing acceptance walks with the Purchaser, Seller agrees to have each lot corner staked so that individual lot septic layouts can be determined for each lot by Purchaser.

EXHIBIT E

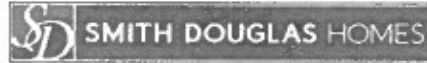


Exhibit - Site Inspection Checklist - Neighborhood, Common Areas, Ponds

Community:	
Phase:	
Number of Lots:	
Plat Filed With Register of Deeds:	Enter Date
All Development Fees Paid:	Yes or No, Any Outstanding?
<b>Inspection Summary:</b>	
Date of Inspection:	
Smith Douglas Representative:	<i>Authorized Representative</i>
Developer Representative:	
<b>Inspection Completion Sign-Off (Initial that Work is Complete)</b>	
Date of Completion:	
Smith Douglas Rep Initials:	
Developer Initials:	

Notes: Refer to Development Specifications for full list of requirements.

Enter "A" for Accepted, "NA" for Not Applicable

INSPECTION ITEMS	Neighbor- hood	Amenity	Mail Kiosk	Entrance Feature	Common Space ENTER AREA	Common Space ENTER AREA	Comments
Completed Per Design							
Buffer and or Other Plantings Installed							
Fire Hydrants/Water Valves							
Street Storm Drainage Installed							
Sidewalks installed							
Trash and debris removed							
Area has been mowed							
Signage installed							
Lighting Installed							
As built received (for lots and project)							
<b>Dry Utilities Installed</b>							
1) Underground power							
2) Telephone							
3) Cable TV							
4) Natural Gas							
5) Verify elevation & location of transformer pads							
6) Verify elevation and location of pedestals							
<b>Retaining Walls (Common Areas)</b>							
1) Installed in accordance with plans							
2) Engineer's certification of design and construction delivered to Buyer							

Site Erosion Control Measures	Initial Walk	Comments	
1) Disturbed areas are stabilized			
2) Silt fence and tree save fence installed and in good repair			
3) Yard inlets / Drop Inlets 100% & clean			
4) Catch basins complete and clean			
5) Street Inlet Protection Installed			
POND / STORMWATER FACILITIES			
0			
Detention Pond 1	Initial Walk	Final Walk	Comments
1) Fence installed (if required)			
2) At final grade			
3) No trash, excess silt			
4) Hydroseeded			
5) Conversion completed			
6) Engineer's certification of design and construction delivered to Buyer			
Detention Pond 2	Walk 1	Final Walk	Comments
1) Fence installed (if required)			
2) At final grade			
3) No trash, excess silt			
4) Hydroseeded			
5) Conversion completed			
6) Engineer's certification of design and construction delivered to Buyer			
Detention Pond 3	Walk 1	Final Walk	Comments
1) Fence installed (if required)			
2) At final grade			
3) No trash, excess silt			
4) Hydroseeded			
5) Conversion completed			
6) Engineer's certification of design and construction delivered to Buyer			





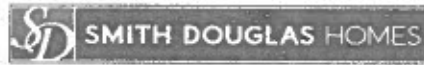


Exhibit - Lot Inspection Checklist

Community:											
Phase:											
Number of Lots:											
<b>Inspection Summary:</b>											
Date of Inspection:											
Smith Douglas Representative: <small>(Authorized Representative)</small>											
Developer Representative:											
<b>Inspection Completion Sign-Off (Initial that Work is Complete)</b>											
Date of Completion:											
Smith Douglas Rep Initials:											
Developer Initials:											
<small>Notes: Refer to Development Specifications for full list of requirements. Enter "A" for Accepted, "NA" for Not Applicable</small>											
INSPECTION ITEM	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Comments:
ENTER LOT # >>>>>>											
Streets and Roadways											
1) Roadways, curb & gutter and parking areas installed											
2) Free of sink holes & depressions											
3) Clean and free of debris											
4) Storm and curb inlets complete / protection in place											
Lot line marked on curb											
Building pad located at the front building line											
Side lot lines are at the toe of any slope											
Compaction letter received (95% & 2,500 PSF)											
Front & rear property pins placed											
Lot graded per fine grade plan											
Building pad level within 2/10th of a foot (0.2') vertically											
Slopes do not exceed 2:1											
Slopes have been walked in with a dozer											
Trash and debris removed											
Lot has been mowed if applicable											
<b>Pad Meets Required Drainage Specifications</b>											
1) From mid-point to rear											
2) Entire lot drains to rear											
3) Entire lot drains from rear to front											

INSPECTION ITEM	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Comments:
<b>ENTER LOT # &gt;&gt;&gt;&gt;&gt;&gt;</b>												
<b>Lot Erosion Control Measures</b>												
1) Disturbed areas are stabilized												
2) Yard inlets / Drop Inlets 100% & clean												
3) Catch basins complete and clean												
4) NPDES Monitoring Setup												
<b>Retaining Walls (on a lot)</b>												
1) Installed per plans												
2) Engineer's certification of design and construction delivered to Buyer												
<b>Water / Sewer Service</b>												
Sewer laterals installed												
Sewer tap marked at curb, clear of driveway												
Cleanout 2" above grade												
Yoke Elevation/Stone Base Correct												
Water meter box installed, clear of driveway												
Water meter box in good condition												
Water tap marked at curb												
<b>Other Items</b>												
<b>Lot Number:</b>	<b>Item:</b>					<b>Resolution Date:</b>						

**Exhibit F**  
**Lot Takedown Schedule**

<u>Closing</u>	<u>Closing Date</u>	<u># of Lots</u>	<u>Purchase Price Per Lot</u>	<u>Subtotal</u>
Initial Closing	Initial Closing Date	35	\$70,000	\$2,450,000
Second Closing	No later than 9 months after the Initial Closing	20	\$70,000	\$1,400,000
Final Closing	No later than 6 months after the Second Closing	14	\$72,800	\$1,019,200
	<b>Total</b>	<b>69</b>		<b>\$4,869,200</b>