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ATTACHMENT 2

DOBBINS HILL APARTMENTS LIMITED PARTNERSHIP
DEVELOPMENT AGREEMENT

This Agreement, is made and entered into this 9th day of January, 1995, by and between DOBBINS HILL APARTMENTS LIMITED PARTNERSHIP, a North Carolina Limited Partnership (the "Owner"); and CROSLAND PROPERTIES, a division of the Crosland Group, Inc., a North Carolina corporation ("Crosland"), and Orange Community Housing Corporation ("OCHC"), a North Carolina non-profit corporation. Crosland and OCHC are sometimes singularly referred to herein as the "Developer" and collectively referred to herein as the "Developers."

BACKGROUND STATEMENT

Owner intends to develop, construct, operate and maintain Dobbins Hill Apartments, a fifty-five (55) unit apartment complex (the "Project") located at 1749 Dobbins Drive in Chapel Hill, North Carolina, to be owned by it. Owner has requested and the Developers have agreed to provide Owner with certain services relating to the development, planning, design, financing, construction and operating management of the Project. The parties desire to document this request and agreement herein.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

I. Development Services. The Developers agree to provide Owner with Development Services and services related to the planning, design, financing, construction and operating management of the Project. Except as otherwise provided, the Developers agree to provide and allocate specific Development Services as follows:

A. Duties of Crosland. Crosland will:

1. Establish an outline design program for the Project to guide the work of the architect, engineer and site designers.
2. Negotiate and review on behalf of the Owner, and for the Owner's benefit, agreements with:
 - a. lenders or lending institutions to provide sufficient loans to make the Project feasible;
 - b. The North Carolina Housing Finance Agency ("NCHFA") to obtain a tax credit allocation to provide sufficient equity to make the Project feasible;
 - c. architects, designers, engineers, planners, surveyors, soil boring firms, market research firms, consultants and other professional service providers;
 - d. governmental authorities and private companies, as the case may be, for utilities and other services;

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to the benefit of the parties hereto and their respective successors and assigns.

XVIII. Option to Purchase

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The OCHC will have the option to purchase the Project near the end of the term of its mortgage loans under terms and conditions contained in a separate agreement between the parties.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

OWNER:

Dobbins Hill Apartments Limited Partnership, a North Carolina limited partnership

By: DHA, Inc., a North Carolina corporation, General Partner

ATTEST:

Melanie Mastelohi
Title: ~~Asst~~ Secretary

[CORPORATE SEAL]

By: *Justin F. Riddle*
Title: *Vice President*

DEVELOPERS:

Orange Community Housing Corporation, a North Carolina non-profit corporation

ATTEST:

Shirley Rodenair
Title: Secretary

[CORPORATE SEAL]

By: *Kath L. Blalock*
Title: *Chair, Board of Directors*

Crosland Properties, a division of the Crosland Group, Inc., a North Carolina corporation

ATTEST:

Bonnie Williams
Title: ~~Asst~~ Secretary

[CORPORATE SEAL]

By: *Roger M. Lewis*
Title: *VP - Development manager*

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XVIII. OPTION TO PURCHASE

OCHC will have the option to purchase the Project at a price equal to the sum of:

- 1) The outstanding unpaid principal balances of the mortgage loans to the Partnership from Central Carolina Bank under the Federal Home Loan Bank Affordable Housing Program in the original amount of 952,000 dated _____, and a federal HOME mortgage loan from the North Carolina Housing Finance Agency in the original amount of 1,287,000 dated _____, said loans to be repaid according to their original terms.
- 2) All transactional costs to the partners of the Partnership associated with or as a consequence of the transfer of the Project to OCHC, such as: legal expenses, survey and recording costs, and transfer taxes, and
- 3) All tax obligations (including but no limited to federal and State income taxes received as a result of the sale of the Property) that have or may have to be paid by the partners of the Partnership as a consequence of such sale or subsequent exit from the Partnership.

Any additional mortgages or liens placed upon the Project or refinancing of the above described loans shall be subject to the express prior written consent of OCHC.

OCHC's option must be exercised and the transaction closed during a six month period beginning eighteen months and ending one year before the due date of the mortgage loans from CCB and HOME.

Specific terms and conditions of the option to purchase the Project will be contained in a separate agreement between the parties which shall be recorded by OCHC in the Orange County Registry.

