

AMENDMENT TO DEVELOPMENT AGREEMENT

This **AMENDMENT TO DEVELOPMENT AGREEMENT** (the "Amendment") is made this _____ day of _____, 2011 by and between the **TOWN OF WENDELL**, a municipal corporation existing under the laws of the State of North Carolina (the "Town"), and **REDUS RALEIGH HOUSING, LLC**, a North Carolina limited liability company ("REDUS").

WITNESSETH:

WHEREAS, on or about June 26, 2006, the Town and Wendell Falls Development, LLC entered into a Development Agreement (the "Agreement") with regard to multiple tracts of land comprising approximately 1,200 acres within the jurisdiction of the Town, described in Exhibit A attached to the Agreement (collectively, the "Property");

WHEREAS, on or about October 9, 2006, the Town approved development of the Property as a Planned Unit Development (the "PUD Approval");

WHEREAS, the Term of the Agreement was suspended for a period that ended on December 31, 2010 by state legislation;

WHEREAS, with respect to the Agreement and as more fully set forth hereafter, REDUS is the successor-in-interest to Wendell Falls Development, LLC; and

WHEREAS, circumstances with regard to the national and local economies have changed significantly since 2006, and the Town and REDUS believe that certain modifications to the Agreement are in order;

NOW, THEREFORE, in consideration of the mutual covenants and agreements

~~contained in this Amendment, and other good and valuable consideration, the receipt and~~

sufficiency of which are acknowledged, the parties agree as follows:

(1) Defined Terms. Terms defined in the Agreement shall have the same meaning in this Amendment.

(2) Status of REDUS. The parties to this Amendment acknowledge and agree that REDUS is the successor-in-interest to the Developer under the Agreement and has succeeded to the rights and obligations of the Developer thereunder, as modified in this Amendment. REDUS does not intend to develop the Property, but will seek a qualified developer or developers to undertake completion of its development.

(3) Amendment of the Agreement. The terms and provisions of the Agreement are modified and amended as provided in this Amendment. Except as modified herein, the terms and provisions of the Agreement shall remain in full force and effect. If, and to the extent that this Amendment and the PUD Approval are inconsistent, this Amendment shall control.

(4) Amendment of Section 1.2 of the Agreement. The Term of the Agreement shall be extended for a period of fifteen (15) years from and after the date of this Amendment.

(5) Development Schedule – New Exhibit C. Exhibit C of the Agreement is hereby deleted in its entirety and a new Exhibit C, a copy of which is attached hereto, shall be substituted in lieu thereof. The new Exhibit C establishes a time line and construction goals, referred to as “Residential Units Completed,” with actual construction based on market conditions.

(6) Water and Sewer Capacity. Section 4.5 of the Agreement is deleted in its entirety and the following is substituted in lieu thereof:

Section 4.5 Water and Sewer Capacity.

(a) Purchase Prior to September 30, 2011. Prior to

September 30, 2011, REDUS will purchase from the Town

103,000 gallons of water and sewer capacity for 412 residential units at a total price of \$1,001,160.00. The Town shall reserve the purchased capacity for REDUS, its successors, or assigns, until such capacity is utilized incident to the development of the Property.

(b) Purchase in Subsequent Years. In each of the years listed in Exhibit C, REDUS shall purchase from the Town water and sewer capacity for the number of Residential Units listed for the respective year under "Residential Units Completed." In each such year, when the respective amount of water and sewer capacity becomes available, the Town shall provide REDUS, its successor, or assignee written notice thereof and within thirty (30) days after receipt of such notice, REDUS, its successor, or assignee shall purchase such amount of capacity from the Town. Subsequent to each such purchase the Town shall reserve the purchased capacity for the purchaser until such capacity is utilized incident to the development of the Property. Should REDUS, its successor, or assignee fail to make such purchase in any year within the thirty (30) day period, the Town shall at its sole option make such capacity available to any other purchaser. Such failure on the part of REDUS, its successor, or assignee shall not otherwise affect the rights and obligations of the parties under this Agreement.

(7) Stormwater Regulations. Subsection (c) of Section 3.4 of the Agreement is deleted in its entirety and the following is substituted in lieu thereof:

(c) Phase I stormwater regulations will be applicable to Pods 1, 2, 3, 4, 5, 7, 13, 14, and 15 designated in the PUD Approval. Phase II stormwater regulations will be applicable to the remaining areas of the Property. As permits for development within the Property are obtained from the North Carolina Department of Environment and Natural Resources ("DENR"), such development shall be subject to stormwater regulations established at such time by DENR for development within the municipal corporate limits of the Town of Wendell. If compliance with such regulations becomes impossible, materially impracticable or otherwise becomes a hardship under the Agreement or the approved PUD Application, REDUS, its successors, or assigns, may submit revisions to this Agreement and/or the approved PUD Application to accommodate the new stormwater requirements for the Town's approval, which approval shall not be unreasonably withheld.

(8) Completion of Richardson Road. REDUS will complete Richardson Road within the later of 180 days following execution of this Amendment or September 30, 2011, and additional infrastructure improvements within Wendell Falls will be completed as development occurs. Furthermore, REDUS will provide such performance bond or other surety as shall be satisfactory to the North Carolina Department of Transportation as a means of assuring the
completion of Richardson Road in a manner acceptable to such Department.

(9) Addition of Property to Wendell Falls. In the event that any additional property is added to Wendell Falls as contemplated by Section 2.1 of the Agreement, the development of such additional property will be governed by the provisions of the Unified Development Ordinance adopted by the Town on July 26, 2010.

(10) Expansion of Sewer Pump Station or Construction of New Force Main. Notwithstanding the provisions of Section 4.2(a)(ii)(D) of the Agreement, the required expansion of the sewer pump station serving Wendell Falls or the construction of a new force main will be tied to completion of 1,580 residential units and 270,000 square feet of commercial development or an equivalent combination of units and square footage with a design capacity of 900 gpm. Design and permitting of expansions shall occur upon reaching 720 gpm as based on the issuance of certificates of occupancy for the aforementioned Residential Units and square footage.

(11) Notices. The following new section 5.13 shall be added to the Agreement:

Section 5.13 Notices. Any notice provided pursuant to this Agreement shall be transmitted via certified U.S. mail, return receipt requested, and via facsimile, addressed and transmitted to the parties as follows:

If to REDUS:

REDUS c/o Wells Fargo
8540 Colonnade Center, Ste. 111
Raleigh, NC 27615
Mac D0221-010

Attn: Mr. Bill Honaker

Facsimile: 919-

If to the Town:

Either party may change its designated address or facsimile number by providing notice to the other in the manner provided herein.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Town and Developer have caused this Agreement to be
duly executed and sealed pursuant to proper authority as of the day and year first above written.

REDUS RALEIGH HOUSING, LLC

By: _____
Print Name: _____
Title: _____

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, _____, a Notary Public of Wake County, State of North Carolina,
do hereby certify that _____, Manager of REDUS RALEIGH HOUSING, LLC,
a North Carolina limited liability company, either being [] personally known to me or []
proven by satisfactory evidence (such evidence being _____),
personally appeared before me this day and acknowledged the above execution of the
foregoing instrument on behalf of REDUS RALEIGH HOUSING, LLC.

Witness my hand and seal, this ____ day of _____, 2011.

Notary Public

My Commission Expires:

[NOTARY SEAL]

THE TOWN OF WENDELL

By: _____
Mayor

ATTEST:

Town Clerk

STATE OF NORTH CAROLINA,

COUNTY OF _____

I, _____, a Notary Public of the County of _____ and State of North Carolina, certify that _____, either being [] personally known to me or [] proven by satisfactory evidence (such evidence being _____), personally appeared before me this day and acknowledged that he is the Clerk of the TOWN OF WENDELL, a North Carolina municipal corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was voluntarily signed in its name by its Mayor, sealed with its municipal seal and voluntarily attested by him as its clerk for the purposes stated therein.

Witness my hand and seal, this ____ day of _____, 2011.

Notary Public

My Commission Expires:

[NOTARY SEAL]

This document has been pre-audited to the extent, and in the manner, required by the "Local Government Budget and Fiscal Control Act."

~~Town Finance Officer~~

Exhibit C

Restated and Amended

Calendar Year	Residential Units Completed	Commercial Development Completed
2011	Purchase 103,000 gpd capacity = 412 homes	
2012	0	0
2013	225	0
2014	135	10,000 sq. ft
2015	150	15,000 sq. ft.
2016	200	20,000 sq. ft
2017	225	25,000 sq. ft
2018	225	25,000 sq. ft
2019	225	30,000 sq. ft
2020	250	50,000 sq. ft.
2021	250	75,000 sq. ft
2022	250	100,000 sq. ft
2023	250	200,000 sq. ft
2024	250	350,000 sq. ft
2025	250	350,000 sq. ft
2026	300	350,000 sq. ft
	3,600*	1,600,000 sq. ft*

* Please note that the project is approved for up to 4,000 dwelling units and 2,000,000 sf of commercial space. It is possible that 100% of these units and this space could be built at some point in time.