

DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of July 11, 2019, between JDC-Magens Junction Associates 2, LLLP, a U.S. Virgin Islands limited liability limited partnership (the "Partnership"), and Jackson Development Company, LLC, a U.S. Virgin Islands limited liability company ("Jackson Developer") and HCP-SLP, LLC, a Nevada limited liability company ("Hunt Developer") (collectively, the "Developers").

A. The Partnership is governed by its Amended and Restated Limited Liability Limited Partnership Agreement, of even date herewith (the "Partnership Agreement") (capitalized terms used herein without definition shall have the definitions given them in the Partnership Agreement).

B. The Partnership has been formed to develop, construct, own, maintain and operate a 60-unit multifamily apartment complex intended for rental to families of low and moderate income, to be known as Magen's Junction Phase 2, and to be located in St. Thomas, Virgin Islands (the "Apartment Complex").

C. JDC-Magens Junction 2, LLC, a U.S. Virgin Islands limited liability company, LSS-Magens Junction 2, LLC, Hunt Capital Partners Tax Credit Fund 19, LP, a Delaware limited partnership (the "Limited Partner"), and HCP-SLP, LLC, a Nevada limited liability company, are the sole Partners in the Partnership.

D. The Partnership desires to appoint the Developers to provide certain services for the Partnership with respect to overseeing the development of the Apartment Complex until all development work is completed.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Appointment. The Partnership hereby appoints the Developers to render services for the Partnership, and confirms and ratifies the appointment of the Developers with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Apartment Complex as herein contemplated.

2. Authority. In conformity with the provisions of the Partnership Agreement, the Jackson Developer shall have, and has had, the authority and the obligation to:

(a) select the architect ("Architect"), coordinate the preparation of the plans and specifications (the "Plans and Specifications") and recommend alternative solutions whenever design details affect construction feasibility or schedules;

(b) insure that the Plans and Specifications are in compliance with all applicable codes, laws, ordinances, rules and regulations;

(c) negotiate all necessary contracts and subcontracts (other than the Construction Contract) for the construction of the Apartment Complex;

- (d) choose the products and materials necessary to equip the Apartment Complex in a manner which satisfies all requirements of the Construction Loan and the Plans and Specifications;
- (e) monitor disbursement and payment of amounts owed Architects and the subcontractors;
- (f) insure that the Apartment Complex is constructed free and clear of all mechanics' and materialmen's liens;
- (g) obtain an Architect's certificate that the work on the Apartment Complex is substantially complete and inspect the Architect's work;
- (h) secure all building code approvals and obtain certificates of occupancy for all of the residential units of the Apartment Complex;
- (i) cause the Apartment Complex to be completed in a prompt and expeditious manner, consistent with good workmanship, and in compliance with the following:
 - (i) the Plans and Specifications as they may be amended by the agreement of the parties hereto and with the consent of the mortgagee under the Construction Loan; and
 - (ii) any and all zoning regulations, county ordinances, including health, fire and safety regulations, and any other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Apartment Complex;
- (j) cause to be performed in a diligent and efficient manner the following:
 - (i) construction of the Apartment Complex pursuant to the Plans and Specifications, including any required off-site work; and
 - (ii) general administration and supervision of construction of the Apartment Complex, including, without limitation, activities of subcontractors and their employees and agents, and others employed as to the Apartment Complex in a manner which complies in all respects with the Construction Loan and the Plans and Specifications;
- (k) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;
- (l) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;
- (m) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts;
- (n) deliver to the Partnership an ALTA "as-built" survey of the real property and "as-built" drawings of the Apartment Complex construction;

- (o) provide and periodically update an Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;
- (p) investigate and recommend a schedule for purchase by the Partnership of all materials and equipment requiring long lead time procurement, coordinate the schedule with Architect and expedite and coordinate delivery of such purchases;
- (q) prepare pre-qualification criteria for bidders interested in participating in the construction of the Apartment Complex, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods;
- (r) receive bids, prepare bid analyses and make recommendations to the Partnership for award of contracts or rejection of bids;
- (s) coordinate the work of Architect to complete the Apartment Complex in accordance with the objectives as to cost, time and quality, and provide sufficient personnel at the Apartment Complex with authority to achieve such objectives;
- (t) provide a detailed schedule of realistic activity sequences and durations, allocation of labor and materials and processing of shop drawings and samples;
- (u) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;
- (v) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;
- (w) revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;
- (x) provide regular monitoring of the approved estimate of construction cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected Costs exceed budgets or estimates;
- (y) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;
- (z) develop and implement a procedure for the review and processing of applications by subcontractors for progress and final payments;
- (aa) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples; and

(bb) record the progress of the Apartment Complex and submit written progress reports to the Partnership and Architect, including the percentage of completion and the number and amounts of change orders.

Hunt Developer shall have, and has had, the authority and the obligation to assist the Jackson Developer in the duties of the Jackson Developer under this Section 2.

Notwithstanding the foregoing, the Developers shall not provide any services which are the sole responsibility of the General Partner, including, without limitation, the following: (i) organization of the Partnership and negotiation of any sale of a Partnership Interest; (ii) obtaining permanent financing for the Apartment Complex; and (iii) the lease and preparation of the Land prior to commencing construction of the Apartment Complex.

3. Development Fee.

(a) For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership shall pay the Jackson Developer and Hunt Developer a Development Fee in the aggregate amount of \$4,496,868 as their sole compensation for the performance of their services under and in connection with this Agreement. Payment of the Development Fee shall be subject to the terms and conditions of the Partnership Agreement. Subject to the terms of the Partnership Agreement, the Partnership shall pay a portion of the Development Fee to Jackson Developer as follows: (i) \$944,365 of the Development Fee shall be paid solely from the Cash Flow of the Partnership available pursuant to Section 14.1(a)(vi) of the Partnership Agreement, from Cost Savings pursuant to Section 14.2, and from proceeds of the dissolution and liquidation of the Partnership pursuant to Section 17.2(b)(ii)(C) of the Partnership Agreement (the “Deferred Development Fee”); (ii) \$425,000 of the Development Fee shall be paid at the time the Limited Partner makes the First Installment; (iii) \$700,000 of the Development Fee shall be paid in monthly installments from draws under the Construction Loan; (iv) \$1,777,503 of the Development Fee shall be paid at the time the Limited Partner makes the Third Installment; and (v) \$200,000 of the Development Fee shall be paid at the time the Limited Partner makes the Fourth Installment.

Subject to the terms of the Partnership Agreement, the Partnership shall pay a portion of the Development Fee to Hunt Developer as follows: (w) \$75,000 of the Development Fee shall be paid at the time the Limited Partner makes the First Installment; (x) \$325,000 of the Development Fee shall be paid at the time the Limited Partner makes the Third Installment and (y) \$50,000 of the Development Fee shall be paid at the time the Limited Partner makes the Fourth Installment.

(b) Notwithstanding the foregoing, if, at any time prior to the payment of the Development Fee in full, including the Deferred Development Fee, there are Development Deficits required to be paid by the General Partner pursuant to Section 8.1(b) of the Partnership Agreement, the Developers and the Partnership agree that the General Partner shall have the right, with the Consent of the Limited Partner, to elect to fund such Development Deficits by causing the Partnership and the Jackson Developer to change some or all of the cash portion of the Development Fee that would otherwise be paid in accordance with Sections 3(a)(ii) through (v) above (but in no event to exceed the unpaid cash portion of the Development Fee) into

Deferred Development Fee (a “DDF Election”); provided, the Limited Partner shall Consent to such deferral if the Limited Partner determines, in its sole reasonable discretion, that all of the Deferred Development Fee (including any additional deferral to pay Development Costs) can be repaid by the Partnership through distributions from the cash flow waterfall under Section 14.1(a) within thirteen years after Rental Achievement. Any Deferred Development Fee resulting from a DDF Election shall be paid in accordance with Section 3(a)(i) hereof. In no event shall the total amount of the Development Fee be increased as a result of such DDF Election. The Jackson Developer shall not be entitled to defer the Hunt Developer portion of the Development Fee.

(c) No interest shall accrue on the outstanding Deferred Development Fee (including, without limitation, any Deferred Development Fee resulting from a DDF Election). All payments made to the Deferred Development Fee shall be applied to the outstanding balance of the Deferred Development Fee until the Deferred Development Fee is paid in full. Any outstanding balance shall be payable by the earlier of thirteen (13) years following the date of Completion or the date of liquidation of the Partnership.

(d) [Intentionally Omitted].

(e) For those services performed on or before November 15, 2019, as set forth in Section 2 hereof, thirty percent (30%) of the Development Fee shall be deemed earned as of such date. The balance of the Development Fee shall be earned during construction proportionate to the percentage of completion of construction, with the entire Development Fee earned upon issuance of certificates of occupancy for all buildings in the Apartment Complex.

4. Developer Guaranty of Costs of Construction. The Jackson Developer warrants that the aggregate costs to the Partnership for the items includable in Eligible Basis as identified on the Development Budget shall not exceed the aggregate amounts for such items reflected on the Development Budget (the “Developer Cost Guaranty”). If the aggregate costs to the Partnership for the items includable in Eligible Basis exceed the aggregate amount for such items reflected in the Development Budget and such excess costs cannot be funded through a DDF Election, the Jackson Developer shall pay such excess when and as incurred. Any amounts paid by the Jackson Developer pursuant to this Section 4 shall not be repaid by the Partnership.

5. Withholding of Fee Payments. If (a) the Jackson Developer or the General Partner, or any successor General Partner, shall not have substantially complied with any material provisions under this Agreement and the Partnership Agreement, (b) an Event of Default has occurred under the Partnership Agreement, (c) any financing commitment of any Lender or any agreement entered into by the Partnership for financing related to the Apartment Complex shall have terminated prior to its respective termination date(s), or (d) foreclosure proceedings have been commenced against the Apartment Complex, or against any apartment complex owned by an Affiliated Entity, then the Jackson Developer shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of the fee payable to the Jackson Developer pursuant to Section 3 of this Agreement. All amounts so withheld by the Partnership under this Section 5 shall be promptly released to the Jackson Developer only after the Jackson Developer has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner.

6. Assignment of Fees. The Jackson Developer shall not assign, pledge or otherwise encumber, for security or otherwise, the Development Fee set forth above to be made by the Partnership to the Jackson Developer, or any portion(s) thereof or any right(s) of the Jackson Developer thereto, without the Consent of the Limited Partner.

7. Construction Warranty.

(a) The Jackson Developer hereby warrants to the Partnership and to the Limited Partner that the materials and equipment furnished in accordance with this Agreement will be of good quality, that the work will be free from defects, and that the work will conform with the requirements of the Plans and Specifications. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. If requested by the Limited Partner, or the Lenders, the Jackson Developer shall furnish satisfactory evidence as to the kind and quality of materials and equipment used in the construction of the Apartment Complex.

(b) If, within one (1) year after the Completion Date, any of the structural or non-structural work performed to construct the Apartment Complex is found to be materially defective or not in accordance in all material respects with the Plans and Specifications and with all applicable building codes, laws, rules and regulations, the Jackson Developer shall correct or cause the Contractor to correct such defect(s) promptly after receipt of written notice from the Partnership or the Limited Partner to do so. With respect to portions of the work first performed after the Completion Date, such one (1) year period shall be extended by the period of time between the Completion Date and the actual performance of the work. The obligation under this Section shall survive acceptance of the work performed to construct the Apartment Complex. If a material defect is discovered more than one (1) year after the Completion Date, as such period may be extended under this Section, and such defect was known to the Jackson Developer or an Affiliate of the Jackson Developer and was not disclosed to the Partnership and the Limited Partner in writing or was intentionally concealed by the Jackson Developer or such Affiliate, then the Jackson Developer shall promptly take such action as may be necessary, at the Jackson Developer's sole expense, to correct such defective work to the satisfaction of the Limited Partner.

8. Successors and Assigns. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. However, this Agreement may not be assigned by any party hereto without the Consent of the Limited Partner, nor may it be terminated without the Consent of the Limited Partner.

9. Termination. If the General Partner withdraws from the Partnership for any reason whatsoever, including the removal of the General Partner, this Agreement shall terminate effective on the date of such withdrawal (an "Early Termination") unless the Partnership and the Limited Partner otherwise elect in writing. If an Early Termination occurs, then the Jackson Developer shall not be entitled to any payments of the Development Fee and the Jackson Developer shall forfeit as additional damages any Development Fee which has not been paid as of the date of such Early Termination. If an Early Termination occurs, the Jackson Developer shall remain liable for all damages, liabilities and claims ("Claims") arising under or in connection with this Agreement which are based on acts or omissions prior to the date of such

termination, including Claims which do not become manifest until after the date of such termination. The Jackson Developer shall have no right to terminate this Agreement without the Consent of the Partnership and the Limited Partner, which Consent may be withheld in the sole discretion of any party.

10. No Lien Filings. The Jackson Developer hereby represents, warrants and covenants that neither it nor its Affiliates shall file a mechanic's lien, materialmen's lien or other lien against the Apartment Complex or any other assets of the Partnership, and hereby waives and releases any right it may have or may hereafter acquire to file such a lien against the Apartment Complex or any other assets of the Partnership. The Jackson Developer shall indemnify and hold harmless the Partnership and the Limited Partner from any losses, damages, and/or liabilities, to or as a result of a breach of this provision.

11. Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

13. Waiver of Jury Trial. **EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS DEVELOPMENT AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE AMENDMENT HEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.**

14. No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

15. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the Territory of the U.S. Virgin Islands.

16. Third Party Beneficiary. The Limited Partner is a third party beneficiary of this Agreement, and the Partnership and the Developers hereby expressly agree that any amendment to this Agreement shall not be effective unless and until same is Consented to by the Limited Partner.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

JDC-MAGENS JUNCTION ASSOCIATES 2, LLLP

By: JDC-Magens Junction 2, LLC, a U.S. Virgin Islands limited liability company, its General Partner

By: JDC-Magens Junction GP, Inc., its sole member

By: 
Robert O. Jackson, President

JACKSON DEVELOPER:

JACKSON DEVELOPMENT COMPANY, LLC

By: 
Robert O. Jackson, manager

HUNT DEVELOPER:

Hunt Capital Partners, LLC

By: _____
Jeffrey N. Weiss, President

IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

JDC-MAGENS JUNCTION ASSOCIATES 2, LLLP

By: JDC-Magens Junction 2, LLC, a U.S. Virgin Islands limited liability company, its General Partner

By: JDC-Magens Junction GP, Inc., its sole member

By: _____
Robert O. Jackson, President

JACKSON DEVELOPER:

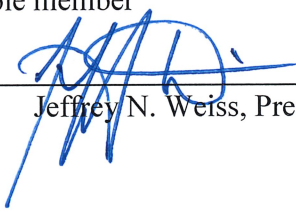
JACKSON DEVELOPMENT COMPANY, LLC

By: _____
Robert O. Jackson, manager

HUNT DEVELOPER:

HCP-SLP, LLC

By: Hunt Capital Partners, LLC, a Delaware limited liability company, sole member

By:  _____
Jeffrey N. Weiss, President