STATE OF NORTH CAROLINA	)	
	)	**DEVELOPMENT AGREEMENT**
COUNTY OF BURKE	)	**(CLOVER RIDGE SUBDIVISION)**

This DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into this ____ day of September, 2026 (the "Effective Date") by and among Burke County, North Carolina (the "County") and the City of Morganton (the "City") (together the "Local Governments") and Western Carolina Developers, LLC, a North Carolina Limited Liability Company ("Developer") (the three of which may collectively be referred to as the "Parties").

STATEMENT OF PURPOSE

1. N.C.G.S. § 160D-1001(a)(1) provides that "[d]evelopment projects often occur in multiple phases over several years, requiring a long-term commitment of both public and private resources."

2. N.C.G.S. § 160D-1001(a)(3) provides that "[b]ecause of their scale and duration, such projects often require careful coordination of public capital facilities planning, financing, and construction schedules and phasing of the private development."

3. N.C.G.S. § 160D-1001(a)(4) provides that "[s]uch projects involve substantial commitments of private capital, which developers are usually unwilling to risk without sufficient assurances that development standards will remain stable through the extended period of the development."

4. N.C.G.S. § 160D-1001(a)(5) provides that "[s]uch developments often permit communities and developers to experiment with different nontraditional types of development concepts and standards, while still managing impacts on the surrounding areas."

5. N.C.G.S. § 160D-1001(a)(6) provides that "[t]o better structure and manage development approvals for such developments and ensure their proper integration into local capital facilities programs, local governments need flexibility to negotiate such developments."

6. In view of the foregoing, N.C.G.S. § 160D-1001(b) and N.C.G.S. § 160D-1003 expressly authorize local governments and agencies to enter into development agreements with developers pursuant to the procedures and requirements of Sections 160D-1001 through 160D-1012 of the North Carolina General Statutes (the "Act"), which procedures and requirements include approval of the development agreement by the governing body of the local government by ordinance after a duly noticed public hearing.

7. N.C.G.S. § 160D-1004 provides that "[a] local government may enter into a development agreement with a developer for the development of property as provided in this Article for developable property of any size, and that "[d]evelopment agreements shall be of a reasonable term specified in the agreement."

8. N.C.G.S. § 160D-1006(d) provides that "[t]he development agreement also may cover any other matter, including defined performance standards, not inconsistent with this Chapter," and that "[t]he development agreement may include mutually acceptable terms regarding provision of public facilities and other amenities and the allocation of financial responsibility for their provision, provided any impact mitigation measures offered by the developer beyond those that could be required by the local government shall be expressly enumerated within the agreement, and provided the agreement may not include a tax or impact fee not otherwise authorized by law."

9. N.C.G.S. § 160D-1006(a) provides that a development agreement "shall, at a minimum, include . . . [a] description of public facilities that will serve the development, including who provides the facilities, the date any new public facilities, if needed, will be constructed, and a schedule to assure public facilities are available concurrent with the impacts of the development," and that "[i]n the event that the development agreement provides that the local government shall provide certain public facilities, the development agreement shall provide that the delivery date of such public facilities will be tied to successful performance by the developer in implementing the proposed development, such as meeting defined completion percentages or other performance standards."

10. N.C.G.S. § 160D-1006(c) expressly contemplates that more than one local government may be made party to a development agreement, so long as the agreement specifies "which local government is responsible for the overall administration of the development agreement."

11. The County will pay to the City for disbursement to the Developer a grant in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) subject to the terms and conditions of this Development Agreement. This grant funding will be paid to the City contemporaneously with the execution of this Development Agreement for disbursement to the Developer, and the Developer will execute a corresponding Deed of Trust in favor of the Local Governments upon disbursement by the City of the grant funds to the Developer.

BACKGROUND

1. Developer is the owner of certain real property located at 0 Latimer Lane and 309 Latimer Lane in the City of Morganton, located in Burke County, that is comprised of the properties with Burke County Real Estate ID ("REID") Numbers 54475 and 40571 and Parcel Identification Numbers ("PINs") 1794175470 and 1794175020 (the "Property"), and said Property is described in an instrument recorded in Deed Book 2846, Page 86, Burke County Public Registry.

2. Developer desires to develop a phased development called Clover Ridge (the "Project") which potentially consists of thirty (30) lots, and the Developer ultimately anticipates that the Project will produce at least twenty-five (25) buildable single-family residential lots each greater than 20,000 square feet in size in accordance with the terms of this Agreement and the City of Morganton, North Carolina Zoning Ordinance (the "Ordinance"). The

Project will contain, among other things, single-family detached dwelling units and associated streets and utilities. The proposed homes are expected to average $300,000 in estimated taxable assessed value, creating an estimated $7.5 million in taxable base to the City and the County at full buildout of the twenty-five (25) single-family residential homes. The County will pay to the City for disbursement to the Developer a grant in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "Grant"), subject to the terms and conditions of this Development Agreement. The Grant funding will be paid to the City contemporaneously with the execution of this Development Agreement for disbursement to the Developer, and the Developer will execute a corresponding Deed of Trust in favor of the Local Governments upon disbursement by the City of the Grant funds to the Developer.

3. After careful review and deliberation, the City has determined that the Project is consistent with the Ordinance, and the Local Governments have determined that the Project is consistent with the Act and that it would further the health, safety, welfare, and economic well-being of the residents of the Local Governments.

4. The Local Governments have determined that the Project will secure quality planning and growth, strengthen the tax base, and provide infrastructure. Accordingly, the Developer and the Local Governments desire to enter into this Agreement for the purposes of coordinating certain details of the Project and providing assurances to Developer, and any successors in interest, that Developer may proceed with the development of the Project in accordance with the terms of this Agreement and the approvals set forth herein without encountering future changes in ordinances, regulations or policies that would affect Developer's ability to develop the Project under the terms of this Agreement.

5. Pursuant to N.C.G.S. § 160D-1005, the governmental bodies of the City and the County each conducted public hearings, the City's on September 14, 2026 and the County's on September 21, 2026, to consider the approval and execution of this Agreement in accordance with the procedures set out in N.C.G.S. § 160D-602. The notice of hearing specified, among other things, the location of the Property that is the subject of this Agreement, the development uses proposed on the Property, and a place where a copy of the Agreement can be obtained. At the conclusion of each public hearing, the City Council and County Board of Commissioners, respectively, each approved this Agreement and authorized each respective body to execute the same. The City and the County may each execute the Agreement on a date subsequent to the public hearing.

TERMS

NOW, THEREFORE, in consideration of the terms and conditions set forth herein and in consideration of the mutual promises and assurances provided herein, the receipt and sufficiency of such consideration being acknowledged by the Parties, the Parties do hereby agree as follows:

1. **Incorporation.** The above recitals are incorporated in this Agreement as if the recitals were set out in this Agreement in their entirety.

2. **Definitions.** Capitalized terms in this Agreement shall have the meanings assigned to them below or the meanings assigned to them elsewhere in this Agreement.

   A. "Agreement" means this Development Agreement.

   B. "Developer" means Western Carolina Developers, LLC, a North Carolina Limited Liability Company, and any successors in title to the Property who may undertake development of the Property/the Project.

   C. "Property" means that real property located at 0 Latimer Lane and 309 Latimer Lane in the City of Morganton, located in Burke County, that is comprised of the properties with Burke County Real Estate ID ("REID") Numbers 54475 and 40571 and Parcel Identification Numbers ("PINs") 1794175470 and 1794175020, and said Property is described in an instrument recorded in Deed Book 2846, Page 86, Burke County Public Registry. The Property was conveyed to Developer pursuant to the Deed recorded at Book 2846, Page 86, in the Burke County Public Registry.

   D. "Grant" is the funding in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) payable to the City for disbursement to the Developer subject to the terms and conditions of this Development Agreement and the Deed of Trust referenced herein.

3. **Sewer and Water Systems/Sewer and Water Connections**.

   A. The sewer and water systems and extensions for the Project shall be the responsibility of the Developer and shall be designed to the City's specifications and subject to the City's connection charges.

   B. The sewer and water systems for the Project shall be subject to approval by the City (and the North Carolina Department of Environmental Quality, if required).

   C. The County is the local government responsible for overall administration of this Agreement pursuant to N.C.G.S. § 160D-1006(c). However, the City will act as the lead agency for approvals for the design, permitting, and construction of the Project.

4. **Sewer Capacity Reservation.** The City shall take into account the homes and amenities planned for the Project and shall reserve sufficient sewer treatment capacity within its sewer system to supply adequate quantities of sewer treatment services for the possible thirty (30) residential dwelling units to the extent necessary for the Developer to obtain certificates of occupancy for such number of dwellings (the "Guaranteed Capacity"). The City shall maintain the Guaranteed Capacity for the term of this Agreement, unless this Agreement is terminated earlier pursuant to its term. The Guaranteed Capacity may be increased by amendment to this Agreement.

5. **Connection to the City's Sewer System.** Upon the request of Developer, the City agrees to permit the physical connection of the Project to the City's sewer and water system provided that the Developer has constructed sewer and water pipes/system pursuant to City specifications, and provided that the Developer pays the required connection fees to the City.

6. **Grant to the City for Disbursement to the Developer.** The County will pay to the City for disbursement to the Developer the Grant funding in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) subject to the terms and conditions of this Development Agreement, including but not limited to the Development Obligations, Permitted Uses, Development Schedule, Infrastructure Improvements, and Performance Standards set forth hereinbelow. This Grant funding will be paid to the City contemporaneously with the execution of this Development Agreement for disbursement to the Developer, and the Developer will execute a corresponding Deed of Trust in favor of the Local Governments upon disbursement by the City of the Grant funds to the Developer.

7. **Development Obligations.** The Developer shall develop the Property to the following specifications:

    A. **Permitted Uses and Density.** The Property shall be developed solely for single-family residential uses, consistent with the Ordinance. Accessory uses incidental to residential development are permitted.

    B. **Development Schedule.** The Developer shall commence site development for the Project within six (6) months of the Effective Date of this Agreement. The Developer shall submit progress reports to the Local Governments at least once every six months or more frequently upon request by the City or the County.

    C. **Infrastructure Improvements by Developer.** The Developer shall, at its expense, install all on-site infrastructure, including the extension of an existing street and creation of a new loop street, construction of the sanitary sewer and water pipes/system, stormwater management, and utilities. Such improvements shall be in compliance with City specifications and shall dedicated to the City upon completion.

    D. **Performance Standards.** The Developer shall develop the Property to City specifications and at least these following specifications:

        i. Developer shall construct and complete at least twenty-five (25) single-family residential dwellings within the Project. A single-family residential dwelling is "completed" once a certificate of occupancy for the dwelling has been issued. The single-family residential dwellings shall each be constructed such that each lot on which a residential dwelling is located shall have an estimated taxable assessed value of at least $300,000 once the single-family residential dwelling is completed.

ii. If the Developer has not completed at least twenty-five (25) residential dwellings within the Project by the date that is three (3) years from the Effective Date of this Agreement, then the Developer shall make a payment to the County (the "Performance Payment"). The Performance Payment to each of the County shall be calculated as follows: for each residential dwelling less than the twenty-five (25) required dwelling units that the Developer has not completed by the date that is three (3) years after the Effective Date of this Agreement, the Developer shall pay to the County the amount of Twelve Thousand and 00/100 Dollars ($12,000.00) for each/per dwelling unit not completed. By way of illustration, if on the date that is three years after the Effective Date of this Agreement, the Developer has completed only twenty-two (22) single-family residential dwellings in the Project (that is, three less than the required 25 single-family residential dwellings), the Developer shall be liable to and shall pay to the County the amount of Thirty-Six Thousand and 00/100 Dollars ($36,000.00).

iii. The purpose of the Performance Payment(s) is to partially compensate the County for their investment in the Project if the Project is not developed in the manner required by this Agreement.

iv. To secure the Developer's obligations under this Agreement, including but not limited to the Developer's obligation to pay the Performance Payment(s) to the County, if such becomes due and payable, the Local Governments shall have a Deed of Trust on the Property. Contemporaneously with the execution of this Development Agreement and the disbursement of the Grant funds, the Developer shall execute and deliver to the Local Governments a Deed of Trust in recordable form, substantially in the form attached hereto as Exhibit "A" or otherwise acceptable to the Local Governments, granting the Local Governments a security interest in the Property to secure the obligations of the Developer to pay any Performance Payment(s) that come due and payable under this Agreement. The Parties agree that the Deed of Trust shall be subordinate to any Deed of Trust which the Developer executes in connection with its construction lender. The Deed of Trust shall be recorded in the office of the Burke County Register of Deeds promptly following the execution of this Agreement. The Deed of Trust shall remain in full force and effect until the Developer has fully performed all obligations under this Agreement and/or paid all applicable Performance Payments, at which time the Local Governments shall, upon the Developer's written request, execute and deliver a release of the Deed of Trust in recordable form. The Parties shall also coordinate partial releases from the Deed of Trust as to any individual lots on which dwellings have been constructed that are sold to single-family owners. In the event of default by the Developer, the Local Governments may exercise all remedies available under the Deed of Trust and applicable law, including foreclosure to recover any Performance Payment(s) for

which the Developer is liable to the Local Governments but has not paid. The Developer hereby represents that nothing prohibits the Developer from executing the Deed of Trust in favor of the Local Governments, and that any and all of the Developer's lenders for this Project/Property have consented to the Deed of Trust or that such consent will be obtained.

8. **Amendment.** The terms of this Agreement may be amended by the mutual consent of the Parties hereto or their successors in interest. A major modification of the terms of this Agreement shall follow the same procedures as required for the initial approval of this Agreement, which procedures shall include a public hearing.

9. **Recordation/Binding Effect.** Within fourteen (14) days after the Local Governments and the Developer enter into this Agreement, the Developer shall record this Agreement in the Burke County Public Registry. The terms, provisions, obligations and burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest to the parties thereto.

10. **Periodic Review by the County.** The Planning Director or other County Manager designee shall conduct a periodic review (the "Periodic Review") of the progress and status of the Project at least every 6 months, at which time the Developer shall be required to demonstrate good faith compliance with the terms of this Agreement. If, as a result of the Periodic Review, the County finds and determines that the Developer has committed a material breach of the terms or conditions of the Agreement, the County shall serve a notice in writing, within a reasonable time after the Periodic Review, upon the Developer setting forth with reasonable particularity the nature of the breach(es) and the evidence or circumstances supporting the determination, and providing the Developer a reasonable time in which to cure the material breach(es).

11. **Default.** The following default provisions are applicable to this Agreement, in addition to any other provisions of this Agreement related to any parties' breach or default hereunder.

    A. The failure of the Developer or the Local Governments to comply with the terms of this Agreement shall constitute a default, entitling the non-defaulting party or parties to pursue such remedies as allowed under applicable law against the defaulting party, provided, however, that no termination of this Agreement may be declared by either of the Local Governments as to the Developer absent its affording to the Developer notice and an opportunity to cure following the Periodic Review as provided in Section 10 above. In addition to any other rights or remedies, any party may institute legal action against a defaulting party to cure, correct, or remedy any default or breach, to specifically enforce any covenants or agreements set forth in the Agreement or to enjoin any threatened or attempted violation of the Agreement, or to obtain any remedies consistent with the purposes of the Agreement. Legal actions shall be instituted in the trial Courts of the County of Burke, State of North Carolina, and the Parties hereto hereby agree to and do submit themselves to the personal jurisdiction of such courts without application of any conflicts of laws provisions of any jurisdiction.

B. In the event that the Developer fails to perform any of its covenants, commitments, and obligations hereunder after notice of a breach(es) and an opportunity to cure, the Local Governments may, until such default is cured, withhold the issuance of any further building permits for homes within the Project or withhold the issuance of certificates of occupancy for any homes within the Project that have not been purchased or have not been placed under contract for sale.

C. In the event that it becomes necessary for either or both of the Local Governments to pursue a civil action against the Developer and the Local Government(s) instituting such action is/are the prevailing party in such action, then the Local Government(s) instituting such action shall be entitled to recover its/their reasonable attorneys' fee from the Developer.

12. **Notices.** Any notice, demand, request, consent, approval, or communication which a signatory party is required to or may give to another signatory party hereunder shall be in writing and shall be delivered or addressed to the other party or Parties at the address(es) below set forth or to such other address(es) as such party may from time to time direct by written notice given in the manner herein prescribed. Such notice or communication shall be deemed to have been given or made when communicated by personal delivery or by independent courier service or by facsimile or if by mail on the fifth (5^{th}) business day after the deposit thereof in the United States Mail, postage prepaid, registered, or certified, addressed as hereinafter provided. Parties shall make reasonably inquiry to determine whether the names of the persons listed in this Agreement should be substituted with the name of the listed person's successor. All notices, demands, requests, consents, approvals, or communications to the Parties shall be addressed as follows:

To the County:

Mr. Brian Epley
Burke County Manager
200 Avery Avenue
Morganton, NC 28655
Brian.epley@burkenc.org

With copies to:

Bradley Kirkley, Planning Director
P.O. Box 219
Morganton, NC 28680

Mr. Destin Hall
Burke County Attorney
606 College Ave. SW
Lenoir, NC 28645

To the City:

Sally Sandy, City Manager

Physical Address:
305 E. Union Street
Suite A100
Morganton, NC 28655

Mailing Address:
P.O. Box 3448
Morganton, NC 28680
Email in care of: rccarswell@morgantonnc.gov

With copies to:

Keith Rigsbee, City Attorney
Wendy Smith, Director of Development and Design Services
Physical and Mailing Addresses are the same as above
Emails: krigsbee@morgantonnc.gov and wsmith@morgantonnc.gov

To the Developer:

Western Carolina Developers, LLC
Attention: _____
400 Center Court Drive
Boone, NC 28607
Email: _____

With copies to:

_____

13. **Entire Agreement.** This Agreement sets forth and incorporates by reference all of the agreements, conditions, and understandings between and among the Local Governments and the Developer, and there are no promises, agreements, conditions, or understandings, oral or written, expressed or implied, among these parties relative to the matters addressed herein other than as set forth or as referred to herein or as contained in the Ordinance or as expressed in the development conditions applicable to these parcels of land. Provided, however, the County and the City may, before, contemporaneously with, or after the Effective Date of this Agreement, enter into a Memorandum of Understanding (the "MOU") concerning their administration of this Agreement, provided that such MOU does not conflict with the terms of this Agreement.

14. **Construction.** The Parties agree that each party and its counsel have reviewed and revised the Agreement and that any rule of construction to the effect that ambiguities are to be

resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

15. **Assignment.** After notice to the Local Governments, the Developer may assign its rights and responsibilities hereunder to all or any portion of the Property, provided that no assignment as to a portion of the relevant parcel of land will relieve the assigning party of responsibility with respect to the remaining portion of the relevant parcel of land owned by the assigning party without the written consent of the Local Governments.

16. **Term.** This Agreement shall terminate on the date that is fifteen (15) years after the Effective Date of this Agreement or the date on which the Developer has met or exceeded all of its Development Obligations under this Agreement including Section 7 hereof, whichever is sooner.

17. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.

18. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.

19. **Agreement to Cooperate.** In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the Parties hereby agree to cooperate in defending such action; provided, however, each party shall retain the right to pursue its own independent legal defense.

20. **Agreement to Run with the Land.** This Agreement shall be recorded in the Burke County Public Registry. The Agreements contained herein, including but not limited to the development and other obligations set forth in Section 7 hereof, shall be deemed to be a lien upon, binding upon and run with the Property and shall be binding upon and be an obligation of all successors to and in the ownership of the Property.

21. **Severability.** If any term or provision herein shall be judicially determined to be void or of no effect, such determination shall not affect the validity of the remaining terms and provisions. If a court of competent jurisdiction determines that any procedure was not followed in the execution and approval of this Agreement, the parties shall cooperate to promptly rectify such procedural defect, and such shall not be a basis for any party to claim that they are not subject to this Agreement.

22. **Authority.** Each party represents that it has undertaken all actions necessary for corporate or public approval of this Agreement, and that the person signing this Agreement has the authority to bind the Developer, the City, or the County, as the case may be.

[SIGNATURE PAGES TO FOLLOW]

FOR BURKE COUNTY

Signature: _____ Date: _____

Printed Name: _____

Title: Chairman, Board of Commissioners

Attestation: _____ Date: _____

Printed Name: _____

[SEAL]

Title: Clerk to the Board of Commissioners

FOR THE CITY OF MORGANTON

Signature: Ronnie Thompson Date: 9/14/2026

Printed Name: Ronnie Thompson

Title: Mayor, City of Morganton

Attestation: Renee Carswell Date: 9/14/2026

Printed Name: Renee Carswell

Title: Clerk to the City Council

[SEAL]

CITY OF MORGANTON CORPORATE SEAL NORTH CAROLINA

WESTERN CAROLINA DEVELOPERS, LLC

Signature: _____ Date: _____

Printed Name: _____

Title: President

Signature: _____ Date: _____

Printed Name: _____

Title: Secretary

[NOTARY ACKNOWLEDGMENTS TO FOLLOW]

State of North Carolina

County of Burke

I, the undersigned Notary Public for the County and State above referenced, certify that _____ [Name of Chairman] personally appeared before me this day, acknowledging to me that he/she is the Chairman of the BURKE COUNTY Board of Commissioners, and that by authority duly given and as the act of this entity, (_____ [Name of Chairman] signed in its name by its Chairman and attested by _____ [Name of Clerk] as its Clerk) signed the foregoing instrument in its name and on its behalf as its act and deed.

Witness my hand and official stamp or seal, this the ___ day of _____, 2026.

_____
Notary Public

My commission expires: _____

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State of North Carolina

County of Burke

I, the undersigned Notary Public for the County and State above referenced, certify that Ronnie Thompson, personally appeared before me this day, acknowledging to me that he is the duly elected Mayor of the CITY OF MORGANTON, and that by authority duly given and as the act of this entity, (Ronnie Thompson signed in its name by its Mayor and attested by Renee Carswell as its Clerk) signed the foregoing instrument in its name and on its behalf as its act and deed.

Witness my hand and official stamp or seal, this the 14th day of September, 2026.

Jessica Lowman
Notary Public

My commission expires: 2/26/2030

JESSICA LOW
NOTARY
PUBLIC
BURKE COUNTY, N.C.

State of North Carolina

County of Burke

I, the undersigned Notary Public for the County and State above referenced, certify that _____ [Name of President] and _____ [Name of Secretary] personally appeared before me this day, and acknowledged that they are the President and Secretary of WESTERN CAROLINA DEVELOPERS, LLC, and that by authority duly given and as the act of this entity, they signed the foregoing instrument in its name and on its behalf as its act and deed.

Witness my hand and official stamp or seal, this the ___ day of _____, 2026.

_____
Notary Public

My commission expires: _____

EXHIBIT A

NORTH CAROLINA

DEED OF TRUST

BURKE COUNTY

This Deed of Trust (the "Deed of Trust") is made as of September _____, 2026, by Western Carolina Developers, LLC, a North Carolina Limited Liability Company (the "Grantor" or the "Developer"), to Keith W. Rigsbee, Trustee ("Trustee"), for the benefit of Burke County, North Carolina, and the City of Morganton, North Carolina (together, the "Beneficiaries" or the "Local Governments").

Recitals

The Developer, Burke County, and the City of Morganton have entered into a Development Agreement for the Clover Ridge Subdivision (the "Three-Party Development Agreement"), pursuant to which the County will pay to the City for disbursement to the Developer a grant in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00), and the Developer will execute a corresponding Deed of Trust in favor of the Local Governments upon disbursement by the City of the grant funds to the Developer.

The Property subject to this Deed of Trust consists of real property located at 0 Latimer Lane and 309 Latimer Lane in the City of Morganton, Burke County, comprised of Burke County Real Estate ID Numbers 54475 and 40571 and Parcel Identification Numbers 1794175470 and 1794175020, described in a deed recorded in Deed Book 2846, Page 86, Burke County Public Registry, which conveyance was made to Developer. Developer has owned this property since on or about December 19, 2025, and represents that there is another Deed of Trust encumbering the property in favor of _____ in the amount of $_____.

The Three-Party Development Agreement requires that this Deed of Trust secure the Developer's performance of its obligations under that Agreement, including payment of any performance payments or other monetary obligations that become due thereunder, and contemplates coordination of partial releases for individual lots upon construction and sale to single-family owners, subordination to a construction lender's deed of trust, and foreclosure remedies upon default.

The Local Governments have also memorialized administration of the Three-Party Development Agreement in a Memorandum of Understanding.

Granting Clause; Conveyance in Trust with Power of Sale.

For good and valuable consideration, including the grant funding described in the Recitals above and the covenants herein, Grantor hereby grants, bargains, sells, conveys, and confirms unto Trustee, in trust, with power of sale, for the benefit of the Local Governments, all of Grantor's right, title, and interest in and to the following property (the "Property"):

1. The real property described in the attached "Exhibit A" and which is located in the City of Morganton, Morganton Township, Burke County, North Carolina, and consists of all of the properties described in the Deed recorded in Deed Book 2846, Page 86, Burke County Public Registry, being Burke County Real Estate ID Numbers 54475 and 40571 and Parcel Identification Numbers 1794175470 and 1794175020, together with all improvements thereon and all rights, privileges, and appurtenances thereunto belonging.

2. All easements, hereditaments, and appurtenances now or hereafter belonging or appertaining to the Property, and all reversions and remainders.

3. All rents, issues, and profits of the Property to the extent permitted by applicable law, and all awards, compensation, and settlements made in connection with any condemnation or eminent domain proceeding, or any damage to the Property, subject to the provisions of this Deed of Trust.

TO HAVE AND TO HOLD the Property unto Trustee, in trust, with power of sale, for the uses and purposes and upon the terms and conditions herein set forth.

Secured Obligations; Incorporation by Reference.

This Deed of Trust secures all obligations of the Developer under the Three-Party Development Agreement, including without limitation: (a) performance of all covenants, development obligations, and performance standards; (b) payment of any performance payments or other monetary obligations that become due thereunder; (c) reimbursement of Beneficiaries' costs and expenses, including reasonable attorneys' fees, incurred to enforce the Three-Party Development Agreement or this Deed of Trust;

and (d) all renewals, extensions, amendments, modifications, and replacements of the foregoing (collectively, the "Secured Obligations").

The Three-Party Development Agreement is incorporated herein by reference as if fully set forth, and this Deed of Trust is granted as the "corresponding Deed of Trust in favor of the Local Governments" referenced therein.

Covenants of Grantor.

Grantor covenants and agrees as follows for the benefit of Beneficiaries:

1. Payment and Performance. Grantor shall timely perform and comply with all Secured Obligations and all covenants herein.

2. Title; Further Assurances. Grantor is seized of and has good title to the Property and has the right to convey the same; Grantor shall, upon request, execute and deliver such further instruments as Beneficiaries reasonably request to confirm or perfect the lien and priority of this Deed of Trust, including financing statements or amendments.

3. Taxes and Assessments. Grantor shall pay, prior to delinquency, all taxes, assessments, and other governmental charges levied against the Property, subject to 4. Grantor's right to contest in good faith so long as no tax sale or loss of lien priority results.

4. Insurance. Grantor shall keep the improvements on the Property insured against loss by fire and other hazards, risks, and perils as are customarily insured against for similar properties, with coverage, deductibles, and insurers reasonably satisfactory to Beneficiaries, with standard mortgagee/loss-payee clauses in favor of Trustee and Beneficiaries, as their interests may appear.

5. Maintenance; No Waste. Grantor shall maintain the Property in good order and repair, shall not commit or permit waste, and shall promptly comply with all applicable laws, ordinances, regulations, and orders of any governmental authority having jurisdiction over the Property.

6. Liens and Priority. Grantor shall not create or permit any lien or encumbrance on the Property that is senior to this Deed of Trust, except as expressly permitted herein or in the Three-Party Development Agreement; Grantor may finance the Project with a construction lender, and, as contemplated in the Three-Party Development Agreement, this Deed of Trust may be subordinated to a deed of trust securing such construction financing pursuant to a written subordination acceptable to the Local Governments. The Parties have agreed in the Three-Party Development Agreement that this Deed of Trust shall be subordinate to a Deed of Trust which the Developer executes in connection with its construction lender for the Project/Property.

7. Condemnation and Insurance Proceeds. In the event of casualty or condemnation, insurance or condemnation proceeds shall be applied, at Beneficiaries' election consistent with applicable law and the Three-Party Development Agreement, to restoration of the Property or to the Secured Obligations; Grantor shall promptly notify Beneficiaries of any casualty, loss, or taking.

8. Protection of Security. If Grantor fails to perform any covenant or if Beneficiaries determine that action is reasonably necessary to protect the lien or the Property (including payment of taxes, assessments, insurance premiums, or sums to maintain, repair, or secure the Property), Beneficiaries may make such expenditures; all such sums, together with interest at the maximum lawful rate from the date of expenditure, shall be added to the Secured Obligations and secured hereby.

9. Indemnity. Grantor shall indemnify and hold Beneficiaries and Trustee harmless from and against loss, cost, damage, claim, liability, or expense (including reasonable attorneys' fees) arising out of or related to the Property, except to the extent caused by the gross negligence or willful misconduct of the indemnified party.

10. Inspection. Upon reasonable prior notice, Beneficiaries and their agents may enter upon and inspect the Property at reasonable times.

Events of Default.

Each of the following shall constitute an "Event of Default":

1. Failure by Grantor to perform any Secured Obligation when due or required. Failure by Developer to perform its covenants, commitments, or obligations under the Three-Party Development Agreement after notice and opportunity to cure following the periodic review required by that agreement constitutes a default thereunder, entitling the Local Governments to pursue remedies allowed by law and the Agreement

2. Any breach of a covenant in this Deed of Trust not cured within thirty (30) days after written notice (unless a shorter period for cure is set by the Three-Party Development Agreement which shorter period shall apply and control); or, if not reasonably curable within thirty (30) days or within the applicable cure period, failure to commence and diligently pursue cure to completion within a reasonable time.

3. Any transfer of all or any part of the Property in violation of the terms of this Deed of Trust or the Three-Party Development Agreement, if applicable.

4. The filing by or against Grantor of any bankruptcy or insolvency proceeding that is not dismissed within sixty (60) days, or an assignment for the benefit of creditors.

Remedies Upon Default.

Upon any Event of Default and after giving any applicable notice and opportunity to cure required by this Deed of Trust, the Three-Party Development Agreement or applicable law:

Beneficiaries may exercise all remedies available under the Three-Party Development Agreement and applicable law, including foreclosure to recover any performance payment(s) or other monetary obligations for which Developer is liable but has not paid to the Local Governments and the following remedies:

1. Acceleration. Beneficiaries may declare all Secured Obligations immediately due and payable.

2. Power of Sale. Trustee is authorized and empowered to sell the Property at public auction for cash to the highest bidder pursuant to the power of sale and in accordance with Chapter 45 of the North Carolina General Statutes, after compliance with all statutory requirements for foreclosure under a power of sale deed of trust. Trustee may sell the Property in one parcel, multiple parcels, or in such manner and order as Beneficiaries direct.

3.Judicial Foreclosure. Beneficiaries may elect to foreclose judicially.

4. Appointment of Substitute Trustee. Beneficiaries have the irrevocable power to appoint a substitute trustee by instrument recorded in the Burke County Public Registry. The Beneficiaries shall have the right to substitute the Trustee at all times, regardless of whether there has been an event of default or not.

5. Possession; Tenancy at Sufferance. Following foreclosure or other acquisition of title, Grantor shall become a tenant at sufferance and shall vacate upon demand or pay reasonable rental for use and occupancy as determined by the owner.

6. Application of Proceeds. The proceeds of any sale shall be applied in the following order: (a) to costs and expenses of sale, including Trustee's commission and reasonable attorneys' fees; (b) to sums expended by Beneficiaries under this Deed of Trust; (c) to the full amount of the Secured Obligations in such order as Beneficiaries determine; and (d) any surplus to the person(s) lawfully entitled thereto.

7. Cumulative Remedies. All remedies are cumulative and may be exercised concurrently or separately without one precluding another, to the extent permitted by law.

Releases; Satisfaction.

Upon sale of an individual lot within the Project and satisfaction of all applicable monetary obligations tied to that lot in accordance with the Three-Party Development

Agreement and the agreed release procedures, the Local Governments shall coordinate and execute a partial release of such lot from the lien of this Deed of Trust upon written request from Developer or the purchaser.

Upon full performance by Developer of all obligations under the Three-Party Development Agreement and payment of all amounts due thereunder, the Local Governments shall, upon Developer's written request, execute and deliver a release or satisfaction of this Deed of Trust suitable for recording in the Burke County Public Registry.

Notices.

Notices under this Deed of Trust shall be in writing and deemed given as provided in the Three-Party Development Agreement, addressed as follows:
To Burke County: Mr. Brian Epley, Burke County Manager, 200 Avery Avenue, Morganton, NC 28655; with copies to Bradley Kirkley, Planning Director, P.O. Box 219, Morganton, NC 28680; and Mr. Destin Hall, Burke County Attorney, 606 College Ave. SW, Lenoir, NC 28645.

To the City of Morganton: Sally Sandy, City Manager, Physical Address: 305 E. Union Street, Suite A100, Morganton, NC 28655; Mailing Address: P.O. Box 3448, Morganton, NC 28680; Email in care of: rccarswell@morgantonnc.gov; with copies to: Keith Rigsbee, City Attorney, and Wendy Smith, Director of Development and Design Services, at the same physical/mailing addresses; Emails: krigsbee@morgantonnc.gov and wsmith@morgantonnc.gov.

To Developer: Western Carolina Developers, LLC, Attention: _____, 400 Center Court Drive, Boone, NC 28607.

Any party may change its notice address by notice given in accordance with this section.

Miscellaneous.

1. North Carolina Law; Venue. This Deed of Trust shall be governed by and construed under the laws of the State of North Carolina. As provided in the Three-Party Development Agreement, any legal actions shall be instituted in the trial courts of Burke County, North Carolina, and the parties submit to the personal jurisdiction of such courts.

2. Successors and Assigns. This Deed of Trust shall bind Grantor and its successors and assigns and shall inure to the benefit of Beneficiaries and their successors and assigns.

3. No Waiver. No delay or omission by Beneficiaries or Trustee in exercising any right or remedy shall operate as a waiver thereof.

4. Severability. If any provision of this Deed of Trust is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

5. Headings. Headings are for convenience only and do not affect interpretation.

6. Remedies; Attorneys' Fees. Beneficiaries shall be entitled to recover their reasonable attorneys' fees and expenses to the extent permitted by law in connection with enforcement of this Deed of Trust and the Secured Obligations.

7. Trustee. Trustee accepts the trust created by this Deed of Trust and agrees to perform the duties herein provided. Beneficiaries may remove and replace Trustee and appoint a substitute trustee by written instrument duly recorded.

Execution; Acknowledgments.

IN WITNESS WHEREOF, Grantor has executed and sealed this Deed of Trust as of the date first above written.

Western Carolina Developers, LLC,
a North Carolina Limited Liability Company

By: _____
Name: _____
Title: Member / Manager

****

STATE OF NORTH CAROLINA
COUNTY OF BURKE

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged that he/she is a Member/Manager of Western Carolina Developers, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was signed in its name by him/her as Member/Manager.

Witness my hand and official stamp or seal, this ____ day of _____, 2026.

_____
Notary Public

My Commission Expires: _____

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After recording, please return the recorded original to:
Sally Sandy, City Manager, City of Morganton, P.O. Box 3448, Morganton, NC 28680-3444

Exhibit "A"
Legal Description

Being all of that real property as shown on that plat recorded in Plat Book 10 at Page 55, Burke County Registry, LESS AND EXCEPTING those lots numbered 1-5 and 49-60 as shown on said plat. Reference to said plat is hereby made for a more particular description of said property.

TOGETHER WITH and SUBJECT TO all easements, rights of way and restrictions of record and as shown on said plat.

BACK REFERENCE: Book 2846, Page 86, and Book 2581, Page 410, both of the Burke County Public Registry.

TAX ID#'s: 1794175470 & 1794175020

REID#'s: 54475 & 40571