

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) sets forth certain agreements between Mark Carruth Homes, LLC, with principal offices located at 94 Hwy 64, Suite 3, Cashiers, NC 28717 (“MCH”), and _____, (“Owner”), to enter into a contract for the construction management services related to a residence to be constructed at Lot _____ Mountaintop. This MOU is an expression of intent to work together under the parameters set forth below until such time that the parties create and sign the mutually agreeable Construction Agreement described below.

Background

MCH is a licensed general contractor in North Carolina primarily building second homes in the growing Cashiers market. MCH has quickly grown to be one of the top builders in that area in both size and reputation. This has been possible through focused development and management of key competitive advantages including a lower cost structure (by leveraging resources from its parent company in Atlanta); development of a quality customer service operation; and a market focused approach to management

The owner has purchased a homesite in Mountaintop for the purpose of building a home for personal use and would like to engage MCH as the general contractor for the project.

Mountaintop is a new community in Cashiers being developed by Discovery Land Company. Mountaintop is slated to be a premier second home community playing off the success of Discovery’s west coast developments. Mountaintop’s location is in the center of one of the fastest growing counties in Western North Carolina.

The Relationship

MCH will provide the construction resources and expertise to construct a single-family home for a reasonable predetermined amount. The owner will participate in the planning/design aspects of the project as well as provide the complete financing. The ultimate goal is to leverage the strengths of both parties to delivery a home that meets the need of the owner at an agreed upon price.

Structure of the Deal

- A. **CONSTRUCTION:** MCH agrees to manage the construction of the agreed upon home on owners property at for a fee to be established at a point when the scope of work can be determined through a set of comprehensive plans and specifications. MCH will build to a specified budget as outlined in the job cost report derived from the plans and specifications developed by both parties. The cost of the project will include hard cost and builder overhead. Owner will responsible for all cost inclusive of but not limited to land, financing, permits, hard construction cost, design fees and insurance.
- B. **PROJECT START:** Under this agreement the planning process will commence at signing of this Memorandum of Understanding and Pre-Construction will start upon signing of the Construction Agreement.
- C. **PROJECT COMPLETION:** The home will be completed within approximately 12 months from the time construction commences as defined by the initial site development activities.
- D. **OWNER RESPONSIBILITIES:** The owner will assume the following roles and responsibilities:
 1. Mutually develop the plans and specs with MCH.
 - Consistent with the capabilities, resources and materials used by MCH
 2. Provide the financing for the project including any guarantees personal or otherwise.

E. MCH RESPONSIBILITIES: MCH will assume the following roles and responsibilities:

PLANNING PROCESS

1. Site review (includes time with owners, developer & surveyor)
2. Survey
3. Site plan development
4. Plan review
5. Plan development (includes time with owner & architect)
6. Specification development (includes time with owners, vendors, subcontractors & creating the document)
7. Estimating / Value engineering
8. Bid process
9. Budget development (includes time with owner, vendors, subcontractors & creating the spreadsheet)
10. Contract development (including all exhibits)
11. Contract documents

Deliverable: working drawings, comprehensive specifications

PRODUCTION PROCESS

12. Complete all pre-production requirements
13. Obtain all development and regulatory approvals
14. Provide complete management of the suppliers and subcontractors
15. Complete site management
16. Quality control
17. Customer service during and after the sale
18. Process payables including processing construction loan progress draws
19. Maintain and report job cost status on a periodic basis
20. Select and manage finish selections

Deliverable: Comprehensive construction management services, all development approvals, county permits

F. COSTS INCURRED PRIOR TO SIGNING OF THE CONSTRUCTION AGREEMENT: Owner agrees to pay all costs associated in the planning stage that will allow MCH to develop the construction parameters, the budget and thus the Construction Agreement. This includes time and money spent by MCH as well as outside vendors & subcontractors (i.e.: surveyor's, architects, etc.). The owner will not have to pay vendors or subcontractors for biddings on materials to be used or work to be performed in the production process outlined above. The time spent by MCH will be billed at an hourly rate of \$100. These fees are considered part of the offering provided by MCH and will not be passed on to the owner as long as both parties agree to continue the relationship by signing the Construction Agreement. MCH estimates the time to complete this work at 72 hrs. The work completed and the subsequent deliverables (i.e. site plans, ARC documents, specifications, and architectural drawings) belong to the owner to continue the project even in the event MCH does not take the role of the general contractor.

G. TERM: The term of this Agreement will be for a two (2) month period from the Effective Date or until the Construction Agreement is executed

H. CONFIDENTIALITY: The parties acknowledge that documents shared in the building process (such as the Job Cost Reports, Financing Documents, Specifications, etc.) include sensitive information on the ongoing business of both parties. The parties agree to hold all information shared in the process in complete confidence and will not for any reason share or discuss the contents of the documents with any third party outside of the architectural drawings. Their initials below evidence the agreement to the provisions of this paragraph:

Owner(s) initials: _____

MCH initials: _____

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, have caused this Agreement to be executed as of the day set forth below.

Effective Date: August 1, 2007

Mark Carruth Homes, LLC.

Mark Carruth
President