

TIMBER SALE AND PURCHASE CONTRACT

STATE OF ALABAMA )

SHELBY COUNTY )

THIS CONTRACT is entered into on Feb. 13, 2002  
By Jack Falletta, Patricia Falletta, Imogene W. Falletta  
("Seller"), and Lomax Pulpwood & Logging Inc.  
("Purchaser").

Seller, for and in consideration of the sum of  
Thirty seven thousand nine hundred dollars and no cents  
( \$ 37,900.00 ) paid by Purchaser, the receipt whereof is  
hereby acknowledged, Seller hereby grants, bargains, sells  
and conveys unto Purchaser all pine timber south and east  
of the pink flagged line may be cut now standing on the  
following described real estate (the "timber").

That part of the S 1/2 of Section 14, and that part of  
the N 1/2 of the NE 1/4 Section 23, Township 22 North,  
Range 13 East; as shown on the attached Exhibit "A"  
together with the right of ingress, egress and regress for  
Purchaser, its agents, servants, contractors, employees,  
successors and assigns, over, across and along said lands,  
for the purpose of cutting and removing the timber, the  
parties hereto agree as follows:

1. The Sellers covenants with the Purchaser that it is  
free from all encumbrances unless otherwise noted, that  
they have a good right to sell and convey the timber from  
said land, and they will warrant and defend the Purchasers  
right to cut and remove said timber from the above  
described land against lawful claims of all persons.

2. Title to the timber shall revert to Sellers if any  
of the timber is not removed from said lands on or before  
December 31, 2002.

3A. Purchaser shall provide and maintain at its  
expense the following insurance protecting it, and the

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Sellers to extent of all indemnification obligations hereunder, from claims arising out of or resulting from Purchaser's operations hereunder.

(a) Workers' Compensation in statutory requirements and Employer's Liability with limits of liability of not less than One Hundred Thousand Dollars (\$100,000.00) per accident.

(b) Commercial General Liability including Blanket Contractual Coverage, Broad Form Property Damage, and Personal Injury, with not less than Five Hundred Thousand Dollars (\$500,000.00) general aggregate limit per policy year for bodily injury or property damage.

(c) Business Automobile Liability covering owned, hired, leased and non-owned vehicles, with not less than Five Hundred Thousand Dollars (\$500,000.00) combined single limit for bodily injury or property damage per occurrence.

(d) The policies of insurance shall be written on an occurrence basis and shall include a provision for severability of interest to the extent of any indemnification obligations of Purchaser under this Agreement. Prior to the commencement of the removal of the timber, Purchaser shall furnish Sellers with certificates of insurance providing evidence of the insurance required. Such certificates shall provide for ten (10) days prior written notice to Sellers of either cancellation or material alteration of the above types or amounts of insurance.

3B. The Purchaser agrees to protect, defend, indemnify and hold the Sellers free and harmless from and against any and all losses, claims, liens, demands, liabilities and causes of action of every kind and character including, but not limited to, the amount of any judgments, penalties, interest, court costs and legal fees incurred by the Sellers in defense of same, or arising in favor of any party, occurring, or in anywise incident to,

or in connection with or arising directly or indirectly out of the Purchaser's operations hereunder and caused by any act or omission of the Purchaser, its agents and employees and subcontractors.

4. The Purchaser, or its agents, employees or contractors will remove from the Seller's property all containers, paper, cans, bottles, cable or other manmade debris they produce while removing this timber. All roads, culverts, ROW's or fences will be left in as good conditions as at the start of logging operations. No painted boundary or line fence trees may be cut. Purchaser shall conduct cutting, logging and all other operations hereunder in a careful and workmanlike manner and in such a way as not to unreasonably damage or destroy growing timber not sold to the Purchaser, shall pay to Sellers twice the agreed upon stumpage rate for timber not sold to Purchaser that may be willfully or negligently cut, damaged or destroyed by Purchaser or its agents, servants, employees or contractors; not including, however non-conveyed trees the removal of which is necessary for the removal of the timber. Purchaser will comply with Alabama Best Management Practices for 1993.

5. Sellers or their agent will be notified before logging is begun and one week before logging is completed. Representatives of Sellers will make periodic inspections of cutting and logging operations hereunder during the term of this contract, and Purchaser agrees, promptly upon demand therefore, to correct any violations hereunder which such inspections may disclose. Performance bond shall be returned to Purchaser upon satisfactory completion of cutting and removal operations or in the event that any damage is done to the subject property by Purchaser or his agents or assigns, part or all of bond may be forfeited as liquidated damages.

6. All risks of loss or damage to the timber shall be on the Purchaser from and after the date of this contract,

and no damage to or destruction of the timber shall relieve Purchaser of any of its options hereunder.

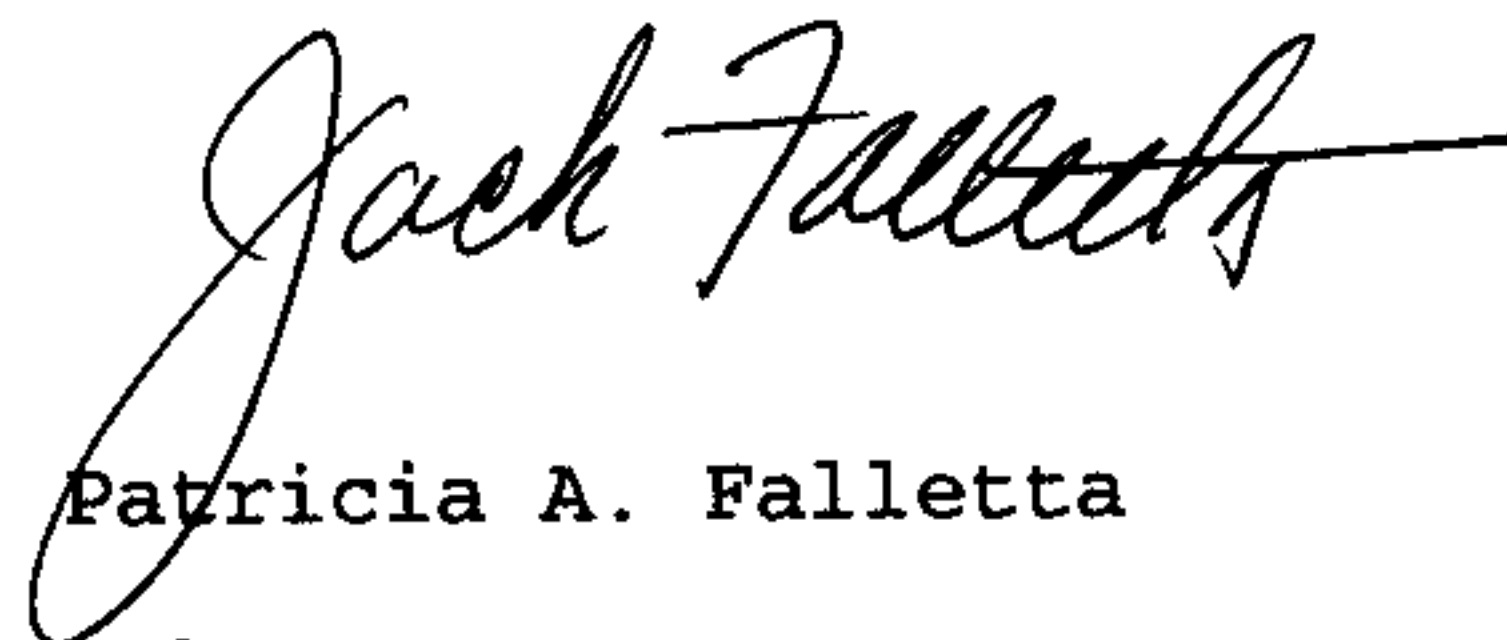
7. Purchaser shall pay all severance and like taxes on the timber and all ad valorem taxes on its machinery and equipment on the land.

8. This contract and all the terms and provisions and covenants hereof and all the rights, title, powers and options herein contained shall be binding upon and shall inure to the benefit of and be exercised by the successors and assigns of the respective parties and the Grantees and successors in title of the Sellers. This contract and the rights, benefits, powers and privileges hereunder may be assigned or transferred by either party hereto, but no such assignment or transfer by Purchaser shall release Purchaser from any of its obligations under this contract.

In witness whereof, the parties hereto have executed  
this contract on the day and year first written above.

Seller:

Jack Falletta

A handwritten signature in cursive script that reads "Jack Falletta". The signature is written in dark ink and is positioned above the printed name.

Patricia A. Falletta

A handwritten signature in cursive script that reads "Patricia A. Falletta". The signature is written in dark ink and is positioned above the printed name.

Imogene W. Falletta

A handwritten signature in cursive script that reads "Imogene W. Falletta". The signature is written in dark ink and is positioned above the printed name.

Purchaser:

Lomax Pulpwood & Logging Inc



HARPERSVILLE 10 MI.

T. 21 S.  
R. 1 E.

12'30"

3674

3875

WILSONVILLE)  
MAN III 0543

387

SALE

RIVER

COOSA  
SHELBY CO  
CALLADEGA CO

ELEVATION 396

EXHIBIT "A"  
LEGAL DESCRIPTION

## PARCEL NO. 3:

Commence at the SW corner of Section 14, Township 21 South, Range 1 East; thence run East along the South line of said Section 14, a distance of 1725.03 feet to the East right of way line of Alabama State Highway #145; thence turn an angle of 75 degrees 59 minutes to the left and run along said right of way line a distance of 1235.28 feet to the point of beginning; thence continue in the same direction along said right of way line a distance of 90.00 feet to the P.C. of a right of way curve; thence continue along said right of way curve (whose Delta angle is 23 degrees 04 minutes 46 seconds to the right, radius is 3719.72 feet, tangent distance is 759.47 feet, length of arc is 1498.34 feet); thence turn an angle of 142 degrees 55 minutes 14 seconds to the right from a tangent line of said right of way curve and run South a distance of 1595.79 feet; thence turn an angle of 104 degrees 00 minutes to the right and run a distance of 684.73 feet to the point of beginning. Situated in the NE 1/4 of the SW 1/4 and the SE 1/4 of the SW 1/4 of Section 14, Township 21 South, Range 1 East, Shelby County, Alabama.

## PARCEL NO. 3-A:

Commence at the SW corner of Section 14, Township 21 South, Range 1 East; thence run East along the South line of said Section 14, a distance of 1775.03 feet to the East right of way line of Alabama State Highway #145; thence turn an angle of 75 degrees 59 minutes to the left and run North along the East right of way line of said Highway a distance of 1235.28 feet; thence turn an angle of 90 degrees to the right and run a distance of 284.73 feet to the point of beginning; thence continue in the same direction a distance of 400.00 feet; thence turn an angle of 76 degrees 00 minutes to the right and run South a distance of 584.36 feet to the pool line of Law Reservoir contour line elevation 397.00 feet; thence turn an angle of 103 degrees 45 minutes to the right and run along said contour line a distance of 85.12 feet; thence turn an angle of 23 degrees 08 minutes to the right and run along said contour line a distance of 85.73 feet; thence turn an angle of 15 degrees 30 minutes to the left and run along said contour line a distance of 100.00 feet; thence turn an angle of 54 degrees 35 minutes 49 seconds to the right and run a distance of 590.73 feet to the point of beginning. Situated in the SE 1/4 of the SW 1/4 of Section 14, Township 21 South, Range 1 East, Shelby County, Alabama.

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Parcel

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And all others executing this mortgage, do hereby

real estate, situated in

Shelby

Commence at the Northwest Corner of the NW 1/4 of the SE 1/4 of said Section 14, thence southerly, and along the West line of same, for a distance of 462.23 feet to the point of beginning of the property described herein; thence continue along the last named course for a distance of 1800.93 feet to the Alabama Power Company's normal waterlevel at Elevation 397.0; thence along said Elevation in the following described course; South 21° 00' East for a distance of 325.0 feet; thence South 41° 00' East for a distance of 150.00 feet; thence North 51° 00' East for a distance of 120.00 feet; thence North 28° 00' East for a distance of 170.00 feet; thence South 89° 00' East for a distance of 80.00 feet; thence South 65° 00' East for a distance of 120.00 feet; thence North 85° 30' East for a distance of 230.00 feet; thence South 69° 00' East for a distance of 125.00 feet; thence South 25° 00' East for a distance of 140.00 feet; thence South 120° 00' East for a distance of 103.00 feet to a point on the south line of said Section 14; thence run East along said South line for a distance of 430.00 feet to the Southeast Corner of the SW 1/4 of the SE 1/4 of said Section 14; thence run north along the East line of the SW 1/4 of the SE 1/4 of said Section 14 for a distance of 335.00 feet; thence North 9° 00' West for a distance of 270.00 feet; thence North 48° 00' West for a distance of 245.00 feet; thence North 8° 30' West for a distance of 90.00 feet; thence North 17° 30' East for a distance of 215.00 feet; thence North 58° 00' West for a distance of 140.00 feet; thence North 21° 00' West for a distance of 70.00 feet; thence North 8° 30' East for a distance of 210.00 feet; thence North 7° 30' West for a distance of 65.00 feet; thence North 19° 00' West for a distance of 130.00 feet; thence North 42° 00' West for a distance of 75.00 feet; thence North 48° 30' West for a distance of 210.00 feet; thence North 42° 00' West for a distance of 135.00 feet; thence North 82° 30' West for a distance of 315.00 feet; thence North 22° 00' East for a distance of 95.00 feet; thence North 51° 00' East for a distance of 110.00 feet; thence North 64° 00' East for a distance of 150.00 feet to a point on the North line of the NW 1/4 of the SE 1/4 of said Section 14; thence North 89° 42' West along said North line for a distance of 648.63 feet; thence run South 33° 08' East for a distance of 224.80 feet; thence South 10° 45' East for a distance of 278.60 feet; thence run West for a distance of 214.64 feet to the point of beginning.

(SEE ATTACHED FOR CONTINUATION).

Said property is warranted free from all incumbrances and against any adverse claims, except as stated above.

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