

## **ARTICLES OF ORGANIZATION**

### **OF**

### **REALITY HOMES, LLC**

For the purpose of forming a limited liability company under the Alabama Limited Liability Company Act and any act amendatory thereof, supplementary thereto or substituted therefor (hereinafter referred to as the "Act"), the undersigned does hereby sign and adopt these Articles of Organization, and, upon filing for the record of these Articles of Organization in the Office of the Judge of Probate of Shelby County, the existence of a limited liability company (hereinafter referred to as the "Company"), under the name set forth in Article I hereof, shall commence.

#### **ARTICLE I.**

##### **NAME**

- 1.1 The name of the limited liability company shall be **REALITY HOMES, LLC**.

#### **ARTICLE II.**

##### **PERIOD OF DURATION**

- 2.1 The Company's duration shall be from the date of the proper filing of these ARTICLES OF ORGANIZATION and shall continue until it is dissolved and its affairs are wound up as provided by law.

#### **ARTICLE III.**

##### **PURPOSES, OBJECTIVES AND POWERS**

The purposes, objectives and powers for which the Company is formed are:

- (a) To engage in any lawful business, act or activity for which a company may be organized under the Act, it being the purpose and intent of this Article III to invest the Company with the broadest purposes, objects and powers lawfully permitted a company formed under the Act.

- (b) To carry on any and all aspects, ordinary or extraordinary, of any lawful business and to enter into and carry out any transaction, ordinary or extraordinary, permitted by law, having and exercising in connection herewith all powers given to companies by the laws of the State of Alabama.
- (c) Without limiting the scope and generality of the foregoing, the Company shall have the following specific purposes, objects and powers:
  - 1. To purchase, sell and develop real estate, including the construction and or remodeling of homes, buildings, improvements and other such structures.
  - 2. To have and to exercise any and all of the powers specifically granted in the limited liability company laws of the State of Alabama, none of which shall be deemed to be inconsistent with the nature, character or object of the Company, and none of which are denied to it by these Articles of Organization.
  - 3. To build, manufacture or otherwise process or produce; to acquire, own, manage, operate, improve or deal with; to sell, lease, mortgage, pledge, distribute or otherwise deal in and dispose of, property of every kind and wheresoever located.
  - 4. To purchase, lease or otherwise acquire any interest in the properties and rights of any person, firm, company or governmental unit, to pay for the same in cash, in shares of stock, bonds, or other securities, evidences of indebtedness or property of this Company or of any other person, firm, company or governmental unit.
  - 5. To be a promoter or incorporator, to subscribe for, purchase, deal in and dispose of, any stock, bond obligation or other security, of any person, firm, company, or governmental unit, and while the owner and holder thereof to exercise all rights of possession and ownership.
  - 6. To purchase or otherwise acquire, (including, without limitation, to purchase its own shares or membership interest to the extent of unreserved and unrestricted capital surplus available therefore to the fullest extent permitted by the Act) and to sell, pledge or otherwise deal in or dispose of shares of its own stock, bonds, obligations, other securities, or membership interest.

7. To borrow money from any person, firm, company (business, public or non-profit), or governmental unit and to secure any debt by mortgage or pledge of any property of the Company; to make contracts, guarantees, and indemnity agreements and incur liability and issue its notes if not consistent with the provisions of the Constitution of Alabama as the same may be amended from time to time.

8. To lend money, or aid or extend credit to, or use its credit to assist, any person, firm, company (business, public or non-profit), or governmental unit, including, without limitation, its employees and directors and those of any subsidiary, in accordance with the Act.

9. To guarantee any indebtedness and other obligations of, and to lend its aid and credit to, any person, firm, company (business, public, or non-profit), or governmental unit, and to secure the same by mortgage or pledge of, or security interest in, any property of the Company.

10. To consolidate, merge or otherwise reorganize in any manner permitted by law; to engage in one or more partnerships and joint ventures as general or limited partner.

11. To carry on its business anywhere in the United States and in foreign countries.

12. To elect or appoint officers and agents and define their duties and fix their compensation; to pay pensions and establish pension plans, pension trusts, profit sharing plans, and other incentive or deferred compensation plans for any or all of its directors, officers and employees.

13. To make donations for the public welfare or for charitable, scientific, or educational purposes; to transact any lawful business which the Board of Directors shall find to be in aid of governmental policy.

3.2 All words, phrases and provisions appearing in this Article III are used in their broadest sense, are not limited by reference to, or interference from, any other words, phrases or provisions and shall be so construed.

#### **ARTICLE IV.**

##### **REGISTERED OFFICE AND REGISTERED AGENT**

4.1 The location and street address of the initial registered office of the Company shall be:

Reality Homes, LLC  
c/o Darlene Raughton  
124 Scarlet Oak Drive  
Maylene, Alabama 35114

4.2 The initial registered agent of the Company at the above address shall be DARLENE RAUGHTON.

#### **ARTICLE V.**

##### **INITIAL MEMBERS**

5.1 The names and mailing address of the initial Member of the Company is:

Darlene Raughton 124 Scarlet Oak Drive, Maylene, Alabama 35114

5.2 The name and mailing address of the Organizer shall be:

Darlene Raughton 124 Scarlet Oak Drive, Maylene, Alabama 35114

#### **ARTICLE VI.**

##### **ADMISSION OF ADDITIONAL MEMBERS**

From and after the date of the formation of the Company, any person or entity acceptable to the Member(s) by their vote thereof may become a Member in this Company either by the issuance by the Company of membership interest for such consideration as the Member(s) by their votes shall determine, or as a transferee of a Member's membership interest or any portion thereof as approved by the member(s) by their vote, subject to the terms and conditions of these Articles of Organization and the Operating Agreement.

## **ARTICLE VII.**

### **CESSATION OF MEMBERSHIP**

The cessation of membership of one or more Members will not result in the dissolution of the Company.

## **ARTICLE VIII.**

### **MANAGEMENT**

The business and affairs of the Company shall be managed by its Members in accordance with the laws of this state and in accordance with the terms of the Company's Operating Agreement, if one is adopted.

## **ARTICLE IX.**

### **INTERNAL AFFAIRS**

9.1 The provisions of Sections 9.2 to 9.4 for the regulation of the business and for the conduct of the affairs of the Company and its Members are hereby adopted.

9.2 The initial Operating Agreement of the Company may be adopted by the initial Member(s). The power to alter, amend, or repeal the Operating Agreement or adopt a new Operating Agreement shall be vested in the Member(s), which power may be exercised in the manner and to the extent provided in the Operating Agreement. The Operating Agreement may contain any provisions for the regulation of the business and for the conduct of the affairs of the Company or the Member(s), not inconsistent with the Act of these Articles of Organization. The Operating Agreement as so adopted and as may be amended from time-to-time, is hereby incorporated herein by reference as if set out in full herein.

9.3 Any contract or other transaction which is fair and reasonable to the Company between the Company and one or more of its members, or between the Company and any firm of which one or more of its Members are members or employees, or in which they are financially interested, or between the Company and any company or association of which one or more of its Members are shareholders, members, directors, officers, or employees, or in which they are financially interested, shall be valid for all purposes, notwithstanding the presence of the person at the meeting of the Members of the company or any committee thereof that acts upon, or in reference to, the contract or transaction if either (a) the fact of such interest shall be disclosed or known to the Members, or such committee, as the case may be, and the Members or such committee shall, nevertheless, authorize or ratify the contract or transaction or (b) the fact of such relationship or

interest is disclosed to the Members entitled to vote, and they authorize, approve or ratify such contract or transaction by vote or written consent. The interested Members shall not be counted in determining whether a quorum is present and shall not be entitled to vote on such authorization or ratification. This section shall not be construed to invalidate any contract or other transaction that would otherwise be valid under the common and statutory law applicable to it. Each and every person who may become a Member of the Company is hereby relieved from any liability that might otherwise arise by reason of his or her contraction with the Company for the benefit of himself or herself or any firm or company in which he or she may be in any way interested.

9.4 The Company reserves the right from time to time to amend, alter or repeal each and every provision contained in these Articles of Organization, or to add one or more additional provisions, in the manner now or hereafter prescribed or permitted by the Act, and all rights conferred upon Members at any time are granted subject to this reservation.

## **ARTICLE X.**

### **INDEMNIFICATION**

10.1 In amplification, and not in limitation, of applicable provisions of the Act and other provisions of the Alabama law:

(a) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Company), by reason of the fact that he or she is or was a member, manager, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, partner, Member or manager, employee or agent of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such claim, action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he or she is or was a Member, manager, officer, employee, or agent of the Company or is or was serving at the request

of the Company as a director, officer, partner, member, manager, employee, or agent of another company, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the company, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Company unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

10.2 To the extent that a member, manager, officer, employee or agent of the company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 10.1, or in defense of any claim, issue or matter therein he or she shall be indemnified against expenses including attorneys' fees actually and reasonably incurred by him or her in connection therewith, notwithstanding that he or she has not been successful on any other claim, issue or matter in way such action, suit or proceeding.

10.3 Any indemnification under Section 10.1 (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the member, manager, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 10.1. Such determination shall be made (a) by the members by a majority vote of a quorum consisting of members who were not parties to, or who have been wholly successful on the merits or otherwise with respect to such claim, action, suit or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested members so directs, by independent legal counsel in a written opinion.


10.4 Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the company in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in the Section 10.4 upon receipt of an undertaking by or on behalf of the member, manager, officer, employee, or agent to repay such amount if, and to the extent, that it shall ultimately be determined that he or she is not entitled to be indemnified by the company as authorized in this Article.

10.5 The indemnification authorized by this Article shall not be deemed exclusive of, and shall not be in addition to, any other rights to which those indemnified may be entitled under any statute, rule of law, provision of articles of organization, operating agreement, other agreement, vote of members or otherwise, both as to action as his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a member, manager, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

10.6 The company shall purchase and maintain insurance on behalf of any person who is or was a member, manager, officer, employee, or agent of the company, or is or was serving at the request of the company as a director, officer, partner, member, manager, employee, or agent of another company, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the company would have the power to indemnify him or her against such liability under the provisions of this Article X.

IN WITNESS WHEREOF, the undersigned organizers have executed these Articles of Organization on this the 27 day of July, 2005.

  
DARLENE RAUGHTON  
MEMBER

  
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Shelby Cnty Judge of Probate, AL  
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