Dreparect by. Reynolds War Parlies
740 St. Huy 139
P.O. Box 197
Maple Sville, AL
36750

Timber Sale and Purchase Contract

Whereas John E. Shelton, III ("Seller") desires to sell timber ("Timber") described below; and whereas Reynolds Wood Products ("Buyer") desires to buy said Timber; the Seller hereby grants, bargains, sells and conveys Timber to Buyer under the following terms and conditions (the "Agreement").

1. Effective Date:

The effective date of this Agreement is <u>December 31, 2011</u>.

2. Purchase Price:

Buyer agrees to pay Seller a price of <u>Thirty Five Thousand One Hundred Fifty and 00/100</u>, (\$35,150.00) ("Purchase Price") for the Timber described below. Buyer agrees to pay one half this amount by December 31, 2011, and the other half by January 15, 2012. Buyer agrees that logging shall not commence until after the second payment is made.

3. Timber Description:

All pine timber plus hardwood timber with a stump diameter of 22" or larger (18" Dbh or larger).

4. Timber Location:

The Timber is located on real estate ("Property") located in Section 21; Township 19 South, Range 1 East, Shelby County, Alabama, according to the map on Exhibit 'A' which is part of this contract, together with the right of ingress and egress for the Buyer, its agents, servants, contractors, employees, successors and assigns, over, across and along said Property, for the purpose of cutting and removing Timber. Access to the public road shall be at a location as indicated by the map on Exhibit 'A'.

5. Termination Date:

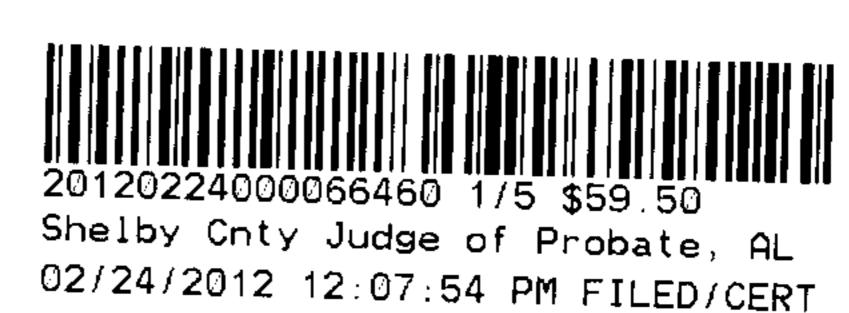
The Buyer shall have a period of time ending on November 15, 2012 ("Termination Date") to cut and remove the Timber and all equipment associated with its operations.

6. Reversion of Title:

Title to any Timber remaining on the Property as of the Termination Date shall revert to Seller unless the Termination Date is otherwise extended in writing and signed by both Seller and Buyer.

7. Seller Covenants:

The Seller covenants with the Buyer that the Timber is free from all encumbrances unless otherwise noted, that they have a good right to sell and convey the Timber located on the



Property, and that they will warrant and defend the Purchasers right to cut and remove the Timber against lawful claims of all persons.

8. Buyer Insurance:

Buyer shall provide and maintain at its expense the following insurance protecting it and the Seller to the extent of all indemnification obligations hereunder, from claims arising out of or resulting from Buyers operations hereunder.

- a. Worker's Compensation in statutory requirements and Employers Liability with limits of liability not less than \$100,000.00 per accident.
- b. Commercial General Liability including Blanket Contractual Coverage, Broad Form Property Damage, and Personal Injury, with not less than \$1,000,000.00 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 \$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 Buyer under this Agreement. Prior to the commencement of the removal of the Timber, Buyer shall furnish Seller with certificates of insurance providing evidence of the insurance required. Such certificates shall provide for ten (10) days prior written notice to Seller of either cancellation or material alteration of the above types or amounts of insurance. Buyer agrees to add as additional insured South40 Partners and the Seller.

9. Buyer Covenants:

The Buyer agrees to protect, defend, indemnify, pay and hold the Seller free and harmless from and against any and all losses, claims, liens, demands, liabilities and causes of actions of every kind and character including the amount of judgment, penalties, interest, court cost and legal fees incurred by the Seller in defense of same arising in favor of any party, all claims or demands of every character occurring or in anywise incident to, in connection with, or arising directly or indirectly out of any of the Buyers operations hereunder and caused by any act or omission of the Buyer, its agents, employees and subcontractors.

10. Operational Requirements:

a. Buyer shall also take precautions to not cause damage to the Property. South40 Partners shall be entitled to suspend harvesting operations when, in their sole discretion, logging in wet weather is causing damage to the Property. Skid trails and log decks shall be kept to a minimum number necessary for the removal of Timber. The Buyer, or its agents, employees or contractors will remove from the Property all containers, paper, cans bottles, cable or other manmade debris brought onto the Property. All streams, fences, gates, pastures and existing

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roads will be kept free of tops, limbs or other logging debris at all time. All roads, culverts, fences, gates and utility lines existing prior to initiation of harvesting activities will be left in the same or better condition as they were at the execution of this Agreement, including the access road that adjoins property to the east (see Exhibit 'A'). No boundary or fence line trees may be cut. No rock, dirt or pine stumps may be removed from the property. Buyer is not permitted to cut any timber or to drive or operate any type of machinery in the areas marked "No Cut" on the map on Exhibit 'A', or to allow trees to fall into the "No Cut" area.

- b. Buyer will comply with Alabama Best Management Practices at all times. Seller shall comply with all laws, regulations and ordinances applicable to any of its activities including weight limits. Buyer shall take precautions not to deposit mud or debris onto any public road.
- c. A Performance Bond of \$1,757.50 shall be deposited with South40 Partners to be held in escrow for the cost to remediate the Buyers failure to perform any of the conditions in this Agreement, or may be forfeited as liquidated damages. The Performance Bond not used by South40 Partners for remediation or liquidated damages shall be returned to Buyer upon satisfactory completion of Buyers obligations.

11. Sellers Agent:

The Sellers agent, South40 Partners, LLC, shall be notified before logging begins, and one week before logging is completed. Representatives of South40 Partners, LLC are permitted to make periodic inspections of the cutting and logging operations during the term of this Agreement, and Buyer agrees, promptly upon demand, to correct any violations hereunder which the inspections may reveal. Contact with South40 Partners should be directed to the project manager, Jon Ingram, phone 205-646-0600, Southern LINK 18*25641, P. O. Box 565 Thorsby, AL 35171.

12. Risk of Loss:

All risk of loss or damage to the Timber shall be upon the Buyer as of the effective date of this contract, and no damage or destruction of the Timber shall relieve Purchaser of any of its obligations hereunder.

13. Severance Tax:

Buyer shall pay all severance and like taxes on the Timber and all ad valorem taxes on its machinery and equipment on the Property.

14. Succession and Assignment:

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 Seller. 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 Buyer shall release the Buyer from any of its obligations under this Contract.

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THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT. IF YOU DO NOT UNDERSTAND THE LEGAL IMPLICATION OF ANY PART OF THIS CONTRACT, SEEK LEGAL ADVICE BEFORE SIGNING.

In witness hereof, the parties hereto execute this contract on the day and year first written above. 2.3.2011 **SELLER** Given under my hand and seal this 3rd day of February, 2012. Address: 8895 Highway 51 Westover, AL 35147 Phone: 205-936-0743 Notary My commission expires: 12/22/11 My commission expires on January 13, 2016 BUYER: Reynolds Wood Products Date By: David Jones Given under my hand and seal this 6 day of February Address: P. O. Box 197 Maplesville, AL 36750 Phone: 888-398-1442 Notary Public My commission expires: MONESTE PROPERTY OF THE

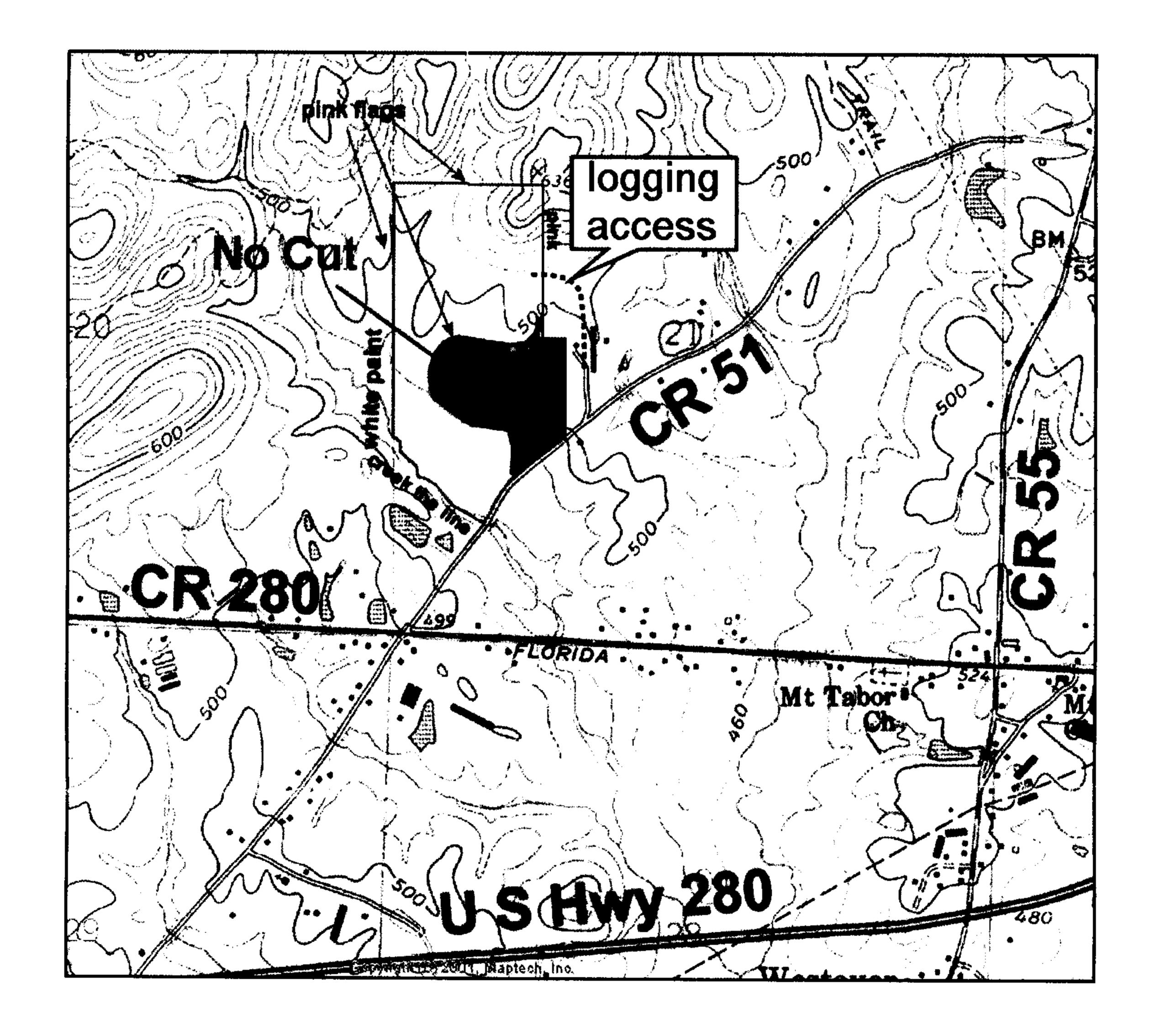
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Exhibit 'A'

Property Description

Contract for Purchase of Standing Timber between
John E. Shelton, III (Seller)
and Reynolds Wood Products (Buyer)

Section 21; Township 19 South, Range 1 East, Shelby County, Alabama



Note: area shaded grey in the map above is a "No Cut" zone

Shelby County, AL 02/24/2012 State of Alabama Deed Tax:\$35.50

