

STATE OF ALABAMA
COUNTY OF SHELBY

CHELSEA HOMES
PARTNERSHIP AGREEMENT

Agreement made this 20th day of April, 1984, between TIMOTHY S. HARDY, SHARON A. HARDY, STEVEN H. RITCHIE and MARK C. LINDSAY, III, all of Chelsea, County of Shelby, State of Alabama, herein referred to as partners.

RECITALS

1. Partners desire to join together for the pursuit of common business goals. The words "his" or "her" used herein shall refer to all the above partners.
2. Partners have considered various forms of joint business enterprises for their business activities.
3. Partners desire to enter into a partnership agreement as the most advantageous business form for their mutual purposes.

ARTICLE ONE - NAME, PURPOSE AND DOMICILE

The name of the partnership shall be CHELSEA HOMES. The partnership shall conduct the business of construction of residential dwellings, including the financing and selling of the same, and related business activities to include any and all lawful business activities that may be transacted under the laws of the State of Alabama in pursuing the purposes of said partnership. The principal place of business shall be in Chelsea, Alabama, and all books and records will be maintained by Sharon A. Hardy, unless relocated by majority consent of the partners.

Sharon Hardy
Rt. 1 Box 80-A
Chelsea, Ala. 35043

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Partnership Book 2 Page 449

ARTICLE TWO - DURATION OF AGREEMENT

The term of this agreement shall be for ten years, commencing on the 20th day of April, 1984, and terminating on the 20th day of April, 1994, unless sooner terminated by mutual consent of the parties or by operation of the provisions of this agreement.

ARTICLE THREE - PERFORMANCE BY PARTNERS

Each partner shall apply all of his experience, training, and ability in discharging his assigned functions in the partnership and in the performance of all work that may be necessary or advantageous to further business interests of the partnership.

ARTICLE FOUR - CONTRIBUTION

Each partner shall contribute his or her signature to be used by the partnership to establish its capital position in obtaining loans or other financing from lending institutions, subject to majority consent of the parties.

ARTICLE FIVE - BUSINESS EXPENSES

In the event the partnership deems it necessary to rent buildings where the partnership business shall be carried on, and the cost of repairs and alterations, all rates, taxes, payments for insurance, and other expenses in respect to the buildings used by the partnership, and the wages for all persons employed by the partnership are all to become payable on the account of the partnership. All losses incurred shall be paid out of the capital of the partnership or the profits arising from the partnership business, or, if both shall be deficient, by the partners on a pro rata basis, in proportion to their original contributions, as provided in Article Nineteen.

Partnership Book 2 Page 450

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ARTICLE SIX - AUTHORITY

No partner shall buy any goods or articles or enter into any contract exceeding the value of One Hundred Dollars (\$100.00) without the prior consent in writing of the other partners; or the other partners shall have the option to take the goods or accept the contract on account of the partnership or to let the goods remain the sole property of the partner who shall have obligated himself.

ARTICLE SEVEN - SEPARATE DEBTS

No partner shall enter into any bond or become surety, security, bail or cosigner for any person, partnership or corporation, or knowingly condone anything whereby the partnership property may be attached or taken in execution, without the written consent of the other partners.

Each partner shall punctually pay his separate debts and indemnify the other partners and the capital and property of the partnership against his separate debts and all expenses relating thereto.

ARTICLE EIGHT - BOOKS AND RECORDS

The books and records shall be maintained by the partners and, more particularly, will remain in the possession of Sharon A. Hardy at her residence, and proper entries made therein of all sales, purchases, receipts, payments, transactions, and property of the partnership, and the books of accounts and all records of the partnership shall be retained at the principal place of business as specified in Article One herein. Each partner shall have free access at all times to all books and records maintained relative to the partnership business.

ARTICLE NINE - ACCOUNTING

The fiscal year of the partnership shall be from April 1st to March 31st of

Partnership Book 2 Page 451

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each year. On the 1st day of April, 1985, and on the 1st day of April in each succeeding year, a general accounting shall be made and taken by the partners of all sales, purchases, receipts, payments, and transactions of the partnership during the preceding fiscal year, and of all the capital property and current liabilities of the partnership. The general accounting shall be written in the partnership account books and signed in each book by each partner immediately after it is completed. After the signature of each partner is entered, each partner shall keep one of the books and shall be bound by every account, except that if any manifest error is found therein by any partner and shown to the other partners within three (3) months after the error shall have been noted by all of them, the error shall be rectified.

ARTICLE TEN - DIVISION OF PROFITS AND LOSSES

Each partner shall be entitled to twenty-five per cent (25%) of the net profits of the business, and all losses occurring in the course of the business shall be borne in the same proportion, unless the losses are occasioned by the wilful neglect or default, and not mere mistake or error, of any of the partners, in which case the loss so incurred shall be made good by the partner through whose neglect or default the losses shall arise. Distribution of profits shall be made monthly, or after an affirmative vote of the majority of the partners.

ARTICLE ELEVEN - ADVANCE DRAWS

Each partner shall be at liberty to draw out of the business in anticipation of the expected profits any sums that may be mutually agreed on, and the sums are to be drawn only after there has been entered in the books of the partnership the terms of agreement, giving the date, the amount to be drawn by the respective partners, the time at which the sums shall be drawn, and any other conditions or

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matters mutually agreed on. The signatures of each partner shall be affixed thereon. The total sum of the advanced draw for each partner shall be deducted from the sum that partner is entitled to under the distribution of profits as provided for in Article Ten of this agreement unless otherwise agreed as above.

ARTICLE TWELVE - SALARY

No partner shall receive any salary from the partnership, and the only compensation to be paid shall be as provided in Articles Ten and Eleven herein.

ARTICLE THIRTEEN - RETIREMENT

In the event any partner shall desire to retire from the partnership, he or she shall give one month's notice in writing to the other partners and the continuing partners shall pay to the retiring partner at the termination of the one month's notice the value of the interest of the retiring partner in the partnership. The value shall be determined by a closing of the books and a rendition of the appropriate profit and loss, trial balance, and balance sheet statements. All disputes arising therefrom shall be determined as provided in Article Twenty.

ARTICLE FOURTEEN - RIGHTS OF CONTINUING PARTNERS

On the retirement of any partner, the continuing partners shall be at liberty, if they so desire, to retain all trade names designating the firm name used, and each of the partners shall sign and execute assignments, instruments, or papers that shall be reasonably required for effectuating an amicable retirement.

ARTICLE FIFTEEN - DEATH OF A PARTNER

In the event of the death of one partner, the legal representative of the deceased partner shall remain as a partner in the firm, except that the exercising

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of the right on the part of the representative of the deceased partner shall not continue for a period in excess of three (3) months, even though under the terms hereof a greater period of time is provided before the termination of this agreement. The original rights of the partners herein shall accrue to their heirs, executors, or assigns. Thereafter, Article Thirteen shall apply.

454
Partnership Book 2, Page 454
ARTICLE SIXTEEN - EMPLOYEE MANAGEMENT

No partner shall hire or dismiss any person in the employment of the partnership without the consent of the other partners, except in cases of gross misconduct by the employee.

ARTICLE SEVENTEEN - RELEASE OF DEBTS

No partner shall compound, release, or discharge any debt that shall be due or owing to the partnership without receiving the full amount thereof, unless that partner obtains the prior written consent of the other partners to the discharge of the indebtedness.

ARTICLE EIGHTEEN - COVENANT AGAINST REVEALING TRADE SECRETS

No partner shall, during the continuance of the partnership or for five (5) years after its determination by any means, divulge to any person not a member of the firm any trade secret or special information employed in or conducive to the partnership business and, which may come to his or her knowledge in the course of this partnership, without the consent in writing of the other partners, or of the other partners' heirs, administrators, or assigns.

ARTICLE NINETEEN - ADDITIONAL CONTRIBUTIONS

The partners shall not have to contribute any additional capital to the partnership to that required under Article Four herein, except as follows: (1) each partner shall be required to contribute a proportionate share in additional

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contributions if the fiscal year closes with an insufficiency in the capital account or profits of the partnership to meet current expenses, or (2) the capital account falls below Five Thousand Dollars (\$5,000.00) for a period of three (3) months.

ARTICLE TWENTY - ARBITRATION

If any differences shall arise between or among the partners as to their rights or liabilities under this agreement, or under any instrument made in furtherance of the partnership business, the difference shall be determined and the instrument shall be settled by: David D. Shelby, Attorney at Law, acting as arbitrator, and his decision shall be final as to the contents and interpretations of the instrument and as to the proper mode of carrying the provision into effect.

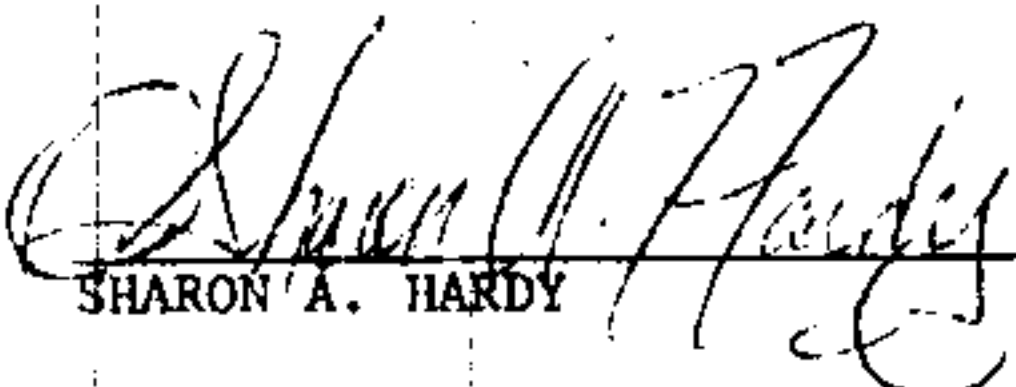
ARTICLE TWENTY-ONE - ADDITIONS, ALTERATIONS OR MODIFICATIONS

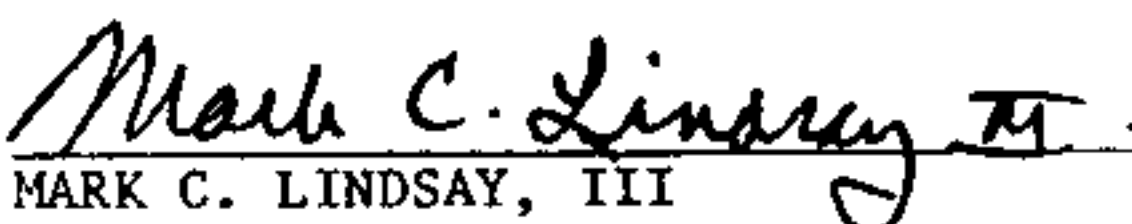
Where it shall appear to the partners that this agreement, or any terms and conditions contained herein, are in any way ineffective or deficient, or not expressed as originally intended, and any alteration or addition shall be deemed necessary, the partners will enter into, execute and perform all further deeds and instruments as their counsel shall advise. Any addition, alteration or modification shall be in writing, and no oral agreement shall be effective.

In witness whereof, the parties have executed this agreement at 2956 Rhodes Circle, Birmingham, Alabama 35205 the day and year first written above.


TIMOTHY S. HARDY


STEVEN H. RITCHIE


SHARON A. HARDY


MARK C. LINDSAY, III

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A C K N O W L E D G E M E N T

BEFORE ME, the undersigned authority, came and appeared TIMOTHY S. HARDY, SHARON A. HARDY, STEVEN H. RITCHIE and MARK C. LINDSAY, III, who did affirm that the provisions of the foregoing Partnership Agreement are a full, true and correct expression of their intent to enter same, having read said Agreement in my presence, and did then freely and voluntarily affix their signatures below in my presence, stating that they held full knowledge of executing this act, and after having been duly sworn, ON THIS 20th DAY OF APRIL, 1984.

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT TO BE CORRECT

1984 APR 23 AM 8:15

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NOTARY PUBLIC

MY COMMISSION EXPIRES MARCH 20, 1988

Thomas D. Hamilton, Jr.
JUDGE OF PROBATE

Timothy S. Hardy
TIMOTHY S. HARDY

Address:

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STEVEN H. RITCHIE

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Mark C. Lindsay, III
MARK C. LINDSAY, III

Address:

Mark C. Lindsay III
Rt. 1 Box 35-C, Chelsea, Ala.

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