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STATE OF ALABAMA)  
JEFFERSON COUNTY)

PARTNERSHIP AGREEMENT

OF

OAK RIDGE PARTNERSHIP, an  
Alabama General Partnership

THIS AGREEMENT made and entered into this the 3rd day of March, 1986, effective as of the 1st day of February, 1986, by and among Cross Homebuilders, Inc., Kimbrell Homes, Inc., and Pate Construction Company, Inc. (the "Partners").

WITNESSETH

WHEREAS, on the 3rd day of March, 1986, the Parties hereto formed a general partnership (the "Partnership") for the purpose of acquisition, development and sale of certain real property located in Shelby County, Alabama; and

WHEREAS, the Partners deem it in their best interest to memorialize in writing their various agreements, rights and obligations regarding the ownership, operation, and management of the affairs of the Partnership;

NOW, THEREFORE, in consideration of the premises and mutual covenants and undertakings of the parties hereto, it is agreed as follows:

1. Name and Place of Business. The name of the Partnership shall be Oak Ridge Partnership. The principal place of business of the Partnership shall be 3583 Mill Springs Road, Birmingham, Alabama 35233, and at such other place or places as the Partners shall determine.
2. Duration. This Partnership commenced on the 1st day of February, 1986, and shall continue until dissolved by mutual agreement or as hereinafter otherwise provided, or on the sale of all of the Partnership's Property.
3. Purpose of the Partnership. The Partnership has a contract

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to purchase the following described real property situated in Shelby County, Alabama:

(To be provided by Kenneth B. Weygand)  
(the "Property").

At such time as the purchase of the Property is concluded, the Partnership will make its best efforts to: (1) construct and install all street and site improvements thereon as appropriate to the development of the Property as a single family residential subdivision; (2) subdivide the Property in accordance with law and the regulations of the Planning Commission of Shelby County, Alabama; and (3) sell the individual lots with the subdivision to members of the general public or professional home builders.

This Partnership Agreement is for the specific purpose set forth above and shall not be construed so as to constitute the parties hereto Partners for any other purpose. The Partnership shall pursue no other business other than as stated above except as is agreed upon in writing by all Partners.

4. Capital Contributions. At the time of the commencement of the Partnership, the Partners contributed cash and substantial time and effort. The initial capital account of each Partner shall be Two Thousand Five Hundred and no/100 Dollars (\$2,500.00). Interest shall not be paid on the initial or on any subsequent contributions to the capital of the Partnership.

5. Ownership, Profit and Loss and Cash Flow.

(a) Ownership of all of the assets and liability for all debts of the Partnership shall be as set forth in item 5(b) below.

(b) For all purposes, including, but not limited to matters of taxation, the net profits and losses of the Partnership each year, and each item of income, gain, loss, deduction or credit, entering into the computation thereof has been and shall be allocated to the Partners as follows:

	<u>Net Profits</u>	<u>Net Losses</u>
Cross Homebuilders, Inc.	33 1/3%	33 1/3%
Kimbrell Homes, Inc.	33 1/3%	33 1/3%
Pate Construction Company, Inc.	33 1/3%	33 1/3%

(c) The cash flow, meaning the net profits or net

losses as shown on the books of the Partnership increased by (i) any non-taxable income or receipts of the Partnership and (ii) deductions taken for depreciation and reduced by (i) payment upon notes made by the Partnership and secured by mortgages on real estate owned by the Partnership and (ii) such reserves for new construction, capital improvements of replacements or for repairs and anticipated expenses as the Partners shall deem to be reasonably necessary for the operation of the Partnership business shall be allocated and distributed to the Partners in the same manner as set forth in paragraph (b) above regarding net profits.

(d) The liability of each partner for all debts and obligations of the Partnership, as between themselves, shall be in accordance with their ownership of the Partnership as set forth hereinabove.

6. Fiscal Matters.

(a) The Partnership has and shall maintain full and accurate books of account which shall be kept at the principal office of the Partnership. Each Partner shall have access thereto during normal business hours and shall have the right to copy such books and all other Partnership records. The books shall be closed and balances at the end of each accounting year and, if deemed necessary by the Partners, shall be audited for each accounting year by a certified public accountant.

(b) The business of the Partnership shall be conducted on a fiscal year basis, and as of the last of February of each year during the continuance of the Partnership. Commencing February 28, 1987, a full, true and accurate account shall be made in writing to the Partners of all of its receipts and disbursements, and the assets liabilities, income and cash flow shall be ascertained.

(c) Any Partner may withdraw his share of the cash flow at the end of each or any fiscal year. If any Partner shall not withdraw the whole or any part of his share of the cash flow, such cash flow unwithdrawn shall not be deemed an increase in his capital, or entitle such Partner to an increase in the share of the profits, losses or cash flow of the Partnership without the express written consent of all of the Partners.

7. Compensation. No Partner shall be entitled to a salary or any other form of compensation as a result of Partnership activities. This paragraph shall not be construed so as to prevent any Partner who is a licensed real estate broker

from receiving real estate commissions on the sale of the individual lots if, as and when the Property is developed into a subdivision. The engineering and surveying fees of Kenneth B. Weygand for work on the Project shall be paid by the Partnership.

8. Management.

(a) The affairs of the Partnership shall be managed and conducted by the Partners. Except as herein otherwise provided, all questions relating to the conduct and management of the Partnership business shall be decided by the Partners, and the determination of the Partners on any such questions (excepting, and not including, the determination of the interest or share of any Partner in the capital, net profits, net losses or cash flow of the Partnership or its claim against such Partner) shall be binding on all Partners.

(b) All checks, orders or withdrawals on any bank account of the Partnership shall be governed by the following (i) all checks or withdrawals for paying routine operating expenses may be signed by any Partner.

(c) No Partner shall, except with the written consent of all others: (i) withdraw his capital contribution, in whole or part; (ii) assign, mortgage, or sell his share in the Partnership or in its capital, assets or property; (iii) enter into any agreement as a result of which any other person, firm or corporation shall become interested with him in the Partnership; or (iv) do any act detrimental to the best interest of the Partnership or which would make impossible the carrying on of the purpose of the Partnership. Each Partner shall inform the other Partners in writing of all of his work for and transactions on behalf of the Partnership and give full information to the other Partners as to letters, accounts, writings or other things which may come into his hands or to his knowledge concerning the business of the Partnership.

(d) Each Partner may have other interests and may engage in any business, trade, profession or employment whatsoever, whether such business, trade, profession or employment is similar or competing with the purpose of the Partnership, and shall not be required to devote any set amount of time to the Partnership.

(e) Any one of the three general partners is hereby authorized to sign the mortgage and notes for the Partnership, which may be used to secure bank financing for the land development loan.

9. Death, Bankruptcy or Withdrawal of a Partner.

(a) A Partner shall have the right to withdraw from the Partnership upon not less than sixty (60) days written notice to the remaining Partners, such withdrawal to be effective as of the last day of any calendar month.

(b) Upon bankruptcy or the death or withdrawal of a Partner, the remaining Partners shall have an election either to continue the business of the Partnership and to acquire the interest of the deceased, bankrupt or withdrawing Partner, as hereinafter provided, or to dissolve and liquidate the Partnership in accordance with law; which election shall be made within thirty (30) days after such Partner's bankruptcy, death or withdrawal occurs.

(c) If a Partner shall elect to withdraw from the Partnership, he shall serve written notice thereof upon the remaining Partners not less than sixty (60) days prior to the effective date of such withdrawal. If a Partner shall be adjudicated a bankrupt, he shall serve written notice thereof upon the remaining Partners within fifteen (15) days of such determination. If the remaining Partners elect to continue the Partnership business and to acquire the interest of the bankrupt or withdrawing Partner, they shall give notice in writing of such election to the bankrupt or withdrawing Partner or his legal representative within thirty (30) days after the receipt of notice therefrom specified above (the "acceptance period"). The purchase price for such share shall be the book value thereof, as it appears on the books and records of the Partnership at the end of the fiscal year next preceding the fiscal year in which the bankrupt or withdrawing Partner serves notice as specified above, as modified by substituting the fair market value as of such date in place of the book value of all real estate owned by the Partnership, computed by a certified public accountant in accordance with accounting practices regularly followed by the Partnership, and in cases not covered by such practices, in accordance with generally accepted accounting principles. No allowance shall be made for goodwill or other intangible assets, except as those assets have been regularly reflected on the Partnership books. Such "modified book value" shall reflect and include the bankrupt or withdrawing Partner's capital account as of the end of said fiscal year, increased by such Partner's share of undistributed cash flow. In making the adjustment for the fair market value of all real estate, the certified public accountant shall rely on and use a written appraisal of the real estate appraiser selected for such purpose and agreed to in writing by the Partner or his representative, such appraiser to be paid for his services by the Partnership. In making a determination as to the fair market value of the Partnership's real estate, the appraiser shall take into consideration the percentage of completion of construction of the

project, whether or not a particular lot is under contract, the extent of the sell out of the project and such other similar factors in arriving at his determination of fair market value. A statement showing such modified book value as thus adjusted and the supporting items and computations shall be completed by the certified public accountant and copies shall be delivered to the bankrupt or withdrawing Partner or his representative and to the remaining Partners. The modified book value as so determined shall be binding upon all parties hereto. In the absence of any other agreement, the remaining Partners shall purchase the bankrupt or withdrawing Partner's entire Partnership interest according to its modified book value as computed above and pro rata among them.

The purchase price due from the remaining Partners (hereinafter sometimes referred to as the "Purchasers") shall be paid by such Purchasers to the bankrupt or withdrawing Partner or his legal representative as follows: thirty percent (30%) thereof, in cash, on the closing date as hereinafter defined; the balance, by such Purchasers' execution and delivery of twelve (12) promissory notes, each dated as of the closing date, each in the principal amount of one-twelfth (1/12) of the balance of such purchase price, with interest equal to SouthTrust's prime rate on the closing date and payable to the order of the bankrupt or withdrawing Partner or his legal representative, the first of such notes to be payable on the thirtieth (30th) day of January following the calendar year in which the closing date falls, and the remaining eleven (11) notes to be payable successively, on every month thereafter. Such notes shall provide for the privilege of repayment at any time without premium or penalty, and shall recite that all such notes shall become due at the option of the holder if all or any part of the principal or interest due on any such note remains unpaid or thirty (30) days after the date on which the same became due by the terms of such note. The closing date shall be the thirtieth (30th) day after the expiration of the "acceptance period;" provided, however, that the Purchasers shall have the right to advance the date of closing on five (5) days written notice to the bankrupt or withdrawing Partner or his representative. The closing shall be held at the then principal office of the Partnership or at any other place agreed to by the parties.

Simultaneously with the delivery to the bankrupt or withdrawing Partner or his representative by the Purchaser of the purchase price notes and the initial cash payments above provided for, the bankrupt or withdrawing Partner or his representative shall deliver to the purchaser appropriate duly executed instruments of transfer and assignment, assigning and transferring good and marketable title to the bankrupt or withdrawing Partner's entire Partnership interest thus purchase, free from any lien or encumbrances or rights of others therein. The bankrupt or

withdrawing Partner's entire Partnership interest thus transferred shall comprise all of his right, title, and interest in and to the Partnership, its firm name and all assets thereto, including but not limited to bankrupt or withdrawing Partner's capital account as of the date of notice and his share of any undrawn cash flow. The bankrupt or withdrawing Partner's entire Partnership interest shall be deemed to include discretion as to whether to sell any Partnership assets, including but not limited to real estate, and if so, whether at public or private sale and for what amount and on what terms, or whether (if sale thereof is not required to enable payment of debts, expenses of liquidation, loans by Partners, and undrawn cash flow of the Partners) to distribute and transfer the same to and among the Partners, in kind, by transferring interest therein in the respective percentages in which cash flow was shared immediately prior to the event which resulted in such liquidation. In the event that the remaining Partners determine to sell any real property, they shall have full right and discretion to determine the time, place, and manner in which such sale shall be had, having due regard to the activity and conditions of the real estate market and general financial and economic conditions.

(d) In the case of death of a Partner, his legal representative shall serve notice of such fact and his appointment as legal representative within fifteen (15) days after the date of appointment. Thereafter, the remaining individual Partners shall have an option whether to purchase the deceased Partner's share for a price determined in accordance with the method for determining the purchase price set forth hereinabove or dissolve the Partnership in accordance with law.

(e) In the event the remaining Partners elect to dissolve the Partnership, such dissolution shall be in accordance with Law and shall be made as expeditiously as possible having due regard for obtaining the best price for all of the Partnership's Property.

10. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach, or enforcement hereof, shall be submitted to three (3) arbitrators and settled by arbitration, in accordance with the rules, then obtaining, of the American Arbitration Association; provided, however, and notwithstanding any other provision of such rules, if the matter submitted to arbitration shall involve a dispute as to the modified and adjusted book value of a deceased, bankrupt or withdrawing Partner's entire Partnership interest, such arbitration shall be held before three (3) arbitrators, one (1) of whom shall be a certified public accountant. The representative of any deceased or bankrupt Partner or the withdrawing Partner shall so select one (1) arbitrator, the remaining partners shall select one (1) arbitrator,

and the two arbitrators thus selected shall name the third arbitrator. Any award made by a majority of such arbitrators shall be final, binding, and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

11. Notices. Wherever provision is made in this Agreement for giving service, or delivery of any notice, statement, or other instrument, such notice shall be deemed to have been duly given, served and delivered if mailed by United States registered or certified mail, addressed to the party entitled to receive the same at his address written at the end of this Agreement; provided, however, that any party hereto may change his mailing address by giving to the other parties hereto, by United States registered or certified mail, written notice of election to change such address and of such new address. Except wherein otherwise specified in this agreement, any notice, statement, or other instrument shall be deemed to have been given, served, and delivered on the date on which such notice was mailed as herein provided.

12. Conveyance of Lots. Prior to conveyance of any Lots, all Partners shall agree on a price list for same; thereafter, no Lot shall be sold or conveyed for less than the price agreed to without the consent of all Partners.

13. Additional Contributions to Partnership. In the event that any call for additional capital contributions is made upon the Partners, such call shall be made in good faith, shall be reasonably necessary for the carrying out of the purpose of the Partnership, and shall be debited to the Partners in proportion to their respective shares of net profit and losses. No Partner shall be obligated to satisfy any such call. In the event that any Partner does not agree to contribute the additional contribution called for, the Partnership interest of such Partner shall be diminished to the ratio which his total Partnership contribution bears to the total contribution made by the other Partners.

14. Entire Agreement. This Agreement contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter thereof. Any and all previous discussions, negotiations, commitments, and understandings relating thereto are hereby merged herein. This Agreement cannot be changed or terminated orally.

15. Applicable Law. This Agreement and the rights of the parties hereto shall be determined under the laws of the State of Alabama.

16. Benefits. The covenants and agreements herein contained shall inure to the benefit of and be binding upon the parties hereto and their respective executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, all as of the date first above written.

Don Wilson  
Witness

Cross Homebuilders, Inc.  
BY: Andrew W. Cross ITS: President

Don Wilson  
Witness

Kimbrell Homes, Inc.  
BY: John C. Kimbrell, Jr. ITS: President

Don Wilson  
Witness

Pate Construction Company, Inc.  
BY: Milton Pate ITS: President

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STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED  
87 DEC 30 PM 1:48

Thomas A. Howland, Jr.  
JUDGE OF PROBATE

RECORDING FEES  
Recording Fee \$22.50  
Index Fee 1.00  
TOTAL \$23.50