

STATE OF ALABAMA)
COUNTY OF SHELBY)

CONTRACT

THIS AGREEMENT is made and entered into as of this 30th day of June, 1992, by and between Emmett W. Cloud, and individual ("Cloud"), and Cloud & Estes, Inc., an Alabama corporation (the "Corporation").

RECITALS

On June 24, 1992, Cloud, the Corporation and James H. Estes ("Estes") entered into a Stock Purchase Agreement pursuant to which Estes agreed to purchase all the Corporation's common stock owned by Cloud. As a condition to such sale and purchase, Cloud agreed to enter into a written agreement to permit the Corporation to use a well, pump and water line located on certain property presently owned by Cloud for the purpose of maintaining the water level in a lake that Estes desires to remain full because of its aesthetic value to High Chaparral, a residential subdivision currently being developed by the Corporation.

AGREEMENT

NOW THEREFORE, these premises considered, and in consideration of the mutual covenants and conditions contained herein and in the Stock Purchase Agreement, the parties do hereby agree as follows:

1. The Agreement. Cloud hereby grants to the Corporation a nonexclusive right to use the well, pump and a 1½ inch water line (the "Equipment") currently located on certain property owned by Cloud (the "Property"), being more particularly described as follows:

Lot 8 of High Chaparral First Sector, as recorded in Map Book 12, Page 57, in the Probate Office of Shelby County, Alabama.

The Corporation's right to use such Equipment shall be for the sole purpose of maintaining the water level in the lake (the "Lake") situated on the property line of the Property that bounds lots 22, 23 and 24 of the First Sector of High Chaparral. In the event that the water level in the Lake drops to a level which, in the Corporation's sole discretion, is unsightly, the Corporation shall notify Cloud in writing that the Corporation desires to utilize the pump to fill the Lake, and Cloud, within five (days) following such notice, shall utilize the pump to fill the Lake to a level satisfactory to the Corporation. In the event that Cloud fails to begin filling the Lake at the end of said five (5) day period, the

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Burr. Forum
3000 Southfield
Birmingham, AL 35203

Corporation, its officers, agents and employees, shall have full right to enter on to the Property for the sole purpose of causing the Equipment to operate for the aforesaid purpose. Cloud represents that a starter switch for the Equipment has been installed on the outside wall of the residence of the Property and that such switch, when engaged, will cause the Equipment to operate without any further action. So long as said switch is operational, the Corporation's right of entry on to the Property shall be limited to the use of said switch.

2. Restrictions on Use. Cloud reserves the right to use the Equipment for irrigation of the Property and for such other purposes as are related to the ownership and occupancy of the Property, including without limitation, maintaining the water level in the Lake. The use of the Equipment by the Corporation shall be limited to the rights granted in paragraph 1 above.

3. Term. The rights granted hereunder shall commence on date hereof and continue until June 30, 1997, unless otherwise terminated before said date by prior written consent of both parties hereto.

4. Compensation. The Corporation shall pay to Cloud an annual fee of \$10.00 in consideration of the use of the Equipment commencing on July 1, 1992 and on each anniversary thereof, through and including July 1, 1996. The Corporation will pay \$2.50 per each 24-hour period of use of the pump, so long as such use is requested by the Corporation, to reimburse Cloud for the electricity used to operate the pump to fill the Lake.

5. Responsibility for Maintenance and Operation.

(a) Cloud shall be responsible for maintaining the Equipment in good operating condition. Cloud shall pay all costs, charges and expenses relating to the operation, maintenance and repair of the Equipment.

(b) The Corporation shall reimburse Cloud for its proportionate share of any costs and expenses incurred and paid by Cloud in maintaining and repairing the pump. The Corporation's proportionate share shall be determined by using a reasonable method for allocating such costs based upon usage of the pump or such other method as may be mutually agreed upon by the parties. The Corporation will pay its share of such costs within fifteen (15) days following receipt of the invoices for such costs. For purposes of this Agreement, the cost of maintaining the Equipment shall not include any costs that would be capitalized under generally accepted accounting principals but shall include the monthly depreciation allowance for any such capitalized costs.

6. Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties to this Agreement.

(b) The Corporation and Cloud agree that this Agreement shall be filed in the records reflecting real property conveyances in Shelby County, Alabama. The Corporation will pay the costs of recording this Agreement.

7. Notice. Any notice required or permitted hereunder shall be effective if personally delivered, on the date of delivery, or if by U. S. Mail, three (3) days following the date of mailing, postage or delivery prepaid and properly addressed as follows:

If to the Corporation:
Route 1, Box 242
Brierfield, Alabama 35035

If to Cloud:
124 El Camino Real
Chelsea, Alabama 35043

or to such other address as a party may direct by delivery of written notice given as herein provided.

8. Modification. This Contract shall not be amended except by written instrument executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract as of the day and year first above written.

Cloud & Estes, Inc.

By: James H. Estes
James H. Estes
Its President

Emmett W. Cloud
Emmett W. Cloud

STATE OF ALABAMA)
Jefferson COUNTY)

I the undersigned, a Notary Public in and for said County in said State, do hereby certify that James H. Estes, president of Cloud & Estes, Inc., an Alabama corporation, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that being informed of the contents of said instrument, he, as such officer and with full authority, executed the same for and as the act of said corporation.

Given under my hand and official seal of office this ^{9th} ~~1st~~ day of July, 1992.


Notary Public
My commission expires: 2-1-93

STATE OF ALABAMA)
Jefferson COUNTY)

I the undersigned, a Notary Public in and for said County in said State, do hereby certify that Emmett W. Cloud, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal of office this 1st day of July, 1992.


Notary Public
My commission expires: 8/21/95

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11:18 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
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