

**SUBORDINATION AND
PROPERTY MANAGEMENT AGREEMENT**

THIS AGREEMENT is made and entered into by and between Highland Scenic Overlook, Inc., an Alabama corporation ("Overlook") and Highland Lakes Development, Ltd., an Alabama limited partnership ("Development").

RECITALS:

On September 19, 1990, Overlook and the State of Alabama entered into a lease agreement (the "Lease Agreement") with respect to a parcel of real property located in Shelby County, Alabama (described on Exhibit A hereto and hereinafter referred to as the "Leased Premises") that is a part of the U.S. Highway 280 Right of Way and that is currently designated and used as a public scenic overlook by the State of Alabama Highway Department and the Federal Highway Administration. The Lease Agreement is recorded in Book 311, Page 399, in the Probate Office of Shelby County, Alabama.

The Lease Agreement provides for, among other things, the right to construct a four lane road as approved by the Alabama Highway Department in cooperation with the Federal Highway Administration and for the maintenance of the Leased Premises in a clean, satisfactory manner acceptable to the State with at least 10 parking spaces and all shelters located on the property for the benefit of the public.

Overlook is wholly-owned by Highland Lakes Properties, Ltd. ("Properties") which has entered into an Option Agreement with Development pursuant to which Development has acquired the right to purchase all or a portion of a tract of land of approximately 1,700 acres owned by Properties that abuts the Leased Premises.

Development has, on date hereof, acquired approximately 200 acres of the Properties tract for development as the first four sectors of a planned community known as "Highland Lakes," which will consist of single family lots, private lakes, and common areas (such development is hereinafter referred to as "Highland Lakes").

Development desires to use a portion of the Leased Premises as an entrance for Highland Lakes. In connection therewith, Development has acquired permission from the State of Alabama Highway Department to construct and use a four lane road with a median over and across the Leased Premises to serve as the entrance road to Highland Lakes from U.S. Highway 280 (the "Entrance Road"). Development intends to landscape the entrance in a neat and attractive manner and desires also to ensure that the remaining portion of the Leased Premises are maintained in a neat and attractive manner.

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Development has requested Overlook to subordinate its rights under the Lease Agreement to allow Development to construct the Entrance Road in accordance with the permits granted to Development by the State Highway Department. Overlook is willing to subordinate its interest if Development will be responsible for the maintenance and care of the Leased Premises in accordance with Section 4 of the Lease Agreement at its expense as agent for Overlook.

AGREEMENT

NOW, THEREFORE, These Premises Considered, the parties do hereby agree as follows:

1. Overlook agrees to waive its right to build a four-lane access entrance road under the Lease Agreement, and to subordinate its rights under the Lease Agreement to permit Development to construct the Entrance Road in accordance with the permits granted by the Alabama Highway Department. Overlook further agrees not to interfere with the construction of the Entrance Road to be constructed by Development or to interfere with any of the pedestrian or vehicular traffic thereon; provided that the Entrance Road shall be made available to the public in accordance with the requirements of the Lease Agreement.

2. Development agrees to build the Entrance Road on the Leased Premises under permits granted by the State Highway Department and in accordance with plans and specifications approved by the State Highway Department. Development represents and warrants that it has obtained all necessary permits to construct the Entrance Road on the Leased Premises substantially in accordance with the drawing attached hereto as Exhibit B which permits include, without limitation, the following: Permit No. 3-5-3303 Agreement of Grading and/or Landscaping on Right of Way; Permit No. 3-5-3302 Special Agreement for Installation of Drainage Structures on Highway Right of Way; Permit No. 3-5-X053 Application for Right to Construct Median Crossover; and Permit No. 3-5-3301 Permit to Construct Turnout to Provide Access to a State Highway.

3. Overlook hereby designates and appoints Development as its agent for the purpose of maintaining the Leased Premises in accordance with Section 4 of the Lease Agreement. Development hereby accepts such appointment and agrees to perform such maintenance services at its expense in consideration of the waiver and subordination by Overlook under paragraph 1 above.

4. Overlook agrees to comply with the Lease Agreement in all material respects and to take no action or fail to take any action that will result in a default under the Lease Agreement. Development agrees to take no action or fail to take any action in

its capacity as Overlook's agent or with respect to the Entrance Road that will result in a default under the Lease Agreement.

5. Except as provided in paragraph 6 below, Overlook has not assigned to Development any of its rights under the Lease Agreement nor has Development assumed any of the obligations of Overlook under the Lease Agreement; provided, however, that

(a) in the event that Overlook should receive a notice that it is in default under the Lease Agreement other than as provided in subparagraph (b) below, Overlook shall notify Development of its receipt of such notice, and Development shall have the right, but not the obligation, to cure such default; provided, however, that Overlook shall cooperate with Development in taking such actions as shall be reasonably necessary to cure such default; or

(b) in the event that Overlook receives notice that the construction of the Entrance Road or the maintenance of the Leased Premises by Development, as agent for Overlook, is in violation of the terms of the Lease Agreement, Overlook shall provide Development a copy of such notice and Development shall use reasonable efforts to cure said default at its expense.

~~6. As additional consideration for the maintenance services to be provided by Development, Overlook hereby transfers and assigns to Development the exclusive right to purchase the Leased Premises pursuant to paragraph 14 of the Lease Agreement.~~ *pl*

7. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Overlook hereby consents to the assignment of Development's rights hereunder to Central Bank of the South.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on this 28th day of May, 1993.

HIGHLAND SCENIC OVERLOOK, INC.

By: *Billy D. Eddleman*

Billy D. Eddleman, President
CHAIRMAN

6. In the event that Overlook acquires the Leased Premises pursuant to the option granted to Overlook pursuant to paragraph 14 of the Lease Agreement, or otherwise, Overlook shall grant a non-exclusive easement for ingress and egress for traffic and utilities over, across and under the Entrance Road for the benefit of the owners of property currently owned by Development and Properties. Overlook shall require any assignee of the right to purchase the Leased Premises to grant such easement as a condition to assignment. *pl*

HIGHLAND LAKES DEVELOPMENT, LTD.
By its General Partner:

EDDLEMAN PROPERTIES, INC.

By: Billy D. Eddleman
Billy D. Eddleman, Chairman
of the Board

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

I, ELIZABETH D. BECK, the undersigned, a Notary Public in and for said County in said State, hereby certify that Billy D. Eddleman, whose name as Chairman of the Board of **HIGHLAND SCENIC OVERLOOK, INC.**, a corporation, 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 the instrument, He, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 28 day of May, 1993.

Elizabeth D. Beck
Notary Public
My Commission Expires: 10-3-94

[NOTARIAL SEAL]

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

I, ELIZABETH D. BECK, the undersigned, a Notary Public in and for said County in said State, hereby certify that Billy D. Eddleman, whose name as Chairman of the Board of **EDDLEMAN PROPERTIES, INC.**, an Alabama corporation, in its capacity as general partner of **HIGHLAND LAKES DEVELOPMENT, LTD.**, an Alabama limited partnership, 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 voluntarily for and as the act of said corporation, in its capacity as general partner of said limited partnership.

Given under my hand and official seal of office this 28 day of May, 1993.

Elizabeth D. Beck
Notary Public
My Commission Expires: 10-3-94

[NOTARIAL SEAL]

EXHIBIT A

Commencing at the northeast corner of the SE $\frac{1}{4}$ of SW $\frac{1}{4}$ Section 8, T-19-S, R-1-W; thence westerly along the north line of said SE $\frac{1}{4}$ of SW $\frac{1}{4}$ a distance of 276 feet, more or less, to the present southeast right-of-way line of U.S. Highway 280; thence southwesterly along said present southeast right-of-way line a distance of 27 feet, more or less, to a point on the northeast line of the Oak Mountain Rest Area, that is 170 feet southeasterly of and at right angles to the centerline of Project No. F-214(19) and the point of beginning of the property herein to be conveyed; thence southeast along the said northeast line a distance of 323 feet, more or less, to the southeasternmost line of said area; thence southwesterly along said southeasternmost line a distance of 485 feet, more or less, to an offset; thence turn an angle of 90° 00' to the right and run a distance of 25 feet, more or less, to the southeast line of said area; thence southwesterly along said southeast line a distance of 310 feet, more or less, to the north line of said area; thence easterly along said north line a distance of 150 feet, more or less, to the east line of said area; thence southerly along said east line a distance of 210 feet, more or less, to the south line of said area; thence westerly along said south line a distance of 330 feet, more or less, to a point that is 150 feet easterly of and at right angles to the centerline of said project; thence northeasterly along a curve to the right (concave easterly) having a radius of 2714.79 feet, parallel with the centerline of said project a distance of 720 feet, more or less, to a point that is 150 feet southeasterly of and at right angles to the centerline of said project at Station 303+49.76; thence northeasterly along a line a distance of 375 feet, more or less, to the point of beginning.

Said strip of land lying in the SE $\frac{1}{4}$ of SW $\frac{1}{4}$ Section 8, T-19-S, R-1-W and containing 6.10 acres, more or less.

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