

STATE OF ALABAMA)
)
SHELBY COUNTY)

OPTION AGREEMENT

This Option Agreement (the "Agreement") made this 30 day of DECEMBER, 1997, by Beaver Creek Preserve LLP, an Alabama limited liability partnership ("Owner"), and Harbar Construction Company, Inc., an Alabama corporation ("Harbar").

Inst # 1997-42268

RECITALS

Owner is the owner of that certain real property situated in Shelby County, Alabama described on Exhibit A attached hereto and made a part hereof (the "Property"). Owner has contracted to have the Property developed into 132 single family residential lots (the "Lots") pursuant to a subdivision plan (the "Plan") approved by the City of Pelham, Alabama and reviewed by Harbar. Said development of the Property will be in three phases called Phase I, Phase II, and Phase III, as indicated on Exhibit B attached hereto and made a part hereof. Owner has agreed to grant Harbar the option to purchase any one or more of the Lots upon the completion of the development of the Property for the purchase prices and upon the terms and conditions herein stated.

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, Owner and Harbar agree as follows:

1. Subject to the provisions of this Agreement, Owner does hereby give, grant, bargain, sell, and convey to Harbar the irrevocable and exclusive right and option to purchase any one or more of the Lots at any time and from time to time from the date of this Agreement to and including June 30, 2005, for a purchase price per Lot as follows:

- a) For each Lot in Phase I - \$32,000
- b) For each Lot in Phase II - \$35,000
- c) For each Lot in Phase III - \$36,000

2. Harbar may at any time and from time to time during the term of this Agreement exercise the option to purchase any one or more of the Lots by giving Owner notice of such exercise. The sale and purchase of any such Lot(s) shall be closed promptly following the exercise of the option with respect to such Lot(s), and Owner shall convey such Lot(s) with respect to which the option has been exercised to Harbar or its designee by statutory warranty deed free of all liens and encumbrances except those existing on the dates of this Agreement, and easements, restrictions and other matters of record imposed on the Property in connection with its development and current ad

valorem taxes. Harbar shall be responsible for the costs of any title insurance, surveys and for recording the deed(s). Payment for the Lot(s) shall be made at closing, at Harbar's option, either in cash or by delivery of Harbar's promissory note in the amount of the purchase price payable to Owner and due upon sale by Harbar of the home(s) to be built on the Lot(s) without interest.

3. By its acceptance hereof, Harbar acknowledges that it is familiar with the title to the Property and the results of soil tests, drainage tests, and an environmental phase I report.

4. By its acceptance hereof, Harbar agrees with Owner that it will use its best efforts to build residential units on the Lots in a good and workmanlike manner and in accordance with the Plan and all applicable laws and will endeavor to sell the residential units built by it on the Lots in a prompt manner through the marketing agent for the Property, Johnson Rast & Hays Co., Inc.

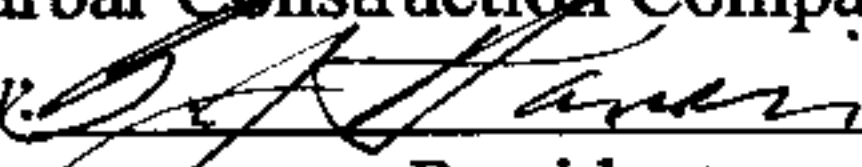
5. Notwithstanding the option herein granted to Harbar, Owner may without Harbar's consent convey one or more of the Lots to a dissociated partner of Owner in connection with the purchase of that partner's interest in Owner pursuant to Owner's partnership agreement. Such conveyance, however, shall be made subject to this option agreement.

6. Harbar shall indemnify and hold harmless Owner from all claims and liabilities (including attorneys' fees) for death of or injury to persons or damage to property in any way arising out of or in connection with the construction of residential units on the Lots by Harbar. In connection with its construction activities on the Property Harbar agrees to maintain comprehensive public liability insurance naming Owner as an additional insured in such amounts and against such risks as are maintained by prudent contractors conducting similar operations.

7. This Agreement shall be governed by the laws of the State of Alabama. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF Owner and Harbar have caused this Agreement to be duly executed as of the day and year first above written.

BEAVER CREEK PRESERVE LLP

By: Harbar Construction Company, Inc.
By: 
Its: President
Managing Partner

**HARBAR CONSTRUCTION
COMPANY, INC.**

By:

B. J. Harris
Its President

STATE OF ALABAMA)
)
SHELBY COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that B. J. HARRIS, whose name as PRESIDENT of Harbar Construction Company, Inc., a corporation, the Managing Partner of Beaver Creek Preserve LLP, an Alabama limited liability 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 such instrument, he, as such officer of such Managing Partner and with full authority, executed the same voluntarily for and as the act of said limited liability partnership.

Given under my hand and official seal this 30 day of DECEMBER, 1997.

Joseph B. Stewart
Notary Public
My Commission Expires: 1-20-2001

[SEAL]

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that B. J. HARRIS, whose name as President of Harbar Construction Company, Inc., an Alabama 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 such instrument, he, as President and with full authority, executed the same voluntarily for and as the act of said corporation.

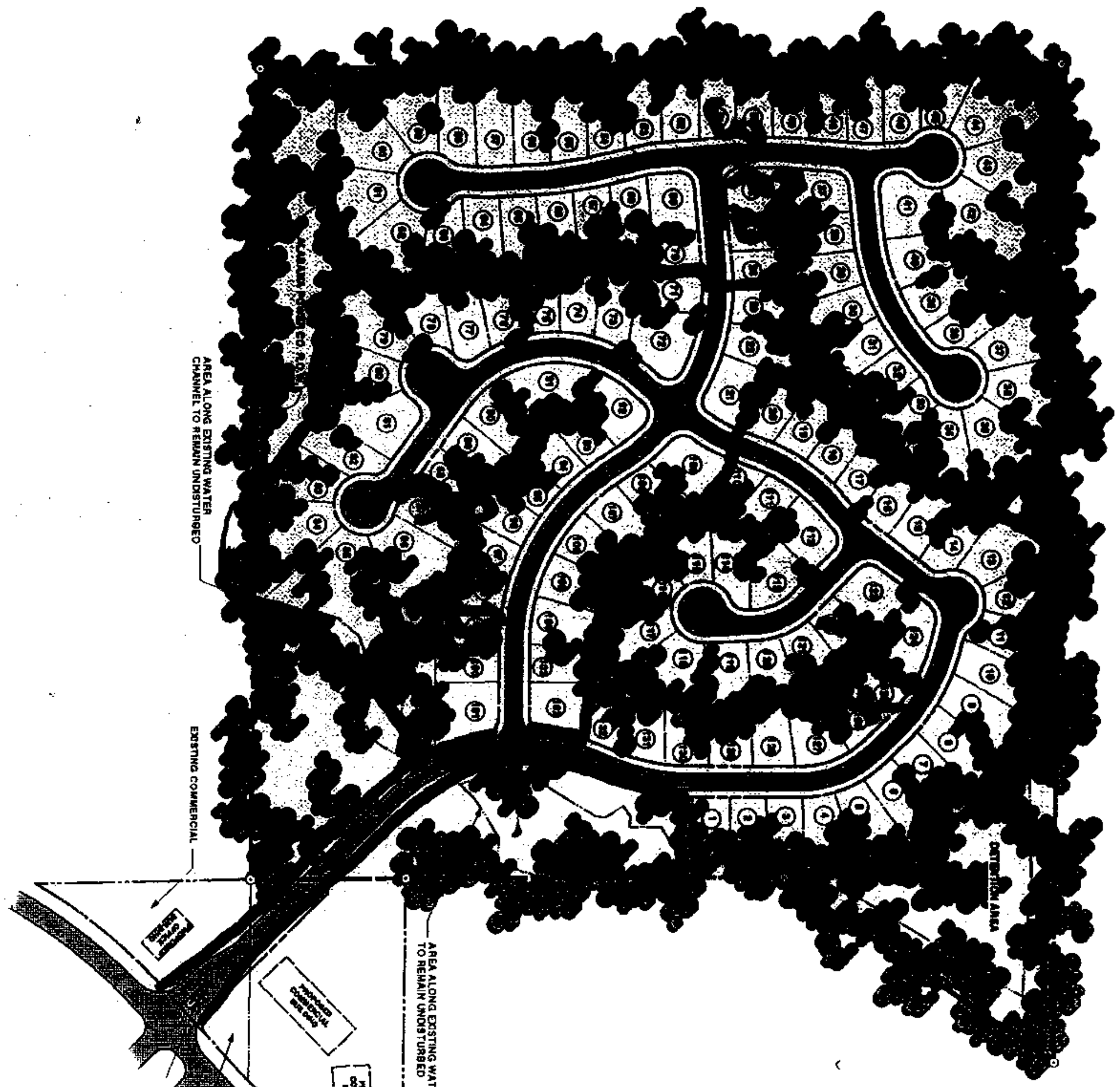
Joseph L Stewart
Notary Public
My Commission Expires: 1-20-200

This Instrument Prepared By:
Joseph G. Stewart, Esquire
BURR & FORMAN LLP
Suite 3100, SouthTrust Tower
420 North Twentieth Street
Birmingham, Alabama 35203

EXHIBIT A

The SE 1/4 of the SE 1/4 of Section 35 and Part of the SW 1/4 of the SW 1/4 of Section 36, both in Township 19 South, Range 3 West, Shelby County, Alabama, and Also Part of the NW 1/4 of the NW 1/4 of Section 1, Township 20 South, Range 3 West, Shelby County, Alabama, all being more particularly described as follows:

Beginning at the SE corner of Section 35, Township 19 South, Range 3 West, run in a Westerly direction along the South line of said Section 35 for a distance of 1321.07 feet to the Southwest corner of said SE 1/4 of SE 1/4 of Section 35; thence turn an angle to the right of 88 degrees 48 minutes 08 seconds and run in a Northerly direction along the West line of said SE 1/4 of SE 1/4 for a distance of 1298.62 feet to an existing iron corner being the Northwest corner of the SE 1/4 of the SE 1/4 of said Section 35; thence turn an angle to the right of 90 degrees 59 minutes 55 seconds and run in an Easterly direction along the North line of said SE 1/4 of SE 1/4 for a distance of 1321.22 feet to the Northwest corner of the SW 1/4 of the SW 1/4 of Section 36, Township 19 South, Range 3 West; thence turn an angle to the right of 0 degrees 19 minutes 04 seconds and run in an Easterly direction along the North line of said SW 1/4 of SW 1/4 for a distance of 295.99 feet; thence turn an angle to the right of 122 degrees 47 minutes 18 seconds and run in a Southwesterly direction for a distance of 527.89 feet to an existing iron pin and being on the East line of the SE 1/4 of the SE 1/4 of said Section 35; thence turn an angle to the left of 34 degrees 05 minutes 39 seconds and run in a Southerly direction along the East line of said SE 1/4 of SE 1/4 of said Section 35 for a distance of 721.77 feet; thence turn an angle to the left of 44 degrees 26 minutes 09 seconds and run in a Southeasterly direction for a distance of 25.56 feet; thence turn an angle to the left of 90 degrees and run in a Northeasterly direction for a distance of 10.0 feet; thence turn an angle to the right of 90 degrees and run in a Southeasterly direction for a distance of 277.07 feet to an existing iron pin and being the point of beginning of a curve, said curve being concave in a Northerly direction and having a central angle of 88 degrees 08 minutes 53 seconds and a radius of 25.0 feet; thence turn an angle to the left and run in a Southeasterly, Easterly and Northeasterly direction along the arc of said curve for a distance of 38.46 feet to a point on the Northwest right of way line of Alabama Highway #261; thence turn an angle to the right of 180 degrees and run in a Southwesterly direction along the Northwest right of way line of said Alabama Highway #261 for a distance of 120.06 feet to the point of beginning of a curve, said curve being concave in a Westerly direction and having a central angle of 91 degrees 51 minutes 07 seconds and a radius of 25.0 feet; thence turn an angle to the right of 180 degrees to the tangent of said curve and run in a Northeasterly, Northerly and Northwesterly direction along the arc of said curve for a distance of 40.08 feet to the point of ending of said curve; thence run in a Northwesterly direction along a line tangent to the end of said curve for a distance of 237.56 feet to a point on the West line of the SW 1/4 of the SW 1/4 of said Section 36; thence turn an angle to the left of 135 degrees 33 minutes 51 seconds and run in a Southerly direction along the West line of said SW 1/4 of SW 1/4 for a distance of 51.84 feet, more or less, to the point of beginning.



Proposed Master Plan **Beaver Creek Preserve** Developed by Beaver Creek Development Co.

JUNE 10, 1997

LOTS
Sector I - 110-133
1-20
LOTS
Sector II 81-101
102-109
LOTS
Sector III 24-70

Inst # 1997-42268

HOLCOMBE & WOOD
 ASSOCIATES
 LANDSCAPE ARCHITECTS
 1000 1/2 AVENUE SOUTH
 SUITE 100
 BIRMINGHAM, AL 35202

12/30/1997-42268
 04:14 PM CERTIFIED
 SHELBY COUNTY JUDGE OF PROBATE
 \$1.00
 006 MCD

EXHIBIT B