

STATE OF ALABAMA)
SHELBY COUNTY)

STATUTORY WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, That for and in consideration of ONE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS(\$130,000.00) to the undersigned GRANTOR in hand paid by the GRANTEES herein, the receipt whereof is acknowledged, **HIGHLAND LAKES DEVELOPMENT, LTD. an Alabama Limited Liability Company** (GRANTOR) does grant, bargain, sell and convey unto **J & K BUILDERS, INC.** (GRANTEE), the following described real estate situated in SHELBY COUNTY, ALABAMA to-wit:

Lots 1805 and 1813, according to the Map of Highland Lakes 18th Sector, Phase I, as recorded in Map Book 26, Page 130, in the Probate Office of Shelby County Alabama.

Together with a nonexclusive easement to use private roadways, Common Area all as more particularly described in the Declaration of Easements and Master Protective Covenants for Highland Lakes, a Residential Subdivision, recorded in Instrument # 1994-07111 and amended in Instrument no. 1996-17543, and further amended in Instrument # 1999-31095, in the Probate Office of Shelby County, Alabama, and the Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, 18th Sector, Phase I recorded in Instrument # 2000-15021 in the Probate Office of Shelby County, Alabama (which together with all amendments thereto, is hereinafter collectively referred to as the "Declaration").

Subject to:

1.Ad Valorem taxes due and payable October 1, 2002 and all subsequent years thereafter, including any "roll-back taxes."

2.Public utility easements as shown by recorded plat, including any tree buffer line shown thereon.

3.Declaration of Easements and Master Protective Covenants for Highland Lakes, a Residential Subdivision, which provides, among other things, for an Association to be formed to assess and maintain the private roadways, etc. of the development; all of said covenants, restrictions and conditions being set out in instrument recorded as Instrument #1994-07111 and amended in Instrument#1996-17543, in said Probate Office of Shelby County, Alabama, along with Articles of Incorporation of Highland Lakes Residential Association, Inc. as recorded as Instrument 9402/3947, in the Office of the Judge of Probate of Jefferson County, Alabama.

4.Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, Eighteenth Sector Phase I, as recorded as Instrument #2000-15021 in said Probate Office.

5.Subdivision restrictions shown on recorded plat in Map Book 25, Page 49, among which provides for construction of single family residence only.

6.Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities relating thereto, including rights set out in Deed Book 81, Page 417, in said Probate Office.

7.Subject to the provisions of Sections 2.3 and 2.6 of the Declaration, the property shall be subject to the following minimum setbacks:

(a) Front setback: 35 feet, or as per plot plan which must be approved by ARC;

(b) Rear setback: 35 feet

(c) Side setback: 8 feet

8.GranTEE herein agrees to construct a one and one-half story dwelling on said Lots 1805 and 1813 with no less than 2,200 square feet of living space, with a minimum of 1,600 square feet being on the first floor. The width of said dwelling shall be a minimum of 42 feet.

9.Right(s) of Way(s) granted to Alabama Power Company by instrument(s)

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recorded in Book 111, Page 408, Book 109, Page 70; Book 149, Page 380; Book 173, Page 364, Book 276, Page 670, Book 134, Page 408, Book 133, Page 212, Book 133, Page 210, Real Volume 31, Page 355 and Instrument #1994-1186 in said Probate Office.

10. Right of Way granted to Shelby County, Alabama, by instrument recorded in Book 196, Page 246 in said Probate Office.

11. Easement for ingress and egress to serve Highland Lakes Development executed by Highland Lakes Development, Ltd., to Highland Lakes Properties, Ltd., recorded as Instrument #1993-15704 in said Probate Office

12. Lake Easement Agreement executed by Highland Lakes Properties, Ltd. And Highland Lakes Development, Ltd., providing for easements, use by others, and maintenance of Lake property described within Instrument #1993-015705

13. Declaration of Easement by Highland Lakes Development, Ltd., and Highland Lakes Residential Association, Inc., recorded as Inst. #1995-18135 in the Probate office.

14. Right of Way to The Water Works and Sewer Board of the City of Birmingham as set out in Inst. #1995-34035 in Probate Office.

15. Restrictions, Covenants and conditions as set out in instrument(s) recorded in Inst. No. 1999-31095 and Inst. No. 1999-31096 in Probate Office.

16. Release(s) of damages as set out in instrument(s) recorded in Inst. No. 1999-31093 in Probate Office.

17. Declaration of Covenants, Conditions and Restrictions for Highland Lakes Eighteenth Sector, Phase I recorded as Inst. #2000-15021 in the Probate Office.

Grantee agrees to observe and perform all obligations imposed upon said Grantee pursuant to the Declarations, including but not limited to the obligation to pay assessments levied on the property herein conveyed in accordance with the Declarations.

Grantee understands and agrees that Grantor has obtained from the Alabama Department of Environmental Management (ADEM) a General Permit for storm water runoff from construction, excavation, land clearing, other land disturbance activities and associated areas to comply with the terms and conditions of said General Permit in the design and construction of improvements on the Property which shall include, without limitations, the preparation and (BMPP) implementation of a Best Management Practices Plan for structural and nonstructural practices to prevent/minimize the discharge of all sources of pollution (i.e., sediment, trash, garbage, debris, oil, grease, chemicals, etc.) to State waters in storm water run-off in accordance with the requirements of the General Permit.

Grantee shall indemnify and hold Grantor harmless for any loss or damage suffered by the Grantor as a result of Grantee's violation of or failure to comply with the terms, conditions and requirements of the General Permit. Further, if Purchaser shall be in violation of the General Permit, Grantor shall have the right after 10 days notice to take such corrective action as may reasonably be necessary to cure such violation and Grantee shall indemnify and hold Grantor harmless for any costs reasonably incurred in taking any such corrective action.

Grantee herein agrees to commence construction of a residence on the Property in accordance with Paragraph 10 of the Home Site Sales Contract (the "Residence") within six months from the date of closing. In the event that Purchaser is not able to satisfy this condition, Grantor or its assignee shall have the right and option to purchase the Property at a purchase price equal to the "Total Sales Price" reflected hereinabove by delivery of written notice to the Grantee at any time prior to commencement of construction of the Residence. In the event, Grantor or its assignee shall exercise this option, the Grantee shall sell, and the

Grantor or its assignee shall purchase the Property at a closing to be held not later than thirty(30) days after the exercise of the option. At the closing, Grantor or its assignee shall pay the Grantee the purchase price in immediately available funds (unless otherwise agreed) and Grantee shall deliver a warranty deed for the Property to Grantor or its assignee conveying fee simple title to the Property free and clear of all liens, claims and encumbrances except for the Permitted Exceptions (herein defined). The purchase of the Property pursuant to this option shall be Grantor's sole and exclusive remedy for Grantee's failure to construct a Residence as herein required.

This conveyance is made with the express reservation and condition that by acceptance of this deed, the Grantees, for themselves and on behalf of their heirs, administrators, executors, successors, assigns, contractors, permittees, licensees and lessees, hereby release and forever discharge Grantor, its successors and assigns, from any and all liability, claims and causes of action whether arising at law (by contract or in tort) or in equity with respect to damage or destruction of property and injury to or death of any person located in, on, or under the surface of or over lands herein conveyed, as the case may be, which are caused by, or arise as a result of, past or future soil, subsoil, or other conditions (including without limitation, sinkholes, underground mines, and limestone formations) under or on the Property, whether contiguous or non-contiguous. The Grantee(s) agree(s) that he(she)(they) is(are) acquiring the Property "AS IS", without any representation or warranty on the part of Grantor other than as to title. Further, the Grantee, its successors and assigns hereby acknowledges that the Grantor shall not be liable for and no action shall be asserted against Grantor in connection with any drainage easements, ditches or pipes or drainage problems associated therewith and that Grantee has inspected the same and accepts the property along with all drainage easements, ditches or pipes in its present "AS IS" condition. For purposes of this paragraph the term Grantor shall mean and refer to (I) the partners, agents and employees of Grantor; (II) the officers, directors, employees and agents of general partners of Grantor or partners thereof; (III) any successors or assigns of Grantor; and (IV) any successors and assigns of Grantor's interest in the Property. This covenant and agreement shall run with the land conveyed hereby as against Grantee, and all persons, firms, trusts, partnerships, limited partnerships, corporations, or other entities holding under or through Grantee.

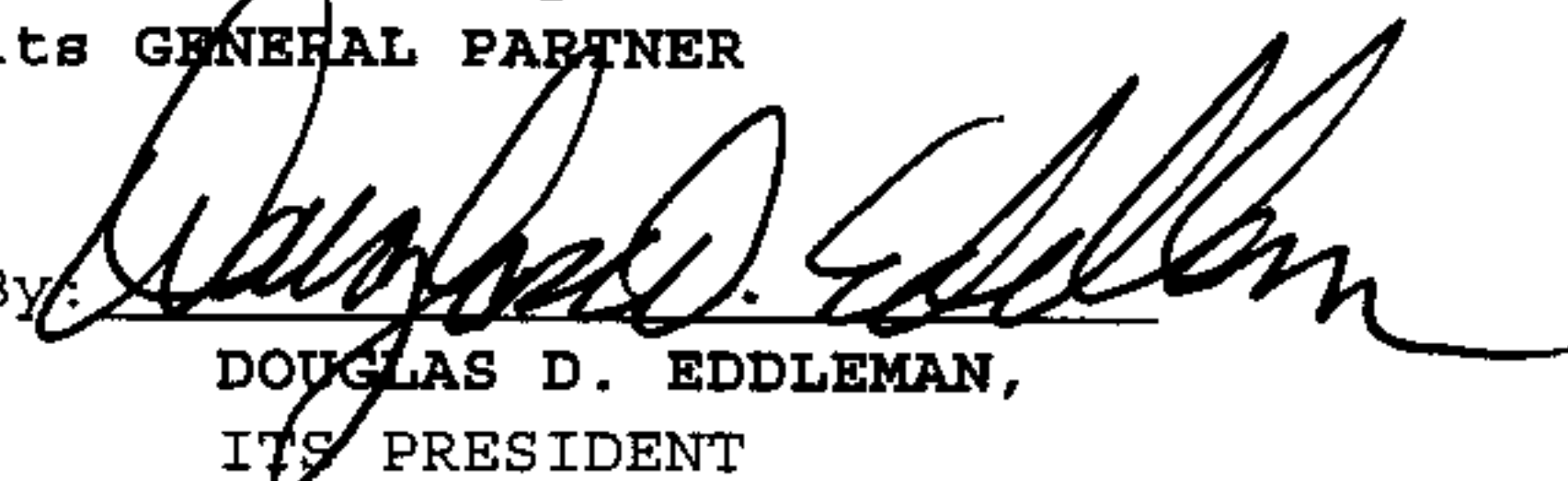
ALL OF THE CONSIDERATION WAS PAID FROM A MORTGAGE LOAN.

TO HAVE AND TO HOLD unto the said GRANTEE, its successors and assigns forever.

IN WITNESS WHEREOF, the said GRANTOR has caused this conveyance to be executed this the 21st day of DECEMBER, 2001.

HIGHLAND LAKES DEVELOPMENT, LTD.
An Alabama Limited Liability Company
BY: EDDLEMAN PROPERTIES, INC.
an Alabama Corporation
its GENERAL PARTNER

By:


DOUGLAS D. EDDLEMAN,
ITS PRESIDENT

GRANTEE
J & K BUILDERS, INC.

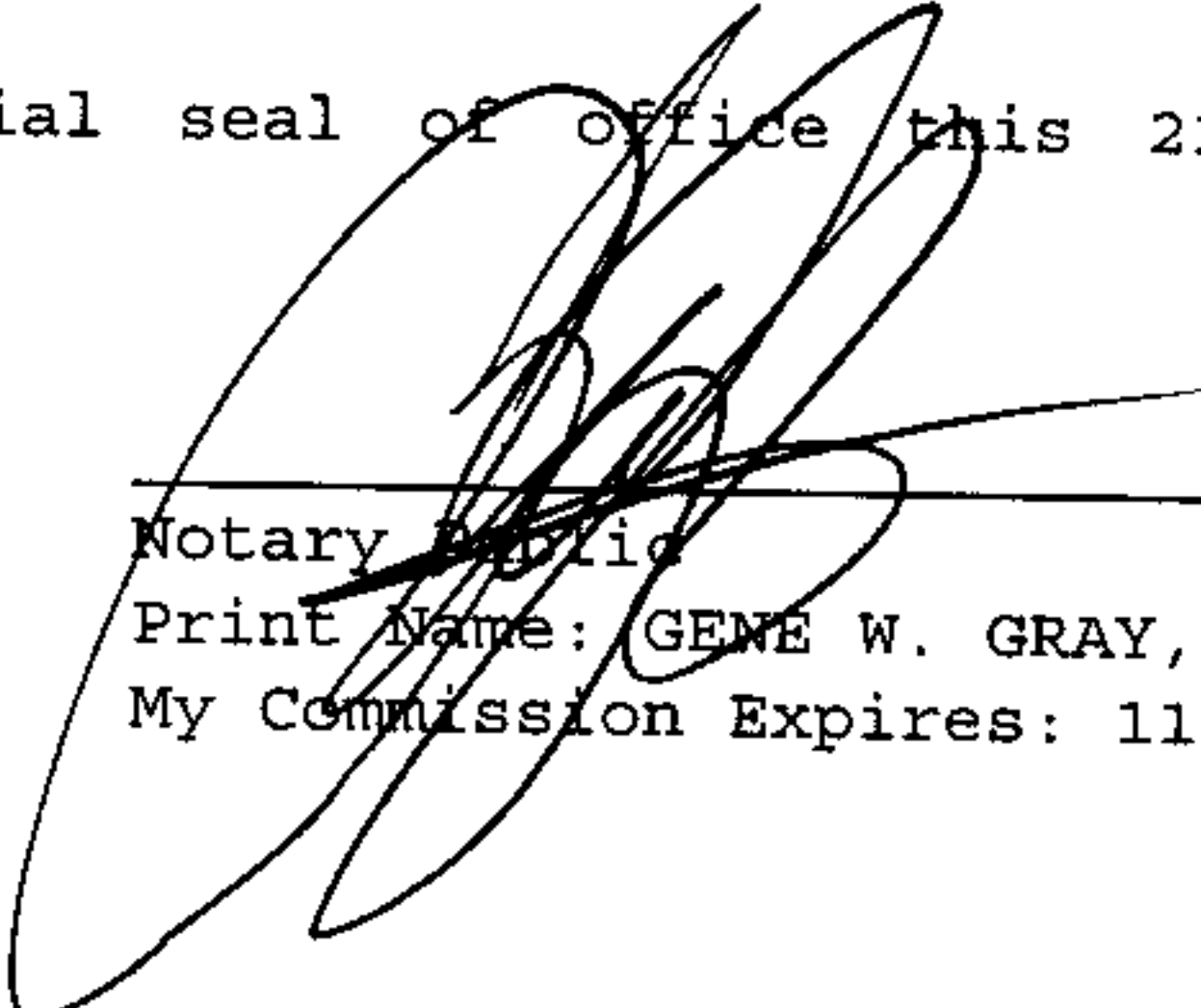
By:


JOHN R. MEINBERG,
ITS PRESIDENT

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public, in and for said County in said State, hereby certify that DOUGLAD S. EDDLEMAN, whose name as President of EDDLEMAN PROPERTIES, INC. an Alabama Corporation acting in its capacity as General Partner of HIGHLAND LAKES DEVELOPMENT, LTD. An Alabama Limited Partnership is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day, that being informed of the contents of said conveyance, 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 HIGHLAND LAKES DEVELOPMENT, LTD.

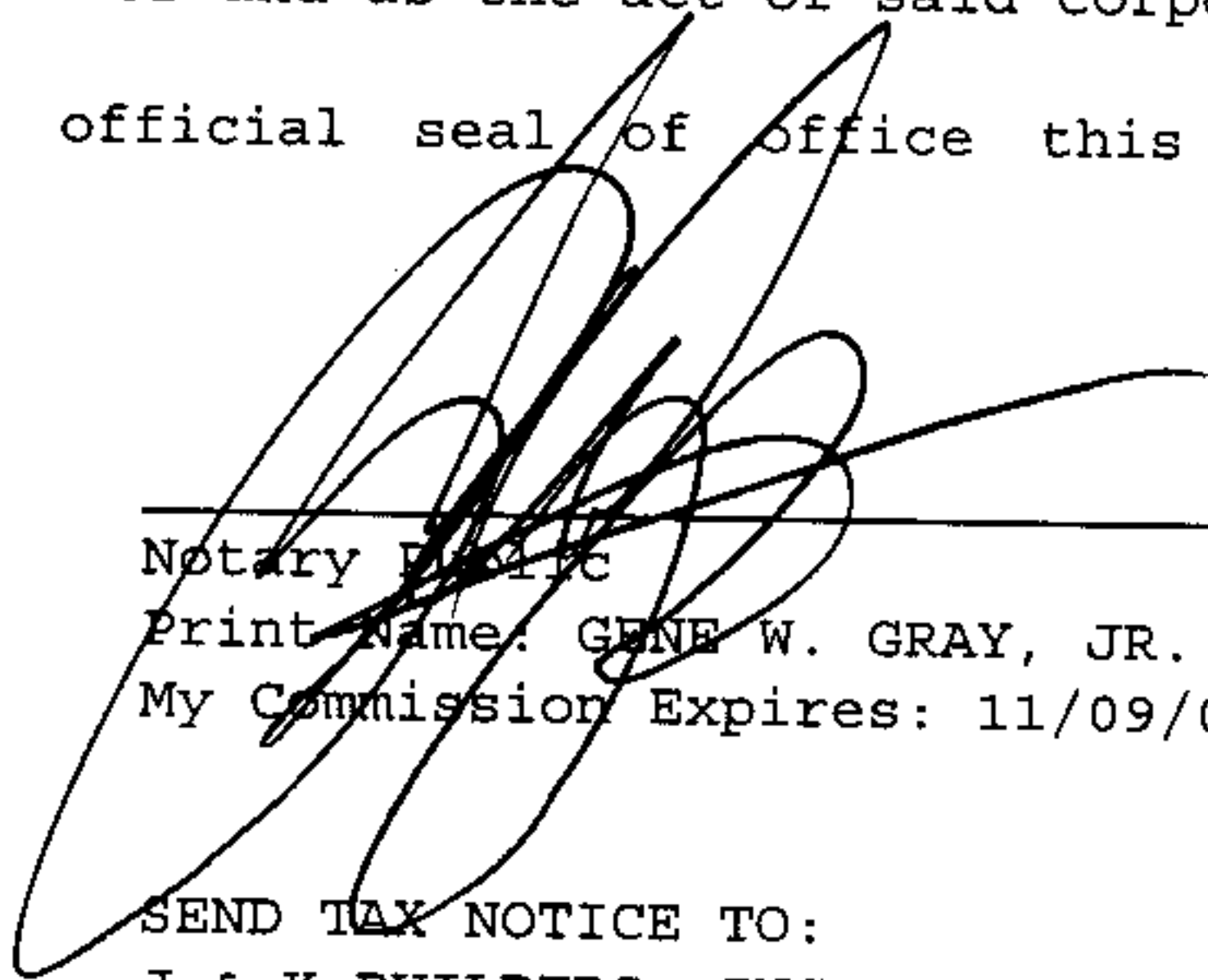
Given under my hand and official seal of office this 21ST day of DECEMBER, 2001.


Notary Public
Print Name: GENE W. GRAY, JR.
My Commission Expires: 11/09/02

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that JOHN R. MEINBERG whose name as PRESIDENT of J & K BUILDERS, INC., an Alabama Corporation, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of this conveyance, he as such officer and with full authority, executed the same voluntarily on the day the same bears date for and as the act of said corporation.

Given under my hand and official seal of office this 21st day of DECEMBER, 2001.


Notary Public
Print Name: GENE W. GRAY, JR.
My Commission Expires: 11/09/02

PREPARED BY:
GENE W. GRAY, JR.
2100 SOUTHBRIDGE PARKWAY,
SUITE 638
BIRMINGHAM, AL 35209

SEND TAX NOTICE TO:
J & K BUILDERS, INC.
200 LEIGH HILL LANE
BIRMINGHAM, AL 35244

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