

This instrument was prepared by:
Clayton T. Sweeney, Esquire

2700 Highway 280 East
Suite 160
Birmingham, Alabama 35223

Send Tax Notice to:
KEN UNDERWOOD CLASSIC HOMES,
INC.
12585 Old Highway 280
Chelsea, AL 35043

STATE OF ALABAMA)
COUNTY OF SHELBY)

STATUTORY WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that in consideration of FIFTY-TWO THOUSAND FIVE HUNDRED and NO/100 Dollars (\$52,500.00) to the undersigned grantor, HIGHLAND LAKES DEVELOPMENT, LTD., an Alabama limited partnership (herein referred to as "Grantor"), in hand paid by Grantee named herein, the receipt of which is hereby acknowledged, the said HIGHLAND LAKES DEVELOPMENT, LTD, an Alabama limited partnership, does by these presents, grant, bargain, sell and convey unto **KEN UNDERWOOD CLASSIC HOMES, INC.** (hereinafter referred to as "Grantee", whether one or more), the following described real estate (the "property"), situated in Shelby County, Alabama, to-wit:

Lot 1428, according to the Map of Highland Lakes, 14th Sector, an Eddleman Community, as recorded in Map Book 30, Page 74 A & B, in the Probate Office of Shelby County, Alabama.

Together with nonexclusive easement to use the 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 as Instrument #1994-07111 and amended in Instrument #1996-17543 and further amended in Inst. #1999-31095, in the Probate Office of Shelby County, Alabama, and the Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, 14th Sector, recorded as Instrument #20021101000539740, in the Probate Office of Shelby County, Alabama (which, together with all amendments thereto, is hereinafter collectively referred to as, the "Declaration").

Mineral and mining rights excepted.

§ ALL of the consideration was paid from the proceeds of a mortgage loan closed simultaneously herewith.

The above property is conveyed subject to:

- (1) Ad Valorem taxes due and payable October 1, 2003, and all subsequent years thereafter, including any "roll-back taxes."
- (2) Public utility easements as shown by recorded plat, including any tree bufferline as shown on recorded plat.
- (3) Restrictions, covenants and conditions as set out in instrument(s) recorded as Inst. #1994-7111, Inst. #1996-17543 and Inst. #1999-31095 in the Probate Office of Shelby County, Alabama, along with Highland Lakes Residential Association, Inc. recorded as Inst. #9402/3947 in the Probate Office of Jefferson County, Alabama..
- (4) Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, 14th Sector, as recorded as Instrument #20021101000539740, in said Probate Office.

(5) Restrictions, limitations and conditions as set out in Map Book 30, Page 74 A & B, in said Probate Office.

(6) Right(s) of Way(s) granted to Birmingham Water and Sewer Board by instrument(s) recorded in Inst. No. 1997-4027; Inst. No. 1996-25667 and Inst. No. 2000-12490, in the Probate Office.

(7) Release of damages as set out in Inst. #1999-40619, in said Probate Office.

(8) 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 28, page 237, in the Probate Office.

(9) Lake Easement Agreement executed by Highland Lake Properties, Ltd. and Highland Lake Development, Ltd., providing for easements, use by others, and maintenance of Lake Property described within Instrument #1993-15705 in said Probate Office.

(10) Easement(s) 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.

(11) Agreement for cable as set out in Inst. #1997-33476 in the Probate Office.

(12) Easement to Alabama Power Company by instrument recorded in Inst. #2001-22920 in the Probate Office.

(13) Restrictive Covenant and Distribution Easement to Alabama Power Company as set out in Inst. No. 2001-22920 in the Probate Office.

(14) Building set-back line(s) and easement(s) as shown by recorded plat.

Grantee agrees to observe and perform all obligations imposed upon said Grantees 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 herein agrees to commence construction of a residence on the Property in accordance with Paragraph 11 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, Grantee 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.

Grantee understands and agrees that Grantor has obtained from the Alabama Department of Environmental Management (ADEM) a General Permit for stormwater 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 limitation, the preparation and implementation of a Best Management Practices Plan for structural and non-structural 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 stormwater runoff 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.

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

TO HAVE AND TO HOLD to the said Grantee, its successors and assigns, forever.

GRANTOR:

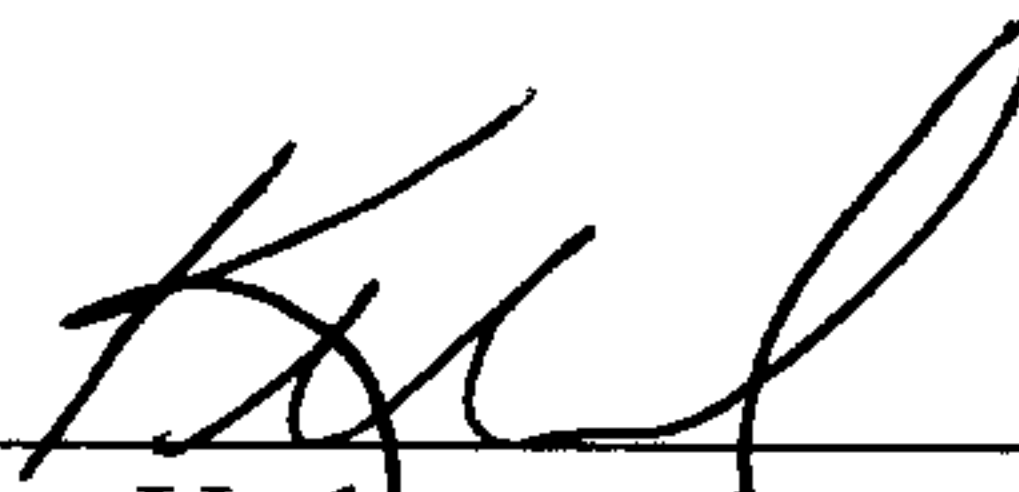
By: Douglas D. Eddleman
Douglas D. Eddleman,
Its President

Given under my hand and official seal of office this the 12th day of December, 20 02.

My Commission expires: 6-5-2003

The Grantee executes this deed only to acknowledge and accept all covenants and restrictions contained hereinabove and Grantee, its successors and assigns, agree and understand that the property conveyed herein is subject to the foregoing covenants and restrictions.

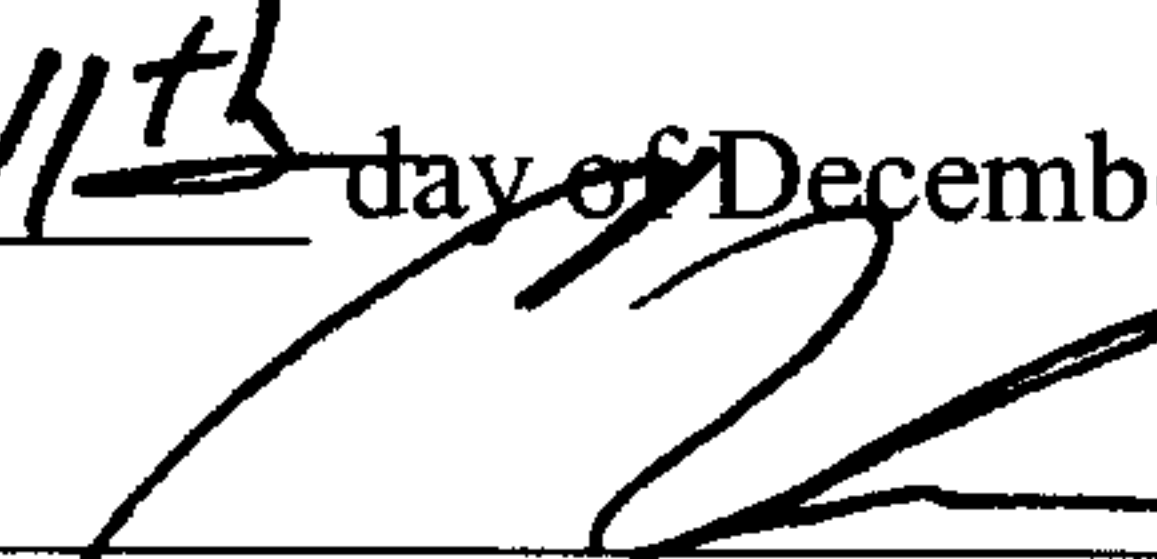
KEN UNDERWOOD CLASSIC HOMES, INC.

BY: 
Ken Underwood
ITS President

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public, in and for said County in said State, hereby certify that Ken Underwood, whose name as President of KEN UNDERWOOD CLASSIC HOMES, INC., a 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 the conveyance, he as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and official seal this 11th day of December, 20 02


NOTARY PUBLIC

My Commission expires: 6-5-2003