

This Instrument Prepared By:
Gail Livingston Mills
Burr & Forman LLP
420 North 20th Street, Suite 3100
Birmingham, Alabama 35203

GROUND LEASE

THIS GROUND LEASE (this "Lease"), made as of this 14th day of April, 2005, is between **HOWARD LAKE PROPERTIES LLC**, an Alabama limited liability company and its successors and assigns ("Landlord") and **PIONEER LAKE RESIDENTIAL ASSOCIATION, INC.**, an Alabama non-profit corporation ("Tenant").

RECITALS:

WHEREAS, Landlord is the owner of certain real estate located in the County of Shelby, Alabama, more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, Landlord desires to develop the Property as a recreational/residential community containing up to 18 single family lake-front Lots of approximately twenty (20) acres each, together with Common Areas initially consisting of an approximately 56 acre private lake, two (2) Islands situated within the lake of approximately .15 acres and 2.46 acres each and shown crosshatched on the Survey (as hereinafter defined), private roads, and approximately 166.14 acres of undeveloped land which will be used for hunting and other recreational use, all to be as part of a planned community to be known as "Pioneer Lake" (the "Development") all as is shown on the Survey prepared by James A. Riggins, Reg. No. 9428, dated March 7, 1999, a copy of which is attached hereto as Exhibit B (the "Survey"); and

WHEREAS, Landlord, as declarant, has caused to be recorded against the Property of even date herewith, in the Office of the Judge of Probate of Shelby County, Alabama, that certain Declaration of Easements, Protective Covenants, and Restrictions for Pioneer Lake, a Recreational / Residential Subdivision (the "Declaration"); and

WHEREAS, Landlord has caused Tenant to be formed of date herewith to act as a non-profit homeowner's association for the benefit of the Development and the enforcement of the Declaration; and

WHEREAS, Landlord desires to lease the Islands to Tenant for the use and benefit of the Owners as Common Areas in accordance with the provisions of the Declaration;

Capitalized terms used herein and not defined shall have the meanings set forth in the Declaration.

WITNESSETH:

For and in consideration of the recitals Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Premises and Use. For the term, at the rents and upon the provisions and conditions hereinafter contained, Landlord does hereby demise and lease to Tenant the Islands (the "Premises") for use as Common Areas in accordance with the provisions of the Declaration.

2. Term. The term of this Lease shall commence on the date hereof and shall continue for a period of ninety-nine (99) years.

3. Rent. Simultaneously with the execution and delivery of this Lease by Tenant to Landlord, Tenant shall pay to Landlord rent for the entire term of this Lease equal to the sum of One Dollar (\$1.00).

4. No Obligations of Landlord. Tenant shall maintain the Premises in accordance with the provisions of the Declaration.

5. Indemnity. Effective upon the date Tenant first takes possession of the Premises, and continuing through the expiration or earlier termination of this lease, Tenant hereby covenants and agrees to indemnify Landlord, its officers, directors, employees, servants, attorneys, agents, successors and assigns (collectively, the "Indemnified Parties") and defend and save them harmless from and against any and all costs, claims, actions, demands, damages, liabilities, losses, judgments, and expenses (including, without limitation, reasonable attorneys fees and expenses, investigative and discovery costs, and court costs), and any repair, restoration, and compliance costs, and any and all other sums which the Indemnified Parties may pay or become obligated to pay (collectively "Claims and Costs") arising from or in connection with loss of life, bodily injury, death, and property damage liability, personal injury liability, and medical payments arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by Tenant of the Premises, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, licensees, invitees, lessees, or concessionaires.

6. Lease Inures to Benefit of Successors. This lease and all the covenants, provisions and conditions herein contained shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

7. Governing Law. This Lease shall be governed by and construed under the laws of the State of Alabama.

*[Remainder of Page Intentionally Left Blank -
Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have caused this lease agreement to be executed, under seal, as of the day and year first above mentioned.

LANDLORD:

HOWARD LAKE PROPERTIES LLC

an Alabama limited liability company

By: C. D. Howard
C. D. Howard
Its Sole Member

TENANT:

PIONEER LAKE RESIDENTIAL

ASSOCIATION, INC.,

an Alabama non-profit corporation

By: C. D. Howard
Print Name:
Its: Director

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that **C. D. Howard**, whose name as Sole Member of **Howard Lake Properties LLC**, an Alabama limited liability company, is signed to the foregoing ground lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and seal, this 14 day of April, 2005.

Maie L. Mich
NOTARY PUBLIC
My Commission Expires: 2-26-06

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that C. Doug Howard, whose name as Director of **Pioneer Lake Residential Association, Inc.**, an Alabama non-profit corporation, is signed to the foregoing ground lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said non-profit corporation.

Given under my hand and seal, this 14 day of April, 2005.

Maie L. Mich
NOTARY PUBLIC
My Commission Expires: 2-26-06

EXHIBIT A

Legal Description of the Property

Section 19: The S.E. $\frac{1}{4}$ lying East of Pumpkin Swamp Road.

Section 20: The W. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$.

Section 29: The N. $\frac{1}{2}$ of the N.E. $\frac{1}{4}$.

The W. $\frac{1}{2}$ of the N.W. $\frac{1}{4}$ lying North of the Central of Georgia Railway.

Part of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$.

Part of the E. $\frac{1}{2}$ of the N.W. $\frac{1}{4}$,

Section 30: Part of the N.E. $\frac{1}{4}$.

All being in Township 18 South, Range 2 East, described as follows:

Beginning at the N.E. Corner of Section 29 go South 89 degrees 27 minutes 53 seconds West along the North Boundary of said Section for 3862.17 feet to the S.E. corner of the W. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$ of Section 20; thence North 01 Degrees 52 Minutes 08 Seconds West along the East Boundary of said W. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$ for 2671.12 feet to the N.E. Corner of said W. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$; thence South 89 Degrees 39 Minutes 17 Seconds West along the North Boundary of said W. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$ for 1303.61 feet to the N.E. Corner of the S.E. $\frac{1}{4}$ of Section 19; thence South 89 Degrees 50 Minutes 27 Seconds West along the North Boundary of said S.E. $\frac{1}{4}$ for 661.29 feet to an existing iron pin; thence continue South 89 Degrees 47 Minutes 49 Seconds West along the North Boundary of said S.E. $\frac{1}{4}$ for 1102.74 feet to a point on a curve to the right on the East Boundary of Shelby County Highway No. 55, said curve having a Central Angle of 08 Degrees 25 Minutes 51 Seconds and a radius of 210.00 feet; thence Westerly along said curve for 30.90 feet to the center line of Pumpkin Swamp Road; thence sixteen (16) courses along the center line of said road as follows: go South 30 Degrees 37 Minutes 51 Seconds West for 355.43 feet; thence South 20 Degrees 59 Minutes 00 Seconds West for 197.67 feet; thence South 14 Degrees 07 Minutes 00 Seconds West for 142.94 feet; thence South 02 Degrees 15 Minutes 20 Seconds West for 186.26 feet; thence South 06 Degrees 13 Minutes 20 Seconds West for 348.37 feet; thence South 00 Degrees 06 Minutes 50 Seconds West for 160.85 feet; thence South 01 Degrees 23 Minutes 30 Seconds West for 233.79 feet; thence South 12 Degrees 22 Minutes 00 Seconds West for 287.38 feet; thence South 17 Degrees 10 Minutes 30 Seconds East for 183.46 feet; thence South 04 Degrees 32 Minutes 20 Seconds West for 149.21 feet; thence South 02 Degrees 02 Minutes 00 Seconds West for 232.16 feet; thence South 46 Degrees 34 Minutes 00 Seconds West for 97.10 feet; thence South 65 Degrees 21 Minutes 52 Seconds West for 102.62 feet; thence South 53 Degrees 26 Minutes 50 Seconds West for 83.92 feet; thence South 53 Degrees 26 Minutes 15 Seconds West for 170.01 feet; thence South 53 Degrees 35 Minutes 38 Seconds West for 11.27 feet to the S.W. Corner of the S.E. $\frac{1}{4}$ of Section 19; thence South 68 Degrees 28 Minutes 04 Seconds East for 300.00 feet to the center of a branch; thence four (4) courses along said branch as follows: go South 37 Degrees 10 Minutes 15 Seconds West for 85.03 feet; thence South 57 Degrees 30 Minutes 11 Seconds West for 34.66 feet; thence South 22 Degrees 57 Minutes 21 Seconds West for 22.63 feet; thence South 13 Degrees 14 Minutes 41 Seconds West for 63.71 feet; thence South 89 Degrees 47 Minutes 02 Seconds West for 174.38 feet to the West Boundary of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Section 30; thence South 00 Degrees 08 Minutes 00 Seconds East along said West Boundary for 186.93 feet to a point on a curve on the Northerly Boundary of the Central of Georgia Railway, said curve having a central Angle of

16 Degrees 00 Minutes 31 Seconds and a radius of 11359.16 feet; thence Easterly along said curve for 3173.79 feet to the West Boundary of the N.W. $\frac{1}{4}$ of Section 29; thence North 00 Degrees 24 Minutes 24 Seconds East along said West Boundary for 27.76 feet to a point on a curve on the Northerly Boundary of the Central of Georgia Railway, said curve having a central angle of 02 Degrees 51 Minutes 14 Seconds and a radius of 11334.16 feet; thence Easterly along said curve for 564.55 feet to the Point of Tangent; thence South 66 Degrees 38 Minutes 02 Seconds East for 365.15 feet to the South Boundary of the W. $\frac{1}{2}$ of the N.W. $\frac{1}{4}$ of Section 29; thence South 89 Degrees 38 Minutes 49 Seconds East along said South Boundary for 448.36 feet to the N.W. Corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Section 29; thence South 00 Degrees 09 Minutes 21 Seconds West along the West Boundary of said N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ for 250.56 feet to the Northerly Boundary of the Central of Georgia Railway; thence South 66 Degrees 38 Minutes 02 Seconds East along said Northerly Boundary for 1416.79 feet to the East Boundary of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Section 29; thence North 05 Degrees 32 Minutes 06 Seconds West for 2146.70 feet to a point on the South Boundary of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Section 29; thence North 89 Degrees 26 Minutes 15 Seconds East along said South Boundary for 203.68 feet to the S.W. Corner of the N. $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ of Section 29; thence North 89 Degrees 26 Minutes 15 Seconds East along the South Boundary of said N. $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ for 2576.21 feet to the S.E. Corner of the N. $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ of Section 29; thence North 00 Degrees 09 Minutes 12 Seconds West along the East Boundary of said N. $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ for 1306.46 feet to the Point of Beginning, containing 538.42 Acres, more or less.



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Shelby Cnty Judge of Probate, AL
04/15/2005 12:35:00PM FILED/CERT

EXHIBIT B

Copy of the Survey

