

**PURCHASE CONTRACT AND ESCROW
AGREEMENT FOR SNUG HARBOR RETREAT, A CONDOMINIUM
(Residential Unit)**

ANY DEPOSIT MAY BE USED FOR CONSTRUCTION PURPOSES BY DECLARANT

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AGREEMENT FOR SNUG HARBOR RETREAT, A CONDOMINIUM
(Residential Unit)

1. BUYER (whether one or more):

Name(s): _____

Address: _____

Phone No.: _____

Social Security No.(s): _____

2. SELLER: Snug Harbor Retreat, LLC
1580 Sparkman Drive, Suite 201
Huntsville, Alabama 35816

3. RECITALS. Seller agrees to sell and convey to Buyer, and Buyer agrees to acquire from Seller, condominium unit number _____ (“Unit”) of SNUG HARBOR RETREAT, A CONDOMINIUM (the “Condominium”), to be located at _____, _____, Alabama 35801, which Condominium was or shall be created pursuant to the Declaration of Condominium for Snug Harbor Retreat, A Condominium (the “Declaration”), which was or shall be recorded with the Office of the Judge of Probate of Marshall County, Alabama, before the closing of the purchase and sale contemplated by this Purchase Contract and Escrow Agreement for Snug Harbor Retreat, A Condominium (Residential Unit) (this “Purchase Contract”). The Unit, together with its percentage of undivided interest in the Common Elements of the Condominium, and its interest in the Limited Common Elements assigned to such Unit, is more particularly described in the Declaration, and is shown and delineated on the plat of survey for Snug Harbor Retreat, A Condominium, which plat of survey, together with unit plans, was or shall be recorded with the Judge of Probate of Marshall County, Alabama before the closing of the purchase and sale contemplated by this Purchase Contract. The capitalized terms used in this Purchase Contract shall have the same meanings given to those capitalized terms in the Declaration, unless the context requires otherwise.

4. PURCHASE PRICE. Seller agrees to sell and Buyer agrees to purchase the Unit for the aggregate purchase price of \$_____ (the “Purchase Price”), which shall be the sum of the following components:

- | | |
|----------------------------------|---------|
| (i) Base Purchase Price for Unit | \$_____ |
| (ii) Earnest Money Deposit | _____ |
| (iii) Balance Due at Closing | _____ |
| (iv) Total Purchase Price | \$_____ |

5. PAYMENT OF PURCHASE PRICE. Subject to the provisions below regarding letters of credit, the Purchase Price shall be paid as follows:

- (a) The Earnest Money Deposit, if any, referenced in Paragraph 4(ii) above (the “Earnest Money Deposit”) and/or letter of credit to be paid or delivered to the Escrow Agent (as defined below) simultaneously with the execution of this Purchase Contract, as more fully set forth in Paragraph 6(d) below; and
- (b) The balance of the Purchase Price in the amount of \$_____ in wired or certified funds at Closing. Buyer acknowledges that the total Purchase Price set forth in Paragraph 4 above shall be due at Closing in the event that a letter of credit is being held by the Escrow Agent (as defined below) in lieu of the cash Earnest Money Deposit.

6. ESCROW AGENT AND DEFAULT.

- (a) Unless Buyer elects to deliver a letter of credit as specified below, Buyer herewith delivers to Seller for deposit with Wachovia Bank, as escrow agent (herein, together with any successor designated by Seller, the "Escrow Agent"), whose address is 409 Madison Street, SE, Huntsville, Alabama 35801 the Earnest Money Deposit in cash. All Earnest Money Deposit checks shall be made payable to "Wachovia Bank" and will be held by Escrow Agent in an interest bearing account designated solely for that purpose in the State of Alabama. The parties hereto agree that Escrow Agent has the right to transfer said deposits to any other Escrow Agent designated by Seller after giving notice of same to Buyer at Buyer's last known address.
- (b) In the event of acceptance of this offer and at the time of the closing of the sale contemplated by this Purchase Contract (the "Closing"), the Earnest Money Deposit and all accrued interest shall be applied on or toward the Purchase Price due at the Closing. In the event this offer is not accepted or the title to the Unit is not marketable title as defined in Paragraph 7(c) below, this Purchase Contract shall be terminated and the Earnest Money Deposit plus all accrued interest shall be returned to Buyer, and Buyer shall have no other legal or equitable remedies against Seller. However, in the event Buyer fails to complete the purchase of the Unit after Seller accepts this offer and furnishes marketable title to the Unit as defined in Paragraph 7(c) below, then Seller shall retain the Earnest Money Deposit plus all accrued interest as liquidated damages and this Purchase Contract shall be terminated. In the event that a letter of credit is tendered to the Escrow Agent pursuant to Paragraph 6(d) below, said letter of credit shall be held by the Escrow Agent pursuant to the terms and conditions of this Purchase Contract. Buyer agrees that Escrow Agent shall be entitled to an escrow service fee for holding the Earnest Money Deposit pursuant to the terms of this Purchase Contract.
- (c) Buyer hereby agrees that Escrow Agent can use Buyer's Social Security No. or Tax Identification No. provided above ("SSN") in connection with the opening of said interest bearing account for purposes of reporting interest earned, if any, to the Internal Revenue Service (the "IRS"). Under penalties of perjury, Buyer hereby confirms that the SSN stated above is correct and Buyer is not subject to backup withholding either because Buyer is exempt from backup withholding or Buyer has not been notified by the IRS that Buyer is subject to backup withholding or the IRS has notified Buyer that Buyer is no longer subject to backup withholding.
- (d) In lieu of depositing a cash Earnest Money Deposit, Buyer may deliver an irrevocable letter of credit (the "Letter of Credit") in substantially the same form attached hereto as Exhibit "A". If the Letter of Credit is drawn upon because of notice of non-renewal as provided therein or due to default of Buyer hereunder, the proceeds of such drawing shall thereafter constitute a cash Earnest Money Deposit under Paragraph 4(iii) above and disbursed in accordance with the terms of this Purchase Contract. In the event that Buyer tenders an Letter of Credit in lieu of the cash Earnest Money Deposit, the entire Purchase Price shall be payable at Closing in cash and the Letter of Credit shall thereupon be returned to Buyer. Should Seller not accept Buyer's offer, then the Letter of Credit shall be returned to Buyer and Buyer shall have no other legal or equitable remedies against Seller or Escrow Agent.
- (e) The parties agree that Escrow Agent and its agents and employees shall not be liable for the failure of any condition of this escrow, to ascertain or comply with the terms of any document or contract executed in connection herewith or referred to herein, for forgeries or false impersonations, for damage caused by the exercise of its discretion in any particular manner, or for any other reason other than the willful misconduct of Escrow Agent with respect to the Earnest Money Deposit. Buyer and Seller hereby authorize the payment of said Earnest Money Deposit, with interest earned thereon, if any, by the Escrow Agent in accordance with the terms and provision set forth in this Purchase Contract. In the event, however, that in the discretion of the Escrow Agent there exists some doubt as to how

or under what circumstances the Earnest Money Deposit or interest earned thereon, if any, shall be disbursed hereunder, and the parties hereto are unable to agree and direct, in writing, as to whom or under what circumstances the Escrow Agent shall disburse the same, Escrow Agent shall be entitled to, but not obligated to, interplead said Earnest Money Deposit and interest into the Circuit Court of Marshall County, Alabama, without further liability or responsibility on its part. Escrow Agent shall be indemnified for all costs and reasonable attorneys' fees, including those for appellate matters and for paralegals and similar persons, incurred in its capacity as escrow agent in connection with any such interpleader action. Escrow Agent may resign upon five days' written notice to Seller and Buyer. If a successor escrow agent is not appointed jointly by Seller and Buyer within the five-day period, Escrow Agent may petition a court of competent jurisdiction to name a successor. The provisions of this Paragraph shall survive the Closing or earlier termination of this Purchase Contract.

7. TITLE TO THE UNIT AND WARRANTY DEED.

- (a) Title. Title to the Unit shall be conveyed to Buyer by statutory warranty deed, free and clear of all liens, charges and encumbrances, except for the encumbrances, easement, covenants and restrictions identified on Exhibit "B" attached hereto (collectively, the "Permitted Exceptions").
- (b) Title Commitment and RESPA Disclosure. At least 30 days before the date of the Closing, Seller shall provide Buyer with a commitment for the issuance of title insurance policy for the Unit. As required by the Real Estate Settlement Procedures Act of 1974, Buyer acknowledges that Seller has not directly or indirectly required Buyer, as a condition of sale, to purchase either an owner's or mortgagee's title insurance policy from any particular title company. Buyer may elect to obtain such insurance from a company of Buyer's choice and Buyer shall pay, at the Closing, the title insurance premium for such policy.
- (c) Title Examination. Buyer may, prior to closing, examine title to the Unit and furnish Seller with a written statement of objections affecting the insurability or marketability of said title. If Seller fails to satisfy valid title objections prior to closing or any extension thereof, then Buyer may terminate this Purchase Contract upon written notice to Seller, in which case Buyer's Earnest Money Deposit shall be returned to Buyer, together with any accrued interest. Insurable or marketable title as used herein shall mean title that a title insurance company licensed to do business in Alabama will insure title to the Unit at its regular rates, subject to the Permitted Exceptions.

8. NO CONTINGENCY FOR FINANCING. Buyer agrees and understands that this Purchase Contract is not contingent upon Buyer's ability to obtain financing of all or part of the Purchase Price. Buyer will forfeit the Earnest Money if Buyer requires financing, but does not qualify for financing.

9. CLOSING. The sale of the Unit will be closed at the law offices of Seller's attorney, _____ (the "Closing Agent"), located at _____, or in the offices of a title company or another attorney designated by Seller. The date, time and place of the Closing shall be specified in a written notice given by Seller to Buyer at least ten days before the Closing. The notice shall not be given less than ten days prior to the date specified in the notice as the Closing date and the Closing date shall not be prior to completion of the Unit. The issuance of a certificate of occupancy, either temporary or permanent, by Marshall County, Alabama, or any other governmental agency authorized to issue such certificates of occupancy, shall be binding upon the parties as to whether said Unit has been completed. The common elements and other portions of the Condominium need not then have a certificate of occupancy, nor be completed at the time of Closing, however, Seller does agree to complete same within a reasonable time following Closing.

It is contemplated that, at the time of the Closing, there may be construction or other improvements still underway at or near the Condominium. The foregoing shall not in any way relieve Buyer of responsibility to close on the Unit and to freely accept any and all responsibilities and obligations undertaken at the Closing.

Buyer will be given an opportunity prior to Closing, on a date and time scheduled by Seller, to inspect the Unit with Seller's representative. At that time Buyer will sign an inspection statement listing any defects in workmanship or materials (only within the Unit itself) that are actually defective in workmanship or materials in Seller's opinion (keeping in mind the construction standards applicable in Marshall County, Alabama for similar property). Seller will be obligated to correct those defects at its cost within a reasonable period after Closing, but Seller's obligation to correct will not be grounds for deferring the Closing, nor for imposing any condition on the Closing. No escrows or hold backs of funds at Closing will be permitted.

10. CLOSING COSTS AND PRORATIONS. The costs of closing the transaction under this Purchase Contract shall be allocated between Seller and Buyer as follows:

- (a) Seller shall pay the cost of the real estate commission payable on the sale, the legal fees (other than the closing fee) for the Closing Agent who shall close all sales from Seller, a wood infestation report, deed preparation, and 50% of the owner's title insurance premium.
- (b) Buyer shall pay (i) the documentary stamps required on the statutory warranty deed; (ii) all costs required to be paid by the Buyer's mortgagee if the Buyer's unit is to be mortgaged; (iii) utility deposits apportioned or assigned to the unit, if any; (iv) any attorney employed by Buyer or Buyer's lender and the fees for services for any other parties engaged by Buyer; (v) one year's hazard insurance premium; (vi) a \$_____ closing fee to Seller's attorney; and (vii) the premium on the owner's and mortgagee's policies of title insurance. Buyer shall also pay to the Association the assessment for Common Expenses as of the date of Closing. The first payment will be prorated for the period beginning with the date of Closing and ending with the next assessment payment date following the Closing.
- (c) Ad valorem taxes will be prorated to the date of Closing. If the taxes for the year in which the sale is closed are assessed against the Condominium as a whole, then the portion of such taxes allocable to each unit shall be the product obtained by the fractional share of such unit's ownership in the Common Elements multiplied by the amount of the assessed taxes.
- (d) The Association has borrowed or may borrow the initial funds necessary to purchase insurance policies associated with the Condominium from Seller. Buyer understands that the cost of said insurance coverage will be prorated between all of the units in the Condominium and Buyer will be required to pay, at Closing, the Unit's pro rata share of the cost of such initial insurance policies. In the event that Association obtains funds from Seller to purchase insurance coverage, the funds collected from buyers for these insurance costs will be reimbursed to Seller until Seller is fully reimbursed.

11. MONTHLY FEES/WAIVER OF RESERVES. Buyer understands and agrees that the Projected Operating Budget for the Association contained in the Condominium Documents (as defined in Paragraph 30 below) provides only estimates of what it will cost to run the Association during the period stated. Changes in the budget may be made at any time to cover increases or decreases and actual expenses or in estimates. It is intended that Seller, as the sole unit owner upon the formation of the Condominium, will elect not to fund any reserves for the initial year of the Association. Therefore, the initial monthly fees will be as set forth in the Estimated Operating Budget attached to Offering Statement provided to each buyer, including Buyer. Thereafter, on an annual basis, a majority of the Association members may vote to include reserves in the monthly fees or to continue not to provide any reserves.

12. WAIVER OF POTENTIAL CONFLICT OF INTEREST. Buyer acknowledges any Closing fee, title insurance fee or other fee paid by Buyer to the Closing Agent in connection with this Purchase Contract or in connection with any outside financing obtained by Buyer is not a fee for legal representation or counseling

on behalf of Buyer. Both Seller and Buyer waive any potential conflict of interest due to the law firm of the Closing Agent handling the Closing contemplated herein. BUYER ACKNOWLEDGES THAT CLOSING AGENT IS OR MAY BE SELLER'S COUNSEL AND DOES NOT REPRESENT BUYER IN CONNECTION WITH THIS PURCHASE CONTRACT OR THE CLOSING.

13. CREATION OF CONDOMINIUM.

Buyer understands and consents to the submission of the Unit to a condominium form of ownership pursuant to the provisions of Ala. Code §35-8A-101 et. seq. (1975) known as the Alabama Uniform Condominium Act of 1991 (the "Act"), and Seller will (and is hereby authorized to) file with the office of the Judge of Probate of Marshall County, Alabama, the Declaration, together with all exhibits necessary or desired in connection therewith, and any amendments thereto. It is acknowledged and agreed that Buyer's Unit shall include a share of the common elements, and all of the particulars of Buyer's interest in and to the Unit are to be determined solely and only by reference to the Condominium Documents (as defined in Paragraph 30 below). Seller retains the right to modify the Condominium Documents (as defined in Paragraph 30 below) if any modification is required by an institutional lender, a governmental authority or by Seller; provided that any such change or modification shall not in any way or manner detract from the rights of Buyer; and provided further that Buyer shall be given a copy of any such modification if required by the Act.

14. PLANS, FLOOR PLANS AND MODELS.

- (a) Changes to Floor Plans. Buyer hereby acknowledges and agrees that any floor plans, including the floor plans attached hereto as Exhibit "C", and any renderings, drawings, and the like, furnished by Seller to Buyer, which purport to depict the Unit, or any portion thereof, or the building containing the same, are merely approximations, and do not necessarily reflect the actual as-built conditions of the same. Buyer specifically agrees that changes in the dimensions of rooms, the location of windows, doors, walls, partitions, utility lead-ins and outlets, air-conditioning equipment, ducts and components, lighting fixtures and electrical panel boxes, and in the general layout of the Unit and the Condominium may be made by Seller in Seller's discretion. In furtherance of the understanding and agreement stated above, Buyer acknowledges and agrees that it is a widely observed industry practice for plans and specifications for any unit or building to be changed and adjusted from time to time in order to accomplish ongoing "in the field" construction needs. These changes and adjustments are essential in order to permit all components of the units and the building to be integrated into a well-functioning and aesthetically pleasing product in an expeditious manner. Because of the foregoing, Buyer acknowledges and agrees that it is to his/her benefit to allow Seller the flexibility to make such changes in the Unit and the Condominium. Buyer further acknowledges and agrees that:
 - (i) plans and specifications for the Unit and the Condominium on file with the applicable governmental authorities may not, initially, be identical in detail to Seller's plans and specifications; and
 - (ii) because of the day-to-day nature of the changes described in this Paragraph, the plans and specifications on file with the applicable governmental authorities may not include some or any of these changes.
- (b) Models and Decorations. Buyer further acknowledges and agrees that the decorations, furniture, furnishings, wallpaper, appliances, fixtures, and the like, contained in any model unit of Snug Harbor Retreat, A Condominium, are for purposes of demonstration only, and are not included in the property which is the subject of this Purchase Contract.
- (c) Substitutions. Seller further reserves the right to substitute appliances, material, and equipment for others of equal or better quality, utility, or color; provided that Seller shall make no changes in the configuration or size of any condominium unit in any material fashion or materially alter or modify the appurtenances to the Unit in violation of the Act.

15. THE CONDOMINIUM/COMPLETION OF CONSTRUCTION.

- (a) Conflicts with Plans. Seller proposes to construct the improvements described in the Declaration substantially in accordance with the Plans attached to the Declaration, subject, however, to Seller's rights pursuant to Paragraph 14 above to make modifications and amendments approved solely by Seller. In the event that there is a conflict or ambiguity between the Plans and the brochures advertisement or other drawings, it is agreed that the Plans shall govern. Seller specifically reserves the right and the option, in the sole discretion of Seller, to amend the Declaration without the consent of Buyer or any other Unit Owner, Mortgagee or other Person in order to exercise any Development Rights and Special Declarant Rights as described in the Declaration. Seller does NOT commit to exercise any Development Rights and Special Declarant Rights as provided for in the Declaration. All Development Rights and Special Declarant Rights to add additional Units, Common Elements and Limited Common Elements are contemplated and "NEED NOT BE BUILT".
- (b) Construction Completion Date. Seller agrees to complete the construction of the Unit and the building in which the Unit is to be located, on or before that certain date ("Construction Completion Date") which is two years after the Effective Date, as the term Effective Date is defined in Paragraph 33 of this Purchase Contract. The Unit and the building in which the Unit is located shall be deemed complete upon the issuance of a certificate of occupancy for said Unit by such governmental entity that might have jurisdiction over the construction of the Unit and said building. Seller shall have the right to terminate this Purchase Contract at the election of Seller, in the event of the inability of Seller to complete the construction of the Unit or the building in which the Unit is to be located as the result of the inability of the Seller to obtain financing satisfactory to Seller required to construct any portion of the Condominium or the refusal by any governmental entity to issue any permit or license necessary to the completion of the construction of said Unit or said building or the withdrawal by any such governmental entity of any such permit or license, the filing of any legal proceedings against Seller challenging the right of Seller to commence or complete such construction, or the imposition by any governmental entity of any act, regulation, rule, law or ordinance that would prohibit Seller from completing such construction. Provided, further, Seller shall have the right, at the election of Seller, to extend the Construction Completion Date to the extent that Seller is delayed in the completion of the construction of the Unit or said building by fire or any other casualty, hurricane or other natural disaster or Act of God, strike or similar act of work stoppage, legal proceedings filed against Seller with respect to the said construction, or the refusal by any governmental entity to issue any permit or license necessary to the said construction or completion of said construction, or the withdrawal by any such governmental entity of any such permit or license. In the event of the election by Seller to terminate this Purchase Contract pursuant to the provisions of this Paragraph, then the Improvements referred to in this Purchase Contract and on the Plans "NEED NOT BE BUILT".
- (c) Unit Completion and Upgrade Finish Items. Subject to the matters set forth in Paragraph 14 above, the Unit shall be constructed substantially in conformance with the floor plans attached hereto as Exhibit "C" and the standard specifications for unit completion attached hereto and incorporated herein as Exhibit "D". Buyer understands and agrees that materials used in construction and completion of the Unit may vary somewhat from any samples provided; such variations are inherent in manufacturing and shall not be grounds for any refusal by Buyer to accept the Unit. Actual as-built conditions may also vary.
- (d) The insulation in the roof of the building in which the 5th floor Units will be located, will have a thickness of a minimum of _____ inches at the roof, with the amount of insulation determined by the roof manufacturer and will, according to the manufacturers, yield and R-Value of R-_____; the insulation in the exterior walls will according to manufacturers, yield an R-Value of R-_____

for the exterior wall assembly as it will be constructed. "R-Value" means the resistance of insulation to heat flow. The higher the R-Value, the greater the insulating power. Seller shall not independently verify the R-Value of the building components that it installs in the Unit or the building. Instead, Seller shall rely solely on the R-Value data provided to it by the manufacturer of such building components. Buyer acknowledges that this R-Value information is based solely upon information supplied by the manufacturer or installer and Seller does not represent or warrant the accuracy of this information. Buyer further acknowledges that R-Value may vary based upon normal construction variances and constitutes only one element of the total energy package.

16. Seller's Limited Warranty. At the Closing, Seller will provide a limited warranty on the Unit to Buyer to cover latent defects in the Unit for one year following closing or occupancy, whichever shall first occur. Seller shall not assume responsibility or provide any warranty for the following:

- (i) defects in appliances and pieces of equipment which are covered by manufacturer's warranties;
- (ii) incidental, consequential, or secondary damages caused by a breach of this warranty;
- (iii) defects which are the result of characteristics common to the materials used, such as, but not limited to: warping and deflection of wood; mildew and fading; chalking and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking and cracking of caulking and weather stripping;
- (iv) conditions resulting from condensation on, or expansion or contraction of materials;
- (v) defective design or materials supplied by Buyer or installed under Buyer's direction, or defects in, or caused by anything not built into or installed in the Unit pursuant to this Purchase Contract;
- (vi) damages due to ordinary wear and tear, abusive use, or lack of proper maintenance of the Unit; and
- (vii) chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, plumbing fixtures, formica and glass not expressly identified to Seller prior to Closing.

Notwithstanding anything to the contrary herein, the limited warranty provided by Seller to Buyer does not cover any appliance, piece of equipment, or item that is a consumer product for purposes of the Magnuson-Moss Warranty Act (15 U.S.C., §§2301 through 2312). The limited warranty provided by Seller to Buyer is given in lieu of any and all other warranties, either express or implied, including any implied warranty of merchantability, all of which warranties, express or implied, are expressly disclaimed.

17. BUYER WARRANTIES. Buyer warrants and agrees that:

- (a) the Unit has been purchased by Buyer for residential purposes only, and has not been offered and sold with an emphasis on the economic benefits to Buyer to be derived wholly or in part by the managerial efforts of others;
- (b) the Unit to be purchased is subject to the payment of assessments levied by the Association in accordance with the Declaration, and the Association's Bylaws;
- (c) there has been no offering of participation in a rental pool arrangement or an arrangement under which Buyer agrees to rent the Unit and/or to place the rents received from the rental of Buyer's Unit in a common pool from which owners of units in the Condominium may draw a proportionate share of such funds;

- (d) there has been no offering of a rental or similar arrangement whereby Buyer must hold the Unit available for rental for any period, must use an exclusive rental agent, or is otherwise materially restricted in occupancy or rental of the Unit;
- (e) Buyer may decide to rent, or not to rent, and may use the rental agent of Buyer's choice, or no rental agent; and
- (f) the Unit being sold to Buyer shall be unfurnished, but will be equipped in the manner shown by the construction plans and specifications of the Condominium.

- 18. SALES OR MODEL UNITS.** The Declaration provides for the right of Seller and Seller's agents to maintain a sales office and model units in the Condominium, to have sales agents showing the Condominium units and the development, and to have advertising signs and sales materials on the Condominium located at various places in the Condominium.
- 19. SALES MATERIAL.** Buyer understands that sales materials or brochures may not accurately describe the Condominium, the Private Elements, or the Common Elements as set forth in the Declaration since the Condominium is still under construction. Any information in the sales materials which conflicts with information contained in the Condominium Documents shall not be valid or relied upon by Buyer.
- 20. NOTICES.** All notices required or permitted to be given under this Purchase Contract shall be in writing and, except as otherwise expressly provided herein, shall be deemed effective if mailed by prepaid, United States certified mail, return receipt requested to the addresses of the parties set forth herein.
- 21. BINDING UPON OTHERS/ APPLICABLE LAW.** This Purchase Contract shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto. This Purchase Contract shall be construed, applied and enforced in accordance with the laws of the State of Alabama.
- 22. FORCE MAJEURE.** Either party hereto shall be excused for the period of any delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed, including all labor disputes, civil commotion, war, warlike operations, invasion, rebellion, hostilities, military or usurped power, sabotage, government regulations or controls, fire or other casualty, inability to obtain any necessary materials or services, or acts of God, but not including the failure to provide adequate funds. In the event of such a delay, the time for performance for the delayed party shall be automatically extended for a like period.
- 23. SURVIVAL.** The terms, covenants, conditions, representations, warranties and agreements contained herein shall survive and remain enforceable after the Closing, unless expressly provided otherwise herein.
- 24. MERGER.** This Purchase Contract constitutes the entire agreement between Seller and Buyer regarding the Unit, and supersedes all prior discussions, negotiations and agreements between Seller and Buyer, whether oral or written. Neither Seller or Buyer shall be bound by any understanding, agreement, promise, or representation concerning the Unit, expressed or implied, not specified herein.
- 25. OBLIGATION OF BUYER.** All obligations of Buyer hereunder, where there may be more than one Buyer, shall be joint and several.
- 26. RECORDING AND ASSIGNMENT.** This Purchase Contract shall not be recorded and may not be as signed by Buyer, without the prior written consent of Seller. This prohibition shall not, however, be con-

strued as a prohibition against assignment by Seller.

27. ESCROW AGREEMENT. This Purchase Contract shall also be the Escrow Agreement.
28. BUYER'S RIGHT TO TERMINATE OR RESCIND. BUYER SHALL HAVE THE RIGHT TO TERMINATE THIS PURCHASE CONTRACT WITHIN SEVEN (7) DAYS AFTER THE DATE THAT BUYER EXECUTES THIS PURCHASE CONTRACT AND BUYER SHALL HAVE THE RIGHT TO RESCIND THIS PURCHASE CONTRACT AT ANY TIME PRIOR TO THE EFFECTIVE DATE OF THIS PURCHASE CONTRACT. ONCE THE SEVEN-DAY PERIOD HAS EXPIRED, BUYER'S RIGHT TO TERMINATE THIS PURCHASE CONTRACT WILL CEASE BUT BUYER'S RIGHT TO RESCIND SHALL REMAIN UNTIL THE EFFECTIVE DATE (as defined in Paragraph 33 below). The cancellation period set forth above shall expire at 12:00 midnight Central Standard or Daylight Savings Time, as the case may be, on the seventh (7th) day after execution of this Purchase Contract by Buyer. If Buyer elects to terminate or rescind this Purchase Contract pursuant to the terms hereof, Buyer may do so by written notice to Seller and the Escrow Agent, either hand delivered or by certified mail or by nationally known overnight courier service, to the address of Seller and the Escrow Agent. However, if Buyer shall not deliver to Seller and Escrow Agent any notice terminating or rescinding this Purchase Contract as provided for herein, Buyer shall have no further rights to terminate or rescind. Upon proper notice of rescission or termination by Buyer, all Earnest Money Deposits plus all accrued interest thereon, if any, will be repaid to Buyer by the Escrow Agent. Upon return to Buyer pursuant to this Paragraph of the Earnest Money Deposit, together with interest accrued thereon, or the Letter of Credit, if any, neither party to this Purchase Contract shall have any further liability to the other party.
29. TIME IS OF THE ESSENCE/DEFAULT/REMEDIES. Time is of the essence hereof. Extensions of time for performance of duties and obligations of either party hereunder must be agreed to in writing by each of the parties hereto. Except for Buyer's right to terminate this Purchase Contract at any time before midnight of the seventh day after execution by Buyer pursuant to Paragraph 28 above, performance under each Paragraph or section of this Purchase Contract which references a date shall be required absolutely by 5:00 PM Central Standard or Daylight Savings Time, as the case may be, on the stated date. If any check received as an Earnest Money Deposit hereunder or any payment due hereunder is not paid or honored when due or if any other obligation hereunder is not performed or waived as herein provided, the following remedies shall apply:
- (a) If Buyer is in default, then Seller shall promptly provide an affidavit of default executed by Seller, with a copy to Buyer and the Escrow Agent and Seller may elect to treat this Purchase Contract as canceled, in which case all payments received hereunder and all interest earned thereon shall be delivered to Seller within ten days of receipt of such affidavit of default, and retained by Seller as liquidated damages, but not as a penalty, it being understood between the parties that the amount of damages suffered by Seller in the event of Buyer's default would be difficult to quantify, and in order to avoid protracted litigation to determine such issue, the parties have agreed to the measure provided herein. Upon payment to Seller of the Earnest Money Deposit, together with interest accrued thereon, or the proceeds of the Letter of Credit, if any, pursuant to the terms of this Paragraph, neither party to this Purchase Contract shall have any further liability to the other party.
 - (b) If Seller is in default, then Buyer may elect to treat this Purchase Contract as canceled, in which case the Earnest Money Deposit and all interest earned thereon and any other payments received from Buyer hereunder, if any, shall be returned to Buyer within ten days of receipt of a notarized written notice of default from Buyer to Seller and Escrow Agent. Alternatively, Buyer may pursue whatever remedies are available at law or in equity.

(c) In the event Buyer does not provide to Seller the Earnest Money Deposit as provided in Paragraph 5(a) above or a letter of credit pursuant to Paragraph 6(d) above, Seller shall have the option of terminating this Purchase Contract by written notice to Buyer.

(d) Buyer and Seller acknowledge that, until the Effective Date (as defined in Paragraph 33 below), neither Buyer nor Seller shall be bound by the terms of this Purchase Contract.

30. OFFERING STATEMENT AND OTHER CONDOMINIUM DOCUMENTS. Buyer acknowledges receipt of a copy of the following documents (collectively, the "Condominium Documents"):

- (i) Offering Statement concerning the Unit and the Condominium prepared in accordance with the Alabama Uniform Condominium Act of 1991, Ala. Code §35-8A-101 et. seq. (1975);
- (ii) the Declaration of Condominium of Snug Harbor Retreat, A Condominium;
- (iii) Bylaws of Snug Harbor Retreat Condominium Association, Inc.;
- (iv) Articles of Incorporation of Snug Harbor Retreat Condominium Association, Inc., a non profit corporation; and
- (v) Rules and Regulations Concerning the Use of Snug Harbor Retreat, A Condominium.

BUYER MUST INITIAL BELOW TO INDICATE WHETHER OR NOT BUYER RECEIVED AN OFFERING STATEMENT PREPARED PURSUANT TO THE ALABAMA UNIFORM CONDOMINIUM ACT OF 1991 UPON OR BEFORE THE SIGNING OF THIS PURCHASE CONTRACT. SPECIFIC ATTENTION SHOULD BE GIVEN TO THE OFFERING STATEMENT, WHICH GIVES BUYER A RIGHT TO CANCEL THE PURCHASE CONTRACT WITHIN SEVEN DAYS AFTER RECEIPT OF THE OFFERING STATEMENT AS PROVIDED BY ALABAMA LAW.

Initial here: _____ Received _____ Not Received

31. NAME OF GRANTEE. In the event the purchase is completed, Buyer desires that title to the Unit be taken in the name(s) of _____. (If joint ownership: (mark one) with ___ or without ___ survivorship).

32. AGENCY DISCLOSURE.

The listing company is: _____

(Two blocks may be checked)

- An agent of Seller.
- An agent of Buyer.
- An agent of both Seller and Buyer and is acting as a limited consensual dual agent.
- Assisting Buyer and Seller as a transaction broker.

The selling company is: _____

(Two blocks may be checked)

- An agent of Seller.
- An agent of Buyer.
- An agent of both Seller and Buyer and is acting as a limited consensual dual agent.
- Assisting Buyer and Seller as a transaction broker.

33. **EFFECTIVE DATE.** Buyer understands and acknowledges this Purchase Contract shall not be binding on either Seller or Buyer until such time as it has been signed by both Buyer and Seller or a duly authorized agent of Seller. Once executed by all parties, as set forth above, it shall be effective as of the date set out in this Purchase Contract on the line provided below the signature of Seller (the “Effective Date”).

Buyer has executed this Purchase Contract on this the ____ day of _____, 2007, to be effective on the Effective Date.

NOTE: ANY DEPOSIT MAY BE USED FOR CONSTRUCTION PURPOSES BY DECLARANT.

BUYER: _____

Unit No(s): _____

SELLER'S ACCEPTANCE

The above offer is hereby accepted by Seller and _____ is hereby authorized, as Seller's Agent, to order and pay the cost of a commitment for an owner's policy of title insurance. The sales price includes the commission due Seller's Agent in the amount of _____ percent of the sales price of the Unit, which amount is to be deducted from the cash payment at the time of the closing of the sale. If the sale is not closed due to Buyer's default, no commission shall be paid to Seller's Agent.

SELLER:

SNUG HARBOR RETREAT, LLC

By _____

Dated: _____

EXHIBIT "A"

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ - Date: _____

BENEFICIARY:

APPLICANT:

"Escrow Holder"

AMOUNT: \$ _____ EXPIRATION: _____ (Not less than 3 years with an automatic extension clause)

We hereby establish our Irrevocable Standby Letter of Credit No. _____ in your favor available by your draft(s) at Sight drawn on _____ Bank, _____ payable to the order of Wachovia Bank "Escrow Holder", for the benefit of Snug Harbor Retreat, LLC, blank endorsed, accompanied by the following:

A statement purportedly signed by an official of the Beneficiary reading either:

(1) _____ has defaulted under the terms and conditions of that certain Purchase Contract and Escrow Agreement for Snug Harbor Retreat, A Condominium between Snug Harbor Retreat, LLC, as seller, and _____, as buyer, regarding the purchase of Unit ____, in Snug Harbor Retreat, A Condominium, as established by that certain Declaration of Condominium of Snug Harbor Retreat, A Condominium, which is recorded in Real _____ page _____, in the Probate Office of Marshall County, Alabama; OR

(2) the Irrevocable Standby Letter of Credit No. _____ will expire within thirty (30) days from the date of this statement and _____ has failed to deliver a substitute Irrevocable Standby Letter of Credit satisfactory to Beneficiary.

Any reference to the "Purchase Contract and Escrow Agreement for Snug Harbor Retreat, A Condominium" is for informational purposes only and not to be constructed as an integral part of this Letter of Credit.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for a one year period from the present or any future expiration date hereof, unless at least 120 (one hundred twenty) days prior to any such expiration date, we shall send you by courier letter notice that we have elected not to renew this Letter of Credit for any such additional period.

This Irrevocable Standby Letter of Credit is transferable and assignable. This Irrevocable Standby Letter of Credit upon any such transfer and assignment may be successively transferred and assigned. Upon the Beneficiary's presentation and surrender of this Irrevocable Standby Letter of Credit, the Issuing Bank shall forthwith issue a replacement Irrevocable Standby Letter of Credit to the successor Beneficiary with provisions consistent

with this Irrevocable Standby Letter of Credit.

All Drafts drawn under this Letter of Credit must bear the clause “Drawn under _____, Letter of Credit _____, dated _____.

This Letter of Credit will expire at _____

We hereby engage with you that drafts drawn under and in compliance with the terms of the credit will be duly honored upon presentation and delivery of the documents as specified.

This Letter of Credit is subject to the International Standby Practices 1998.

The original of this Letter of Credit and any amendments thereto must be presented with any drawing _____, Bank.

Signature and Title of Officer

- THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK -

EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Subject to those certain reservations, conditions, rights-of-ways and/or limitations as contained in those certain deeds from the United States of America, by and through its legal agent the TVA as recorded in Deed Book 286 page 402 as modified by Deed of Correction recorded in Deed Book 351 page 178, Deed Book 309 page 10 and in that certain Grant of Easement to Lula Mae Peyton Walker as recorded in Deed Book 524 page 132 and as amended by Confirmation of Grant Easement as recorded in Deed Book 526 Page 732 all in the Probate Office of Marshall County, Alabama.
2. Right-of-way for Snug Harbor Road and a right-or-way as described as a 50 foot road as recorded in Deed Book 354 page 463 as amended by instrument recorded in Book 351 page 178 all in the Probate Office of Marshall County, Alabama.
3. Encroachment of Mitchell Hollow Road and right of way Snug Harbor Road and state right of way as shown on survey by Taylor Rainwater and Associates, Inc., dated August 8, 2007 (Tract 219).
4. Zoning ordinances, planning and subdivision regulations and other restrictions or regulations upon the use of the Real Property as may be imposed by Marshall County, Alabama or other governmental authorities having jurisdiction over the Real Property.
5. The Development Rights and the Special Declarant Rights reserved to the Declarant by this Declaration and by the Act.
6. All ad valorem taxes and assessments.
7. The rights of eminent domain or governmental rights of police power.
8. The nature and extent of any riparian rights, if any.
9. Easements or claims of easements shown or not shown by the public records.
10. Encroachments, overlaps, boundary line disputes and any other matter which could be disclosed by an accurate survey of the Real Property and the Improvements.
11. Any adverse claim to any portion of the Condominium which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.
12. Reservation of oil, gas and other minerals in, on and under said Condominium, together with all rights or easements in connection therewith, as have previously been reserved by or conveyed to others, shown or not shown by the public records.
13. Ad valorem property taxes which are a lien upon the Condominium, but are not due and payable until October 1.
14. The Declaration and the Articles of Incorporation of the Association, as well as the Association's Bylaws and Rules and Regulations.
15. A mortgage to Wachovia Bank in the principal amount of \$2,080,000 recorded on September 21, 2007 as Instrument Number 3007658 Book 4348, Page 181 in the Office of the Probate Judge of Marshall County, Alabama. A mortgage to finance the development of the Units shall also be placed on the Condominium

Property at some point in the future in an amount necessary to finance such development. Each unit shall be released from the mortgages when the unit is sold.

16. Building setback line and drainage and utility line easements as shown on the plat or plan of the Condominium.
17. Any adverse claim arising by reason of rules or regulations being imposed upon the Condominium by any environmental agency of the State of Alabama or of the United States of America.
18. Any and all restrictive covenants, easements, rights of way, building setback lines, drainage and utility line easements, and reservations presently of record applicable to said Condominium.
19. Terms and conditions of all permits and licenses of federal, state and local governments, including applicable agencies and departments and private and quasi-governmental agencies having jurisdiction over the Real Property.
20. Easements required to be conveyed to Southwest Water Alabama Onsite System Services, LLC (“Southwest”) pursuant to the terms of that Sewer Service Agreement between the Declarant and Southwest dated _____, 2007.

EXHIBIT "C"
FLOOR PLANS FOR THE UNIT
(To be attached to this page.)

EXHIBIT "D"
SPECIFICATIONS FOR COMPLETION OF THE UNIT