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This instrument was prepared by Jack P. Stephenson, Jr.
3000 SouthTrust Tower, Birmingham, Alabama 35203

STATE OF ALABAMA)
COUNTIES OF)
JEFFERSON AND SHELBY)

DECLARATION OF PROTECTIVE COVENANTS

FOR

INVERNESS POINT, A RESIDENTIAL SUBDIVISION

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THIS DECLARATION OF PROTECTIVE COVENANTS (the "Declaration") is made as of this 20th day of October, 1988 by 2154 TRADING CORPORATION, a corporation, doing business as INVERNESS, (the "Developer"), which declares that the real property hereinafter described is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth (the "Protective Covenants").

WHEREAS, the Developer is presently the owner of certain real property known as Inverness Point, a subdivision of Inverness, located in Shelby County and Jefferson County, Alabama; as shown by the Plat of Inverness Point, a subdivision of Inverness, as recorded in Map Book 13, at page 6, in the Office of the Judge of Probate of Shelby County, Alabama, and as recorded in Map Book _____ at page _____ in the Office of the Judge of Probate of Jefferson County, Alabama; and

WHEREAS, the Developer desires to establish and enforce uniform standards of development quality and to provide for the effective preservation of the appearance, value and amenities of real property herein described and for the maintenance and administration of certain areas thereof which benefit all owners of property therein and, to this end, desires to subject said real property, together with such additions thereto as may hereafter be made, to the Protective Covenants, all of which are for the benefit of the said real property and each owner thereof; and

WHEREAS, the Developer has deemed it desirable for the establishment and enforcement of uniform standards of development quality and the effective preservation of the appearance, value and amenities to create a nonprofit corporation (the "Association") to which should be delegated and assigned the powers of maintaining and administering certain areas thereof which benefit all owners of property therein and enforcing the Protective Covenants and of levying, collecting and depositing such charges

✓ Taylor Mathis
Attn: Nina P.O. Box 43248
2154

and assessments as may be authorized in this Declaration for that purpose; and

WHEREAS, the Developer has incorporated the Association under the laws of the State of Alabama, as a nonprofit corporation, for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, the Developer declares that the real property described in Section 2.01 hereof, and such additions thereto as may hereafter be made pursuant to Section 2.02 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the Protective Covenants, all of which shall be construed as and deemed to be covenants running with the land and shall be binding on and inure to the benefit of all parties having a right, title or interest in the said real property, as well as their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

The following words, when used in this Declaration (unless the context shall prohibit), shall have the following meanings:

1.01 "Association" shall mean and refer to Inverness Point Owners Association, Inc., an Alabama nonprofit corporation, as well as its successors or assigns. This is the Declaration of Protective Covenants to which the Articles of Incorporation (the "Articles") and By-Laws (the "By-Laws") of the Association make reference. Copies of the Articles and By-Laws are attached hereto and made a part hereof as EXHIBITS "A" and "B", respectively.

1.02 "Common Area" or "Common Areas", as the case may be, shall mean and refer to all real and/or personal property which the Association owns, leases, or has otherwise acquired for the common use and enjoyment of the members of the Association, and all real and/or personal property within or in the vicinity of the Property (hereinafter defined) in which the Association, either directly or indirectly through a Master Association, has an interest for the common use and enjoyment of the members of the Association, including, without limitation, a right of use (such as but not limited to, the entrance area to the Property, lakes, dams and spillways, swim and tennis facilities, street signs, parks and common recreational areas, cul-de-sac plantings, and the grassed or landscaped areas in or adjacent to publicly dedicated streets, the Cahaba River, and lakes within the Property). The use of the Common Area shall be restricted to park landscape, entry features, directional graphic system,

drainage and retention, landscape medians, security, safety, pedestrian paths, roads, lighting, recreational facilities or any other use to which the Board of Directors of the Association may accede.

Developer agrees that all of the Common Area, fee simple title to which may be owned or held by Developer, shall be conveyed to the Association not later than sixty (60) days after Developer relinquishes control of the Board of Directors pursuant to Article Sixth of the Articles of the Association.

1.03 "Developer" shall mean and refer to 2154 Trading Corporation, a corporation doing business as Inverness, or its successors or assigns if such successors or assigns acquire any portion of the Property from 2154 Trading Corporation and is designated as successor developer by 2154 Trading Corporation.

1.04 "Institutional Mortgagee" shall mean and refer to any federal or state chartered bank, life insurance company, federal or state savings and loan association or real estate investment trust which holds a first mortgage or other first lien or charge upon any Lot or portion of a Lot or any interest therein which is of record in the Office of the Judge of Probate of Shelby County, Alabama or in the Office of the Judge of Probate of Jefferson County, Alabama, as the case may be.

209 PAGE 892 1.05 "Lot" or "Lots", as the case may be, shall mean and refer, to the individual residential lots as reflected on subdivision plat(s) for the Property as recorded in the Office of the Judge of Probate of Shelby County, Alabama, and the Office of the Judge of Probate of Jefferson County, Alabama, as the same may be amended from time to time.

209 1.06 "Master Association" shall mean and refer to any corporation, association or other entity in which the Association elects to participate for the benefit and burden of the members of the Association.

1.07 "Owner" or "Owners", as the case may be, shall mean and refer to one or more persons or entities who or which have fee simple title to any Lot or Lots, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.08 "Property" shall mean and refer to all real property which is presently or may hereafter be subject to this Declaration pursuant to Article II below.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION, ADDITIONS THERETO, DELETIONS THEREFROM

2.01 Legal Description. The real property which presently is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Shelby County and Jefferson County, Alabama, and is described in the Plat of Inverness Point, a subdivision of Inverness, as recorded in Map Book _____, at page _____, in the Office of the Judge of Probate of Shelby County, Alabama, and in Map Book _____ at page _____ in the Office of the Judge of Probate of Jefferson County, Alabama. This Declaration shall not apply to any other property owned by Developer or any other person or entity, unless expressly made subject to this Declaration pursuant to Section 2.02 hereof.

2.02 Additions to Property. Upon the approval in writing of the Association, the owner of any property who desires to subject it to this Declaration, may file a Supplementary Declaration to that effect in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama. Such Supplementary Declaration may contain such complementary additions to and modifications of the Protective Covenants as the Association shall determine to be necessary or proper to reflect the different character, if any, of the additional property, provided they are not inconsistent with the general plan of this Declaration.

2.03 Withdrawals of Property. The Association may at any time or from time to time withdraw portions of the Property from this Declaration, provided only that the withdrawal of such portions of the Property shall not, without the joinder or consent of the Owners of Lots constituting over one-half of the then existing Lots, increase by more than one-fourth the share of Association expenses payable by the Owners of Lots which would remain subject hereto after such withdrawal. The withdrawal of Property as aforesaid shall be evidenced by filing in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama, a Supplementary Declaration setting forth the portions of the Property to be so withdrawn.

2.04 Platting and Subdivision of the Property. The Developer shall be entitled at any time and from time to time, to subdivide, plat and/or re-plat all or any part of the Property, and to file subdivision restrictions and/or amendments thereto with respect to any undeveloped portion or portions of the Property.

ARTICLE III

EASEMENTS

3.01 Owners' Easement With Respect To Common Areas. Every Owner shall have a right and easement of enjoyment in and to all Common Areas subject to the limitations set forth in this Declaration.

3.02 River and Lake Easement. Developer hereby reserves for the benefit of itself, the Association and the Owners an easement 30 feet in width and bounded on one side by Lake Highland for the use and enjoyment of Lake Highland, together with the natural landscape included in said easement. No fence, wall, hedge or shrub planting which would interfere with the use of the property covered by said easement shall be placed or permitted to remain on any Lot. No tree four (4) inches or more in diameter measured at a point two (2) feet above the average height of the ground at the base, nor any shrub or dogwood tree of any size may be removed from this easement area without the specific prior approval of the Association. Violation of this covenant shall be subject to a liquidated damage sum of \$40.00 per inch of diameter measured as hereinbefore specified for each tree, \$20.00 for each shrub and \$100.00 for each dogwood tree removed without the specified authorization, except the maximum liquidated damages shall not exceed \$2,000.00 for any Lot. The recovery of such liquidated damages shall be available to Developer and/or Association and their successors and assigns, with such damages constituting a lien upon such violating Lot, enforceable in accordance with Section 4.10 of this Declaration. Developer reserves the right for itself and the Association to make selected plantings of trees and other vegetation within the easements herein described in order to establish and maintain a buffered relationship between the river and lake and residential uses as herein intended. Developer hereby covenants to provide the Owner of any Lot with a description of the work to be done at least fourteen (14) days in advance of the actual work so that the mutual interest and desires of the Owner and Developer may be properly coordinated.

3.03 Flowage Easement. Every Lot in the Property that abuts on or lies contiguous to a river, lake, pond, stream or water way, natural or artificial, shall be subject to an inundation or a flowage easement to an elevation above mean sea level as established by the United States Coast and Geodetic Survey, as adjusted in January, 1955.

Drainage flow shall not be obstructed or diverted from drainage swales, storm sewers and/or utility easements as designated herein, or as may hereafter appear on any plat of record in which reference is made to these Protective Covenants.

Developer or the Association may cut drainways for surface water wherever and whenever such action may appear to Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health and appearance. Except as provided herein, existing drainage shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots or Common Areas. The provisions hereof shall not be construed to impose any obligation upon Developer or the Association to cut such drainway.

No permanent structure may be constructed or placed in such flowage easement area. Each Lot owner also agrees, by acceptance of a deed to a Lot, to assume, as against Developer, all the risks and hazards of ownership or occupancy attendant to such Lots, including but not limited to its proximity to waterways.

3.04 Utility Easement. Developer reserves for itself, and the Association the right to use, dedicate and/or convey to the State of Alabama, to Jefferson County or Shelby County, and/or to the appropriate utility company or other companies, rights-of-way or easements on, over or under the ground to erect, maintain and use utilities, electric and telephone poles, wires, cables, cable television, conduits, storm sewers, sanitary sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas sewer, water, or other public conveniences or utilities, on, in and over strips of land ten (10) feet in width along the rear property line of each Lot, and ten (10) feet in width along each side line of each Lot; with a further easement reserved to cut or fill a 3-in-1 slope along the boundaries of all public streets or roads built in the Property. Developer, further reserves for itself, and the Association, an easement for the installation or maintenance of radio and television cables within the rights-of-way and easement areas referred to in this Article III.

3.05 Additional Easements. Developer reserves the right to impose further restrictions and to reserve, grant or dedicate additional easements and roadway rights-of-way on any unsold Lots in the Property.

3.06 Additional Documents. All Owners shall be required to execute such other documents as are necessary or convenient to effectuate the intent of this Declaration with respect to all easements which may be created pursuant to this Article III.

3.07 Limitations. Any easements which may be created pursuant to this Article III shall be appurtenant to, and the

benefits and burdens thereof shall pass along with the title to, every Lot and are further subject to the following limitations:

(a) All provisions of this Declaration and the Articles and By-Laws of the Association;

(b) All the rules and regulations governing the use and enjoyment of the Common Areas which may have been or may hereafter be adopted by the Association; and

(c) All restrictions contained on any and all plats of all or any part of the Common Areas or any other part or parts of the Property.

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ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

4.01 Affirmative Covenant to Pay Assessments. Each Owner, by acceptance of a deed or other instrument of conveyance for a Lot, whether or not it shall be so expressed in any such deed or other instrument, including any purchaser at a judicial sale, shall be obligated and hereby covenants and agrees to pay to the Association, in the manner set forth herein, all assessments or other charges, determined in accordance with the provisions of this Declaration (the "Assessments").

4.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the preservation of the appearance, value and amenities of the Property, and in particular for the improvement, preservation, maintenance and administration of the Common Areas (including, without limitation, the payment of Common Expenses under Article V below) and of any easement in favor of the Association and/or the Owners, as well as for such other purposes as are properly undertaken by the Association.

4.03 Annual Assessments. The Association shall levy Annual Assessments in such amounts as are necessary to meet the Common Expenses (as defined in Article V below) and such other recurring or projected expenses as the Board of Directors of the Association (the "Board") may deem appropriate. The Assessment year for the Annual Assessment need not be the calendar year.

4.04 Special Assessments. In addition to the Annual Assessments specified in Section 4.03 above, the Association may at any time levy one or more Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or expected or unexpected repair to or

replacement of any of the Common Areas, including any fixtures and personal property related thereto.

4.05 Duties of the Board of Directors. The Board shall fix the amount of all Assessments, the date of commencement for each Assessment, and the due date of such Assessment, on a per Lot basis, at least thirty (30) days in advance of any such commencement date, and shall at that time, prepare a roster of the Lots and Assessments applicable thereto, which roster shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the amount of the Assessment, the commencement and due dates shall be sent to every Owner subject thereto not later than seven (7) days after fixing the date of commencement.

4.06 Date of Commencement and Due Date For Assessments. The liability of a Lot for any Assessment shall commence on the date or dates (which shall be the first day of a month) fixed by the Board in the resolution authorizing such Assessment. The due date of any such Assessment (which may be different from the commencement date) shall also be fixed in the resolution authorizing such Assessment (but which need not be the first day of a month). Such Assessments shall be payable in advance in monthly, quarterly, semi-annual or annual installments, as so fixed in the resolution authorizing the Assessment.

4.07 Allocation of Assessment. The Board shall allocate a portion of each Assessment to each Lot in the proportion that each Lot bears to the total number of Lots within the Property (to the nearest one-thousandth).

4.08 Certificates Concerning Assessments. The Association shall, upon demand at any time, furnish to any Owner liable for any Assessment or his designee a certificate in writing signed by an Officer of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

4.09 Liability of Owners for Assessments.

(a) No Owner may exempt himself from liability for any Assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Areas, or by abandonment of the Lot or in any other manner except as provided in subparagraph (b) below.

(b) In the event that the Association elects to make certain Common Areas available for use by Owners on an optional basis, then any Assessment for Common Expenses attributable to such Common Area shall be assessed against and allocated among

the Owners who affirmatively elect to use such Common Area in the manner prescribed by the Board of Directors of the Association and those Owners who do not affirmatively elect to use such Common Area shall not be liable for any assessment for Common Expenses attributable to such Common Area. Unless otherwise agreed to in writing, an Owner may elect to discontinue his use of those Common Areas made available to Owners on an optional basis at any time by delivery of written notice to the Association in which event the Owner shall have no liability for any further liability for Assessments for Common Expenses with respect to such Common Areas effective on the first day of the first calendar month commencing not less than thirty (30) days after deliver of such notice.

4.10 Effect of Non-Payment of Assessments: The Lien, the Personal Obligation; Remedies of the Association.

(a) If any Assessment or other charge or lien provided for herein is not paid in full on the due date set by the Board, then such Assessment, charge or lien shall become delinquent on the thirtieth day thereafter, and together with interest thereon and cost of collection thereof as are hereinafter provided, thereupon become a continuing lien on the Lot encumbered thereby, and also the personal obligation of its Owner, his heirs, and his or its successors and/or assigns. The personal obligation of any Owner to pay such Assessment, however, shall remain his or its personal obligation and shall not pass to any successors or assigns unless expressly assumed by them.

(b) If any Assessment is not paid within thirty (30) days after the delinquency date, the Assessment shall bear interest from the date of delinquency at eight percent (8%) per annum, and the Association may bring an action against the Owner personally obligated to pay the same and/or commence the foreclosure of the aforesaid lien against the Lot in like manner as a foreclosure of a mortgage on real property under the laws of the State of Alabama, and there shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include the interest on the Assessment as above provided and reasonable attorneys' fees to be fixed by the court, together with the costs of the action. The lien granted to the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien. Any person (except an Institutional Mortgagee) who shall acquire, by whatever means, any interest in the ownership of any Lot, or who may be given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the Association and shall

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acquire his interest in any Lot expressly subject to any such lien of the Association.

(c) The lien herein granted to the Association shall be perfected by recording a Claim of Lien in the Office of the Judge of Probate of Shelby County, Alabama, or the Office of the Judge of Probate of Jefferson County, Alabama, depending upon the location of the Lot, stating the description of the Lot encumbered thereby, the name of its Owner, the amount due and the date when due. The lien shall continue in effect until all sums secured by it, as herein provided, shall have been fully paid. Such Claim of Lien shall include only Assessments which are due and payable when the Claim of Lien is recorded, plus interest, costs, attorneys' fees and advances to pay taxes, prior encumbrances and other proper charges together with interest thereon, all as provided herein. Such Claim of Lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such Claim of Lien, the same shall be satisfied of record. No sale or other transfer of a Lot shall relieve any Owner from liability for any Assessment due before such sale or transfer, nor from the lien of any such Assessment. The written opinion of an officer of the Association that any lien is subordinate to any given mortgage shall be deemed to be dispositive of that issue.

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(d) The lien of any Assessments shall be subordinate to the lien of any Institutional Mortgagee bearing a recording date in the Office of the Judge of Probate of Shelby County, Alabama, or the Office of the Judge of Probate of Jefferson County, Alabama, depending upon the location of the Lot, prior to the date of recording the Association's Claim of Lien. Where an Institutional Mortgagee obtains title to a Lot as a result of foreclosure of its mortgage or where any Institutional Mortgagee or its designee accepts a deed to a Lot in lieu of foreclosure, such acquiror of title, its successors and assigns, shall not be liable for any Assessment pertaining to such Lot or chargeable to the former Owner which became due prior to the acquisition of title to such Lot, unless such delinquent Assessment was secured by a Claim of Lien recorded prior to the recordation of the Institutional Mortgagee's mortgage. Such unpaid Assessments shall be instead collectible from all Owners. Nothing herein contained shall be construed as releasing the party liable for such delinquent Assessments from the payment thereof or liability for the enforcement or collection thereof by means other than foreclosure.

(e) Any person who acquires an interest in a Lot, except an Institutional Mortgagee as specifically provided above, including, but not limited to, persons acquiring title by operation of law or at a judicial sale, shall not be entitled to occupancy of the Lot or the use or enjoyment of the Common Areas

until such time as all unpaid Assessments due and owing by the former Owner have been paid in full. Any party who has a contract to purchase a Lot, or who has made application for a loan secured by a mortgage on said Lot, may, by written request, inquire of the Association whether the Lot is subject to any Assessments which are due and payable and the Association shall give the requesting party a written response within ten (10) days of such inquiry providing information as to the status of Assessments on said Lot. The party making such request may rely on the information set forth in such response and the facts stated therein shall be binding upon the Association.

(f) The Association shall have the right to assign its Claim of Lien, and any other lien rights provided for in this Article IV, for the recovery of any unpaid Assessments, to the Developer, to any Owner or group of Owners, or to any third party.

4.11 Exempt Property. The Board shall have the right to exempt any portion of the Property from the Assessments, charge and lien created herein provided that such part of the Property exempted is used (and as long as it is used) for any of the following purposes:

(a) As an easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

(b) As a Common Area as defined in Section 1.02 hereof;

(c) As Property exempted from ad valorem taxation by the laws of the State of Alabama, to the extent agreed to by the Association.

ARTICLE V

COMMON EXPENSES

The following are certain expenses with respect to the Common Areas which are hereby declared to be Common Expenses which the Association is obligated to collect by Assessment and which Owners are obligated to pay as provided in Article IV hereof. The enumeration below of these expenses shall in no way limit the Association from considering other expenses incurred in managing the Association or any part of the Common Areas and/or the Property as expenses subject to collection by Assessment.

5.01 Maintenance and Repair of Common Areas. The cost and expense to keep and maintain the Common Areas in good and substantial repair and in a clean, attractive, and sanitary condition, if any, including the charges in Section 7.05 of this Declaration.

5.02 Management. The cost and expense of such (i) employees or agents, including professional management agents, accountants and attorneys, and (ii) materials, supplies and equipment as may be needed to provide for the management, supervision and maintenance of the Common Areas.

5.03 Master Associations. Dues, assessments, or other charges payable by the Association to any Master Association in which it is a member or participant.

5.04 Property Taxes. All ad valorem taxes and other assessments relating and connected to the Common Areas.

5.05 Reserves. Any reserves which may be established from time to time to pay for Common Expenses which may be incurred in the future.

5.06 Fidelity and Directors' Insurance. Fidelity and Directors' Insurance covering all directors, officers and employees of the Association and all managing agents who handle Association funds, if any.

5.07 Interested Transactions. The Association may obtain materials and/or services from the Developer and/or any of its Affiliates in connection with the management of the Association or any part of the Common Areas as herein contemplated; provided that the compensation for such materials and/or services is, in the opinion of the Association, comparable with the compensation of any non-affiliated third party providing similar materials and/or services which can be reasonably made available to the Association.

5.08 Enforcement of Declaration and Rules and Regulations. All fees, costs and expenses, including attorneys' fees through all appellate levels, in connection with the Association's duty to enforce all of the Protective Covenants and other terms contained in or imposed by this Declaration, and all rules and regulations adopted pursuant to the Articles, the By-Laws or this Declaration.

ARTICLE VI

ARCHITECTURAL CONTROL

6.01 Architectural Review and Approval. All plans and specifications for any structure or improvement whatsoever to be erected on or moved upon any Lot, and the proposed location thereof on any Lot the construction material, exterior paint and finishes, the roofs, landscaping, and later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations or additions thereto on any Lot shall be subject to and shall require the approval in writing (the "Letter of Approval") of the Association before any work is commenced. THE SCOPE OF REVIEW BY THE ASSOCIATION SHALL BE LIMITED TO APPEARANCE ONLY AND SHALL NOT INCLUDE ANY RESPONSIBILITY OR AUTHORITY TO REVIEW FOR STRUCTURAL SOUNDNESS, COMPLIANCE WITH BUILDING OR ZONING CODES OR STANDARDS, OR ANY OTHER SIMILAR OR DISSIMILAR FACTORS. Commencement of construction prior to a receipt of a Letter of Approval of the Association, a copy of which must be signed by the Builder, or Owner, and returned to the Association for retention, is strictly prohibited.

6.02 Architectural Control Committee.

BOOK 209 PAGE 902 (a) The architectural review and control functions of the Association shall be administered and performed by the Architectural Control Committee (the "Committee"). The Committee shall be composed of not less than three (3) members, and at all times, regardless of the number on the Committee, at least two-thirds (2/3) of the membership of the Committee shall be composed of Owners of Lots in the Property. Provided, however, that Developer reserves the right to appoint the initial and successor members of the Committee, none of whom need be an Owner of a Lot in the Property, until the Developer no longer owns any Lots within the Property, or until Developer elects to terminate its control of the Committee, whichever shall first occur. After terminating control of the Committee by Developer, as aforesaid, the members of the Committee shall be appointed by, and shall serve at the pleasure of, the Board of Directors of the Association.

(b) The vote or written consent of a majority of the members of the Committee shall be the act of the Committee; provided that a majority of the members of the Committee may delegate the right to act for and on behalf of the Committee to one or more of its members.

(c) The members of the Committee shall not be entitled to any compensation for services performed pursuant to these Protective Covenants.

6.03 Powers and Duties of the Committee. The primary authority of the Committee shall be to examine and approve or disapprove all initial and subsequent plans, including site plans, for construction of improvements on Lots within the Property in accordance with the provisions of these Protective Covenants. The Committee shall have the following powers and duties:

(a) To approve of an Owners' selection of a builder or contractor; provided that the Committee may not disapprove a builder or contractor unless, in the Committee's opinion, such builder or contractor has a history in Inverness of non-compliance with rules and regulations applicable to builders or contractors in its subdivisions, and such builder or contractor has failed to provide the Committee adequate assurance that it will comply with the requirements of these Protective Covenants and any rules and regulations promulgated under the authority herein vested and/or reserved in the Developer, the Association, or the Committee.

(b) To require submission to the Committee of plans and specifications for any improvement or structure of any kind, and any change, modification or alteration thereof, including, without limitation, any such improvement or change to any building, fence, wall, sign, lighting system, site paving, grading, screen enclosure, sewer, drain, disposal system, landscaping or landscape device or object, the construction or placement of which is or is proposed upon any Lot or the Property. Such plans and specifications shall be in such form and shall contain such information as is required in Section 6.04 hereof.

(c) To approve or disapprove the submitted plans and specifications for any improvement or structure as hereinabove described prior to commencement of construction of such improvement or structure and to approve or disapprove any improvements constructed pursuant to such plans and specifications after the same have been fully completed. In the event that the Committee shall fail, for a period of ten (10) business days from the date of receipt of a fully completed submission of any plans and specifications, to approve or disapprove any builder or contractor and/or any plans or specifications submitted to it for approval, the same shall be deemed to have been approved. Prior to the use or occupancy of any improvement or structure constructed or erected on any Lot, the Owner thereof shall apply for certification from the Committee that the construction thereof has been completed in accordance with the plans and specifications approved by the Committee. In the event that the Committee shall fail, for a period of ten (10) business days from the date of receipt of such application, to give or deny such certification, the same shall

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be deemed to have been given. If any improvement or structure as aforesaid shall be completed, changed, modified or altered without the prior approval of the Committee, or shall not be completed, changed, modified or altered in accordance with the approvals granted by the Committee, then the Owner shall, upon and in accordance with a demand by the Committee, cause the property, improvement or structure either to be restored to its original condition or to comply with the plans and specifications as approved by the Committee, and shall bear all costs and expenses of such restoration or compliance, including the costs and reasonable attorneys' fees of the Committee. Notwithstanding the aforesaid, after the expiration of one year from the date of final completion of any such improvement or structure, such improvement or structure shall be deemed to comply with all of the provisions hereof unless notice to the contrary shall have been recorded in the office of the Judge of Probate of Shelby County or Jefferson County, Alabama (depending upon the location of the Lot), or legal proceedings shall have been instituted to enforce such compliance. Any agent or member of the Committee may at any reasonable time enter any building or property subject to the jurisdiction of the Committee which is under construction or on or in which the agent or member may believe that a violation of the Protective Covenants in this Declaration is occurring or has occurred. The Committee may, from time to time, delegate to a person or persons, who may or may not be a member of the Committee, the right to approve or disapprove plans and specifications and to issue such certification. The approval by the Committee of the builder or contractor and/or plans and specifications submitted for its approval, as herein specified, shall not be deemed to be a waiver by the Committee of the right to object to such builder or contractor and/or any of the features or elements embodied in such plans or specifications if and when the same builder or contractor and/or the same features and elements are embodied in any plans and specifications subsequently submitted for approval for other Lots. Any Owner aggrieved by a decision of the Committee shall have the right to make a written request to the Board of Directors of the Association (the "Board"), within thirty (30) days of such decision, for a review thereof. The determination of the Board, after reviewing any such decision, shall in all events be dispositive.

(d) To adopt fees which shall be designed to reimburse the Association for the necessary and reasonable costs incurred by it in processing requests for Committee approval of any matters under its jurisdiction. Such fees, if any, shall be payable to the Association, in cash, at the time that any application for approval is sought from the Committee. In the event such fees are not paid by the Owner, they shall become a lien of the Association on the affected Lot enforceable in the manner specified in Article IV hereof.

(e) To modify, amend, add to, or otherwise change the design criteria set forth in Section 6.05 below, so long as such modification, amendment, addition or change will not, in the opinion of the Committee, be inconsistent with a traditional architectural environment or have a material adverse effect on improvements then existing within the Property.

6.04 Review Documents. One set of prints of the drawings and specifications (herein referred to as "Plans") for each house or other structure proposed to be constructed on each Lot shall be submitted for review and approval or disapproval by the Committee. The Plans submitted to the Committee shall be retained by the Committee. Said Plans should be delivered to the general office of Inverness or to the office of the administration agent designated to service the Committee at least twelve (12) business days prior to the date construction is scheduled to commence. Each such plan must include the following:

(a) All Plans for structures shall be not less than one-eighth (1/8) inch = one (1) foot scale.

(b) All Plans must take into consideration the particular topographic and vegetative characteristics of the Lot or Lots involved.

(c) All Plans must state the elevations of all sides of the proposed structure as such sides will be after finished grading has been accomplished.

(d) The foundation and floor Plans shall show the existing grade on each elevation in order that the extent of cut and/or fill areas may be easily and clearly determined.

(e) The site plans shall show all existing and planned improvements, outlines, setbacks, easements of record, all trees over six (6) inches in diameter as measured two (2) feet above ground and the species thereof, drives, fences, and underground trench locations at a scale of one (1) inch = twenty (20) feet. No work may commence until the site plan is approved.

(f) All Plans must include a summary specifications list on a form designated by the Committee of proposed materials and samples of exterior materials, including paint or other finish samples, which cannot be adequately described.

(g) After the Plans for the structure are approved, the house or other structure must be staked out and such siting approved by the Committee before tree cutting or grading is done. No work may commence until both the plan and the siting are approved by the Committee.

6.05 Design Criteria, Structure.

(a) It is the intent of Developer that Inverness Point, subdivision of Inverness, will generally present a traditional architectural environment. The following types of exterior materials, among others, are acceptable, subject to final approval of the actual appearance of such materials by the Committee:

(i) Brick, painted or natural.

(ii) Stone.

(iii) Stucco or Dryvit, Sto, or similar synthetic stucco exterior systems.

(iv) Natural-colored asphalt shingles or slate roofing. White roofing of any material is not acceptable.

(v) Paint, in soft tones (which shall not include, among other colors, any high gloss finishes, or pure red).

(vi) The Committee shall also consider the occasional use of vertical or horizontal wood siding, stained or bleached, but such materials shall be approved only in those instances where, in the sole opinion of the Committee, the materials blend in with other houses constructed or planned in the general proximity.

(b) Exterior materials shall be uniform on all sides of a residence.

(c) Openings of garages should not be visible from the street. In cases where it is unavoidable and openings of garages are visible or partially visible from a street, electric automatic door closers shall be used. No open garage is to face a neighboring yard without screening approved by the Committee.

(d) No window air conditioning units shall be allowed.

(e) All energy requirements of the Property shall be initially provided by the electrical utility provider serving the Property which will require that heating and air conditioning systems, stoves, hot water heaters, dryers, and other appliances installed within the improvements constructed on a Lot be designed to operate exclusively using electricity as their respective sources of energy. Electrical distribution shall be underground and no overhead electrical wiring shall be permitted.

(f) All outside radio and T.V. antennas shall be installed in such a way as not to be offensive from the main road and shall be placed on the back side of the chimney where possible; otherwise they shall be placed on the back side of the roof. No satellite dishes will be permitted.

(g) No plumbing or heating vent shall be placed on the front side of the roof. All vents protruding from roofs shall be painted the same color as the roof covering.

(h) Swimming pools will be permitted. However, fencing of swimming pool areas must be within approved setback lines.

(i) Dust abatement and erosion control measures shall be provided by the builder, contractor or Owner in all stages of construction.

(j) Where possible, brick or stone curved walkways are encouraged. Curved driveways are preferred and the driveway surface must be paved or the surface approved. Concrete is preferred and suggested for driveways. Asphalt will generally not be approved.

(k) All chimneys will be required to have finished caps of the basic exterior finish material (e.g., brick, stone, etc.) or will be required to have a fabricated metal cap of a color and design acceptable to the Committee.

(l) ALL MAILBOXES SHALL BE CONSTRUCTED AND LOCATED ACCORDING TO PLANS AND SPECIFICATIONS PROVIDED BY DEVELOPER. Developer reserves the right to specify a certain style and design of a mailbox to be purchased and installed by the builder, contractor or Owner. Brick, stucco, stone or similar column mailboxes will not be acceptable.

(m) All houses shall have an outside electric light located at the intersection of the driveway and the street. All such lights shall be operated by a photo-electric cell so as to automatically turn on at dusk and turn off at dawn. ALL SUCH LIGHTS AND POLES SHALL BE CONSTRUCTED AND LOCATED ACCORDING TO PLANS AND SPECIFICATIONS PROVIDED BY DEVELOPER. Developer reserves the right to specify a certain style and design of light and pole to be purchased and installed by the builder, contractor or Owner.

(n) Since the establishment of inflexible building setback lines for location of houses on Lots tends to force construction of houses, both directly behind and directly beside other homes with detrimental effects on privacy, view, and preservation of specimen trees, no specific setback lines are

established by these restrictions. In order to assure that locations of houses will be staggered where practical and appropriate, so that the maximum amount of view and breeze will be available to each house and that the structures will be located with regard to the topography of each individual Lot, the Committee reserves the right to control absolutely and to solely decide the precise site and location of any houses or other structure upon all Lots in the Property. Such location shall be determined only after reasonable opportunity is afforded the Owner of a Lot to recommend a specific site. Notwithstanding any provision of this Section 6.05(n), the Committee shall consider the following guidelines in establishing building set back lines: (i) no house or building shall be placed nor shall any material or refuse be stored on any Lot within fifty (50) feet from the back of the valley gutter(s) adjacent to the Lot, or within thirty (30) feet of the property line of any lake, park or common recreational area; (ii) no house or impervious surface shall be constructed on any of the following Lots bounded in part by the Cahaba River within the following setback requirements (measured in each case from the bank of the river): Lots 15 and 16 - 70 feet; Lots 26, 27, 28 and 29 - 130 feet; Lots 25, 30, 31, 32, 33, 34 and 35 - 150 feet each. Developer reserves the right to establish specific setback lines applicable to any unsold Lots in the Property.

(o) The Committee shall require each Lot bounded by the Cahaba River to have a natural buffer adjacent to the bank of the river and shall use the following guidelines in establishing natural buffer setback lines (measured from the bank of the river): Lots 15, 25, 30, 31, 32, 33, 34 and 35 - 50 feet; and Lots 16, 26, 27, 28 and 29 - 70 feet. No disturbance of the natural landscape shall be permitted within the natural buffer setback lines.

(p) There shall be no silver finish metal doors (including glass sliding doors) or silver finish metal windows of any kind; however, a factory painted or dark anodized finish metal may be used. The color of such finish must be approved by the Committee.

(q) Chain link, wire, or metal fences of any type may not be used for any purpose. All fences, including fences for backyards, swimming pools, dog pens, gardens, or for any other purpose must be approved by the Committee prior to construction. No fence of any kind shall be permitted in the front yard of any Lot, or on the rear of any Lot (except for fences immediately surrounding a swimming pool) which has a rear lot line adjacent to a lake, park or common recreational area. Lots which have a rear lot line on the Cahaba River will not be permitted to have fences within the natural buffer setback lines set forth in subparagraph (o) above. In addition, no prominent structure

shall be permitted (i) on the rear thirty-five (35) feet of any Lot which has a rear lot line adjacent to a lake or common recreational area or (ii) within the building setback lines set forth in subparagraph (n) with respect to any Lot bounded by the Cahaba River.

(r) There shall be no signs nailed to trees at any time. All builders' or contractors' signs are to be removed from the Lot after the house has been completed.

(s) All proposed exterior redecorating, including painting, must be approved by the Committee.

(t) Drainage of surface water, storm water, and/or foundation drains may not be connected to sanitary sewers. Existing drainage shall not be altered in any manner, and specifically shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots or onto common recreational areas.

(u) No outside clothes lines shall be permitted.

(v) Exterior liquified fuel storage containers shall be permitted, but such containers must be screened with materials acceptable to, and in a manner approved by the ARB so as not to be visible from the street, from adjoining Lots, or from common recreational areas, lakes, parks, or rivers. THE SCOPE OF REVIEW BY THE COMMITTEE SHALL BE LIMITED TO APPEARANCE ONLY AND SHALL NOT INCLUDE ANY RESPONSIBILITY OR AUTHORITY TO REVIEW FOR STRUCTURAL SOUNDNESS, COMPLIANCE WITH BUILDING OR ZONING CODES OR STANDARDS, SAFETY CONSIDERATIONS, OR ANY OTHER SIMILAR OR DISSIMILAR FACTORS.

6.06 Limitation of Liabilities. Neither the Committee nor any architect nor agent thereof, nor Developer, shall be responsible in any way for any defects in any Plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such Plans and specifications. It is specifically agreed that the scope of review by the Committee shall be limited to appearance only and shall not include any responsibility or authority to review for structural soundness, compliance with building or zoning codes or standards, or any other similar or dissimilar factors. Neither the Committee, nor any member thereof, shall be liable to any Owner for any action taken, or omitted to be taken by the Committee or the individual members thereof in the performance of their respective duties hereunder.

6.07 Exclusive Residential Use And Improvements.

(a) All Lots in the Property shall be known and described as residential Lots and shall be used for single family residential purposes exclusively and no Lot shall be subdivided so as to increase the number of Lots in the Property unless permitted under Section 2.04 hereof. No structure, except as otherwise provided, shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family residence dwelling not to exceed three stories, including the basement as a story, and a private garage for not more than three (3) cars. This shall not prohibit the construction of one residence upon two (2) or more Lots.

(b) Except as otherwise provided, every dwelling building erected on any Lot in the Property, exclusive of one-story open porches, garages, carports and other unairconditioned, unfinished spaces, shall each have not less than 3,000 square feet of enclosed, heated, habitable areas. The first or main floor area of each such dwelling building, exclusive of one-story open porches, garages, carports and finished basements, shall be not less than 3,000 square feet in the case of a one-story structure and not less than 1,800 square feet in the case of one and one-half, two, and two and one-half story structures.

(c) No more than a single family unit shall occupy any dwelling house. Detached auxiliary buildings are not permitted without prior written approval of the Committee. All dwellings must be built within the building lines shown on the recorded plat for the Property.

6.08 Subsurface Conditions.

(a) The Property is located in an area which may include sinkholes and subsurface conditions which may result in sinkholes. Approval of the submitted Plans by the Committee as herein provided shall not be construed in any respect as a representation or warranty of the Committee and/or the Developer to the Owner submitting such Plans, or successors or assigns of such Owner, that the surface or subsurface conditions of the Lot are suitable for the construction of the improvements contemplated by such Plans. It shall be the sole responsibility of the Owner to determine the suitability and adequacy of the surface and subsurface conditions of the Lot for the construction of any and all structures and other improvements thereon.

(b) Neither the Committee and its individual members, nor the Developer and its partners, agents, and employees and the officers, directors, agents, and employees of its partners, shall

be liable to any Owner, or the successors, assigns, licensees, lessees, employees and agents of any Owner, for loss or damage on improvements, or structures now or hereafter located upon the Property, or on account of injuries to any Owner, occupant, or other person in or upon the Property, which are caused by, or conditions, known or unknown (including, without limitation, sinkholes, underground mines, and limestone formations), under or on the Property.

6.09 Variance Requests. The Committee, in its discretion, shall have the authority to modify the requirements of Sections 6.05 and 6.07 of this Article VI upon the request for a variance from such requirements by an Owner with respect to his Lot. If the Committee grants a requested variance, the nonconforming improvements subject to said request shall not be deemed to be in violation of these covenants.

ARTICLE VII

RESTRICTIONS ON USE

7.01 Lakes. All lakes are specifically restricted in use to sailboats and boats with electric trolling motors, canoes, paddle boats, and row boats.

7.02 Maintenance.

(a) It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such Lot which shall tend to decrease the beauty of the specific area or of the neighborhood as a whole.

(b) All Lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in a neat and attractive condition and in such manner as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon. In order to implement effective control of this item, Developer reserves for itself, its agents and the Association, the right, after ten (10) days' notice to any Owner of a Lot, to enter upon such Lot with such equipment and devices as may be necessary for the purpose of mowing, removing, clearing, or cutting underbrush, weeds or other unsightly growth and trash which in the opinion of the Developer or the Association detracts from the overall beauty and safety of the Property. Such entrance upon such property for such purposes shall be only between the hours of 7:00 a.m. and 6:00 p.m. on any day except Sunday and shall not be a trespass. Developer or the Association may charge the Owner a reasonable cost for such services, which charge shall constitute a lien upon

such Lot enforceable in accordance with Section 4.10 of this Declaration. The provisions of this section shall not be construed as an obligation on the part of Developer or the Association to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

(c) All maintenance for the Common Areas will be the responsibility of the Association. Maintenance to be provided by the Association includes, but is not limited to, pool and tennis court maintenance and repair, maintenance and repair of the clubhouse and related facilities, maintenance of all landscaping and grassed areas and generally maintenance or repair of any kind whatsoever of any areas within the Property which are not the responsibility of a governmental authority or a specific Owner. Notwithstanding anything within this Declaration to the contrary, so long as Developer owns any Lots within the Property, Developer reserves the right to provide or contract to provide for all such maintenance services for the benefit of the Association and to bill the Association for the cost of such services not more frequently than quarterly. In the event Developer uses its own grounds or maintenance crews for such services, the price for such services will be the customary charges Developer makes to other tenants or residents of Inverness for similar services.

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(d) During construction, all vehicles, including those delivering supplies, must enter a Lot's building site only on driveways approved by the Committee and such vehicles must be parked on the Lot where the construction is underway so as to not unnecessarily damage trees, street paving and curbs. The Association shall have the right to repair any damage not repaired after ten (10) days written notice and to charge the Owner a reasonable cost for such repair, which charges shall constitute a lien upon such Lot enforceable in accordance with Section 4.10 of this Declaration.

(e) During construction, the Owner must keep homes and garages clean and yards cut. All building debris, stumps, trees, etc., must be removed from each Lot by the builder or contractor as often as necessary to keep the Lot attractive. Such debris shall not be dumped in any area of Inverness.

7.03 Animals. Subject to the Association's sole discretion, no animals, livestock or poultry of any kind or description except the usual household pets shall be kept on any Lot; provided, however, that no household pet may be kept on any Lot for breeding or commercial purposes; provided further, that any household pets must be kept on a leash when permitted to be outside.

7.04 Nuisance. No noxious, offensive or illegal activities shall be carried on upon any Lot nor shall anything be

done on any Lot which may be or may become an annoyance or nuisance to the neighborhood. No commercial activity shall be carried on on any Lot.

7.05 Minerals. No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon any Lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot.

7.06 Garbage. No trash, garbage or other refuse shall be dumped, stored or accumulated on any Lot. Trash, garbage or other waste shall not be kept on any Lot except in sanitary containers or garbage compactor units. Garbage containers, if any, shall be kept in a clean and sanitary condition, and shall be so placed or screened by shrubbery or other appropriate material approved in writing by the Committee as not to be visible from any road, waterway, or Common Area within sight distance of the Lot at any time. All garbage shall be picked up in the rear of the house on a Lot, and no garbage containers shall be placed or left for pick-up in the street or otherwise in a place that is visible from any road, waterway or Common Area. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted. The Owner of each Lot shall contract with the authorized agent in Shelby or Jefferson County for the collection of trash, refuse and garbage.

7.07 Signs. All signs, billboards or advertising structures of any kind are prohibited except that (i) builder and contractor signs will be permitted during construction periods as authorized in Section 6.05(q) above, and (ii) one professional sign of not more than six (6) square feet will be permitted to advertise the Property for sale during sales periods. No sign shall be nailed or attached to trees. No "For Sale" sign shall be permitted on the rear of any Lot.

7.08 Temporary Structures. No structure of a temporary character, trailer, tent or shack shall be used at any time as a residence either temporarily or permanently. There shall be no occupancy of any dwelling until the interior and exterior of the dwelling are completed and a certificate, or other satisfactory evidence, of completion is received by and approved by the ARB.

7.09 Damaged Structures. Any dwelling or other structure on any Lot in the Property which may be destroyed in whole or in part for any reason must be rebuilt within one (1) year. All debris must be removed and the Lot restored to a sightly condition with reasonable promptness, provided that in no event shall such debris remain on any Lot longer than sixty (60) days.

7.10 Roadway Obstruction. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above any roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. Except as herein provided, no trees shall be permitted to remain within such distance of such intersections unless the foliage is maintained at sufficient height to prevent obstruction of such sight-lines. Any such tree or shrub of a rare or unusual species may be permitted to remain in place upon application to and written permission from the ARB and approval by the appropriate city, county or state official or department.

7.11 Boats, Trailers And Campers. No boat, boat trailer, house trailer, camper or similar equipment or vehicle shall be parked or stored on any road, street, driveway, yard or Lot located in the Property for any period of time in excess of twenty-four (24) hours except in garages. Also, no unkept or otherwise unattractive vehicle or piece of equipment may be parked or stored on any road, street, driveway, yard or Lot except in garages.

7.12 Trees. NO TREE HAVING A DIAMETER OF SIX (6) INCHES OR MORE (MEASURED FROM A POINT TWO FEET ABOVE GROUND LEVEL), NOR ANY FLOWERING TREES OR SHRUBS, SHALL BE REMOVED FROM ANY LOT AFTER COMPLETION OF CONSTRUCTION WITHOUT THE EXPRESS WRITTEN AUTHORIZATION OF THE COMMITTEE. If it shall deem it appropriate, the Committee may mark certain trees, regardless of size, as not removable without written authorization. The Committee is hereby authorized to come onto any Lot during reasonable hours for the purpose of inspecting or marking trees, and any such entry by the Committee or its agent(s) shall not be deemed as trespass or other wrongful act.

7.13 Firearms. There shall be no discharging of any type firearm or other weapon in the Property or any other area of the Inverness community.

7.14 Due Care. Each and every Owner and future Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees, in connection with the construction of any improvements on such Lot or Lots, to exercise due care, and to assure that any builders or contractors of such Owner, or employees and subcontractors of such contractors, will exercise due care and

will comply with any and all governmental rules, regulations, codes and ordinances relating to safety, so as to protect the safety and health of the public, and the safety and health of such Owner, his or her family, and any such builder or contractor and its employees and subcontractors.

7.15 Time Of Construction. Upon the commencement of construction of any building on a Lot, work thereon must be prosecuted diligently and continuously and must be completed within twelve (12) months from date of commencement of construction.

ARTICLE VIII

SEWAGE TREATMENT AND FIRE AND POLICE PROTECTION

8.01 Sewage. Individual sewage disposal systems shall not be permitted on any Lot unless (i) a central sanitary sewage system is not otherwise available, and (ii) any such individual sewage disposal system is first approved by Developer and all appropriate governmental agencies. The Developer currently provides a central sanitary sewage system to the Property. By accepting a deed to a Lot, the Owner of such Lot covenants and agrees to pay to Developer (the term "Developer" shall for purposes of this Section 8.01 also include the successors and assigns of Developer with respect to sewage system) its monthly or quarterly sewage treatment fees or charges to cover the cost of providing such service. In the event a governmental authority or agency assumes operation of the sewage treatment facility or function, such governmental authority or agency will set the rates, fees or charges for such service and any limitation contained in this Article VIII shall then be inapplicable. The sewage treatment fee shall be charged upon a Lot immediately upon tap-on to the central sanitary sewage system, regardless of whether the house constructed upon said Lot is then completed, sold, or occupied. The first monthly or quarterly sewage treatment fee (as prorated for the remainder of the current billing period) shall be due at the time of tap-on to the central sanitary sewage system, and charges shall thereafter be due at regular quarterly or other billing intervals as established by Developer. It is agreed that the sewage treatment fee shall be charged on the land and constitute a continuing lien upon the Lots enforceable in accordance with Section 4.10 of this Declaration. The Owner of each Lot covenants and agrees to install and maintain in good repair, at the expense of said Owner, the sanitary sewer service line on his Lot. Each of the Owners of Lot 1, Block 1; Lot 1, Block 3; Lot 1, Block 4; and Lots 22, 23, 24, 25, 26, 27, 32, 33, 34, 37, 38, 66, 67, 72, 73, 74 and 75, Block 4 within the Property further covenants and agrees to install and maintain in continuous operation, at the

expense of said Owner, a submersible sewage grinder pump, basin, alarm and associated wiring, piping and equipment as specified by the Developer. The Developer shall establish rules and regulations for the installation and inspection of sanitary sewer service lines and pumping equipment. THE MATERIAL FOR SANITARY SEWER SERVICE LINES MUST BE APPROVED BY THE DEVELOPER AND POLY VINYL CHLORIDE (PVC) SEWER PIPE (SCHEDULE 40) AND FITTINGS ARE REQUIRED IN ALL SECTIONS OF THE PROPERTY (including specifically, a two-inch PVC Schedule 40 pressurized line to the street with solvent cemented joints meeting ASTM D 2855 for each Lot referred to above as requiring a submersible sewage grinder pump). Without limitation of other inspection rights, each Owner agrees to give written notice to the Developer within two (2) working days prior to its installation of the sanitary sewer service lines and pumping equipment, if any, and to permit such inspection and testing thereof by the Developer both before and after backfill as is required by the Developer. If any Owner fails to give the Developer notice of the installation of the sanitary sewer service lines and pumping equipment as provided herein, or fails to meet the Developer's specifications for materials and/or installation of such service lines or pumping equipment as provided herein, or fails to permit the testing specified above, then he shall be fined in the amount of \$750.00, such amount to constitute liquidated damages for the additional cost of inspecting the service lines after the work is completed, with such damages constituting a lien upon the Lot enforceable in accordance with Section 4.10 of this Declaration.

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8.02 Fire. Fire protection is currently provided to the Inverness community, which includes the Property, by the North Shelby County Fire and Medical District. Each Owner of a Lot shall be responsible to pay a proportionate share of the cost of said protection for a fee which is established by said Fire District for individual dwelling protection. If an Owner shall fail to pay his fee for fire protection, the Association may, at its option, pay the fee for fire protection for such Owner's Lot directly to the North Shelby County Fire and Medical District in which event the Association shall have the right to require the Owner to pay an assessment in the amount paid by the Association for such fire protection and the payment of such assessment shall be enforceable in accordance with the provisions of Section 4.10 of this Declaration. If, at any future date, uniform community fire protection is provided by the Inverness community, or any subsequently established Master Association, then the Association shall pay a proportionate share of the cost of said protection as a Common Expense. DEVELOPER IS UNDER NO OBLIGATION TO PROVIDE FIRE PROTECTION SERVICE, OR TO ASSURE THAT SUCH FIRE PROTECTION SERVICE IS PROVIDED BY OTHERS.

8.03 Police. Police protection is currently provided to the Property by the Shelby County and Jefferson County Sheriff's

Department. If, at any future date, uniform community security protection is provided by the Inverness community, or any subsequently established Master Association, then the Association shall pay a proportionate share of the cost of said protection as a Common Expense. NEITHER INVERNESS NOR DEVELOPER IS UNDER ANY OBLIGATION TO PROVIDE SECURITY SERVICE, OR TO ASSURE THAT SUCH SECURITY SERVICE IS PROVIDED BY OTHERS.

8.04 Fire Hydrants. The fire hydrants located in the Property are owned and maintained by The Water Works and Sewer Board of the City of Birmingham. A standard rental fee for such fire hydrants is currently being paid by the North Shelby County Fire and Medical District. In the event that the standard rental fee for such fire hydrants in the Property should cease to be paid by the North Shelby County Fire and Medical District or any other public corporation, authority or governmental agency, then, in such event, the Association shall pay a proportionate share of such standard rental fee as a Common Expense.

ARTICLE IX

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

9.01 Membership. Every Owner, including the Developer, shall, for so long as it is an Owner, at all times be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot. Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of either Shelby County or Jefferson County, Alabama (depending upon the location of the Lot) and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted), or upon such ownership interest being divested in some other manner.

9.02 Voting. Subject to the restrictions hereinafter set forth, each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When one or more persons hold such interest, all such persons may be members, and the vote(s) for such Property shall be exercised in the manner set forth in the By-Laws, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot. There shall be no fractional voting. The votes of an Owner of more than one (1) Lot cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of this Declaration, the Articles or the By-Laws, the affirmative vote of Owners who own a majority of the Lots which

are represented at any meeting of members duly called, and at which a quorum is present, shall be binding upon the members. Voting may take place by proxy executed and delivered in the manner set forth in the By-Laws.

Notwithstanding the provisions of this Section 8.02, the Developer shall have the right to elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until such time as all Lots have been sold to Owners other than Developer, or the Developer elects, at its option, to terminate its control of the Association, whichever first occurs.

ARTICLE X

RIGHTS OF DEVELOPER

10.01 Reconveyance Option. Each Owner who purchases a Lot from the Developer, in accepting a deed or contract for said Lot agrees as follows:

(a) Such Owner shall (i) tender all required submissions to the Committee within eighteen (18) months after closing; and (ii) obtain a building permit for, and in good faith commence actual construction of an approved residence within twenty-four (24) months after the closing and, thereafter, (iii) proceed with due diligence to complete such construction. In the event an Owner shall fail to perform either of the obligations imposed under (i) or (ii) above within the applicable time periods specified therefor, the Developer shall have the option, exercisable by written notice to such Owner within thirty (30) months after closing and prior to the acquisition of a building permit, to repurchase the Lot from such Owner and such Owner shall sell and convey the Lot back to Developer for the price paid by Owner for such Lot. The closing of such transaction shall take place within three (3) months following delivery of such notice at Developer's office. The selling Owner shall convey to Developer fee simple title to the Lot by delivery of a general warranty deed, at the closing, free and clear of all liens, defects, encumbrances and other matters, except those in existence as of the date Owner acquired title to the Lot. Ad valorem real property taxes and any other charges, expenses or items which are customarily adjusted shall be so adjusted at such closing, as of midnight of the day preceding the date of such closing. The selling Owner shall pay the cost of recording the deed reconveying the Lot to Developer.

(b) No Owner shall cause or permit any transfer, sale or assignment of all or any part of any unimproved Lot, including any equitable or beneficial interest therein, voluntarily or by operation of law or otherwise or, whether by conveyance,

exchange, merger, consolidation, or otherwise, without first giving written notice to Developer of its desire to sell such unimproved Lot. Such notice shall contain the name of the proposed purchaser and shall constitute an offer by such Owner to sell all of the unimproved Lot to Developer at a price equal to the purchase price paid by the Owner for such Lot. Developer may accept such offer by delivering notice of acceptance to such Owner not later than thirty (30) days following receipt of such Owner's notice constituting an offer to sell as set forth above. The closing of such transaction shall take place within thirty (30) days after the date of receipt by Owner of Developer's acceptance notice at Developer's office and shall otherwise be governed by the provisions set forth in Section 10.01(a) above. In the event that Developer shall fail to accept any offer as herein provided, such Owner shall thereafter have the right to sell the unimproved Lot to the purchaser set forth in the notice and offer to Developer, free and clear of any and all claims of Developer under these Protective Covenants.

10.02 Indemnification. Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property whether from Developer or a subsequent owner of such Lot, agrees to indemnify and reimburse Developer and/or the Association, as their respective interests may appear, for any damage caused by such Owner or the builder, contractor, agent or employees of such Owner, to roads, streets, gutters, walkways or other aspects of public ways or Common Areas, including all surfacing thereon, or to water, drainage or storm sewer lines or sanitary sewer lines owned by Developer and/or the Association, or for which Developer and/or the Association has responsibility, at the time of such damage.

10.03 Limitation of Liability. Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees and covenants to release, indemnify, protect and hold harmless the Developer, and its agents, directors and employees (all of whom are included in the term "Developer" for the purposes of this Section 10.03) from and against any and all claims, and demands by such Owner, any member of his or her family, their employees, agents, guests, invitees, licensees, builders, contractors, and employees or subcontractors of such contractors, or any other persons whomsoever, for damages to property and personal injury or death (including but not limited to, the Developer's contributory negligence) which may arise out of or be caused directly or indirectly by such Owner's Lot or Lots, and/or the use of or construction on said Lot or Lots by said Owner, any member of his or her family, their guests, agents, invitees, licensees, builders, contractors, or by any other person whomsoever. The indemnification by such Owner as set forth above

shall also cover any and all expenses of Developer, including attorneys' fees resulting from any claims or demands.

ARTICLE XI

NATURE OF PROTECTIVE COVENANTS; DEFAULTS AND REMEDIES

11.01 Protective Covenants Running with the Land. The foregoing Protective Covenants shall constitute a servitude in and upon the Property and shall run with such Property and inure to the benefit of and be enforceable by the Developer, by the Association, or by any Owner for a term of fifty (50) years from the date this Declaration is recorded, after which time the said Protective Covenants shall automatically be extended for successive periods of ten (10) years, unless an agreement, which has been signed by Owners who own two-thirds (2/3) or more of the then existing Lots in the Property, agreeing to terminate or modify this Declaration has been recorded in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama.

11.02 Default. Violation or breach of any of the Protective Covenants shall constitute a default hereunder. Any person given the right to enforce the Protective Covenants herein set forth may provide written notice thereof to any Owner (and any Institutional Mortgagee who or which has requested the same and provided to the Association an address for such notices).

11.03 Remedies for Default. The existence of any default which has not been cured within thirty (30) days of the notice specified above shall give the Developer, the Association, any Owner, in addition to all other remedies specified herein, the right to proceed at law or in equity to compel compliance with the terms of these Protective Covenants and to prevent the violation or breach of any of them.

11.04 Nature of Remedies; Waiver. All rights, remedies and privileges granted to the Developer, Association and the Owners, pursuant to the provisions of this Declaration shall be deemed to be cumulative, and the exercise of any one or more of them shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same, or any other party, from pursuing such other and/or additional rights, remedies, or privileges as may be available to such party at law or in equity. The failure at any point in time to enforce any covenant or restriction shall in no event be deemed a waiver of the right thereafter to enforce any such covenant or restriction.

11.05 Assignment. The Developer and/or the Association shall have the right to assign their respective rights to enforce

these Protective Covenants. In the event of such assignment, the assignee shall have all the rights, remedies and privileges granted to its assignor under the provisions of this Article X.

11.06 No Right of Reverter. No covenant, condition or restriction set forth in this Declaration is intended to be, or shall be construed as, a condition subsequent or as creating the possibility of reverter.

ARTICLE XII

AMENDMENT OF DECLARATION

12.01 Amendment By Developer. The Developer reserves the right unilaterally to amend this Declaration, and to do so at such time, and upon such conditions, in such form and for such purposes as it, in its sole discretion, shall deem appropriate by preparing and recording an amendment hereto, provided, however, that this right of unilateral amendment is subject to the limitations set forth in Section 12.03 hereof and provided, further, that this right of unilateral amendment shall expire after all Lots have been sold to Owners other than the Developer, after which time this Declaration may be amended only in the manner set forth in Section 12.02 below.

12.02 Amendment By Association.

(a) Amendments to this Declaration may be proposed by either the Board of Directors of the Association (the "Board") acting upon a vote of the majority of the Board or by the affirmative vote of members of the Association who own not less than a majority of the Lots, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Declaration being proposed by the said Board or members, such proposed amendment or amendments shall be transmitted to the President of the Association or, in the absence of the President, such other officer of the Association, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days, nor later than sixty (60) days, from receipt by him of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than twenty (20) days nor more than fifty (50) days, before the date set for such special meeting. Such notice shall be given to any Institutional Mortgagee of record who requests such notices and provides an address therefor to the Association. If mailed, such notice shall be deemed to be properly given when deposited in the United

States mail, addressed to the member at his post office address as it appears on the records of the Association, the postage thereon being prepaid. Any member may, by written waiver of notice signed by such members, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such special meeting, the amendment or amendments proposed must be approved by the affirmative vote of members who own not less than two-thirds (2/3) of the total Lots in the Property in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments to the Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted and the original or executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be recorded in the Office of the Judge of Probate of Shelby County, Alabama and in the Office of the Judge of Probate of Jefferson County, Alabama, within twenty (20) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording identifying the Declaration. Thereafter, a copy of said amendment or amendments, in the form in which the same were placed of record, shall be delivered to all of the Owners, but mailing or delivering a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

12.03 Restrictions on Amendment. Notwithstanding the foregoing provisions of this Article XII,

(a) No amendment shall materially adversely affect the rights of any Owner or group of Owners, unless such Owner or all Owners so adversely affected shall consent thereto. For example, no amendment shall alter the basis for apportionment of Assessments in a manner which would materially adversely affect any Owner or Owners, as opposed to other Owners, unless the Owner or Owners so adversely affected shall consent thereto.

(b) No amendment shall materially adversely affect the rights and priorities of any Institutional Mortgagees of record or change the provisions of this Agreement with respect to Institutional Mortgagees, unless all Institutional Mortgagees of record so adversely affected shall consent thereto.

(c) No amendment to this Declaration shall make any change in the qualifications of the membership nor in the voting

or property rights of members, without approval in writing by all Owners and the joinder of all Institutional Mortgagees.

(d) No amendment to this Declaration shall abridge, limit, amend or alter the rights, privileges, powers or options of the Developer or any Institutional Mortgagee, as the same are set forth in this Declaration, without the prior written consent of the Developer if it is so affected and/or any Institutional Mortgagee which is so affected.

(e) No amendment shall be made to this Declaration so long as the Developer owns any Lot, unless the Developer shall consent thereto. Such consent may be withheld by the Developer for any reason or no reason at all.

12.04 Scrivener's Error. Notwithstanding the foregoing amendment provisions, any scrivener's error or omission may be corrected by the filing of an amendment to this Declaration consented to by the Board of Directors of the Association and any Owners or Institutional Mortgagees of record directly affected by the amendment. No other Owner is required to consent to any such amendment. If there appears to be any other omissions or errors in this Declaration, scrivener's or otherwise, and such error or omission does not materially adversely affect the rights and interests of any other party, then such error or omission may be corrected by the filing of an amendment to this Declaration executed by the Board without the consent of any other party.

ARTICLE XIII

GENERAL PROVISIONS

13.01 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed by United States mail, postage paid, to the address of such Owner as it appears on the records of the Association at the time of such mailing.

13.02 Severability. Invalidation of any provision or provisions hereof by judgment or court order shall in no way affect any previous other provision, all of which shall remain in full force and effect.

13.03 Governing Law. Should any dispute or litigation arise between any of the parties whose rights or duties are affected or determined by this Declaration as the same may be amended from time to time, said dispute or litigation shall be governed by the laws of the State of Alabama.

13.04 Captions. The captions and titles of the various Articles and Sections in this Declaration are for convenience of reference only, and in no way define, limit or describe the scope or intent of this Declaration.

13.05 Usage. Whenever used herein the singular shall include the plural and the singular, and the use of any gender shall include all genders.

13.06 Conflict. If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of any provisions of this Declaration, the Articles, the By-Laws or the Rules and Regulations, then the provisions of this Declaration shall prevail.

13.07 Effective Date. This Declaration shall become effective when it has been recorded in both the Office of the Judge of Probate of Shelby County, Alabama and the Office of the Judge of Probate of Jefferson County, Alabama.

IN WITNESS WHEREOF, the undersigned has duly executed this Declaration as of the date first above written.

DEVELOPER:

2154 TRADING CORPORATION

ATTEST:

By: Victor W. Turner

Its: Vice President

By: Christine N. Markussen

Its: Assistant Secretary

Georgia
STATE OF ~~ALABAMA~~
COUNTY OF DeKalb

I, Sandra R. Nauman, a Notary Public in and for said County in said State hereby certify that Victor W. Turner, whose name as Vice President of 2154 Trading Corporation, a corporation, is signed to the foregoing Declaration, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Declaration of Protective Covenants, he as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal of office this 18th
day of October, 1988.

Arthur R. Newman
Notary Public

My Commission Expires: _____

Notary Public, Georgia State at Large
My Commission Expires Feb. 10, 1990

BOOK 209 PAGE 925

This instrument was prepared by Jack P. Stephenson, Jr.,
3000 SouthTrust Tower, Birmingham, Alabama 35203

STATE OF ALA. JEFFERSON CO.
I CERTIFY THIS INSTRUMENT
WAS FILED ON

1988 SEP 28 AM 10:37

ARTICLES OF INCORPORATION
OF
INVERNESS POINT HOMEOWNERS' ASSOCIATION, INC.

RECORDED & PAID TAX
\$ 5.00
PD. ON THIS INSTRUMENT

[Signature]
JUDGE OF PROBATE

The undersigned, acting as incorporator of a nonprofit corporation under the Alabama Nonprofit Corporation Act, Code of Alabama 1975 §§10-3A-1 et seq., (the "Act"), adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation shall be Inverness Point Homeowners' Association, Inc., hereinafter referred to as "Association."

SECOND: the period of its duration is perpetual.

THIRD: The general nature, objects and purposes for which the Association is organized is to establish an entity:

1. To provide for the efficient preservation of the appearance, value and amenities of the property (hereinafter referred to as the "Property") which is subject to the Declaration of Protective Covenants for Inverness Point, a Residential Subdivision, recorded or to be recorded in the Office of the Judge of Probate of Jefferson County, Alabama and the Office of the Judge of Probate of Shelby County, Alabama (hereinafter referred to as "Declaration").

2. To own and maintain, repair and replace the general and/or Common Areas of the Property including structures, landscaping and other improvements in and benefitting the Property for which the obligation to maintain has been delegated and accepted.

3. To control the specifications, architecture, design, appearance, elevation and landscaping of all improvements and structures of any kind, including, without limitation, buildings, fences, walls, signs, lighting systems, site paving, grading, screen enclosures, sewers, drains, landscaping, landscape devices or objects and/or other structures constructed, placed or permitted to remain on the Property, as well as any alteration, improvement, addition and/or change therein, thereof or thereto, all in accordance with the Declaration.

4. To provide, purchase, acquire, own, replace, improve, maintain and/or repair such real property, buildings, structures, street lights, landscaping, paving or other improvements in and/or benefitting the Property for which the obligation to so maintain and repair has been, or may be, delegated to, and accepted by, the Association.

5. To participate in and be a member of any Master Association, to pay all charges or assessments due as a member of such Master Association and to generally act in accordance with the rules and regulations promulgated by such Master Association.

6. To provide services, the responsibility for which has been, or may be, delegated to, and accepted by, the Association.

7. To operate without profit for the sole and exclusive benefit of its members.

8. To perform any and all other functions contemplated of the Association or otherwise undertaken by its Board of Directors in accordance with the Declaration.

FOURTH: The powers of the Association shall include and be governed by the following provisions:

A. The Association shall have all of the common law and statutory powers, authority and privileges generally granted to nonprofit corporations under the laws of the State of Alabama. The Association shall have such additional powers as are reasonably necessary or appropriate to implement and effectuate the purposes of the Association and as are not inconsistent with these Articles, and the Declaration, as they may from time-to-time be amended, including, without limitation:

1. To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration, Articles, By-Laws, or any Rules and Regulations adopted pursuant thereto, and to enforce the provisions thereof.

2. To maintain, repair, replace, operate and manage the Common Areas, and such other parts or parcels of the Property or other property adjacent thereto as may be delegated to, and accepted by, the Association, including the right to make further improvements to the Common Areas or such other property.

3. To purchase, lease, hold, operate, sell, trade, dedicate, transfer, mortgage or otherwise acquire or dispose of interests in real or personal property in connection with the affairs of the Association.

4. To promulgate, amend and enforce rules, regulations, By-Laws, covenants, restrictions and agreements in connection with and to effectuate the affairs and purposes of the Association and to enforce by legal means the provisions of the Articles or the Declaration.

5. To fix, levy, collect and enforce payment of all assessments or charges to be levied against Lots (as defined in the Declaration) within the Property pursuant to the terms of the Declaration and By-Laws, and to defray all costs and expenses in connection therewith, as well as the costs and expenses of effectuating the objects and purposes of the Association, and to create reasonable reserves for such costs and expenses.

6. To borrow money, and, from time to time, to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed, in payment of property acquired, or for any of the other purposes of the Association, and to secure the repayment of any such

obligation by mortgage, pledge or other instrument of trust, or by lien upon, assignment of, or agreement in regard to, all or any part of the property, rights or privileges of the Association, wherever situated.

7. To pay taxes and other charges, if any, on or against any property, if any, owned by the Association.

8. To charge recipients for services rendered by the Association and to charge the user for use of Association property when such is deemed appropriate.

9. To participate in mergers or consolidations with any other nonprofit corporation or association which may perform similar functions located within the general vicinity of the Property.

10. To employ such personnel or to enter into, make, perform or carry out contracts with others to effectuate the aforesaid purposes with any person, firm, corporation, association or other entity and so contract for the management of the Association and to delegate to such contractors all powers and duties of the Association.

11. To delegate power or powers where such is deemed to be in the interest of the Association.

12. To purchase insurance for the protection of the Association, its officers, directors or members.

13. The powers set forth in this Article Fourth shall be construed as an amplification of the purposes of the Association set forth in Article Third of these Articles.

14. The Association shall have and may exercise all powers set forth in any other Article of these Articles of Incorporation.

B. All funds and title of properties acquired by the Association and the proceeds therefrom shall be held in trust for the members in accordance with the provisions of the Declaration and the Articles and By-Laws of the Association.

FIFTH: The Members of the Association shall consist of all Owners (as defined in the Declaration), and the membership shall be appurtenant to, and may not be separated from, ownership of any Lot (as defined in the Declaration). Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of Jefferson County or Shelby County, Alabama (depending upon the location of the Lot), and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

SIXTH: The affairs of the Association shall be managed by a Board of Directors consisting of the number of directors as shall be determined by the By-Laws; provided,

however, that the Board of Directors shall consist of not less than three directors, and in the absence of a provision in the By-Laws shall consist of three Directors. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

Notwithstanding the provisions set forth in this Article Sixth, 2154 Trading Corporation, an Alabama corporation (the "Developer"), its successors and assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until such time as all Lots have been sold to Owners other than the Developer, or the Developer elects, at its option, to terminate control of the Association, whichever first occurs. Within sixty (60) days after the date of termination of control of the Association by the Developer, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the membership for the purpose of electing the members of the Board of Directors.

The initial Board of Directors shall have three directors. The names and addresses of the members of the Board of Directors who shall hold office until their successors are elected and have qualified, or until such Directors are removed, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Denton Scott	3313 Tartan Lane Birmingham, Alabama 35242
Leo Karpeles, Jr.	#4 Church Street Birmingham, Alabama 35213
Andy Joiner	3301 Faring Road Birmingham, Alabama 35223

Any director may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the members at a meeting called for that purpose, and the vacancy in the Board caused by any such removal may be filled by the Developer until such time as all Lots have been sold to Owners other than Developer and in that event by the members at such meeting or at any subsequent meeting in the manner prescribed in the By-Laws for the filling of vacancies on the Board.

SEVENTH: The address of the Association's initial registered office is #2 Inverness Parkway (35242), Mailing Address: P.O. Box 43248, Birmingham, Alabama 35243, and the name of its initial registered agent is Leo Karpeles, Jr. with the same address.

EIGHTH: The Association shall have the right to indemnify each person who shall serve as a director, officer, employee, or agent of the Association, or shall serve at the request of the Association in a similar capacity with another corporation, joint venture, trust, or other enterprise, to the extent to which this Association is granted the power to so indemnify such persons by any and every statute of the State of Alabama or act of the Legislature of the State of Alabama.

NINTH: No contract or other transaction between the Association and any person, firm, association or corporation and no other act of the Association shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the directors or the Association are directly or indirectly, pecuniarily or otherwise interested in such contract, transaction or other act, or related to or interested in (either as director, stockholder, officer, employee, member or otherwise) such person, firm, association or corporation. Any director of the Association individually, or any firm or association of which any director may be a member of, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that the fact that he, individually, or such firm or association, is so interested, shall be disclosed or known to the Board of Directors or a majority of the members thereof as shall be present at any meeting of the Board of Directors, or of any committee of directors having the powers of the full Board, at which action upon any such contract, transaction or other act is taken; and if such fact shall be so disclosed or known, any director of the Association so related or otherwise interested may be counted in determining the presence of a quorum at any meeting of the Board of Directors, or of such committee, at which action upon any such contract, transaction or act shall be taken, and may vote with respect to such action with like force and effect as if he were not so related or interested. Any director of the Association may vote upon any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

TENTH: A. Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

1. Real property contributed to the Association without the receipt of other than nominal consideration by Developer (or its predecessor in interest) shall be returned to Developer, unless it refuses to accept the conveyance (in whole or in part).

2. Remaining assets shall be distributed among the members, subject to the limitations set forth below, as tenants in common, each members' share of the assets to be determined in accordance with its voting rights.

B. Dissolution of the Association shall be accomplished as set forth in the Act.

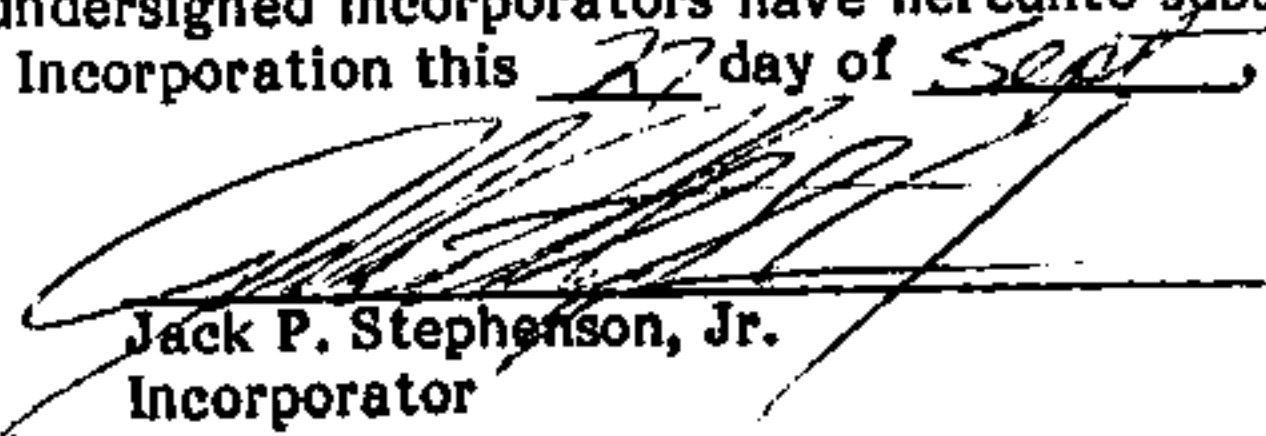
ELEVENTH: The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles in the manner now or hereafter provided by law, and all rights conferred upon officers and directors herein are granted subject to this reservation.

TWELFTH: The name and address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Jack P. Stephenson, Jr.	3000 SouthTrust Tower Birmingham, Alabama 35203

WHEREFORE, the incorporator files this, its Articles of Incorporation, and tenders to the Probate Judge of Shelby County, Alabama, the lawful fees and charges, and pray that these Articles may be examined and approved, and that the Association may be deemed to be incorporated for the purposes herein set out.

IN WITNESS WHEREOF, the undersigned incorporators have hereunto subscribed their signatures to these Articles of Incorporation this 27 day of Sept, 1988.


Jack P. Stephenson, Jr.
Incorporator

BGM 209 PAGE 931

Section 2. Annual Meeting. The annual meeting of the Membership shall be held on the third Tuesday in the month of April in each year, beginning with the year 1989 at the hour of 10:00 a.m., or at such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Alabama, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting of the membership, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Membership as soon thereafter as conveniently may be.

Section 3. Special Meetings. Special meetings of the Membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors and shall be called by the President or the Secretary at the request of Owners of one half (1/2) or more of the total Lots of the Property.

Section 4. Place of Meeting. The Board of Directors may designate any place, within or without the State of Alabama, as the place of meeting for any annual meeting or for any special meeting of the Membership. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Association in the State of Alabama.

Section 5. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than fifty (50) days and, in case of a meeting of the membership, not less than ten (10) days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of the membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the membership has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Voting Lists. The officer or agent having charge of the records of members of the Association shall make, at least ten (10) days before each meeting of the Membership, a complete list of the members entitled to vote at such meeting, or

any adjournment thereof, arranged in alphabetical order, with the address of each member, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any member making written request therefor at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 8. Quorum. The presence at any meeting of the Membership of the members entitled to cast at least 10% of the votes in the Association, represented in person or by proxy, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 9. Majority Vote. The vote of members entitled to cast a majority of the votes represented at a meeting of the Membership at which a quorum is present shall be the act of the members of the Association, unless the vote of a greater number is required by law, the Declaration, the Articles, or these By-Laws.

Section 10. Proxies. At all meetings of the Membership, a member may vote in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after ninety days from the date of its execution, unless otherwise provided in the proxy.

Section 11. Voting Rights. Subject to the restrictions hereinafter set forth, each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When one or more persons holds such interest, all such persons may be members, but in no event shall more than one vote be cast with respect to any Lot. If an Owner is a corporation or other entity, the person entitled to cast the vote for the Lot shall be designated by a certificate duly executed by such corporation or other entity and filed with the Secretary of the Association. Such certificate shall be valid until revoked or until superceded by a subsequent certificate or a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the vote of a Lot may be revoked at any time by any Owner of a Lot. There shall be no fractional voting. The votes of an Owner of more than one Lot cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of the Declaration, the Articles or these By-Laws, the affirmative vote of Owners who own a majority of the total Lots within the Property which is represented at any meeting of members duly called, and at which a quorum is present, shall be binding upon the members. Voting may take place by proxy executed and delivered in the manner set forth herein.

Section 12. Informal Action by Members. Any action required to be taken at a meeting of the membership, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth

State of Alabama
Jefferson County

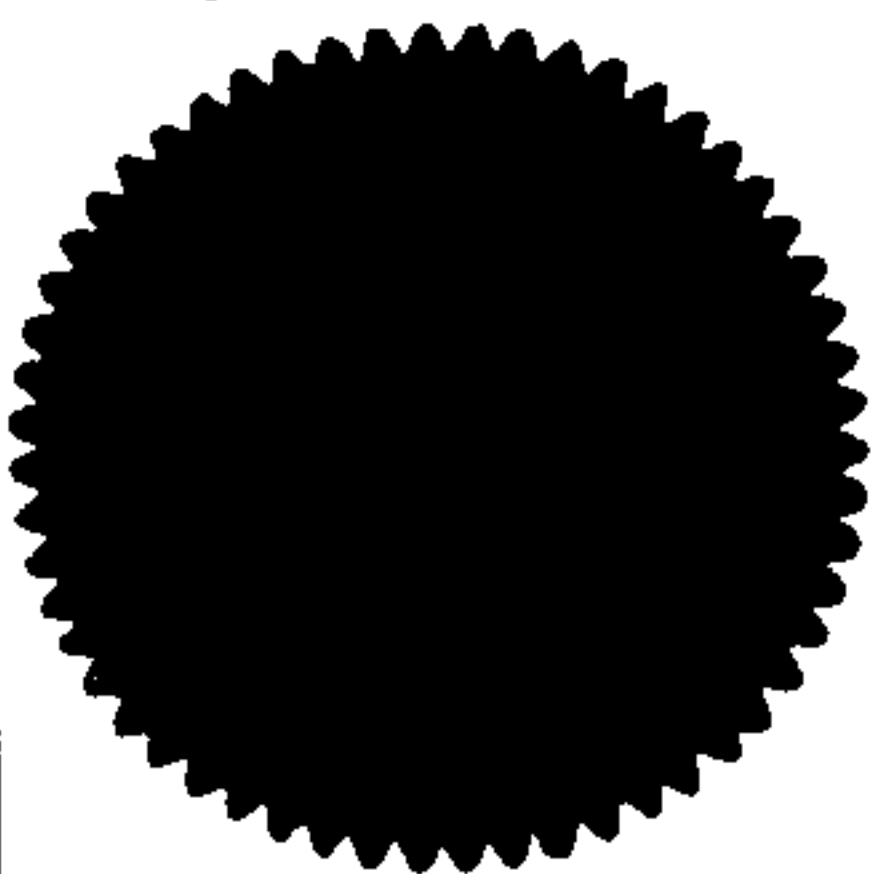
CERTIFICATE OF INCORPORATION
OF
INVERNESS POINTE HOMEOWNERS' ASSOCIATION, INC.

The undersigned, as Judge of Probate of Jefferson County,
State of Alabama, hereby certifies that Articles of
INCORPORATION

duly signed and verified pursuant to the provisions of Alabama
NONPROFIT Corporation Act, have been received in this office
and are found to conform to law.

Accordingly the undersigned, as such Judge of Probate, and by
virtue of the authority vested in him by law, hereby, issues this
Certificate of INCORPORATION
of INVERNESS POINTE HOMEOWNERS' ASSOCIATION, INC.
and attaches hereto a copy of the Articles of
INCORPORATION

Given Under My Hand and Official Seal on this the 28
day of SEPTEMBER, 19 88.



JH Florence
Judge of Probate

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**BY-LAWS
OF
INVERNESS POINT HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE I

THE ASSOCIATION

Section 1. Identity. These are the By-Laws of Inverness Point Homeowners' Association, Inc., a nonprofit corporation (the "Association"), which was formed under the Alabama Nonprofit Corporation Act [Code of Alabama 1975 §§10-3A-1 et seq.] by filing the Articles of Incorporation of the Association (the "Articles") with the Office of the Judge of Probate of _____ County, Alabama, on _____, 1988. The purposes for which the Association has been organized are set forth in the Articles. The provisions of these By-Laws are expressly subject to the terms, provisions, covenants and conditions contained in the Articles and the Declaration of Protective Covenants for Inverness Point, a Residential Subdivision (hereinafter referred to as the "Declaration") as filed, or to be filed, with the Office of the Judge of Probate of Jefferson County, Alabama and the Office of the Judge of Probate of Shelby County, Alabama, to which these By-Laws are attached as Exhibit B. The terms "Common Area," "Developer," "Institutional Mortgagee," "Lot," "Owner," "Property" and any other capitalized term used in these By-Laws are used with the definitions given those terms in the Declaration.

Section 2. Principal Office. The principal office of the Association in the State of Alabama shall be located in the City of _____, County of _____. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 3. Registered Office. The registered office of the Association, required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama, may be, but need not be, identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

MEMBERSHIP

Section 1. Membership. The Members of the Association shall consist of all Owners (as defined in the Declaration), and the membership shall be appurtenant to, and may not be separated from, ownership of any Lot (as defined in the Declaration). Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of Jefferson County or Shelby County, Alabama (depending upon the location of the Lot), and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

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Ex B

the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by or under the direction of its Board of Directors.

Section 2. Number, Tenure and Qualifications. The number of directors of the Association shall consist of three (3) directors.

Section 3. Election of Directors.

(a) Election of directors shall be held at the annual meeting of the membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. The Owner of each Lot shall be entitled to cast the number of votes fixed by Section 11 of Article II for each of as many nominees as there are vacancies to be filled at the time of election. There shall be no cumulative voting.

(b) Notwithstanding the provisions of subparagraph (a) above, the Developer (as defined in the Declaration), its successors and assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until all Lots are owned by Owners other than the Developer or until the Developer elects, at its option, to terminate control of the Association. Within sixty (60) days after the date of termination of control of the Association by the Developer, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the Membership for the purpose of electing the members of the Board of Directors.

Section 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of the Membership, provided, however, any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all directors. The Board of Directors may provide, by resolution, the time and place, within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 6. Notice. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any

director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 7. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

If a quorum is present when the meeting is convened, the directors present may continue to do business, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum present, or the refusal of any director present to vote.

Section 8. Manner of Acting. The act of the majority of a majority of the directors present at a meeting at which a quorum is present is necessary to constitute the act of the Board of Directors unless a greater number is required under the Alabama Nonprofit Corporation Act.

Section 9. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

Section 10. Vacancies. Subject to the provisions of subparagraph (b) of Section 3 of this Article III, any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by a majority of the remaining directors. A director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 11. Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director or both. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 12. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more directors and which to the extent provided in said resolution or resolutions or in the By-Laws of the Association shall have and may exercise all of the powers of the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the By-Laws; electing, appointing or removing any member of any such committee or any director or officer of the

Association; amending the Articles, restating the Articles, adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon it or him by law.

Section 13. Resignations. Any director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefor; and the acceptance of such resignation shall not be necessary to make it effective.

Section 14. Place of Meeting. The Board of Directors may designate any place within or without the State of Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Association shall be a President, one or more Vice President(s) (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the President and Secretary. The failure of the Board of Directors to elect any officer other than a President and a Secretary shall not constitute a violation of these By-Laws.

Section 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, by the affirmative vote of the Board of Directors, whenever in their judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create any contract rights in favor of such officer.

Section 4. Vacancies. A vacancy in any office elected or appointed by the Board of Directors because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the Membership. He may sign, with the Secretary or an Assistant Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the president or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; (e) have general charge of the records of the members of the Association; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these By-Laws; and (c) in general perform all of the duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President

or the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

Section 10. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Association.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans.

(a) No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

(b) No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Proxies. Unless otherwise provided by resolution of the Board of Directors, the President may from time to time appoint an attorney or agent of the Association, in the name and on behalf of the Association, to cast the votes which the Association may be entitled to cast as the holder of stock or other securities in any other corporation any of whose stock or other securities may be held by the Association, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name and on behalf of the Association, as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Association and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE VI

BOOKS AND RECORDS

Section 1. Accounting. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, Board of Directors and committees thereof and shall keep at its registered or principal office in Alabama a record of the names and addresses of members entitled to vote, directors and officers. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Association shall be open to inspection by the members or their authorized representatives for any proper purpose at any reasonable time.

Section 2. Budget. The Board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the Common Expenses (as defined in the Declaration) and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1 preceding the year for which the budget is made. If the budget is amended substantially, a copy of the amended budget shall be furnished to each member.

Section 3. Assessments. Assessments against the members as provided in the Declaration shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due in annual, quarterly or monthly installments, as may be determined by the Board of Directors of the Association. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.

Section 4. Assessments for Emergencies. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the members concerned, and it shall be due thirty (30) days after such notice in such manner as the Board of Directors of the Association may require in the notice of assessment.

Section 5. Bonds. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but shall not be less than three times the amount of the total annual assessments against members for Common Expenses. The premiums of such bonds shall be paid by the Association.

ARTICLE VII

SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and such other words as the Board of Directors may prescribe.

ARTICLE VIII
WAIVER OF NOTICE

Whenever any notice is required to be given to any member or director of the Association under the provisions of these By-Laws, the Articles of Incorporation, the Declaration, the provisions of the Alabama Nonprofit Corporation Act, and any act amendatory thereof, supplementary thereto or substituted therefor, or the Alabama Constitution, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
FISCAL YEAR

The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE X
INDEMNIFICATION

Section 1. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in

connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3.

(a) To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(b) Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made (i) by the Board of Directors by a majority vote of directors who were not parties to such action, suit or proceeding, or (ii) if disinterested directors so direct, by independent legal counsel in a written opinion, or (iii) by the members.

(c) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

(d) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of members or disinterested director or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XI AMENDMENT

The By-Laws may be amended, altered or repealed by the Developer until such time as all Lots are owned by Owners other than the Developer or until the Developer elects, at its option, to terminate control of the Association. Upon termination of control, the By-Laws may be amended by the members at any regular or special meeting upon the affirmative vote of the Owners of not less than two-thirds (2/3) of the total Lots of the Property.

STATE OF ALA. SHERIFF
I CERTIFY THIS
INSTRUMENT WAS FILED

88 OCT 20 AM 10:24

RECORDING FEES
Recording Fee \$135.00
Index Fee 1.00
TOTAL \$136.00